

# **COUNTY SERVICE AREA NO. 49 O'NEILL FARMS**

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

Report to the  
Fresno Local Agency Formation Commission

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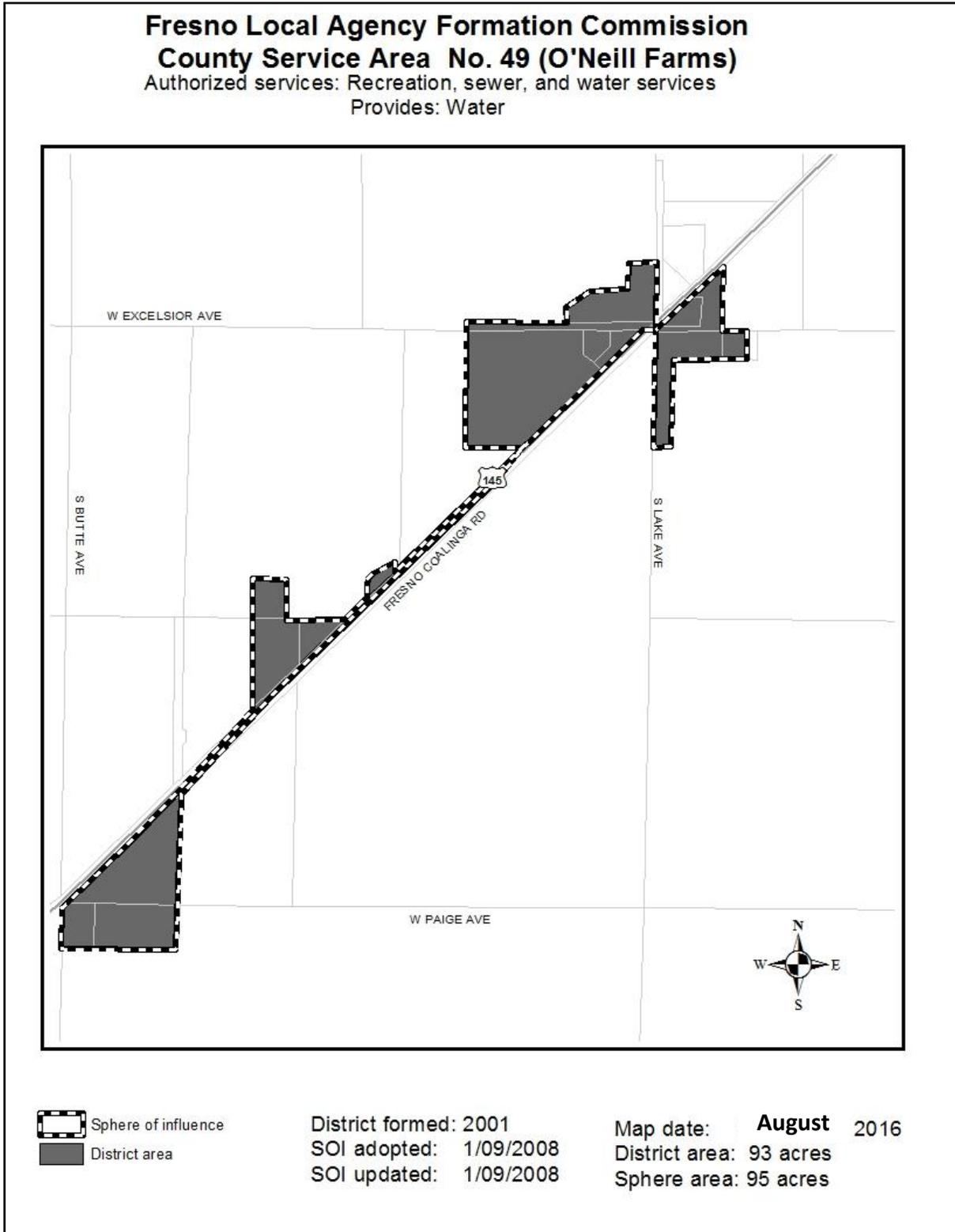
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Figure 1- District Map



# 1. MUNICIPAL SERVICE REVIEW

## PRINCIPAL ACT

County Service Area No. 49 O’Neill Farms (“District”) was formed in 2001 pursuant to County Service Area Law (Government Code (GC) section 25210-25217) to provide potable water service, sewer disposal, and park and recreation services in the community of O’Neill. At the present time the District provides only retail water through a small water treatment and distribution system. The District’s infrastructure includes a surface water treatment facility, a hydro-pneumatic tank, and a series of water mains to deliver water to customers.

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) provide staff support and administrates the operation of the District.

The District is located in west Fresno County approximately three miles southwest of the community of Five Points, California. The City of Huron is approximately 13 miles southeast of the District, while the City of Coalinga is approximately 18 miles southwest of the District. The nearest highways to the District are SR 269 three miles to the east, Interstate Highway 5 (I-5) eight miles to the west, and SR 198 nine miles to the south.

Land within the District includes various land uses associated with agricultural, commercial, education, and rural residential uses. The community of O’Neill hosts the majority of the residents near the intersection of W. Excelsior Avenue and SR 145; areas south of W. Excelsior Avenue are generally less populated.

## DISTRICT SERVICE AREA

The District service area is distributed across five noncontiguous areas totalling eight parcels, all in close proximity to each other along the Fresno-Coalinga Road (SR 145) between West Excelsior Avenue and W. Paige Avenue. The District’s service area totals approximately 93 acres.

The sphere of influence is currently coterminous with the noncontiguous service areas and is proposed to encompass all five areas as well as the portion along the Fresno-Coalinga Road that connects them. The proposed SOI measures 95 acres.

## DISTRICT MAPPING INFORMATION

During the preparation of this MSR, LAFCo staff observed that the 2011 District MSR depicted the District’s service area encompassing approximately 81 acres, as shown on Figure Two. However, a review of the Commission’s district formation record indicates that the District’s service area actually measures 93 acres.<sup>2</sup>

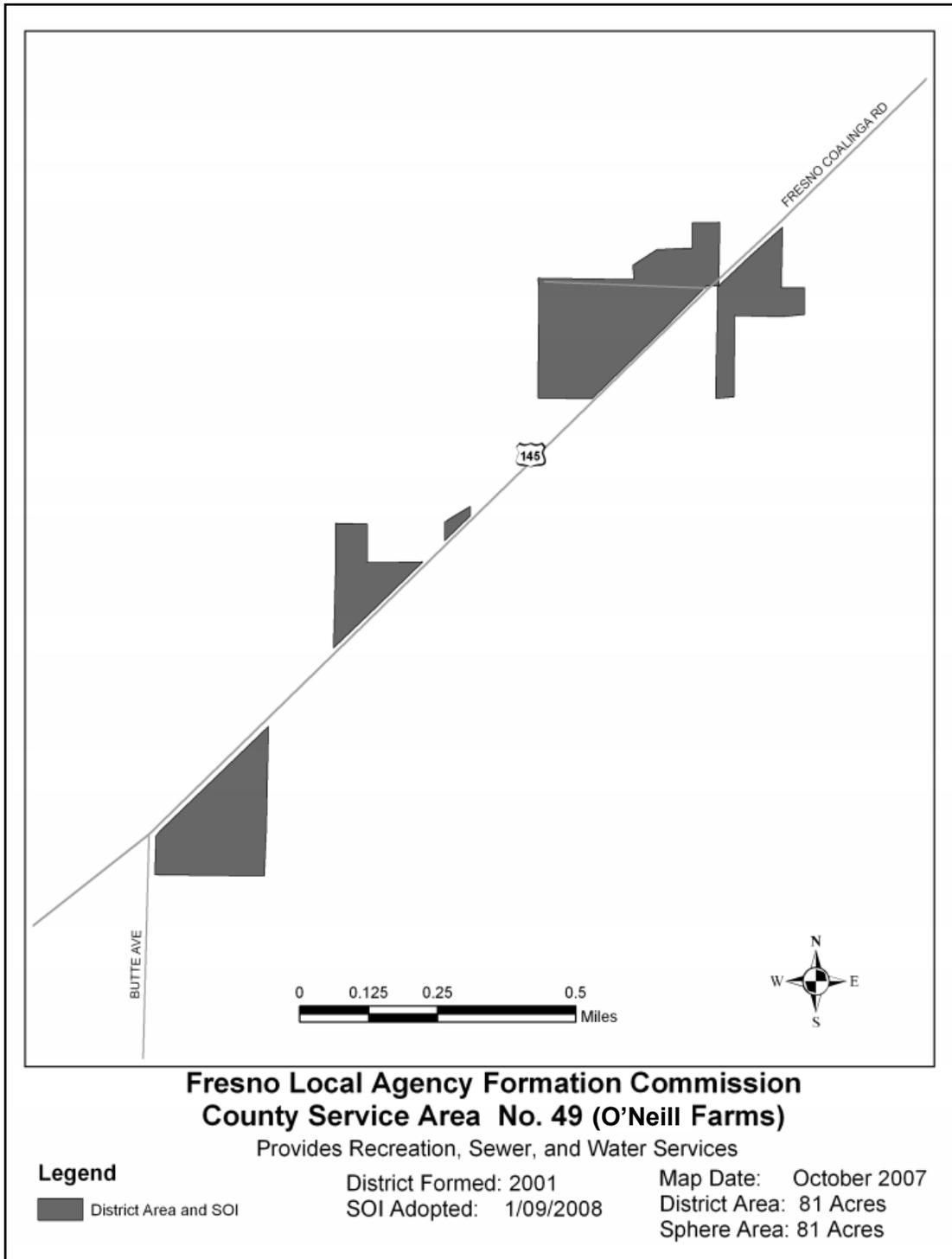
Additionally, the 2011 MSR identified the District’s sphere of influence as coterminous with the noncontiguous service areas. Though this is permitted by the District’s principal act, this omitted the District’s distribution system in the public right-of-way. This MSR/SOI update report

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<sup>2</sup> Fresno LAFCo Resolution- FD-00-1, Exhibit A - CSA No 49 Legal Description, June 28, 2000.

recommends that the SOI continue to encompass all five District service areas along the Fresno-Coalinga Road, but now include the Fresno-Coalinga Road right-of-way as shown on Figure 1. The proposed District SOI encompasses 95 acres.

**Figure 2- LAFCO's 2011 Depiction of CSA No. 49**



## **AUTHORIZED DISTRICT SERVICES**

LAFCo observes that under GC 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, a County Service Area could provide up to 26 different types of governmental services within its boundaries.<sup>3</sup>

The District is authorized to provide water, sewer, and park and recreational services, levy and collect tax assessments, perform agreements, enter into contracts, and provide governmental services necessary to maintain the District’s infrastructure and public facilities. At the time this service review was prepared the District only exercises its authority as a water service provider.

The District’s formation resolution authorizes sanitary sewer service and park and recreational services; however, these powers are not currently exercised by the District. The County of Fresno indicates that these services may be provided in the future if requested and funded by the property owners, though no date has been projected.<sup>4</sup> As such, it is unknown at this time when these additional authorized services will be provided by the District. It is noted that simply not providing these services, or not planning to exercise these powers is not, in themselves, a divestiture of District powers.<sup>5</sup>

All other remaining services, facilities, functions or powers enumerated in the District’s principal act but not identified in the formation resolution are considered 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 will require LAFCo authorization as indicated in GC section 25213.5.<sup>6,7</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. 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. However, dependent special districts such as CSA No. 49 generally do not request or experience modifications to their SOI or service area.

In accordance with 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.

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<sup>3</sup>GC sec. 25213-25213.6.

<sup>4</sup>Fresno County Board of Supervisors, Budget Resolution Establishing FY 2003-2004 Interim Budget for CSA No. 49 (Community of O’Neill), November 4, 2003.

<sup>5</sup>GC sec. 56021.

<sup>6</sup>GC sec. 56050.5, “Latent service or power.”

<sup>7</sup>GC sec. 25213.5 (a) “Services and Facilities.”

## **DISTRICT GROWTH AND POPULATION PROJECTIONS**

The District is located in southwest Fresno County, approximately 13 miles northwest of the City of Huron, California. The unincorporated community of Five Points is located three miles northeast of the District.

The County of Fresno is the land use authority for territory in the District's service area. The Fresno County General Plan Land Use Element designates land within the District for agricultural use.

The District contains approximately 42 residential units on eight non-contiguous parcels. Within the District there are four commercial operations, a day care center, and Westside Elementary School. The District serves an estimated population of 164 residents.<sup>8</sup>

Using the Commission's 20 to 25-year planning horizon for SOIs, District management does not expect any boundary growth to occur as it relates to including additional territory or population. At the present time the District only provides potable water services. In the future, sanitation sewer service, and park and recreational services could be provided by the District if landowners request and identify a source of funding. Land in the District could be classified as completely built-out, and land around the District is designated for agricultural use.

## **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.

GC 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 GC sec. 56046 and WC 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 the definition of a DUC as having at least 15 dwelling units at a density not less than one unit per acre.

Geographic Information System (GIS) files were derived from the US Census Bureau's American Community Survey (ACS) compiled for the five-year period 2010-2014 to identify the

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<sup>8</sup> Engineer Report Drinking Water-Service Rate Study, Fresno County CSA No. 49, County of Fresno, Department of Public Works and Planning, August 2009.

demographic composition for the various census geographies. Although the ACS provides annual and three-year estimates, the five-year reports between years 2010-2014 provide more precise data and mapping information for analyzing small populations. The five-year reports are the most reliable form of information generated by the US Census bureau.<sup>9</sup> The statewide MHI reported for years 2010 through 2014 was \$61,489. Hence, the calculated threshold for a DUC is any geographic unit with a reported MHI that is less than \$49,191. The census block group data was utilized to provide the economic and population backgrounds for this section of the MSR.

The District's service area lies within Fresno County's census tract 78.02 block group one. The five-year ACS estimates indicate that the average MHI level reported between 2010 through 2014 for census tract 78.02 block group one is \$33,214. Based on the census datasets, the District's service area is located in a census geographic unit that meets the MHI threshold consistent with the standard definition established for Disadvantaged Communities.<sup>10</sup>

The following information characterizes the District's service area. Each District area provides assessor parcel information and summarizes the type of land uses found in each parcel area, as shown on Figure Three:

- Parcel one includes APNs: 050-120-43S and 44S. This five-acre parcel hosts four single-family units.
- Parcel two includes APN: 050-120-40S. This 7.3-acre parcel hosts 14 single-family units.
- Parcel three includes APNs: 060-042-10S and 11S. This 8.7-acre parcel hosts an office, a day care facility, and 13 single-family residential units.
- Parcel four includes APNs: 060-041-17T, 18T, and 19. This 28.2-acre parcel hosts the Westside Elementary School site, shop buildings, a corner market, and seven single-family homes.
- Parcel five includes APNs: 060-041-15, 28S, and 29S. This 12.2-acre parcel hosts farming shops and office facilities.
- Parcel six includes APN: 060-042-06. This 11.7-acre parcel hosts two single-family homes and farm related buildings.
- Parcel seven includes APN: 060-042-05S and 04S. This 19-acre parcel hosts two single-family homes and farm related buildings.
- Parcel eight includes APN: 060-041-13. This one-acre parcel hosts the District's facilities.

The District provides potable water services to the community of O'Neill. Each parcel has its own private septic system which collects, treats, and disposes wastewater generated by homes or businesses. Fire suppression, protection, and emergency response are all provided by the Fresno County Fire Protection District. Police protection and safety services are provided by the Fresno County Sheriff's Department.

A review of the District's service area does not reveal any additional DUCs near the District boundaries. The District's service area meets two key DUC indicators identified by Commission Policy 106: the MHI threshold and at least 15 dwelling units at a density not less than one unit

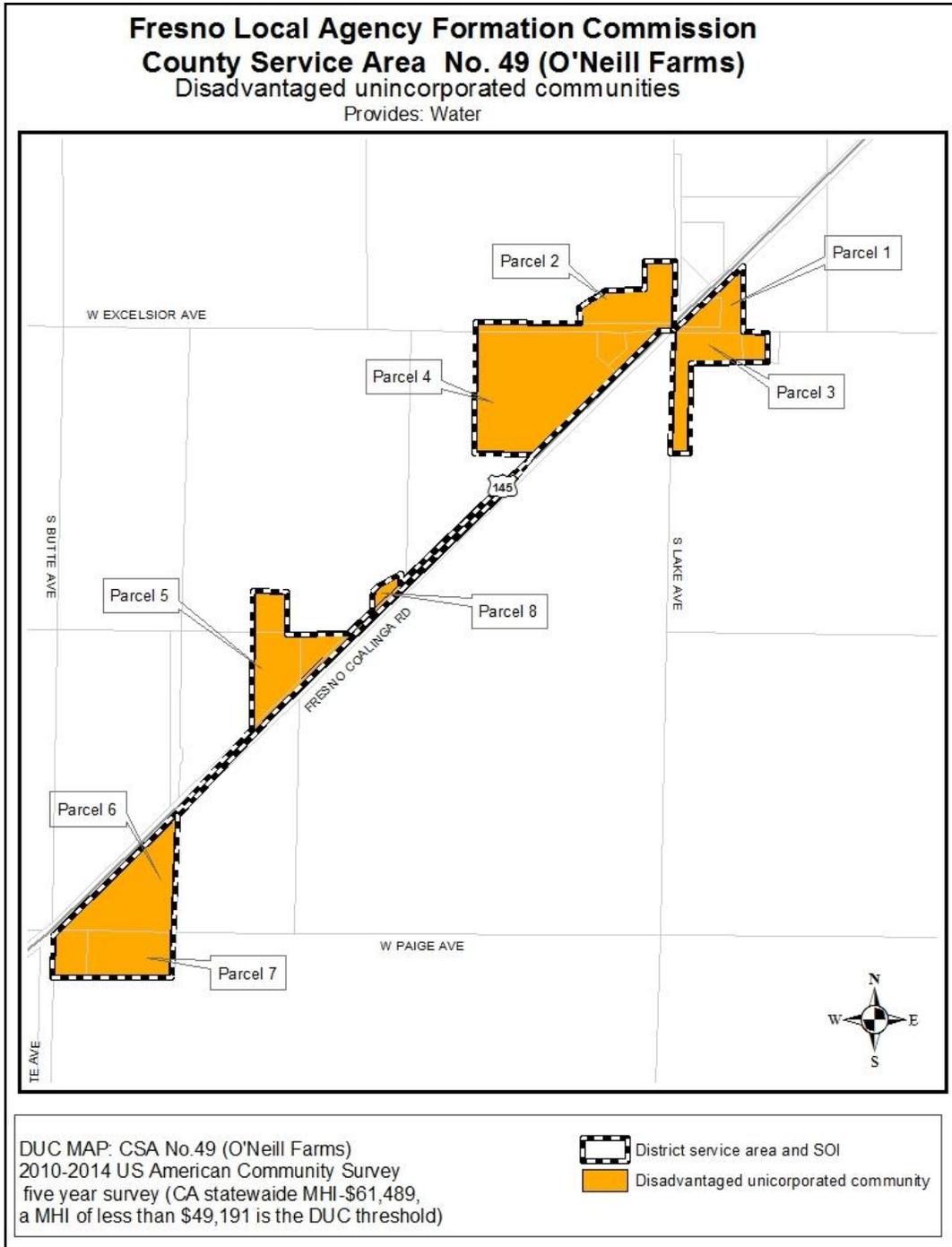
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<sup>9</sup> US Census Bureau, [http://www.census.gov/acs/www/guidance\\_for\\_data\\_users/estimates/](http://www.census.gov/acs/www/guidance_for_data_users/estimates/).

<sup>10</sup> Department of Water Resources- Disadvantaged Communities WC sec. 79505.5.

per acre. For the purpose of this MSR, it is presumed that the District’s service area could be considered inhabited in the absence of a complete application filed with Fresno LAFCo.<sup>11</sup>

Figure 3 – DUC Map



<sup>11</sup> GC sec. 56046.

## DISTRICT INFRASTRUCTURE

The District is considered a surface water system because it purchases raw water supply from the Westlands Water District (WWD) and treats it for human consumption. The District surface water treatment facility became active in 2004 and includes 46 metered connections, one 80,000 gallon hydro-pneumatic tank, pumps, two backflow prevention devices, and a series of water mains.

The District's primary source of water supply is raw surface water delivered through a California Aqueduct turnout managed by WWD. WWD allocates up to 40 million gallons of water per year based on water availability (122 acre-feet per year) for the District's use.<sup>12</sup> The District's actual annual water use during the past three years has not exceeded 16 million gallons of water per year (49 acre-feet per year). The District's allotted amount is larger than other CSAs in west Fresno County because it accounts for residential, commercial, and Westside Elementary School customers. WWD determines annual water allocation deliveries using historical District water use. In recent years, water demand by District users has been relatively low compared to the water allotment received by the District due to sharp increased fees associated with WWD's raw water deliveries.

The critical period for the District's water supply is during the month of July. 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 months of June through November of calendar year 2015, CSA No. 49 customers reduced their total water use by 54% compared to the same months in 2013.<sup>13</sup> This exceeded the State Emergency Regulations mandate of 25% water use reduction.

According to County officials, the reduced water use by District customers in the typically higher-use months (June through November) and WWD's historical exceedance of water allotment over District user demand allows for a continued availability of sufficient water for human consumption, sanitation, and fire protection.

Currently, the District disinfects the raw surface water at the water treatment facility through the injection of a chlorine solution into the filtered water to kill any microorganisms which may be present after the water has been filtered. The chlorine disinfection is applied in accordance with State regulations for the disinfection of surface water intended for human consumption.<sup>14</sup>

The District's treated surface water regularly exceeds the Maximum Contaminant Levels (MCL) for disinfection byproducts (DBP). Exceeding the MCL is a violation of the U.S. Environmental Protection Agency's Stage 1 Disinfectants/Disinfection By-Products Rule and the California Safe Drinking Water Act, and may subject CSA No. 49 to fines from SWRCB, if not addressed. During the preparation of this MSR, in April 2016, the Fresno County Board of Supervisors approved an agreement authorizing the Director of Public Works and Planning to pursue a planning grant up

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<sup>12</sup>County of Fresno Board of Supervisors, 2016-17 Water Year Annual Conservation Report.

<sup>13</sup>Ibid.

<sup>14</sup>Fresno County Board of Supervisors, Board Agenda Item 44- Subject: CSA No. 49 Surface Water Treatment Facility Improvements, Budget Resolution to Reallocate Appropriations and Estimated Revenues from Org 55125100 to Org 9249, Approved on April 26, 2016.

to \$500,000 from the State Water Resources Control Board, Drinking Water State Revolving Fund. The planning grant is intended to address various improvements to the District's surface water treatment facility needed to reduce the presence of DBP.<sup>15</sup>

## 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 to provide services to its customers. The following information and analysis section is based on annual budgets and supportive documents available through the County's Department of Public Works and Planning, Resources Division.

The District's primary source of financing are a monthly rate and annual service fee assessments (a flat rate assessment and a special assessment) charged to 46 metered connections in the District. In addition, the County Resources Division also pursues state and federal grant funds for qualifying District improvement projects.

The County Resources staff prepares an annual District budget which projects annual operational and maintenance costs of the District's facilities. The County Board of Supervisors adopts an annual budget for the District which projects operational and maintenance costs on an annual basis for services.

The District's adopted fiscal year 2016-17 budget amounts to \$645,996. Expenditures are identified but not limited to agriculture, liability, equipment maintenance, memberships, and professional and specialized services. These expenditure items are balanced by the District's anticipated revenues, and funds in its reserves account.

The District's financial reports show \$13,179 in its reserves account with the Fresno County Treasury. The District's management, subject to County BOS consideration, has the ability to use funds in the District's reserve account to cover unexpected District expenditures.

The District charges an annual assessment flat rate per connection determined by type of land use.

The District's annual special assessment includes two components which are summarized as follows: One special assessment fee is for the operations and maintenance of the District's water distribution system; the other is based on metered water use allowances.

On December 1, 2009, the Board of Supervisors adopted monthly base and tiered water fees through a Proposition 218 proceeding. The tiered water fees allow for the special assessment fee to be allocated for District capital expenditures and funds for the District's reserves account. A small portion of the special assessment is used toward the State Revolving Fund Loan Repayment plan.

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<sup>15</sup> Fresno County Board of Supervisors, Board Agenda Item 44- Subject: CSA No. 49 Surface Water Treatment Facility Improvements.

During FY 2016-17, the District's water user fees schedule is as follows:

- Operation and Management, General Administration
  - Residential/Commercial: \$425.75 per year per each of the 43 connections; the equivalent of \$35.48 per month per connection.
  - Westside Elementary School: \$2,883.50 per year; the equivalent of \$240.29 per month per connection.
  
- State Revolving Fund Loan Payment
  - Residential/Commercial: \$12.46 per year per each of the 43 connections; the equivalent of \$1.04 per month per connection.
  - Westside Elementary School: \$404.95 per year; the equivalent of \$33.75 per month per connection.

The second part of the District's annual special assessment is the commodity fee associated with water use. These fees are based on type of land use, metered water usage, and consists of two price tiers. These fees are charged proportionately and are in addition to the base rate for water users described in the earlier section. The following special assessment fees are applicable during FY 2016-17 and apply to water usage *up to the allowable quantity*.

- Commercial use (allowance): four connections, billed at \$498.00 per connection annually. This is equivalent to \$41.50 per month.
- Headstart: one connection, billed \$1,439.23 per connection annually. This is equivalent to \$119.94 per month.
- Market (allowance): one connection, billed \$498.00 per connection annually. This is rate equivalent to \$41.50 per month.
- Preschool: one connection, billed \$498.00 per connection annually. This is rate equivalent to \$41.50 per month.
- Residential (allowance): 40 metered residential connections are charged \$498.00 per connection annually. This rate is equivalent to \$41.50 per month.
- Retail/Market: one connection, billed \$959.45 per connection annually. This is rate equivalent to \$79.95 per month.
- School site (allowance): one connection, billed \$996.00 per connection annually. This is rate equivalent to \$83.00 per month.

The second fee applies to certain water users when water usage *exceeds the allowable quantity*.

- Commercial use: four connections, billed at \$575.79 per connection annually. This is equivalent to \$47.98 per month.
- Residential use: 40 metered residential connections are charged \$479.78 per connection annually. This rate is equivalent to \$39.98 per month.
- School Site: one connection, billed \$12,713.11 per connection annually. This is rate equivalent to \$1,059.43 per month.

As previously mentioned, the District's adopted budget expenditures for FY 2016-17 total \$645,996. At the time this MSR was prepared, the District indicated that it had no outstanding loans or debts. As a Disadvantaged Community, the District is eligible to receive grant funding assistance from the State Water Resources Control Board and Drinking Water State Revolving Fund. As of June 30, 2016, the District's funds in the County Treasury amount to \$13,179.

The District's adopted FY 2016-17 budget shows the following expenditure line items which amounts equal anticipated revenues of \$645,996:

- \$30,000 - agriculture
- \$1,107 - liability
- \$7,151 - for maintenance/equipment
- \$1,410 - for Building and Grounds
- \$166 - Memberships
- \$50 - Office Expenditures
- \$550 - Postage
- \$2,100 - People Soft Financial Charges
- \$53,264 - Professional and Specialized Services
- \$0 - Special department expenses
- \$198 - Countywide Cost Allocation
- \$550,000 - grant funding Drinking Water State Revolving Fund

The District's proposed FY 2016-17 budget show the following revenue line items:

- \$13,179 - Release of prior year reserves
- \$550,00 - Grant funding Drinking Water State Revolving Fund
- \$176 - Interest
- \$18,306 - Operation and Management Administration (residential)
- \$2,883 - Operation and Management G&A (School)
- \$535 - SRF Loan payment
- \$404 - SRF Loan repayment – school
- \$60,510 - in Other charges for current services

As previously noted, the District has \$13,179 in its reserves account. The District has allocated all of its reserves to be used during FY 2016-17. The District pursues opportunities to secure State Revolving Fund revenues, and generates as stream of revenues from landowners to finance operational costs.

Based on financial information provided to LAFCo, the District's financial practices appear to be adequate to support the District's ongoing operations.

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

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. 49 that could present an opportunity for shared facilities.

The County Resources staff provides district administration support to 22 CSAs in Fresno County. 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:

- Westland's Water District
- Central Valley Pest Control District
- Fresno Westside Mosquito Abatement District
- Fresno County Fire Protection District
- Westside Resource Conservation District
- Westside Union School District

## **GOVERNMENT ACCOUNTABILITY**

This section of the MSR considers various topics, such as compliance with state disclosure laws, the Brown Act, public participation, i.e. open meetings, accessible staff, election processes, and the agency's governing structure. Additionally, this considers the agency's level of participation with the Commission MSR program.

CSA No. 49 operates under GC section 25210-25217 which enables the formation of the District to provide water services within its limited boundaries. The California Government Code offers limited district restructuring options for districts such as O'Neill Farms.

Resource Division staff administers all functions of CSAs within Fresno County. CSA No. 49 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 Board of Supervisors (BOS or Board) sits as the District's governing body.

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. At the time this report was prepared the District did not have a citizens' advisory committee.

The BOS creates policies by adopting resolutions through duly noticed public hearings. The 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. Meetings are held at the Fresno County Hall of Records located at 2281 Tulare Street, Room 301 Fresno, CA 93721. The Board hosts morning sessions beginning at 9:00 a.m. and/or the afternoon sessions at 2:00 p.m. on Tuesdays. The 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. 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 encourage to contact the Clerk to the Board in advance. The California Constitution provides that the constituents of public agencies have the right of access to information concerning those entities' conduct, and therefore the entities' meetings and writings must be open to public scrutiny. To ensure that the County BOS meets this goal, the Ralph M. Brown Act (Brown Act) requires them to hold open and public meetings unless a specific closed-session exception applies. 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 appropriately. 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**

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

The California's Sustainable Groundwater Management Act ("SGMA") 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 Westside 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 the WWD's service area. The District is located within the Westside Sub-basin, which is likely to be represented by the Westside Sub-basin GSA. Local agencies likely to participate in the Westside GSA include: the City of Huron, Westlands Water District, County of Kings, and County of Fresno.

## 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 GC section 56425 and Fresno LAFCo policy. Pursuant to GC section 56430, the Commission has prepared the following written determinations.

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

- The County of Fresno is the land use authority for territory in the District's service area and the Fresno County General Plan Land Use Element designates land within the District for agricultural use.
- The District's service area encompasses 93 acres, while the proposed SOI measures 95 acres. Land within the District includes various land uses associated with agricultural, commercial, education, and rural residential uses.
- The District has approximately 42 residential units on eight non-contiguous parcels. Within the District there are four commercial operations, a day care center, and Westside Elementary School.
- The District serves an estimated population of 164 residents.
- District management does not expect any boundary growth to occur as it relates to including additional territory or population. At the present time the District only provides potable water services.
- In the future, sanitation sewer service, and park and recreational services could be provided by the District if landowners request and identify a source funding.
- The District is fully built out and does not anticipate any additional growth.

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

- The District is located within a US census geographic unit that meets the DUC MHI threshold between 2010 through 2014.
- The District service area lies within Fresno County's census tract 78.02 block group one. The five-year ACS estimates indicate that the average MHI level reported between 2010 through 2014 for census tract 78.02 block group one is \$33,214.
- The District provides potable water services to the community of O'Neill. Each parcel has its own private septic systems which collect, treat, and dispose wastewater generated by homes or businesses. Fire suppression, protection, and emergency

response are provided by Fresno County Fire Protection District. Police protection and safety services are provided by Fresno County Sheriff's Department.

- A review of the District's service area does not reveal any additional DUCs near the District boundaries.

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

- The District infrastructure consists of a surface water treatment facility, one 80,000 gallon hydro-pneumatic tank, pumps, and a series of pipes which comprise the District's water distribution system.
- The District's primary source of water supply is raw surface water delivered through a California Aqueduct turnout managed by Westlands Water District (WDD). WWD could allocate up to 40 million gallons of water per year based on water availability (122 acre-feet per year) for the District's usage.<sup>16</sup> The District's actual annual water usage during the past three years has not exceeded 16 million gallons of water per year (49 acre- feet per year).
- The District's water system has 46 total connections.
- The District is not expected to experience additional growth as it relates to expanding service area, or increasing housing density, or additional connections.
- The District's treated surface water regularly exceeds the Maximum Contaminant Levels (MCL) for disinfection by-laws products (DBP), a violation of the U.S. Environmental Protection Agency's Stage 1 Disinfectants/Disinfection By-Products Rule and the California Safe Drinking Water Act.
- A planning grant has been sought by the County to address various improvements to the District's surface water treatment facility needed to reduce the presence of DBP.
- 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 annual service fee assessments collected from 46 metered connections within the District service area. The District charges customers an annual assessment flat rate per connection determined by type of land use.
- The County Resources staff administers all county service areas including operations, finances, and annual budgets.

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<sup>16</sup> County of Fresno Board of Supervisors, 2016-17 Water Year Annual Conservation Report.

- The BOS adopts an annual budget for the District which projects operational and maintenance costs on an annual basis for services. The District's management, subject to County BOS consideration, has the ability to use funds in the District's reserve account to cover unexpected District expenditures.
- The District's annual special assessment includes two components. One special assessment fee is for the operations and maintenance of the District's water distribution system. The second component is based on metered water usage allowances.
- In April 2016, the Fresno County BOS approved an agreement authorizing the Director of County Public Works and Planning Division to pursue a planning grant from the State Water Resources Control Board, Drinking Water State Revolving Fund, for up to \$500,000.
- The District pursues opportunities to secure State Revolving Fund revenues, and generates a consistent stream of revenues from landowners to finance operational costs.
- Based on financial information provided to LAFCo, the District's financial practices appear to be adequate to support the District's ongoing operations.

#### **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. 49 that could present an opportunity for shared facilities.

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

- The District was formed in 2001 pursuant to County Service Area Law (GC section 25210-25217) to provide water services and maintenance of these public facilities.
- The County Resources Division 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.
- 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. At the time this report was prepared the District did not have a citizens' advisory committee.
- 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 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 service area resides in the Westside 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 Westlands Water District’s service area. The District is located within the Westside Sub-basin, which is likely to be represented by the Westside Sub-basin GSA. Local agencies likely to participate in the Westside GSA include: the City of Huron, Westlands Water District, County of Kings, and County of Fresno.

### 3. SPHERE OF INFLUENCE REVISION

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 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, LAFCo staff observed that the 2011 District MSR depicts the District's service area encompassing approximately 81 acres. However, a review of the Commission's District formation record indicates that the District's service area actually measures 93 acres.<sup>17</sup> Additionally, the District's sphere of influence and service area were described in the 2011 MSR being coterminous. However, a coterminous boundary should not be the case because it creates several SOIs boundaries around each of the District's five non-contiguous service areas.

Though noncontiguous service areas are permitted by the District's principal act, by determining several SOI boundaries around each of the District's five non-contiguous service areas omits the District's distribution system in the public right-of-way. This MSR/SOI update report recommends that the SOI encompass all five District service areas along the Fresno-Coalinga Road, and follow the Fresno-Coalinga Road right-of-way as shown on Figure One. The proposed District SOI encompasses 95 acres.

Land within the District includes various land uses associated with agricultural, commercial, education, and rural-residential uses. The County of Fresno is the land use authority for land located within the District's service area. The District reports its sphere and boundaries are correct at this time and no changes are requested.

In accordance with GC 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.

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<sup>17</sup> Fresno LAFCo Resolution- FD-00-1, Exhibit A - CSA No 49 Legal Description, June 28, 2000.

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 Agricultural use. Parcels within the District are identified in the County’s R-1-C Single-Family Residential zone district.
- The District service area includes 93 acres and is comprised of five non-contiguous service areas. As recommended, the District’s SOI will encompass 95 acres. 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.
- The District’s primary source of water supply is raw surface water delivered through a California Aqueduct turnout managed by Westlands Water District (WDD). WWD could allocate up to 40 million gallons of water per year based on water availability (122 acre-feet per year) for the District’s usage.<sup>18</sup> The District’s actual annual water usage during the past three years has not exceeded 16 million gallons of water per year (49 acre- feet per year).
- 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.

**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.

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<sup>18</sup> County of Fresno Board of Supervisors, 2016-17 Water Year Annual Conservation Report.

**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 service area lies within Fresno County’s census tract 78.02 block group one. The five-year ACS estimates indicate that the average MHI level reported between 2010 through 2014 for census tract 78.02 block group one is \$33,214. Based on the census datasets, the District’s service area is located in a census geographic unit that meets the MHI threshold consistent with the standard definition established for Disadvantaged Communities.

**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. Revise the SOI to encompass all five District service areas along the Fresno-Coalinga Road, and that portion of the Fresno-Coalinga Road right-of-way as shown on figure one. The District’s SOI encompasses 95 acres.

## 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.fresnolaftco.org/default.asp>.