


ATTACHMENT B

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo) EXECUTIVE OFFICER'S REPORT

AGENDA ITEM No. 9

DATE: October 11, 2017

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, Executive Officer 

BY: George Uc, Senior LAFCo Analyst

SUBJECT: **Consider Adoption:** Municipal Service Review update and sphere of influence revision for the Oak Grove Cemetery District

Recommendation: Adopt the Municipal Service Review update prepared for Oak Grove Cemetery District and revise the District's sphere of influence by taking the following actions:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines find that the MSR prepared for Oak Grove Cemetery District is Categorically Exempt from the provisions of CEQA under Section 15306, "Information Collection."
- B. Find that the Municipal Service Review prepared for Oak Grove Cemetery District is complete and satisfactory.
- C. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that the proposed SOI reduction is Categorically Exempt from the provisions of CEQA under Section 15061(b) (3), "General Rule" where it can be seen with certainty that a reduction of the District SOI will not have an effect on the existing environment.
- D. Find that approval of the proposed sphere of influence update is based on sufficient evidence consistent with State Law, including, but not limited to, Fresno LAFCo Policies, Standards, and Procedures and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
- E. Pursuant to Government Code Sections 56425 make the required determinations for the sphere of influence.
 - a. Approve a SOI reduction, such that the District's SOI and service area are coterminous.
 - b. Encourage the District to evaluate its existing and foreseeable budget deficit, determine contributing factors, and suitably reduce its expenditures or raise its plot fees to eliminate ongoing budget deficits.

Executive Summary

The Oak Grove Cemetery District ("District") was formed in 1929 to provide burial and interment of human remains to meet the cultural, economic, religious, and social needs within the southcentral portion of Fresno County and the community of Laton. Staff recommends that the Commission update the District's sphere of influence (SOI) by reducing the existing SOI to conform it to the District's current service area, as depicted in Attachment B. Reducing the SOI would not impair the District's ability to continue to offer services as it has for many decades. As proposed, the SOI would coincide with the District's existing service area and encompass 108,575 acres. The attached Municipal Service Review (MSR, Attachment C) provides evidence and analysis in support of the recommended SOI revision.

Oak Grove Cemetery District, and General Manager Judy Escalera actively participated in the development of the MSR and were provided a copy of this report.

Cemetery Districts

The California Legislature authorized the creation of public cemetery districts in 1909 through California Public Cemetery District Law, (Health and Safety Code section 9000 *et seq.*). This law was revised in its entirety and recodified effective January 1, 2004. The Public Cemetery District Law provides broad statutory authority for public cemetery districts to own, improve, expand, and operate public cemeteries.¹

There are 12 cemetery districts in County of Fresno: Clovis, Coalinga-Huron, Dunlap, Fowler, Kingsburg, Oak Grove, Parlier, Reedley, Sanger/ Del Rey, Selma, Squaw Valley, and Washington Colony.

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

Oak Grove Cemetery District - Discussion & Summary of Determinations

The Oak Grove Cemetery District (District) is an independent special district governed by a three-member board of trustees, and functions independently from the County. The major functions of the trustees are to set policy, define goals and objectives, and adopt rules and regulations as the custodians of the District's property. The Fresno County Supervisors representing Districts 1 and 4 appoint eligible trustees to four-year terms. The board has one appointed District Office Manager to carry out District policy, direct the agency's operations, provide daily supervision of staff and facilities, and administer the District's expenditures. The District's general manager is assisted by two cemetery groundkeepers.

The District is solely within the County of Fresno situated slightly north of the Fresno-Kings County line. The District's service area and sphere of influence (SOI) are not coterminous, the District's service area encompasses 108,575 acres, while the SOI encompasses approximately 387,616 acres. The District's SOI is nearly three times greater than the District's service area.

¹ Health and Safety Code (HSC) section 9000.

Government Code sec. 56076 defines a "sphere of influence" as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission." On June 21, 1976, the Commission adopted the existing sphere of influence for the Oak Grove Cemetery District.² At that time, LAFCo records indicate the District was interested in annexing land west of its existing service area to include the unincorporated communities of Three Rocks, El Porvenir, Cantua Creek, Five Points, and Helm.

In the 41 years since adoption of the SOI, these communities remain outside of the District's existing service area. Based on communications with the District it appears that there is little demand, or financial incentive, to annex land west of the District's existing service area. Further, the District does not plan for growth of its service area. LAFCo staff reviewed the District's existing SOI in light of the data collected throughout the MSR process, information provided by the District, and conducted a comprehensive review of previous LAFCo actions/resolutions.

On July 10, 2017, LAFCo staff met with the District General Manager to discuss the District's interment capacity, future growth plans, and the possibility of annexing land within the current SOI. On August 7, 2017, LAFCo staff met with District board members and general manager to continue the discussion of the District's current conditions.³ During the August meeting, the District and LAFCo staff discussed LAFCo's MSR/SOI update process and informed the District of two possible SOI options: preserve the existing SOI and plan for growth, or a possible SOI reduction that would adjust the SOI to coincide with the District's service area. The District representatives took no formal position on these options.

The MSR recommends that the SOI be reduced by 279,041 acres so that it coincides with the District's existing service area and encompass 108,575 acres.

The District's jurisdictional boundaries abut with Washington Colony Cemetery District to the north, Kingsburg Cemetery District to the east, and Hanford Cemetery District located to the south in Kings County. There are no cemetery districts abutting the District's western service area.

The District has a 20-acre cemetery located on 19811 Cedar Street, Laton, California 93242. Of the 20 acres, only 12 acres are developed with burial sites and eight acres are available to the District for future expansion. The District informed LAFCo that it annually averages 50 to 60 interments.⁴ The District informed LAFCo that it interment capacity beyond LAFCo's 20 to 25-year SOI planning horizon.⁵ LAFCo expects that District growth will occur through expansion of its existing facilities or the purchase/lease of real property, rather than through annexation of additional territory.

District Revenue

The District's primary source of revenue is the annual property tax charged to all parcels within the District's boundaries. The District receives its share the 1% property tax based on its pre-Proposition 13 level of taxation through the Fresno County Auditor-Controller/Treasurer-Tax Collector. Additionally, the District receives revenue from plot sales and services,

² Fresno LAFCo Resolution No. Rev. SOI-21, June 23, 1976.

³ Meeting was noticed and open to the public per the Brown Act.

⁴ LAFCo phone communication with the District Secretary/GM, June 3, 2017.

⁵ LAFCo phone communication with District Secretary, June 3, 2017.

intergovernmental agreements, and land interest generated by sold plots, from fees charged for services provided, operation grant funding, contributions, and capital grants.⁶

The District's annual property tax revenue averages approximately \$92,544. Additional revenues are generated from interest rates earned on District bank accounts and the endowment fund. The District's budget identifies \$378 of interest earned from its bank accounts. The District's revenue program for the year anticipates \$107,420 to be generated from goods and services provided by the District.

The District's FY 2015-16 budget amounted to \$219,767. The District's expenditures in that fiscal year amount to approximately \$233,084. The FY 2015-2016 budget projected an anticipated deficit of \$13,317. As of the close of FY 2014-2015, the District's governmental funds reported a combined deficit of \$44,361. During FY 2015-16, the District showed a total reserve account of \$55,027.

The District has an established endowment fund. California law requires public cemetery districts to maintain an endowment care fund and to collect an endowment care contribution for every interment right sold in a public district cemetery. The purpose of the Endowment Care Fund is to create a fund, the principal of which may never be used for any purpose, but which generates interest income which is then used for the perpetual care and maintenance of district cemeteries. Once deposits are made into the Endowment Care Fund, they can never be withdrawn or refunded to contributors. The District showed \$21,433 in its Endowment Care Fund at the time the financial audit was performed.

Issue of Concern and Recommendation

On July 10, 2017, LAFCo staff met with the District's General Manager to discuss the general fund deficit, however the District's general manager was unfamiliar with the deficit identified in the auditor's financial statements report.⁷ During the preparation of this report, the District did not communicate whether it intended to resolve its on-going projected annual general fund financial deficits.⁸ The MSR notes, that at the end of FY 2014-2015, the District's general fund had deficit fund balance of \$353,952.

The MSR recommends the District evaluate its existing and foreseeable budget deficit, determine contributing factors, and suitably reduce its expenditures or raise its plot fees to eliminate ongoing budgeted deficits.

Water Resources, Sustainable Groundwater Management Act

The District draws its irrigation and facility water sources from a well located within the cemetery site, APN 055-340-03T. The District informed LAFCo that in 2014, during one of California's driest year, the District deepened the well to avoid the potential of the well drying up. The District's well information is limited; however, the District informed LAFCo that its well is rated with adequate capacity to continue serving the District's needs.

⁶ Oak Grove Cemetery District, Report on Audit of Financial Statement for Year Ended June 30, 2015.

⁷ Meeting at Oak Grove Cemetery District, July 10, 2017.

⁸ LAFCo Staff District Outreach, email on August 23, 2017 and phone call September 1, 2017, No Formal District response.

The District's jurisdictional boundaries overlap with the North Fork Kings Groundwater Sustainability Agency (NFKGSA).⁹ The District's facilities and underground wells are in solely in the North Fork Kings Groundwater Sustainability Agency. During the preparation of this MSR, the District informed LAFCo that it does not actively engage in groundwater recharge programs, nor has it entered into any Participation Agreements with any of the GSAs overlapping the District's boundaries. Under State statute, a GSA is responsible for developing and implementing a groundwater sustainable plan (GSP) to meet the sustainability goal of the basin to ensure that it is operated within its sustainable yield, without causing undesirable results.¹⁰ As such, LAFCo anticipates that within the next five years the local GSAs will work with all cemeteries that rely on groundwater pumping to establish recharge programs to offset and balance groundwater usage within the groundwater table.

The North Fork Kings Groundwater Sustainability Agency (NFKGSA) was created through California special act legislation (SB 564 Canella) for the specific purpose of implementing sustainable management and regulation of groundwater aquifers underlying its jurisdiction within the Kings Sub-basin. The NFKGSA is comprised of Clark's Fork Reclamation District, Laguna Irrigation District, Upper San Jose Water Company, Laton Community Services District, Riverdale Public Utility District, Lanare Community Services District, Crescent Canal Company, Stinson Canal and Irrigation Company, Riverdale Irrigation Company, Reed Ditch Company, Liberty Mill Race Company, Burrel Ditch Company, Liberty Water District, Liberty Canal Company.

Comments Received- MSR Public Review Period

Pursuant to LAFCo policy 107-03, the draft MSR shall be posted on the Commission's website with a minimum 21-day public review period. The public review period provides an opportunity for local agencies and public to submit written comments as it pertains to information presented in the draft MSR. On September 20, 2017, the Oak Grove Cemetery District's MSR was made available for public review. Staff has received general phone enquiries regarding the proposed SOI revision; however, no public comments or written opposition has been received to date.

Summary/Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, special districts' Spheres of Influence (SOIs) every five years. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a Municipal Service Review (MSR) for each agency.

MSRs provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not modifications to a city's or district's SOI is necessary. MSRs can be used as informational tools by LAFCo and local agencies in evaluating the efficiencies of current district operations and may suggest changes in order to better serve the public.

SOI updates may involve an affirmation of existing SOI boundaries or recommend modifications to SOI boundaries. LAFCo is not required to initiate changes to an SOI based on determinations and recommendations of the service review, although it does have the power to do so.

⁹ California Department of Water Resources, SGMA Portal, <http://sgma.water.ca.gov/portal/gsa/print/211>.

¹⁰ California Department of Water Resources, SGM Sustainable Groundwater Management, <http://www.water.ca.gov/groundwater/sgm/gsa.cfm>.

State law requires that the Commission adopt written MSR determinations for each of the following seven criteria:

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

As part of the SOI update, the Commission is required to consider the following four criteria and make appropriate determinations in relationship to each:

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.

The attached MSR present these determinations with District information and the analysis used in support of the Commission's determinations and recommendations.

Environmental Determination

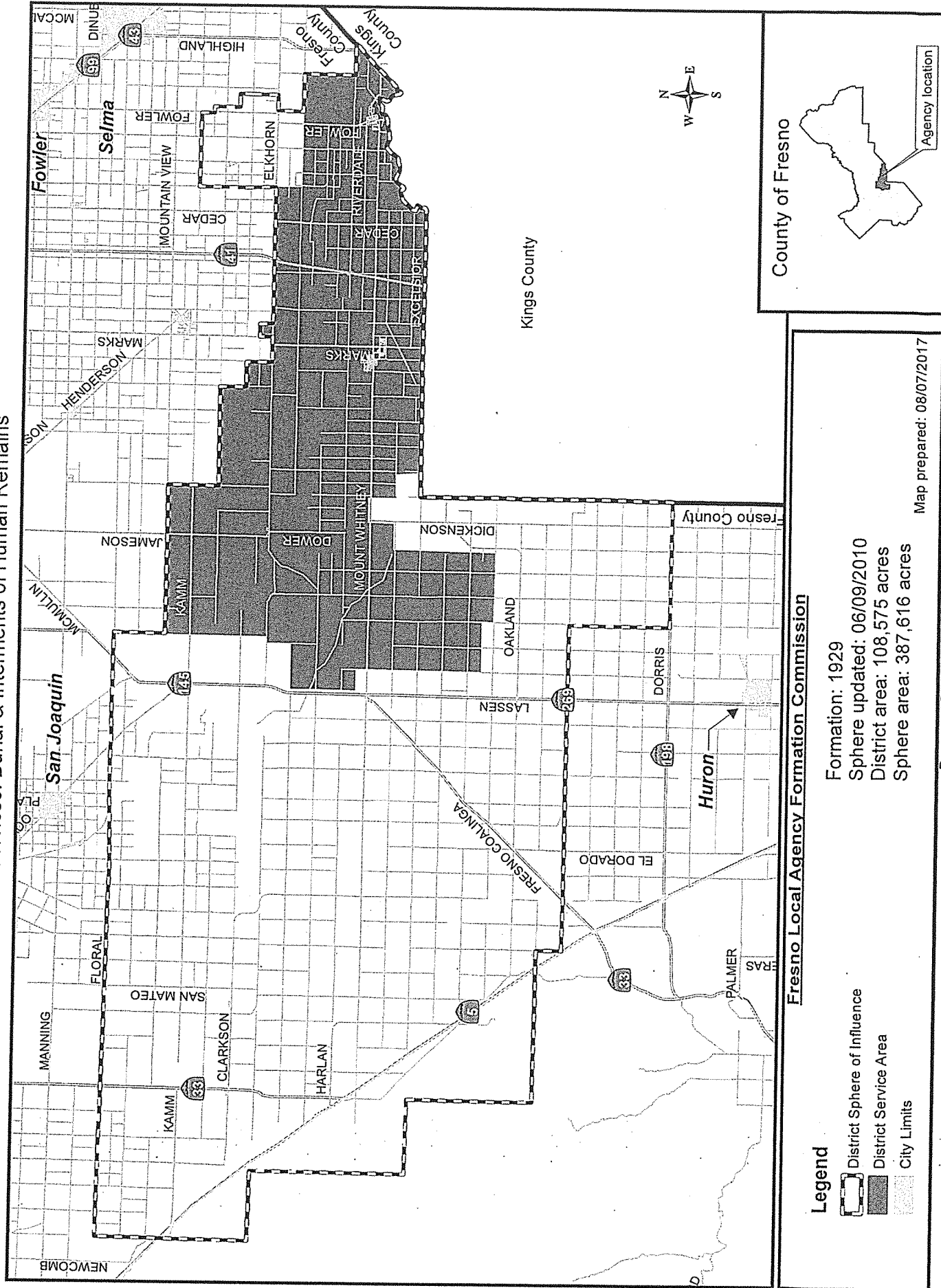
The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. MSRs are categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource." MSRs collect data for the purpose of evaluating municipal services provided by the agencies. There are no physical changes to the environment created by these studies.

Regarding the proposed SOI revision, there is no information to suggest that this action may have a significant effect on the environment. The revision of the SOI will not result in any changes to the environment.

Oak Grove Cemetery District

Authorized Services: Burial & Interments of Human Remains

ATTACHMENT A



ATTACHMENT B

