

# **COUNTY SERVICE AREA NO. 2 TENAYA PARK**

## **MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE**

Report to the  
Fresno Local Agency Formation Commission

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July 13, 2016

# COUNTY SERVICE AREA NO. 2 (Tenaya Park)

Park Maintenance Services

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## Management Information

**District Formation:** 1962  
**Principal Act:** County Service Area Law, Government Code section 25210-25217.4  
**Special District Powers:** Prescribed in Government Code section 25212-25212.4  
**LAFCo**  
**Authorized Services:<sup>1</sup>** Parks and recreation facilities, levy and collect tax assessments, perform agreements, enter into contracts, and provide governmental services necessary to maintain its public facilities.

**Governing Body:** Fresno County Board of Supervisors, Dependent Special District  
**Citizen Advisory Committee:** Meetings held twice per year, or as necessary

**Board Members:**

Buddy Mendes, Chairman	Elected 2015-Expires 2018
Brian Pacheco, Vice Chairman	Elected 2015-Expires 2018
Henry Perea	Elected 2013-Expires 2016
Andreas Borgeas	Elected 2013-Expires 2016
Debbie Poochigian	Elected 2013-Expires 2016

**Board Meetings:** On scheduled Tuesdays, the dates which have been approved at a regularly scheduled board meeting of the Board of Supervisors

**Staffing:** Fresno County Public Works and Planning, Resources Division, composed of a district administrator, three staff analysts, one office assistant, and administrative and technical support staff

## Service Information

**Population Served:** 339 residents  
**Acres Served:** 60 acres  
**Infrastructure:** 2.5 acre park, lighting, and pedestrian walkways

## Fiscal Information

**Budget:** \$56,239  
**Sources of Funding:** Property taxes and special assessment  
**Rate Structure:** \$324 per year per parcel

## Administrative Policies

**Master Plan:** No  
**Boundary Updated:** 1962

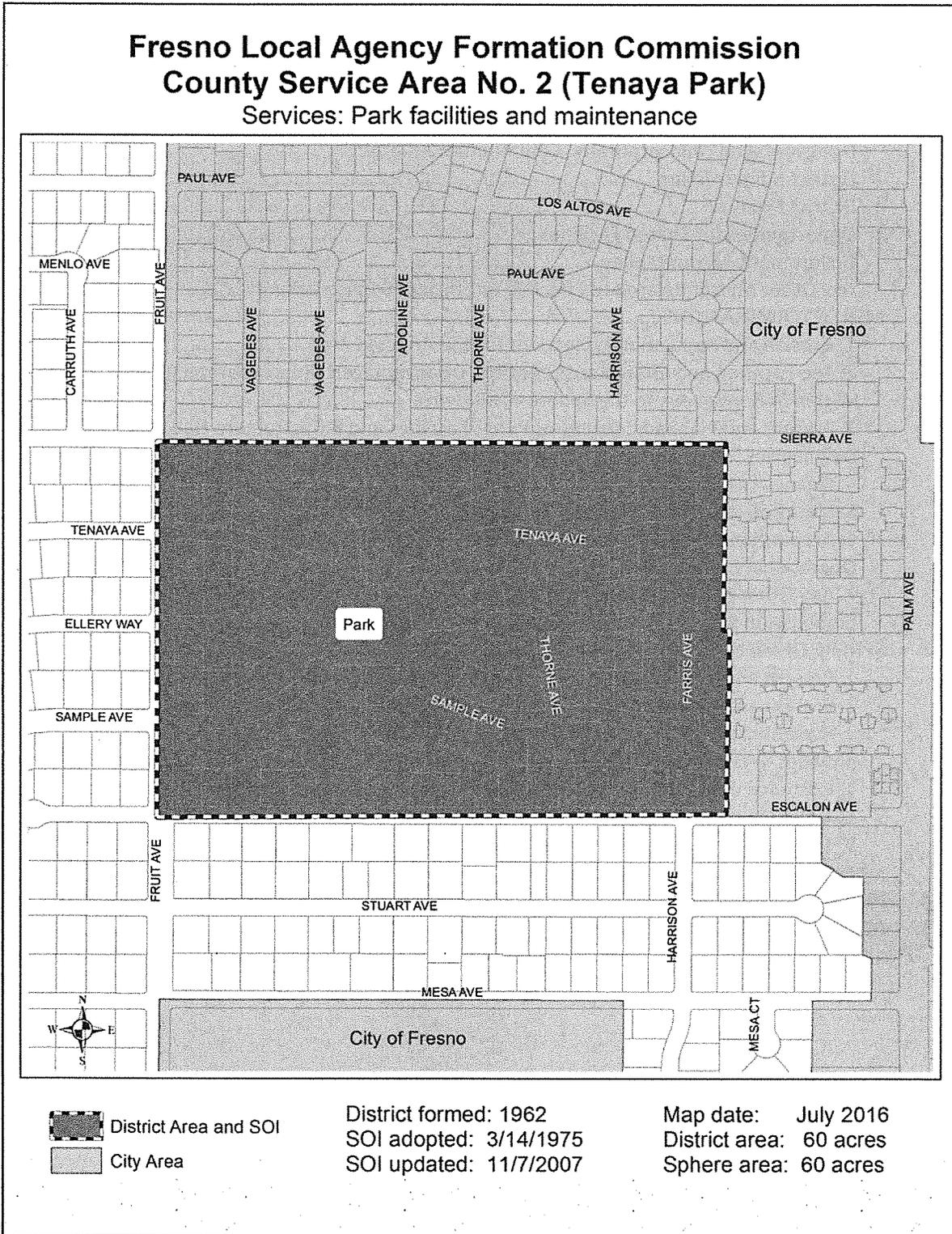
<b>Policies/Procedures:</b> Yes	<b>Bylaws:</b> N/A
<b>SOI Updated:</b> 2016	<b>Other:</b> N/A

<sup>1</sup> Pursuant to Government Code Section 56425(i)

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Figure 1- County Service Area Number 2 (Tenaya Park)



# 1. MUNICIPAL SERVICE REVIEW

## PRINCIPAL ACT

County Service Area No. 2 (District) was formed in 1962 pursuant to County Service Area Law (Government Code sections 25210-25217) to provide recreational park service and maintenance of public facilities within the subdivision known as Tenaya Estates in Fresno County. The District is a dependent special district governed by the Fresno County Board of Supervisors (BOS). The Fresno County Public Works and Planning Department, Resource Division (County Resource Division) provides staff support for the District's administration.

The District's service area and sphere of influence (SOI) are coterminous, and encompass 60 acres located south of Sierra Avenue and east of Fruit Avenue. The District service area is comprised of 142 single family residential parcels and a recreational park facility near the center of the subdivision. The District's park facilities include a two and one-half acre park space, park lighting, and 1,500 linear feet of pedestrian walkways within the Tenaya Estates subdivision.

## DISTRICT SERVICE AREA

The District is generally located east of Fruit Avenue and south of Sierra Avenue adjacent to the City of Fresno limits. The District service area is bounded by Sierra Avenue on the north, Fruit Avenue to the west, Escalon Avenue to the south, and the east side of parcels facing the east side of the Farris Avenue alignment. The District service area and SOI span 60 acres, and include 142 single family residential parcels. The District serves an estimated population of 339 residents.<sup>2</sup> The District's north and east edges are contiguous with the City of Fresno; and, majority of the land around the District is substantially developed with residential land uses. The District service area lies within a larger unincorporated island inside City of Fresno city limits.

## AUTHORIZED DISTRICT SERVICES

Government Code Section 56425(i) states, "When adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts." Under the CSA's principal act, County Service Areas have the potential to provide up to 26 types of municipal services within their limited boundaries.<sup>3</sup>

The District is currently authorized to provide park and recreation facilities, levy and collect tax assessments, perform agreements, enter into contracts, and provide governmental services necessary to maintain its public facilities.

All other services or powers enumerated in the District's principal act are herein determined to be "latent," meaning that they are authorized by the principal act, but are not currently being

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<sup>2</sup> Fresno Council of Governments, Current and Historic Data-Population and Housing, Average Household Size and Occupancy by Census Tract – Census Tract 45.03.

<sup>3</sup> California Government Code (GC) section 25213-25213.6

exercised by the agency. Activation of these latent powers will require LAFCo authorization as pursuant to Government Code section 25213.5.<sup>4,5</sup>

## FRESNO LAFCo MSR POLICY DESIGNATION

Fresno LAFCo's MSR policy designates the District as a "level two" special district that provides a type of municipal service to its constituency. As this term is applied to the subject CSA, the term "municipal service" means a service provided by a local agency to a relatively dense population at comparatively high levels of service. The District provides recreation and maintenance services within the park facilities located in the District. The District is a dependent special district that generally does not request or experience modifications to its service area or request a revision to the Commission's adopted SOI. Special districts with a municipal service local agency designation means, in Fresno LAFCo's judgment, that services provided by the agency facilitate, or have potential to induce population growth.

LAFCo's assessment on the District's services provisions indicate that park and recreation services are a type of municipal service, however it is incidental to services associated with industrial or municipal water, sewer treatment, police services, or fire protection.

In accordance with Government Code (GC) section 56066, Fresno County is the principal county. Fresno LAFCo is responsible for updating the SOI for the District consistent with GC section 56425(g). In order to update the agency's SOI, Fresno LAFCo has prepared this service review consistent with GC sections 56430.

## DISTRICT GROWTH AND POPULATION PROJECTIONS

The County of Fresno is the land use authority for the unincorporated portions of Fresno County, including the District. County General Plan Policy LU-G.8 states, "...The County shall establish and maintain land use controls on unincorporated land within the spheres of influence consistent with the policies of the County community plan...." The District is within the County's Bullard Community Plan and designated for residential and park/open space land uses. Staff notes that the last amendment of the County's Bullard Community Plan denoted on the land use diagram was in 1991 and the policy document in 1994.

The District is also identified in the City of Fresno's general plan and the Bullard Community Plan. Both City policy documents anticipate minimal growth and support existing land uses within the District's boundaries.

Using the Commission's 20-year planning horizon for SOIs,<sup>6</sup> the County Resources Division informed LAFCo that the District does not expect any boundary growth to occur as it relates to additional territory, population, or expansion of District services. Land within the District service area is already completely developed with single family residential uses.

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<sup>4</sup> GC section 56050.5, "Latent service or power."

<sup>5</sup> GC section 25213.5 (a) "Services and Facilities."

<sup>6</sup> Fresno LAFCo policy 107-03.

The District service area is located in an unincorporated portion within the City of Fresno's metropolitan area. Future population growth will be directed to the City of Fresno.<sup>7</sup> For this reason, within the next 20 years the District is not expected to experience any modifications to its service provisions.

As a matter of Fresno LAFCo policy and the terms of the City/County memorandum of understanding, the City should be the provider of municipal services within the City SOI. If the District is annexed, the City of Fresno would assume responsibility for the maintenance and operation of the park facilities. The 2007 District MSR notes that a governmental reorganization such as district dissolution could occur if the City were to express interest in annexing the District territory. LAFCo notes that residents of the Tenaya Estates are stakeholders in any potential future reorganization that could lead to the merger or dissolution of the District.

In LAFCo's judgment, the County Resource Division, Citizens Advisory Committee, and City of Fresno should consider exploring a joint evaluation effort to identify the District's long-range vision. Such an evaluation should consider the District's unincorporated status, the District's service area, and identify opportunities and obstacles that could influence a potential modification of the District boundaries. It is important to note that during the City of Fresno's 2015 MSR update, the City lacked interest to actively pursue annexation of developed unincorporated land contiguous to the city limits and within the Fresno SOI due to the potential fiscal impacts and liabilities that could arise from annexing developed territories. Nevertheless, should the City's annexation perspective shift, LAFCo encourages the joint cooperation and coordination of both agencies to evaluate the District's long-range vision.

## DISADVANTAGED UNINCORPORATED COMMUNITIES

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires LAFCo to make determinations regarding "disadvantaged unincorporated communities" ("DUCs") when considering a change of organization, reorganization, SOI expansion, and when conducting municipal service reviews.

For any updates to a SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, the Commission shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any disadvantaged unincorporated community within or contiguous to the SOI of a city or special district.

Government Code sec. 56033.5 defines a DUC as: i) all or a portion of a "disadvantaged community" as defined by sec. 79505.5 of the Water Code (territory with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income and as defined in Government Code sec. 56046 and Water Code sec. 79505.5); and a status of ii) "inhabited territory" (12 or more registered voters), as defined by GC sec. 56046, or as determined by Commission policy. Fresno LAFCo policy further refines a DUC as having at least 15 dwelling units at a density not less than one unit per acre.

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<sup>7</sup> County of Fresno and City of Fresno Memorandum of Understanding, Section 4.1, which states that the County shall refer any new development proposals within one-half mile of the City's boundary.

U.S. Census Bureau information was used for this section to quantify the economic composition of all the census block groups within the vicinity of the District's boundaries. A census block group is a geographical unit used by the U.S. Census Bureau to sample data, which is only collected from a fraction of all households within the census unit. On average a census block group has a population of 600 to 3,000 people. Geographic Information System (GIS) files were derived from the U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2006-2010 to identify the demographic composition for the various census geographies. Although the ACS provides annual and three-year estimates, the five-year reports between years 2006-2010 provide more precise data and mapping information for analyzing small sample populations. California's statewide MHI reported for years 2006 through 2010 was \$60,883. The DUC MHI threshold is any geographic unit within the District boundaries with an income less than \$48,706.

The District's entire boundary lies within census tract 45.03, which includes geographic areas within the City limits. The average MHI level reported for this census geographic unit between years 2006 to 2010 is \$67,958.<sup>8</sup> The District is located within a census geographic unit that exceeds the threshold for Disadvantaged Communities as defined by California Water Code section 79505.5. District services are limited to recreational park and maintenance of its public facilities. Fresno LAFCo observes that services provided by the District would not present a direct benefit to a DUC and no further analysis is provided for this section of the MSR.

## DISTRICT INFRASTRUCTURE

In 2007, the property owners within the District's service area formed a public benefit corporation named "Tenaya Estates, Incorporation" (TEI) for the purposes of creating community control over the park and public facilities maintenance. At the beginning of 2008, the County began providing reimbursement of operation and maintenance costs to the TEI with funds generated from the collection of an annual property tax assessment. County Resources Division staff administers the District finances and prepares annual budgets that include costs for preparing independent auditor's reports, evaluates administration fees, and allocates funds for County legal counsel services.

The District infrastructure consists of a park area measuring two and one-half acres, lighting, and approximately 1,500 linear feet of pedestrian walkways.

Most recent on June 17, 2014, the District held a successful Proposition 218 proceeding to charge a new annual special assessment. The election was requested by the District's residents in order to increase tax assessment fees to adequately generate funds to finance annual operation costs, ongoing maintenance expenses, and to assimilate a District fund reserve. Additional funds generated from the Proposition 218 proceeding enabled the District to finance the replacement of major facilities within the District's park and public facilities. As part of the increase in the property tax assessment there may be an annual maximum increase of 5% for inflation and to build District reserves. In accordance with the Proposition 218 proceeding

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<sup>8</sup> U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2006-2010.

agreement, the BOS, sitting as the ex officio District board, will receive an annual report analyzing the District financial performance.<sup>9</sup>

## DISTRICT FINANCES

This section of the MSR examines financial information provided by the District in order to determine if the District has sufficient revenues and financial systems to continue providing services to its customers. The following information and analysis section is based on annual budgets, and supportive documents made available by the County Resource Division. The District's primary source of financing is annual property tax assessments charged on the 142 parcels within the District. The BOS adopts an annual budget for the District which projects operational and maintenance costs for that year.

County staff reviews rates and fees as part of the annual budget preparation cycle to maintain a consistent updated revenue stream to assure that revenues cover the expense of providing services. Fees are established to cover on-going expenses which appear to be reasonably stable in the past several years. The District has updated its current fee structure through the Proposition 218 proceeding process.

For Fiscal Year 2015-16, the District's budget included expenditures for maintenance equipment, maintenance of facilities, office expenditures, and professional and specialized services. The District's adopted budget for FY 2015-16 totaled \$53,023, with \$3,216 in its reserves account. The total District budget plus reserves amount to \$56,239. The District's budgeted expenditures include the following:

- \$60 maintenance equipment
- \$47,000 maintenance – buildings and grounds
- \$5 office expenses
- \$360 people soft financial
- \$5,598 professional & specialized services

At the time this MSR was prepared, the District indicated that it had no outstanding loans or debts.

The District collects an annual special assessment to finance its annual operational costs. The District generates \$10,056 in tax revenues collected from the 142 parcels within the District; \$110 of interest shown as revenue; and \$65 in State in lieu homeowners' property taxes. Additionally, the District charges a special assessment fee on each of the 142 parcels equal to \$324 per year, or \$27 per month. The additional special assessment generates \$46,008 annually for the District. The District generates adequate revenues to finance its operational costs. Based on financial information provided to LAFCo, District financial practices and special assessments appear to be financially sound and adequate to support District operations.

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<sup>9</sup> Count of Fresno Report to the Board of Supervisors CSA No. 2 Tenaya Estates FY 2015-16, prepared on June 2015 <http://www.co.fresno.ca.us/viewdocument.aspx?id=65325>.

## OPPORTUNITIES FOR SHARED FACILITIES

This section of the MSR considers the use of shared facilities, and their potential to offset costs or promote greater efficiency in the provision of services within the region.

The County Resource Division works together with other jurisdictions to minimize operational expenses and to reduce duplication of services. Opportunities for shared facilities are limited to the District's park and open space recreational facilities.

The District is currently located in the unincorporated portion of the Fresno Metropolitan Area. A determination made in the District's 2007 MSR to dissolve the District and annex the territory to the City of Fresno requires political support from Fresno County, District residents, and the City. LAFCo observes that there has been no active outreach by the City to annex this particular CSA and there is no sign of interest by any of these parties that would lead towards the annexation of the District service area.

As indicated earlier, LAFCo observes that the County's Resources Division staff and citizens advisory committee would benefit from a long-term plan for the District services. Such a plan should consider addressing the District's unincorporated status, City of Fresno outlook, identify opportunities, and identify obstacles that could stall the possible reorganization of the District. LAFCo encourages the County Resource Division and Citizen Advisory Committee to consider such a joint evaluation study.

Opportunities for shared facilities are limited to the District's park and recreational public facilities. The City of Fresno is the water and sewer provider for areas inside the District. If annexation were to materialize, a mutual service agreement between City and Tenaya Park Estates, Inc. should be considered in order for residents of the District to retain local control of park facilities. No additional opportunities for shared facilities have been identified by Fresno LAFCo.

The District is located within the following special districts' service area:

- West Fresno Red Scale Protective District
- Fresno Mosquito and Vector Control District
- Fresno Metropolitan Flood Control District
- North Central Fire Protection District
- Fresno Irrigation District

## GOVERNMENT ACCOUNTABILITY

This section of the MSR considers the adequacy of the District's current boundaries, SOI, and governing structure under which the District was formed and operates. Government Code section 25210-25217 enables the formation of the District to provide park and recreational services. The California Government code offers limited governmental restructure options for dependent Districts such as CSA No. 2 (Tenaya Park).

The District is a dependent special district, which means that the BOS sits as the District's governing body. Fresno County Resource Division provides staff support, administers all functions of the District, and manages the daily operations of all CSAs located in the County.

Under GC section 25212.4, the BOS may appoint an advisory committee comprised of residents or landowners residing in the District to advise the Resources Division regarding the District services. The District has an active citizen advisory committee which assists to facilitate communication between the residents, County Resources Division, and BOS.

The BOS creates District policies by adopting resolutions through duly-noticed public hearings and the Resource Division implements those policies. The BOS meets on scheduled Tuesdays, or dates which have been approved at regularly-scheduled BOS meetings with the exception of holidays and or planned recesses. BOS meetings are held at the Fresno County Hall of Records located at 2281 Tulare Street, Room 301 Fresno, CA 93721 beginning at 9:00 a.m. and/or the afternoon sessions at 2:00 p.m. Meeting agendas are posted on the east entrance doors on the first floor in the Hall of Records building and on the Fresno County website at least 72 hours prior to the BOS meeting.

BOS meetings are open to the public and the residents are invited to attend. Opportunity to address the BOS on items not on the agenda is provided on each meeting agenda. If a public member desires to present to the Board, the person is encourage to contact the Clerk to the Board in advance. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.

The District's government structure is appropriate to ensure adequate services are provided and managed. At the time preparing this MSR, the District's government structure appears to be adequately structured, and fulfills its role as a service provider within the Fresno area.

**ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY**

None at this time.

## 2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews and provides analysis in conformance with Government Code §56425 and Fresno LAFCo policy. Pursuant to Government Code §56430, the Commission prepares the following written determinations.

### 1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

- Fresno LAFCo MSR policy designates the District as a “level two” special district that provides municipal services to its constituency.
- The District service area includes 60 acres and is comprised of 142 residential parcels. District facilities include a two and one-half acre park, park lighting, and 1,500 linear feet of pedestrian walkways.
- The County of Fresno is the land use authority for the unincorporated portions of Fresno County, including the District.
- The District is within the County’s Bullard Community Plan and designated for residential and park/open space land uses. Staff notes that the last amendment of the County’s Bullard Community Plan denoted on the land use diagram was in 1991 and the policy document in 1994.
- The District is also identified in the City’s general plan and the Bullard Community Plan. Both policy documents anticipate minimal additional growth and support existing land uses within the District’s boundaries.
- The District is fully built out and does not anticipate any additional growth.
- The District is currently in an unincorporated portion of the City of Fresno’s metropolitan area, future population growth will be directed to the City of Fresno.<sup>10</sup> For this reason, within the next 20 years the District is not expected to experience any substantial modifications to its service provisions.

### 2. THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

- The District does not provide services related to sewer, municipal and industrial water, or structural fire protection.
- District services are limited to park services and maintenance of those public facilities.

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<sup>10</sup> County of Fresno and City of Fresno Memorandum of Understanding, Section 4.1, which states that the County shall refer any new development proposals within one-half mile of the City’s boundary.

### **3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND INFRASTRUCTURE NEEDS OR DEFICIENCIES**

- The District infrastructure consists of a two and one-half acre park facility, pedestrian lighting, and approximately 1,500 linear feet of pedestrian walkway.
- On June 17, 2014, the District held a successful Proposition 218 proceeding to charge a new special assessment. The election was requested by the District's residents in order to increase tax assessment fees to adequately generate funds to finance annual operation costs, ongoing maintenance expenses, and to assimilate a District fund reserve.
- The District's existing infrastructure is adequate to meet the existing and foreseeable demands of District customers.

### **4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES**

- County of Fresno, Public Works and Planning, Resources Division staff administers the District finances and prepares annual budgets that include costs for preparing independent auditor's reports, evaluates administration fees, and allocates funds for County legal counsel services.
- The District collects revenues from an annual property tax assessment collected from 142 parcels within the District service area. The District annually generates approximately \$10,056 in tax revenues; the District generates \$110 of interest shown as revenue, and \$65 in State in lieu homeowners' property taxes.
- The Fresno County Board of Supervisors adopts an annual budget for the District which projects operational and maintenance costs for services on an annual basis.
- Based on financial information provided to LAFCo, District financial practices and special assessments appear to be financially sound and adequate to support District operations.

### **5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES**

- Opportunities for future shared facilities are limited to the District's park and open space recreational facilities.
- In 2007, the property owners within the District's service area formed a public benefit corporation named "Tenaya Estates, Inc." (TEI) for the purposes of creating community control over the park and public facilities maintenance.
- LAFCo notes that there has not been active outreach conducted by the City to annex this CSA, therefore at this time there is no obvious sign of political support that would lead towards the annexation of the District. Neither agency has expressed interest to annex since 2007.

- If annexation were to materialize, a mutual service agreement between the City and Tenaya Park Estates, Inc. should be considered in order for residents of the District to retain local control of park facilities.

**6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES**

- The District is a dependent special district, which means that the Fresno County BOS sits as the District's governing body. The Fresno County Public Works and Planning, Resource Division, provides staff support and administers all functions of the District.
- The Districts have an active citizen advisory committee which assists to facilitate communication between the District residents, County's Resources Division, and BOS.
- The Fresno County Board of Supervisors meets on every scheduled Tuesday, or dates which have been approved at regular scheduled board meetings with the exception of holidays and/or planned recesses. Board meeting agendas are posted on the east entrance doors on the first floor in the Hall of Records building and on the Fresno County website at least 72 hours prior to the BOS meeting.
- At the time preparing this MSR, the District's government structure appears to be adequately structured, operates, and fulfills its role as a service provider within the Fresno area.

**7. ANY OTHER MATTERS RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY**

- None at this time.

### 3. SPHERE OF INFLUENCE UPDATE

In order to carry out the Commission's purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to its jurisdiction, the Commission shall develop and determine the sphere of influence of each city and each special district within the County and enact policies designed to promote the logical and orderly development of areas within the sphere. A sphere of Influence is defined as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open space lands;
2. The present and probable need for public facilities and services in the area;
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency;
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

In determining a sphere of influence, the Commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The Commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

When adopting, amending, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts. The Commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

Chapter one of this MSR provides the foundation for the Commission's SOI determinations. As previously indicated, the District's boundaries and sphere of influence are coterminous; the District service area and SOI encompasses 60 acres. The District reports its sphere and boundaries are correct at this time and no changes are requested. The County of Fresno is the land use authority for land located within the District's service area; however, the District's service area lies contiguous to the City of Fresno's limits and within the City's SOI.

Consequently, residents within the District should look to the city for the provision of urban services. As previously indicated, the District's service area is not anticipated to experience change in land use as it is already developed with residential uses. LAFCo observes that annexation of the District's service area will primarily be driven by resident interests, and not necessarily initiated by the City of Fresno.

In accordance with Government Code Section 56066, Fresno is the principal county and Fresno LAFCo is responsible for preparing the following determinations for the Sphere of Influence include in this Municipal Service Review. When Fresno LAFCo updates a sphere of influence it must adopt specific determinations with respect to the following factors:

**1. PRESENT AND PLANNED LAND USES, INCLUDING AGRICULTURAL AND OPEN-SPACE LANDS**

- The District is fully built out and does not anticipate any additional growth. Land within the District's boundaries and SOI are within City of Fresno's SOI and identified within the City of Fresno's Bullard Community Plan.

**2. PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA**

- There is minimal growth anticipated for area in the District. The District is capable of addressing and adjusting its probable service needs for public facilities.
- The District successfully conducted a Proposition 218 proceeding which enabled the District to charge a special assessment fee on the 142 parcels in the District. The special assessment is a fee on each parcel equal to \$324 per year, or \$27 per month. The total District revenues generated from the special assessment increase is \$46,008 annually.

**3. PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE**

- Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act and as authorized by the Fresno LAFCo.

**4. EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA IF THE COMMISSION DETERMINES THAT THEY ARE RELEVANT TO THE AGENCY**

- There are no relevant social or economic communities of interest relevant to the District's service provisions.

**5. THE PRESENT AND PROBABLE NEED FOR THOSE PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE**

- The District has no public facilities and provides services related to sewer, municipal and industrial water, or structural fire protection that would present opportunity to extend services to a disadvantaged unincorporated community.

## 4. RECOMMENDATIONS

In consideration of information gathered and evaluated during the Municipal Service Review, it is recommended the Commission:

1. Accept public testimony regarding the proposed Municipal Service Review.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
3. Approve the recommended Sphere of Influence determinations and affirm the current Sphere of Influence.
4. Recommend that the County Resource Division and Citizen Advisory Committee identify a long-term plan for the provision of District services. Such an evaluation should consider addressing the District's unincorporated status, City of Fresno's outlook, identify opportunities, and identify obstacles that could stall the possible reorganization of the District.

## 5 . ACKNOWLEDGEMENTS

This Municipal Service Review update was prepared by Fresno LAFCO. County of Fresno Public Works and Planning, Resources Division provided substantial information included in this service review. Supporting documentation was made available through the effective partnership between the Resources Division and Fresno LAFCo. Fresno LAFCo staff extends its appreciation to the Fresno County Resources Division, for their assistance in the development of this Municipal Service Review. Responsibility for any errors or omissions rests with those who provided information to support the report.

Available Documentation – Documents used for the preparation of this report are available in the LAFCO office. A significant amount of effort has been invested in bringing the District's Municipal Service Review and Sphere of Influence Update to this point. Documents are available at the Fresno Local Agency Formation Commission Office located at:

Fresno Local Agency Formation Commission  
2607 Fresno Street, Suite B  
Fresno, California 93721

The Draft Municipal Service Review is available on Fresno LAFCo's website, <http://www.fresnolafco.org/default.asp>

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# **COUNTY SERVICE AREA NO. 5 WILDWOOD ESTATES**

## **MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE**

Report to the  
Fresno Local Agency Formation Commission

David E. Fey, AICP  
Candie Fleming  
George W. Uc  
Juan Lara, Intern  
2607 Fresno Street, Suite B  
Fresno, CA 93721

June 17, 2016

# COUNTY SERVICE AREA NO. 5 (Wildwood Estates)

Water Service and Park Maintenance

## Contact Information

**Manager:** Amina Flores-Becker, Principal Staff Analyst  
**Address:** County of Fresno Public Works and Planning, Resources Division  
2220 Tulare Street  
6th Floor, Room 600  
Fresno, CA 93721  
**Phone:** (559) 600-4078

## Management Information

**District Formation:** 1963  
**Principal Act:** County Service Area Law, Government Code Section 25210-25217.4  
**Special District Powers:** Prescribed in Government Code Section 25212-25212.4  
**LAFCo**  
**Authorized Services:<sup>1</sup>** Retail water delivery, park and recreation facilities, lake maintenance, levy and collect tax assessments, perform agreements, enter into contracts, and provide governmental services necessary to maintain its public facilities.

**Governing Body:** Fresno County Board of Supervisors  
**Citizen Advisory Committee:** Meetings held twice per year, or as necessary

<b>Board Members:</b>	Buddy Mendes, Chairman	Elected 2015-Expires 2018
	Brian Pacheco, Vice Chairman	Elected 2015-Expires 2018
	Henry Perea	Elected 2013-Expires 2016
	Andreas Borgeas	Elected 2013-Expires 2016
	Debbie Poochigian	Elected 2013-Expires 2016

**Board Meetings:** On scheduled Tuesdays, the dates which have been approved at a regularly scheduled board meeting of the Board of Supervisors

**Staffing:** Fresno County Public Works and Planning, Resources Division, composed of a district administrator, four staff analysts, one program technician, one office assistant, and administrative and technical support staff

## Service Information

**Population Served:** 485 residents, 149 water service connections  
**Acres Served:** 114 acres  
**Infrastructure:** Two water wells, water pipe lines, and two hydropneumatic tanks

## Fiscal Information

**Budget:** \$125,825  
**Sources of Funding:** Service charges and special assessment  
**Rate Structure:** \$768 each parcel /year in District; \$1,102.33 each out of District parcel/year

## Administrative Policies

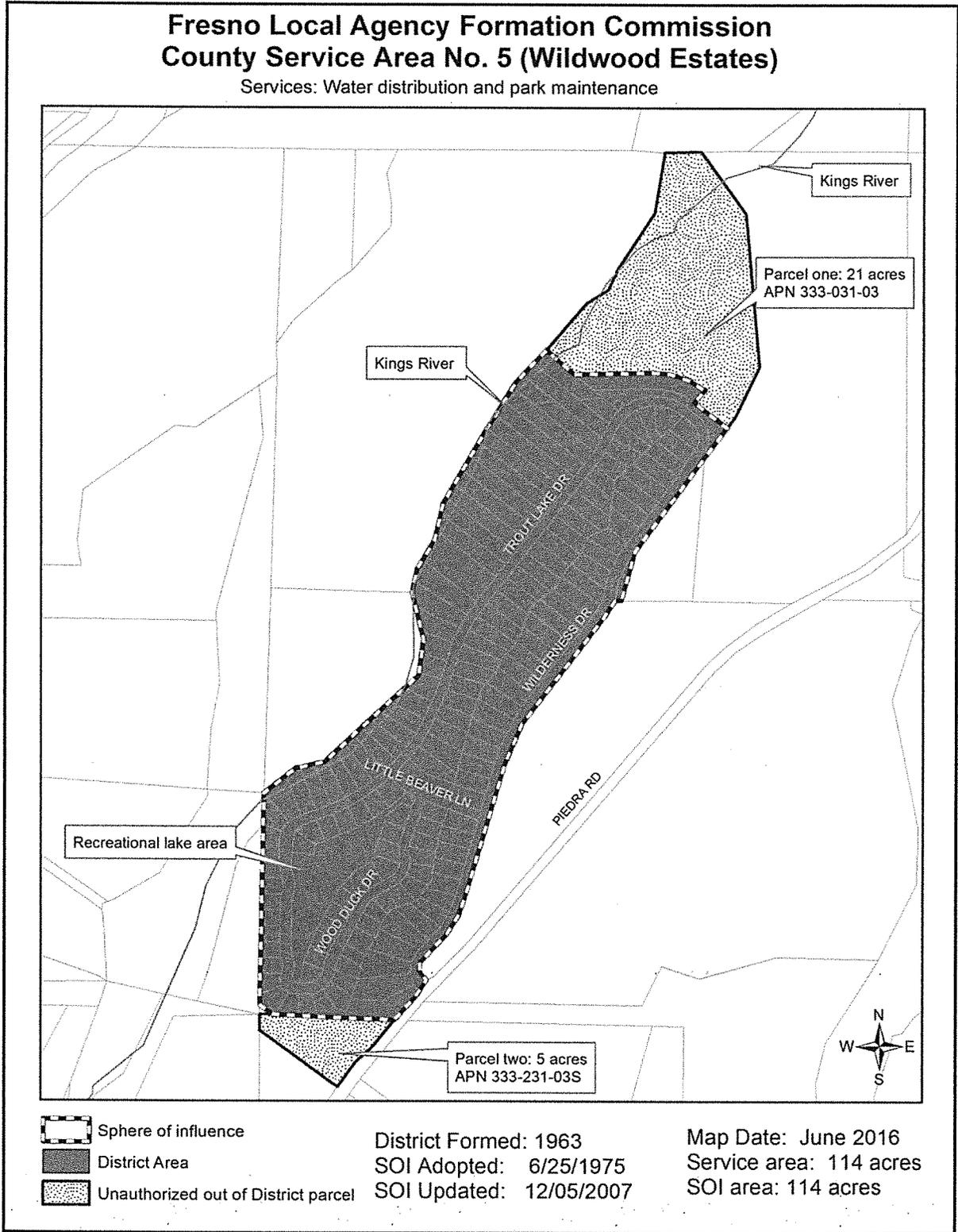
<b>Master Plan:</b> No	<b>Policies/Procedures:</b> Yes	<b>By-laws:</b> N/A
<b>Boundary Updated:</b> 1963	<b>SOI Updated:</b> 2016	<b>Other:</b> N/A

<sup>1</sup> Pursuant to Government Code Section 56425(i)

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Figure 1- County Service Area No. 5 Map



# 1. MUNICIPAL SERVICE REVIEW

## PRINCIPAL ACT

County Service Area No. 5 Wildwood Estates ("District") was formed in 1963 pursuant to County Service Area Law (Government Code section 25210-25217) to provide maintenance of various facilities within the Wildwood Estates subdivision (Tract 1895, Plat Book 21, Page 61). The District is authorized to provide retail water services, operate and maintain the public water system, and maintain the recreational lake area within the Wildwood Estates Subdivision. The District's infrastructure facilities include two wells, two hydropneumatic tanks, and a series of pipelines used to deliver water to residents within the District.

The District is a dependent special district governed by the Fresno County Board of Supervisors (BOS). Fresno County Public Works and Planning Department, Resource Division (County Resources staff) provides staff support for the administration of the District. The District's service area and sphere of influence are coterminous and encompasses 114 acres. The District service area includes 156 parcel lots; of which 147 parcels contain developed rural single-family residential units.

## DISTRICT SERVICE AREA

The District is generally located on the east side of the Kings River, near the intersection of State Route 180 (SR) and N. Piedra Road. The District is approximately two miles northeast of the unincorporated community of Centerville, California and approximately 4.5 miles northeast of the City of Sanger, California. The District service area is bounded by N. Piedra Road to the east, SR 180 to the south, the Kings River to the west, and N. Trout Lake Drive to the north.

The District's service area and sphere of influence are coterminous and encompasses 114 acres. The District's land uses mainly consist of rural style single-family residential units, ranging between 0.3 to 0.5 acre lots. The District service area includes a lake feature owned by the County of Fresno that covers five and a half acres within the District. In the past, the District maintained the recreational lake area however maintenance of the lake is no longer provided by the District. During the course of this MSR LAFCo observed that there are two out-of-District customers receiving District services and billed for service at a proportional user rate.

## AUTHORIZED DISTRICT SERVICES

Government Code Section 56425(i) states, "When adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts." Under the District's principal act, County Service Areas could provide up to 26 different types of governmental services within its boundaries.<sup>2</sup>

The District is a water supplier within its limited boundaries and currently exercises its authority to levy and collect tax assessments, perform agreements, enter into contracts, and provide governmental services necessary to maintain adequate service provisions. LAFCo's 2007 District

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<sup>2</sup> California Government Code section 25213-25213.6.

MSR notes that in the past the District maintained the recreational lake area; however maintenance service was not provided nor billed to landowners at that time. LAFCo estimates that the District has not implemented its ability to maintain the lake park area in over nine years.

All other services, facilities, functions or powers enumerated in the District's principal act are determined to be "latent," meaning that they are authorized by the principal act under which the District is formed, but are not being exercised. Activation of these latent powers and services not currently provided by the District will require LAFCo authorization as indicated in Government Code section 25213.5.<sup>3,4</sup>

## FRESNO LAFCo MSR POLICY DESIGNATION

The Fresno LAFCo MSR policy designates the District as a "level two" special district that provides municipal services to its constituency. As previously mentioned, the District is a municipal water provider within its boundaries. The District is a dependent special district that generally does not request or experience modifications to their SOI or service area. A municipal local agency (special district) designation means, in Fresno LAFCo's judgment, that services provided by the agency facilitate or have potential to induce population growth.

In accordance with Government Code (GC) section 56066, Fresno County is the principal county. Fresno LAFCo is responsible for updating the SOI for the District consistent with GC section 56425(g). In order to update the agency's SOI, Fresno LAFCo has prepared this service review consistent with GC sections 56430.

## DISTRICT GROWTH AND POPULATION PROJECTIONS

The District is within the unincorporated portion of Fresno County. The County of Fresno is the land use authority for territory within the District's service area and the Fresno County General Plan Land Use Element designates land within the District for residential use. The District lies within the County's Kings River Regional Plan (KRRP) area. The KRRP consists of 19,500 acres located in east-central Fresno County adjacent to the Kings River, extending from Pine Flat Dam to the Fresno-Tulare County boundary near Reedley. The KRRP is a part of the General Plan and refines that plan's goals and policies. Land uses designated by the KRRP for the District service area include medium density residential and open space. Parcels within the District are conditionally compatible with the County's R-1-C Single-Family Residential zone district.

The Kings River is located immediately west of the District while the Alta Main Canal is approximately a half mile east of the District boundaries. The Wildwood Estates subdivision has a housing stock of 147 housing units with an estimated population of 485 residents.<sup>5</sup>

The District is not expected to experience additional growth as it relates to expanding service area or increasing housing density. Land within the District could be classified as completely

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<sup>3</sup> GC section 56050.5, "Latent service or power."

<sup>4</sup> Government Code Section 25213.5 (a) "Services and Facilities."

<sup>5</sup> Fresno Council of Governments, Current and Historic Data-Population and Housing, Average Household Size and Occupancy by Census Tract – Census Tract 63.00.

built-out with rural residential homes. The Commission's adopted SOI for the District is coterminous with the District's service area. The District boundaries are adequately sized with no visible opportunity or need to revise the SOI.

## DISADVANTAGED UNINCORPORATED COMMUNITIES

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires LAFCo to make determinations regarding "disadvantaged unincorporated communities" ("DUCs") when considering a change of organization, reorganization, SOI expansion, and when conducting municipal service reviews.

For any updates to a SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, the Commission shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any disadvantaged unincorporated community within of contiguous to the SOI of a city or special district.

Government Code sec. 56033.5 defines a DUC as: i) all or a portion of a "disadvantaged community" as defined by sec. 79505.5 of the Water Code (territory with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income and as defined in Government Code sec. 56046 and Water Code sec. 79505.5); and a status of ii) "inhabited territory" (12 or more registered voters), as defined by GC sec. 56046, or as determined by Commission policy. Fresno LAFCo policy further refines a DUC as having at least 15 dwelling units at a density not less than one unit per acre.

U.S. Census Bureau information was used for this section to quantify the economic composition of all the census block groups within the vicinity of the District's boundaries. A census block group is a geographical unit used by the U.S. Census Bureau to sample data, which is only collected from a fraction of all households within the census unit. On average a census block group has a population of 600 to 3,000 people. Geographic Information System (GIS) files were derived from the U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2006-2010 to identify the demographic composition for the various census geographies. Although the ACS provides annual and three-year estimates, the five-year reports between years 2006- 2010 provide more precise data and mapping information for analyzing small sample populations. California's statewide MHI reported for years 2006 through 2010 was \$60,883. The DUC MHI threshold is any geographic unit within the District boundaries with an income less than \$48,706.

For the purpose of this section, LAFCo identified the District as a level two "municipal local agency" which means services provided by the District, in LAFCo's judgment, support or could induce population growth. The District is a retail water supplier to its residents and landowners. The District service area lies within Fresno County's census tract 63.00, block group one. The average MHI levels reported between 2006 through 2010 for census tract 63.00 is \$79,231.<sup>6</sup> At the time this MSR was prepared, there was no indication, physical evidence, or demographic data that would indicate the presence of a DUC as defined by California statute and Fresno

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<sup>6</sup> U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2006-2010.

LAFCo DUC policy. The District is located within a census geographic unit that exceeded the MHI threshold for Disadvantaged Communities as defined by California Water Code section 79505.5.

## DISTRICT INFRASTRUCTURE

The District infrastructure consists of two aquifer water wells, hydropneumatic tanks, pumps, and a series of pipes which comprise the District's water distribution system. The District's water distribution system became active in 1979; its primary source of water is groundwater pumping. The District pumps approximately 211.52 acre-feet of groundwater from its two wells annually.<sup>7</sup> The District's water distribution system has 147 unmetered residential water connections and two additional out of district customers. The District's water system has 149 total connections.

The critical period for the District's groundwater supply is during the month of June. The critical period is identified by the timeframe during a year in which capacity of water distribution system and water demand are closest to each other. During the critical period the user demand was 39% of well capacity and capacity exceeded demand by 394 gallons per minute. The District's well capacities exceed customer demands so that water for human consumption, sanitation, and fire protection are adequately provided.<sup>8</sup>

In the years from 2012 to 2013, District well site one and two were believed to be contaminated. The District's close proximity to the Kings River prompted the California Department of Public Health (CDPH), Southern California Branch-Drinking Water Field Operations to require the District/County to prepare a Groundwater Under Direct Influence Study (GWUDI) of surface water to assess potential water quality levels in the District's wells. CDPH was concerned that the groundwater within the District could retain surface water contaminant characteristics such as viruses, protozoa, and bacteria such as *E. Coli*.

The Study concluded that although the District's water system evaluation did not complete all requirements specified by the GWUDI monitoring program due to infrequent water levels of the Kings River tributaries, based on the available testing results the Study determined that the District wells were not influenced by the Kings River's surface water. The District's water wells are required to provide continuous chlorination but the distribution system is not required to be disinfected.

The County Resources staff has developed a conceptual water filtration design to add to the current water system that will address CDPH's water quality concerns within the District wells. The County's "Piped Loop and Tank Replacement Project" is intended to resolve potential over-chlorination at the wellhead. In order to fund the project, Fresno County staff conducted a successful proposition 218 proceeding during FY 2014-15 which increased customer water fees for one year. Fresno County staff is projecting to have sufficient funds to begin construction on the Piped Loop and Tank Replacement Project within the next five years.<sup>9</sup>

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<sup>7</sup> Electronic Communication with Fresno County Resources Division, Staff Analyst, June 14, 2016

<sup>8</sup> County of Fresno, 2016-17 Water Year, Annual Water Conservation Report, March 1, 2016

<sup>9</sup> Fresno County Public Works and Planning, CSA No. 5 (Wildwood Estates)

<http://www.co.fresno.ca.us/DepartmentPage.aspx?id=47797>

As of July 1, 2014, the Drinking Water Program transferred from CDPH over to the State Water Resource Control Board which is tasked with the same responsibilities.

## DISTRICT FINANCES

This section of the MSR includes financial information provided by the Resources Division on behalf of the District. The District provided financial data to determine if the District has sufficient revenues and financial systems to continue its provision of services to its customers. The following information and analysis section is based on annual budgets, and supportive documents available through the County Department of Public Works and Planning, Resources Division. The District's primary source of financing is annual property tax assessments charged on the 147 parcels within the District. Additional District revenues are generated from two out-of-district water connections and an additional special property tax assessment charged to properties within the District.

The two out of district properties are identified as parcel one (APN 333-031-03) which is located directly north of the District boundary and parcel two (APN 333-231-03S) is located directly south of the District boundary. The County Resources Division informs that parcel one connected to the District water distribution system prior to early 1990s, while parcel two connected to the District circa 2002.

With respect to parcel two, no record exists at LAFCo that indicates an extension of service outside of the District SOI and service area was authorized by LAFCo. Government Code section 56133 came into effect on January 1, 2001. This portion of the statute establishes the provisions governing the LAFCo approval process for cities and special districts to provide new and extended services outside the agencies' service area or outside the SOI to respond to an existing or impending threat to the public health or safety of the residents of the affected territory.<sup>10</sup> Likewise, the LAFCo may authorize a city or special district to provide new or extend service outside its jurisdictional boundaries but within its SOI in anticipation of a later change of reorganization. The concept of the statute lies with LAFCo's responsibility of discouraging urban sprawl and LAFCo's evolving role in regional growth management agency.

The County Resources staff prepares an annual District budget which projects annual operational and maintenance costs of the District's facilities. The BOS adopts an annual budget for the District's expenditures.

As previously mentioned, residential lots within the District are similar in size, and all 147 water connections are unmetered. Residential water usage is assumed to be relatively equal, so the District bills its customers an annual flat rate of \$768.48 per connection, which on a monthly basis breaks down to \$64.04 per month.

On July 7, 2009, the BOS adopted a rate increase at a public hearing pursuant to Proposition 218 election requirements. The District rate increase included a component to increase reserves to 50% of operations and maintenance, and a second component to accumulate funds to replace one of the District's water storage tanks.

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<sup>10</sup> Government Code Section 56133

A second Proposition 218 proceeding was certified by the BOS at a public hearing on July 15, 2014, pursuant to Prop 218 requirements. The second rate increase allowed the District/County to establish and accumulate funds for the proposed "Piped Loop and Tank Replacement Project," which resulted from the water quality Study required by CDPH. Because the 2014 Proposition 218 process was only scheduled for a one-year fee increase, Property owners were informed through communication with the Citizens Advisory Committee (CAC) that another Proposition 218 proceeding is planned to be conducted that would develop a revised special assessment fee.

A third proposition 218 proceeding was certified by the BOS at a public hearing on July 14, 2015, pursuant to proposition 218 requirements. The revised rate was due to the previous rate being a one-year fee increase to accumulate funds for the proposed "Piped Loop and Tank Replacement Project". The revised rate included the cost of Operations and Maintenance for the system and anticipated costs for capital replacement and repair projects.

District information indicates that there are two out-of-district water users, which are charged at one and one-half times the District rate. The two outside service connections are billed in two annual installments. These payments are due by the last day of December and April of each year. The two out-of-district parcels are billed an annual flat rate of \$1,102.33 per connection, which on a monthly basis breaks down to \$91.86 per month. Out-of-district users are charged for this fee through an annual bill from the Department of Public Works and Planning because out-of-district user fees cannot be included as an assessment on property tax bills.

For fiscal year (FY) 2015-2016, the District's proposed budget includes expenditures for maintenance equipment, maintenance of facilities, office expenditures, and professional and specialized services. The District's adopted budget for FY 2015-16 totals \$466,466. At the time this MSR was prepared, the District indicated that it had no outstanding loans or debts. As of June 30, 2015, the District funds in the County Treasury amount to \$338,392.

The County Resources Division informs that through the beginning of July 1, 2015, up to June 2, 2016, the District generated \$13,964 in tax revenues collected from the 147 parcels within the District during FY 2015-16. Additionally, the two out-of-district parcels contribute to the District's annual budget. The District generates \$112,967 through its 2015 Proposition 218 special district assessment. The two out-of-district customers generate \$2,205 in additional revues for the District. The District generates \$3,157 of interest shown as revenue, and \$76 in State in-lieu of homeowners' property taxes.

In the past the District provided recreational lake and flood control facilities maintenance services, but these services have been discontinued. As of the beginning of 2012, the District stopped collecting the annual recreation fee of \$4.62 associated with the lake. Recreational lake and flood control facilities maintenance is an active power under the District's principal act. Not funding and performing the service is not, by itself, a divestiture of the power to provide that particular class of service within all or part of the District.<sup>11</sup> Government Code section 56037.2 defines "divestiture of power" as the termination of the power and authority to provide particular functions or classes of services within all or part of the jurisdictional boundaries of a

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<sup>11</sup> GC 56021

special district.<sup>12</sup> This would constitute a change of organization that must be authorized by the LAFCo.

As of May 2016, the County Resources Division informed LAFCo the District's CAC is exploring the District's options to reinstate the District's lake maintenance program.

Based on financial information provided to LAFCo, the District's financial practices appear to be adequate to support the District's ongoing operations. The Resources Division staff and CAC appear to support raising fees when warranted to fund District operations or specific projects. Most recent, the District's residents supported a successful Proposition 218 election for an additional special assessment to finance the construction of the Piped Loop and Tank Replacement Project.

### **PUBLIC FACILITIES, OPPORTUNITIES FOR SHARED FACILITIES**

The District is located in a remote rural location in Fresno County, approximately 4.5 miles northeast from the City of Sanger. Opportunities for shared facilities with other local agencies are limited in this area of the County. There are no other similar Districts near CSA No. 5 that could present an opportunity for shared facilities.

The County Resources staff provides district administration support to 22 CSAs in Fresno County. The District also has a CAC which serves as a communication facilitator between the District residents and the County Resources Division administration staff. During the preparation of this MSR no obvious opportunities for shared facilities were identified by Fresno LAFCo.

The District overlaps with the following special districts:

- Alta Irrigation District
- Central Valley Pest Control District
- Consolidated Mosquito Abatement District
- Fresno County Fire Protection District
- Kings River Conservation District
- Sierra Resource Conservation District
- Sanger/ Del Rey Cemetery
- Sanger Unified School District

### **GOVERNMENT ACCOUNTABILITY**

This section of the MSR considers the adequacy of the District's current boundaries, SOI, and governing structure under which principal act the District operates. Government Code section 25210-25217 enables the formation of the District to provide water services within its limited boundaries. The California government code offers limited governments restructure options for districts such as CSA No. 5 Wildwood Estates.

The District is a dependent special district, which means that the BOS sits as the governing body. The County Resources staff supports and administers all functions of the District. Similarly, the County Resource staff manages the daily operations of all CSAs located within Fresno County.

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<sup>12</sup> GC 56037.2. "Divestiture of power"

Under GC section 25212.4, the BOS may appoint one or more advisory committees within the District to provide advice to the Resources Division regarding the District's service provisions. The Districts has an active citizen advisory committee that assists with communication between residents, County Resource staff, and BOS.

The BOS creates district policies by adopting resolutions through duly-noticed public hearings. The County Resources staff implements those policies specific to district operations. The BOS meets on every scheduled Tuesday, or dates which have been approved at regularly-scheduled BOS meetings with the exception of holidays and or planned recesses. The BOS meetings are held at the Fresno County Hall of Records located at 2281 Tulare Street, Room 301 Fresno, CA 93721. The BOS hosts morning sessions beginning at 9:00 a.m. and/or the afternoon sessions at 2:00 p.m. on Tuesdays. Meeting agendas are posted on the east entrance doors on the first floor in the Hall of Records building and on the Fresno Count website at least 72 hours prior to the BOS meeting.

BOS meetings are open to the public and the residents are invited to attend. An opportunity to address the BOS on items not on the agenda is provided on each meeting agenda. If a public member desires to present to the Board, the person is encourage to contact the Clerk to the Board in advance. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.

The District's government structure is appropriate to ensure adequate services are provided and managed. At the time preparing this MSR, the District's government structure appears to be adequately structured, operates, and fulfills its role as a services provider within the Fresno area.

#### **ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY**

##### ***Out-of-District Connections***

As previously indicated, the District's service area is not anticipated to require substantial boundary changes. However, during the preparation of this MSR update LAFCo observes that there are two parcels receiving District services that lie outside of the District service area and SOI. One parcel started receiving service prior to the statute that required LAFCo authorization for such extension; the other started receiving service after that time and is considered an unauthorized extension of service. LAFCo encourages the District and County staff to formally annex the two out-of-district customers into the District. Such an annexation will formally include the two landowners within the District service area and SOI.

##### **Potential Divestiture of Power: Recreational lake and flood control facilities maintenance**

As of the beginning of 2012, the District ceased providing recreational lake and flood control facilities maintenance services and stopped collecting the annual associated fee. As of May 2016, LAFCo has learned that the CAC is interested in reinstating the park maintenance program. It appears that the County Resources Division plans to explore the District's financial

options as it relates to budget expenditures, fees, and reimbursement strategies and reinstate the park maintenance program and provide an alternatives summary to the CAC.<sup>13</sup>

#### ***Sustainable Groundwater Management Act of 2014***

The California's Sustainable Groundwater Management Act ("SGMA") is the groundbreaking legislation that was signed into law by Governor Edmund G. Brown Jr. on September 16, 2014. SGMA is comprised of three bills: Assembly Bill 1739 (Dickenson) and Senate Bills 1319 and 1168 (Pavley). This three-part legislation allows local agencies to develop groundwater sustainability plans that are compatible with their regional economic and environmental needs. SGMA creates a framework for sustainable local groundwater management for the first time in California's history.

SGMA requires local agencies to form Groundwater Sustainability Agencies ("GSAs") in local groundwater basins by June, 2017; and, also requires the adoption of Groundwater Sustainability Plans ("GSPs") for groundwater basins deemed high priority by year 2020. The District service area resides in the eastern portion of the Kings sub-basin, which has been designated by the California Department of Water Resources ("DWR") as a high-priority sub-basin and subject to a condition of critical overdraft.

The District boundaries overlay with the Alta Irrigation District's service area. LAFCo anticipates that the Alta Irrigation District will represent land where CSA No. 5 is situated. The District is located within the East Kings River Sub-Basin, which is likely to be represented by the Kings River East GSA. Local agencies likely to participate in the KRE GSA include: the City of Reedley, Orange Cove Irrigation District, and Alta Irrigation District. The City of Orange Cove, City of Dinuba, Hills Valley Irrigation District, Tri-Valley Water Districts, Tulare County, and the Kings River Water District are anticipated to become members to the East Kings River Sub-Basin GSA.

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<sup>13</sup> CSA No 5, February 11, 2016 CAC meeting, <http://www.co.fresno.ca.us/viewdocument.aspx?id=69030>

## 2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews and provides analysis in conformance with Government Code §56425 and Fresno LAFCo policy. Pursuant to Government Code §56430, the Commission prepares the following written determinations.

### 1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

- The County of Fresno is the land use authority for territory within the District's service area.
- The Fresno County General Plan and zoning ordinance regulate land uses in the District. The District lies within the County's Kings River Regional Plan (KRRP) area, a 19,500-acre planning area located in east-central Fresno County adjacent to the Kings River, extending from Pine Flat Dam to the Fresno-Tulare County boundary near Reedley.
- The KRRP is a part of the General Plan and refines that plan's goals and policies. Land uses designated by the KRRP for the District include medium density residential and open space. Parcels within the District are conditionally compatible with those identified in the County's R-1-C Single-Family Residential zone district.
- Fresno LAFCo MSR policy designates the District as a "level two" special district that provides municipal services to its constituency. As previously mentioned, the District is a municipal water provider within its boundaries. A municipal local agency (special district) designation means, in Fresno LAFCo's judgment, that services provided by the agency facilitate or have potential to induce population growth.
- The District service area includes 114 acres and is comprised of 151 residential parcels. District facilities include two Water wells (well #1 and well #2), hydropneumatic tanks, and a series of water pipe lines that comprise the distribution system.
- The District is fully built out and does not anticipate any additional growth. Land within the District's boundaries and SOI are within Fresno County.

### 2. THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

- The District as a level two "municipal local agency" which means services provided by the District, in LAFCo's judgment, support or could induce population growth.
- At the time this MSR was prepared, there was no indication, physical evidence, or demographic data that would indicate the presence of a DUC as defined by California statute and Fresno LAFCo DUC policy.

### 3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND INFRASTRUCTURE NEEDS OR DEFICIENCIES

- The District infrastructure consists of two water wells, a water storage tank, and a distribution system. Fresno County owns the five-acre property where the recreational lake is situated.
- The District pumps approximately 211.52 acre-feet of groundwater from its two wells annually. The District's water system has 149 total connections. The critical period for the District's groundwater supply is during the month of June.
- During the critical period the user demand was 39% of well capacity and capacity exceeded demand by 394 gallons per minute. The District's well capacities exceed customer demands so that water for human consumption, sanitation, and fire protection are adequately provided.<sup>14</sup>
- The District is not expected to experience additional growth as it relates to expanding service area or increasing housing density. Land within the District could be classified as completely built-out with rural residential homes.
- Fresno County staff has developed a water filtration conceptual design to add to the current water system that will address CDPH's water quality concerns. During FY 2014-15, Fresno County staff conducted a successful proposition 218 proceeding to increase customer water fees for one year. The "Piped Loop and Tank Replacement Project" is anticipated to begin construction within the next five years.
- There are two-out-of-district customers connected to the District water system. The two properties are identified as parcel one (APN 333-031-03) and parcel two (APN 333-231-03S.) Parcel one tied into the District water system in the early 1990s, while parcel two connected to the District circa 2002.
- Existing infrastructure appear to be sufficient in type and quality to meet the existing and foreseeable demands of District customers.

### 4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

- The majority of the District's revenues come from an annual property tax assessment collected from 147 parcels within the District service area. The District annually generates approximately \$13,964 in tax revenues. Additionally, the two out-of-district parcels contribute to the District's annual budget \$1,102.33 per connection, which on a monthly basis breaks down to \$91.86 per month.
- The BOS adopts an annual budget for the District which projects operational and maintenance costs on an annual basis for services. The District's adopted budget for FY 2015-16 totals \$466,466.
- The District's financial practices appear to be adequate to support the District's ongoing operations. The Resources Division staff and citizens advisory committee appear to

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<sup>14</sup> County of Fresno, 2016-17 Water Year, Annual Water Conservation Report, March 1, 2016

support raising fees when warranted to fund District operations or specific projects. As of June 30, 2015, the District's funds in the County Treasury amount to \$338,392.

- County Resources staff administers all county service areas including operations, finances, and annual budgets.

#### 5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

- The District is located in a remote rural location in Fresno County. Opportunities for shared facilities with other local agencies are limited in this area of the County. There are no other similar Districts near CSA No. 5 that could present an opportunity for shared facilities.
- Opportunities for shared facilities are limited to water distribution and associated public facilities within the District's service area.
- County Resource staff administers all county service areas including operations, finances, and annual budgets.

#### 6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

- The District was formed in 1962 pursuant to County Service Area Law (Government Code section 25210-25217) to provide water services and maintenance of these public facilities.
- County Resources staff administers all functions of CSAs within Fresno County.
- The District is a dependent special district, which means that its legislative body consists, in whole or part, of ex officio members who are officers of the County. The Fresno County BOS sits as the District's governing body.
- Under GC section 25212.4, the BOS may appoint one or more advisory committees to provide advice to the Board regarding the District's services. The District has a citizens advisory committee which serves to facilitate communication between the District residents and County Resources staff.
- As of May 2016, LAFCo has learned that the CAC is interested in reinstating the park maintenance program. It appears that the County Resources Division plans to explore the District's financial options as it relates to budget expenditures, fees, and reimbursement strategies and reinstate the park maintenance program and provide an alternatives summary to the CAC.
- The BOS meets on every scheduled Tuesday, or dates which have been approved at regular scheduled board meetings with the exception of holidays and or planned recesses. Board meeting agendas are posted on the east entrance doors on the first floor in the Hall of Records building and on the Fresno County website at least 72 hours prior to the Board of Supervisors meeting.

- Board meetings are open to the public and the residents are invited to attend. An opportunity to address the Board of Supervisors on items not on the agenda is provided on each meeting agenda. If a public member desires to present to the Board, the person is encouraged to contact the Clerk to the board in advance. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.
- At the time preparing this MSR, the District's government structure appears to be adequately structured, operates, and fulfills its role as a services provider within the Fresno area.

**7. ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY**

- The District's service area is not anticipated to require substantial boundary changes. However, during the preparation of this MSR update LAFCo observes that there are two "out-of-district" costumers receiving District services.
- LAFCo encourages the District and County Resources Division to formally annex the two out-of-district customers into the District. Such an annexation will formally include the two landowners within the District service area.
- Since 2012, the District ceased providing recreational lake and flood control facilities maintenance services and stopped collecting the annual associated fee.
- As of May 2016, LAFCo has learned that the CAC is interested in reinstating the park maintenance program. It appears that the County Resources Division plans to explore the District's financial options as it relates to budget expenditures, fees, and reimbursement strategies and reinstate the park maintenance program and provide an alternatives summary to the CAC.
- The District service area resides in the eastern portion of the Kings sub-basin, which has been designated by the California Department of Water Resources ("DWR") as a high-priority sub-basin and subject to a condition of critical overdraft.
- The District boundaries overlay with Alta Irrigation District's service area. LAFCo anticipates that Alta Irrigation District will represent land where CSA No. 5 is situated as SGMA is implemented throughout the State. The District is located within the East Kings River Sub-Basin and is likely to be represented by the Kings River East GSA.

### 3. SPHERE OF INFLUENCE REVISION, UPDATE

In order to carry out the Commission's purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to its jurisdiction, the Commission shall develop and determine the sphere of influence of each city and each special district within the County and enact policies designed to promote the logical and orderly development of areas within the sphere. A sphere of Influence (SOI) is defined as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open space lands;
2. The present and probable need for public facilities and services in the area;
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency;
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

In determining a sphere of influence, the Commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The Commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

When adopting, revision, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts. The Commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

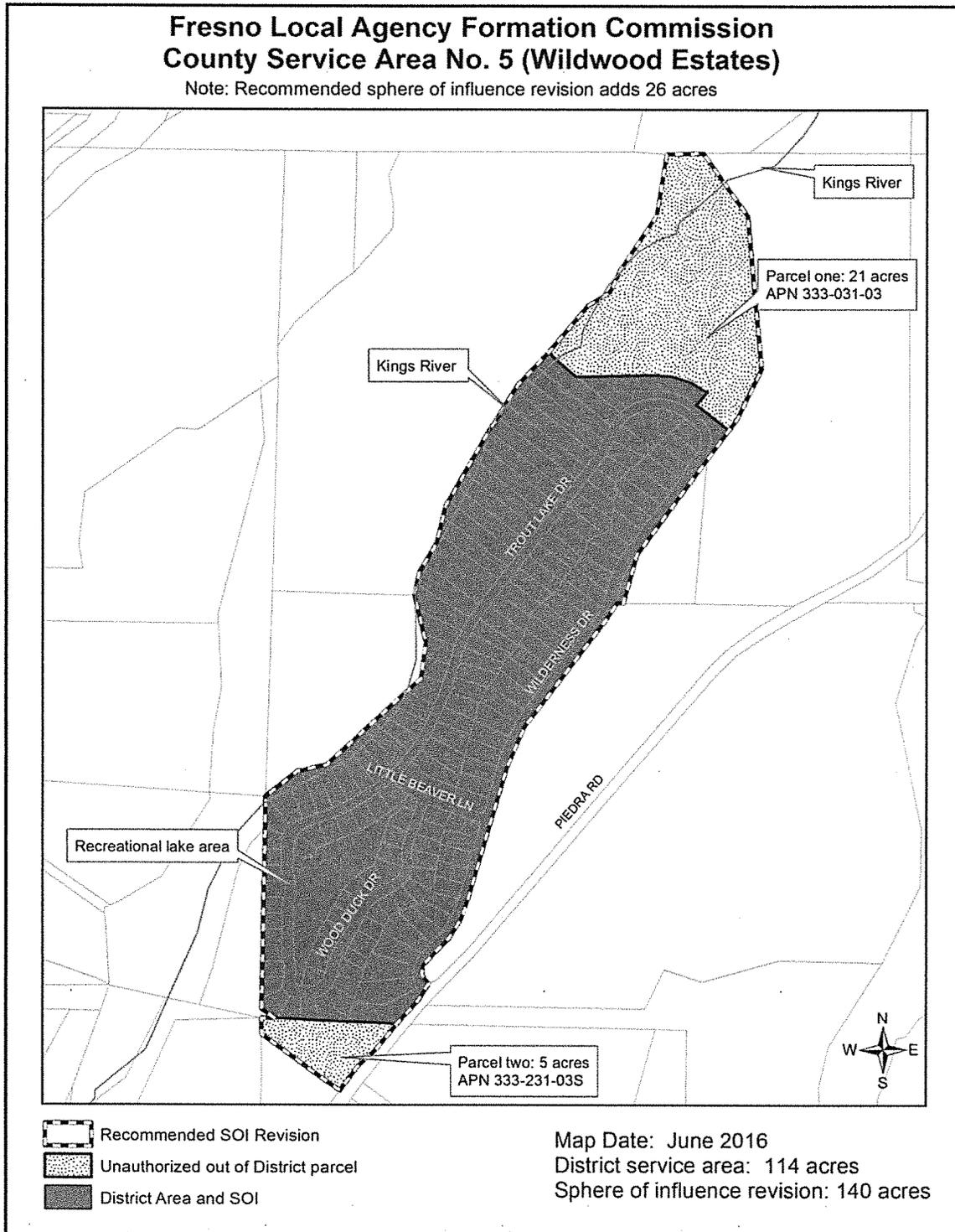
Chapter one of this MSR provides the foundation for the Commission's SOI determinations. As previously indicated, the District's boundaries and SOI are coterminous; the District service area and SOI encompasses 114 acres near the intersection SR 180 and N. Piedra Road. The District is approximately two miles northeast of the unincorporated community of Centerville, California and approximately 4.5 miles northeast of the City of Sanger, California. The District service area

is bounded by N. Piedra Road to the east, SR 180 to the south, the Kings River to the west, and N. Trout Lake Drive to the north.

The County of Fresno is the land use authority for land located within the District's service area. As previously indicated, the District's service area is developed with rural style residential uses. During the service review update process, LAFCo observed that the District currently provides services to two out-of-district parcels. LAFCo staff recommends the Commission to consider a revision to the District's SOI to include parcel one (APN 333-031-03) and parcel two (APN 333-231-03S) within the District SOI. The SOI revision would add approximately 26 acres to the existing SOI. Such revision would formally identify the two out-of-district parcels currently receiving District service, as illustrated on figure two- Proposed SOI Revision.

The objective of the SOI revision is to include the two out-of-district parcels to facilitate a future annexation application that will officially include the two parcels into the District's service area. As noted in the MSR, the two subject parcels are developed with residential uses and already benefit from District water service. In LAFCo's judgement, these parcels are considered to be permanent customers of the District. As such, a revision of the SOI would include the two out-of-district parcels into the District's SOI which would not create a physical change to the existing environment. There are no environmental concerns anticipated to occur from revising the existing District SOI.

Figure 2- Proposed SOI Revision for CSA No. 5



In accordance with Government Code Section 56066, Fresno is the principal county and Fresno LAFCO is responsible for preparing the following determinations for the Sphere of Influence included in this Municipal Service Review. When Fresno LAFCO updates or revises a sphere of influence it must adopt specific determinations with respect to the following factors:

**1. PRESENT AND PLANNED LAND USES, INCLUDING AGRICULTURAL AND OPEN-SPACE LANDS**

- The District resides within the unincorporated portions of the County of Fresno. The County of Fresno is the land use authority for territory within the District's service area and the Fresno County General Plan Land Use Element designates land within the District as Residential use. Parcels within the District are identified in the County's R-1-C Single-Family Residential zone district.
- The District service area includes 114 acres and is comprised of 151 residential parcels. Parcels within the District are considered fully built-out with no anticipated growth to occur.

**2. PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA**

- The District is not expected to experience additional growth as it relates to expanding service area or increasing housing density. Land within the District could be classified as completely built-out with rural residential homes. There is minimal growth anticipated by the District.
- The District pumps approximately 211.52 acre-feet of groundwater from its two wells annually. The District's water system has 147 total connections in the District boundaries and there are two out of District customers connected to the District water system, parcel one (APN 333-031-03) and parcel two (APN 333-231-03S.) The critical period for the District's groundwater supply is during the month of June.
- Fresno County staff has developed a water filtration conceptual design to add to the current water system. The "Piped Loop and Tank Replacement Project," is anticipated to provide solution in the event that over chlorination occurs within the District wells. Fresno County staff is projecting to have sufficient funds to begin construction on the Piped Loop and Tank Replacement Project within the next five years
- The District is capable of addressing and adjusting its probable service needs for public facilities.

**3. PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE**

- Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act and as authorized by the Fresno LAFCo. The District's financial practices appear to be adequate to support the District's ongoing operations. The Resources Division staff and citizens advisory committee appear to support raising fees when warranted to fund District operations or specific projects.

- The two subject parcels already benefit from District services, and in LAFCo's judgement, these parcels are considered as permanent customers. No physical or environmental concerns are anticipated to occur from the SOI revision.

**4. EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA IF THE COMMISSION DETERMINES THAT THEY ARE RELEVANT TO THE AGENCY**

- There are no relevant social or economic communities of interest relevant to the District's service provisions.

**5. THE PRESENT AND PROBABLE NEED FOR THOSE PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE**

- The District provides water supplies within its limited boundaries. At the time this MSR/SOI revision was prepared, there was no indication, physical evidence, or demographic data that would indicate the presence of a DUC as defined by California statute and Fresno LAFCo DUC policy.

## 4. RECOMMENDATIONS

In consideration of information gathered and evaluated during the Municipal Service Review and Sphere of Influence update, it is recommended the Commission:

1. Accept public testimony regarding the proposed Municipal Service Review.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
3. Approve the recommended Sphere of Influence determinations and consider revising the current District Sphere of Influence.
4. That the Commission consider a revision to the District's SOI to include the two "out-of-district" parcels (APN 333-031-03 and APN 333-231-03S) currently receiving District service, and recommend to the BOS that it initiate an application to annex these properties to the District's service area.

## 5. ACKNOWLEDGEMENTS

This Municipal Service Review update was prepared by Fresno LAFCO. The County of Fresno Public Works and Planning, Resources Division provided substantial information included in this service review. Supporting documentation was made available through the effective partnership between the Resources Division and Fresno LAFCo. Fresno LAFCo staff extends its appreciation to the Fresno County Resources Division for their assistance in the development of this Municipal Service Review. Responsibility for any errors or omissions rests with those who provided information to support the report.

Available Documentation – Documents used for the preparation of this report are available in the LAFCO office. A significant amount of effort has been invested in bringing the District's Municipal Service Review and Sphere of Influence Update to this point. Documents are available at the Fresno Local Agency Formation Commission Office located at:

Fresno Local Agency Formation Commission  
2607 Fresno Street, Suite B  
Fresno, California 93721

The Draft Municipal Service Review is available on Fresno LAFCo's website, <http://www.fresnolafco.org/default.asp>

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