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

AGENDA ITEM No. 7

DATE: January 15, 2014

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer

SUBJECT: **Consider Adoption** – Municipal Service Review and Sphere of Influence Update Prepared for County Service Area No. 44.

Recommendations:

- A) Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determination under consideration are Categorical Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and Section 15061(b)(3), "General Rule Exemption."
- B) Find that the Municipal Service Review and Sphere of Influence Update prepared for the District are complete and satisfactory.
- C) Find that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.
- D) Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and District Sphere of Influence, adopt the Municipal Service Review prepared for the District, and update the Sphere of Influence for said District by reaffirming the current boundaries.

Description:

County Service Area Number 44 encompasses 381 acres north of the City of Fresno. The District provides street lighting, water and wastewater services.

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, special district 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.

Municipal Service Reviews 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 or district's SOI are 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.

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

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,
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.

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. This MSR is 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. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." Indeed, MSRs collect data for the purpose of evaluating municipal services provided by the agencies. There are no land use changes or environmental impacts created by such studies.

Furthermore, this MSR qualifies for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI update qualifies for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that this MSR or SOI update may have a significant effect on the environment because there is no land use changes associated with the documents. If the Commission approves and adopts the MSR and SOI update and determines that the project is exempt from CEQA, staff will prepare a notice of exemption as required by CEQA Regulation section 15062.



Final
Municipal Service Review
County Service Area 44

Fresno Local Agency Formation Commission

November 27, 2013

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ACRONYMS

CAC	Citizens Advisory Committee
CAPC	California Association of Public Cemeteries
CEQA	California Environmental Quality Act
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CRWA	California Rural Water Association
CSA	County Service Area
LAFCO	Local Agency Formation Commission
MSR	Municipal Service Review
SRF	State Revolving Fund
USBR	U.S. Bureau of Reclamation
WWTF	Wastewater Treatment Facility

1: INTRODUCTION

1.1 – Role and Responsibility of LAFCO

The fundamental role of a Local Agency Formation Commission (LAFCO) is to implement the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 (Government Code Section 56000, et seq.), providing for the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. The CKH requires all LAFCOs, including Fresno LAFCO, to conduct a Municipal Service Review (MSR) prior to updating the spheres of influence (SOI) of the various cities and special districts in the County (Government Code Section 56430). The CKH requires an MSR and SOI update every 5 years.

1.2 – Purpose of the Municipal Service Review

This MSR will provide Fresno LAFCO with an informational document and make determinations for each of the seven elements prescribed by the CKH. This MSR evaluates the structure and operation of each district and discusses possible areas for improvement, coordination, or changes to the SOI as appropriate. The purpose of the MSR is to collect data in order to provide a comprehensive analysis of service provision by County Service Area (CSA 44). The boundaries of CSA 44 are shown in Exhibit 1. Key sources for this study included agency-specific information gathered through a questionnaire, strategic plans, general plans, websites, financial reports, agency audits, research, personal communication, and the Municipal Service Review Guidelines published by the Governor's Office of Planning and Research.

The report contains one section for each of the following seven elements as prescribed by the CKH:

1. **Growth and Population Projections for the Affected Area.** This section reviews projected growth within the existing service boundaries of the district and analyzes the district's plans to accommodate future growth.
2. **The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.** A disadvantaged unincorporated community is defined as inhabited territory with a median household income of 80 percent or less of the statewide median income.
3. **Present and Planned Capacity of Public Facilities and Adequacy of Public Services Including Infrastructure Needs or Deficiencies.** This section discusses the services provided including the quality and the ability of the district to provide those services, and it will include a discussion of capital improvement projects currently underway and projects planned for the future where applicable.
4. **Financial Ability of Agencies to Provide Services.** This section reviews the district's fiscal data and rate structure to determine viability and ability to meet service demands. It also addresses funding for capital improvement projects.

5. **Status of and Opportunities for Shared Facilities.** This section examines efficiencies in service delivery that could include sharing facilities with other agencies to reduce costs by avoiding duplication.
6. **Accountability for Community Service Needs, including Government Structure and Operational Efficiencies.** This section examines the district's current government structure, and considers the overall managerial practices. It also examines how well each district makes its processes transparent to the public and invites and encourages public participation.
7. **Matters Related to Effective or Efficient Service Delivery Required by Commission Policy.** This section includes a discussion of any Fresno LAFCO policies that may affect the ability of each district to provide efficient services.

1.3 – Uses of the Municipal Service Review

The MSR is used to examine the operations of a local agency, identify agencies unable to perform their mandated services, or identify ways to provide more effective, efficient services. Government Code Section 56375 allows LAFCO to take action on recommendations found in the MSR, such as initiating studies for changes of organization, updating the SOI, or originating a change of organization.

Studies in anticipation of a change of organization are useful to identify potential issues that may arise during the process. Issues can range from legal barriers to fiscal constraints to concerns of residents and landowners. A study would allow more focused analysis and the opportunity to resolve issues or options before beginning the process.

The MSR also provides the necessary information to help LAFCO make decisions on a proposed SOI update. In evaluating the SOI, the MSR provides the information necessary to determine if the agency has the capability to serve a larger area. The MSR discusses the financial condition of each district, source of revenues, and projected expenses. It also includes a discussion of the projected infrastructure needs that would allow for expansion of those services. The MSR, however, does not address California Environmental Quality Act (CEQA) requirements for the SOI update. That requires a separate analysis.

Alternatively, the MSR can recommend changes of organization: consolidation, dissolution, merger, establishment of a subsidiary district, or the creation of a new agency that typically involves a consolidation of agencies. Those changes of organization may also require an environmental review, a property tax sharing agreement, and an election.

1.4 – California Environmental Quality Act

Public Resources Code Section 21000, *et seq.*, also known as the California Environmental Quality Act (CEQA), requires public agencies to evaluate the potential environmental effects of their actions. This MSR is exempt from CEQA under Class 6 categorical exemption. CEQA Guidelines Section 15306 states that “Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource.”

1.5 – County Service Areas

A county service area (CSA) is a type of local agency which is similar to a special district. County service areas were established in 1953 with the passage of AB 1841. A CSA can provide any type of municipal-type service or a higher level of services that a county government provides to unincorporated areas. In other words, a CSA delivers more services to a specific geographic area. There are nearly 900 CSAs in California. CSA 44 is one of 22 in Fresno County.

2: EXECUTIVE SUMMARY

The fundamental role of a Local Agency Formation Commission (LAFCO) is to implement the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 (Government Code Section 56000, et seq.), providing for the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. The CKH requires all LAFCOs, including Fresno LAFCO, to conduct a Municipal Service Review (MSR) prior to updating the spheres of influence (SOI) of the various cities and special districts in the County (Government Code Section 56430). The CKH requires an MSR and SOI update every five years. The focus of this MSR is to provide Fresno County LAFCO with all necessary and relevant information related to services provided by the County Service Area 44 (CSA 44).

This MSR will provide Fresno LAFCO with an informational document and make determinations in each of the seven elements prescribed by CKH. This MSR evaluates the structure and operation of the district and discusses possible areas for improvement and coordination. The report contains one section for each of the following seven elements as prescribed by the CKH:

1. Growth and Population Projections for the Affected Area.
2. The 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 Government Structure and Operational Efficiencies.
7. Matters Related to Effective or Efficient Service Delivery Required by Commission Policy.

The MSR is used to examine the operations of a local agency, identify agencies unable to perform their mandated services, or identify ways to provide more effective, efficient services. Government Code Section 56375 allows LAFCO to take action on recommendations found in the MSR, such as initiating studies for changes of organization, updating the SOI, or initiating a change in organization.

2.1 – CSA 44 Profile

County Service Area 44 (CSA 44) is located in the northern portion of Fresno County just to the north and east of the City of Fresno (Exhibit 1). In total, the District covers 381 acres. The District consists of three distinct zones that provide street lighting, water, and wastewater services. The SOI for the whole of the CSA and each zone is coterminous with its boundaries.

CSA 44 was formed in 1992 to provide street lighting to the community of Friant. There are 223 parcels in the District of which 129 are currently developed.

Zone A, CSA 44A, was also established in 1992 to provide sewer services to the Millerton Lake Mobile Home Village. CSA 44A serves 104 parcels on 24 acres, of which 98 are developed.

Zone C, CSA 44C, was established in 1999 to provide water services to the River View Subdivision, located approximately one mile south of Friant, to the east of Friant Rd and Lost Lake Park. The subdivision is a gated community also known as the Tanqueray Subdivision. It consists of 12 residential lots and a common area covering approximately 30 acres.

Zone D, CSA 44D, was formed in 1999 to provide water and wastewater services to the Monte Verdi Estates Subdivision. The Monte Verdi Estates subdivision is a gated community consisting of 121 homes and 125 residential lots on 24 acres.

2.2 – Growth and Population Projections for the Affected Area

The population of CSA 44 is estimated at 575 with a potential to grow to 619 if all the parcels are developed.

2.3 – Disadvantaged Unincorporated Communities

There are no disadvantaged unincorporated communities adjacent to the boundaries of CSA 44.

2.4 – Present and Planned Capacity of Public Facilities

CSA 44 provides streetlights to 138 parcels. Potable water is provided to 11 connections in CSA 44C and 122 connections in CSA 44D. Common areas also use potable water for irrigation. The CSA also provides wastewater collection and treatment to 99 connections in CSA 44A and 121 connections in CSA 44D.

Water for CSA 44C and CSA 44D comes from groundwater pumped at two well sites in each zone. Per capita production in the two zones averaged 828 gallons per day in CSA 44C and 842 gallons per day in CSA 44D. Since production in these zones is nearly three times the per capita production in the City of Fresno, there is sufficient water capacity for CSA 44C and CSA 44D.

CSA 44A and CSA 44D each have their own wastewater treatment facility (WWTF). The WWTF in CSA 44A is designed for 22,000 gallons per day with a maximum capacity of 8 million gallons per year. Wastewater flows do not exceed processing capacity.

The WWTF in CSA 44D processed 11,316,000 gallons of wastewater in 2012. The WWTF was built in the late 1990's and designed to provide tertiary treatment of wastewater. However, the WWTF has had problems with its tertiary system to the point where wastewater now receives only secondary treatment. The County has designed a new facility for tertiary treatment and has approved an assessment for the purposes of repaying the loan to build the new plant.

2.5 – Financial Ability of Agencies to Provide Services

The CSA 44 includes four zones each with separate budgets and non-overlapping services. Since the County provides personnel, expenses are primarily for maintenance and operation. Each zone derives revenues from a set rate structure for services provided. The total budget for all zones averages approximately \$365,000 annually.

The District uses reserves to make up for any shortfall. Most zones show an increase in reserves over that last five years. The exception is CSA 44D whose reserves have varied widely. The CSA is in the process of establishing new rates that will address all normal operations and maintenance costs and build up a reserve equal to 50% of the CSA's average annual expenditures within five years. Construction of a new tertiary wastewater treatment facility will be funded via an SRF loan from the State of California. A new assessment on properties within CSA 44D, dedicated to repayment of this loan, was approved by the Board of Supervisors on August 2, 2013.

Construction of a new tertiary wastewater treatment facility will be funded via a State Revolving Fund (SRF) loan from the State of California. A new assessment on properties within CSA 44D, dedicated to repayment of this loan, was approved by the Board of Supervisors on August 2, 2013.

2.6 – Status of and Opportunities for Shared Facilities

Like most county service areas, CSA 44 is administered by the County and staffed by County employees. CSA 44 shares staff of the Fresno County Public Works and Planning Department with other CSAs.

Fresno County is a member of the California Rural Water Association and takes advantage of training classes offered by the CRWA.

2.7 – Government Structure and Accountability

The Fresno County Board of Supervisors acts as the governing body of the CSA. The Board of Supervisors meets on two to three Tuesdays each month. Items relating to the CSA appear on the agenda as necessary. Meetings are noticed according to the Brown Act and are open to members of the public.

The County has established a citizens advisory committee in CSA 44A and CSA 44D. The citizens advisory committees are the first point of contact with residents of the zones of the CSA.

2.8 – Matters Related to Effective or Efficient Service Delivery Required by Commission Policy

Fresno LAFCO adopted policies in 1986 that have been amended several times, most recently in September of 2013. Policies only refer to CSAs in a few places, one to set requirements for the formation of a CSA for services other than water and wastewater, the second to set standards for how new development should receive services. Fresno LAFCO policies prefer that new development annex to cities or existing CSAs before forming a new CSA.

CSA 44 was formed in 1992 and the formation was consistent with the policy that the primary services are water and wastewater. Services are provided for developments that are not contiguous but are in the same general vicinity. The Fresno County General Plan identifies an area east of CSA 44D on Garonne Road and adjacent to CSA 44D to the west as rural residential. Should those areas desire water and or wastewater services, then according to policy, they should be annexed to CSA 44D rather than have a new CSA established. As for the current CSA boundaries, there are no LAFCO policies that would affect service delivery.

2.9 – Recommendations

Given there is little anticipated growth in population and housing in the CSA the need for services outside the current boundary is minimal. Therefore, it is recommended the Commission reaffirm the SOI which is coterminous with current boundaries.

3: COUNTY SERVICE AREA 44

County Service Area 44 (CSA 44) is located in the northern portion of Fresno County just to the north and east of the City of Fresno (Exhibit 1). In total, the District covers 381 acres. The District consists of three distinct zones that provide street lighting, water, and wastewater services. The SOI for the whole of the CSA and each zone is coterminous with its boundaries.

CSA 44 was formed in 1992 to provide street lighting to the community of Friant. There are 223 parcels in the district of which 129 are currently developed.

Zone A, CSA 44A, was also established in 1992 to provide wastewater services to the Millerton Lake Mobile Home Village. CSA 44A serves 104 parcels on 24 acres, of which 98 are developed.

Zone C, CSA 44C, was established in 1999 to provide water services to the River View Subdivision, located approximately one mile south of Friant, to the east of Friant Rd and Lost Lake Park. The subdivision is a gated community also known as the Tanqueray Subdivision. It consists of 12 residential lots and a common area covering approximately 30 acres.

Zone D, CSA 44D, was formed in 1999 to provide water and wastewater services to the Monte Verdi Estates Subdivision. The Monte Verdi Estates subdivision is a gated community consisting of 121 homes and 125 residential lots on 24 acres.

3.1 – Growth and Population Projects

The estimated population of the District is shown in Table 3-1. The current population is estimated at 575 and the population at build out is estimated at 619. The population at build out estimate assumes there will be one residential dwelling per parcel and the average countywide persons per household based on California Department of Finance projections.

Table 3-1: Estimated Population of CSA 44

SERVICE AREA	TOTAL PARCELS	DEVELOPED PARCELS	UNDEVELOPED PARCELS	POPULATION	ESTIMATED POPULATION AT BUILDOUT ¹
CSA 44A	104	98	6	250	269
CSA 44C	12	11	1	30	33
CSA 44D	125	121	4	295	317
Total	241	227	14	575	619

Notes:

¹ Assumes Fresno County persons per household of 3.17 and one household per parcel

Source: Fresno County 2010, CA Department of Water Resources 2012a,b, CA Department of Finance 2013

DETERMINATION:

3.1.1 The population of CSA 44 is estimated at 575 with a potential to grow to 619 if all the parcels are developed.

3.2 – Disadvantaged Unincorporated Communities

By definition of both California Government Code Section 56033.5 and LAFCO policy 106-01, a disadvantaged unincorporated community consists of at least 10 dwelling units in a fringe, island, or legacy community with a median household income of 80 percent or less of the statewide median household income. The Government Code further defines an unincorporated fringe community as any inhabited and unincorporated territory that is within the SOI. An unincorporated island community is defined as any inhabited and unincorporated territory that is surrounded or substantially surrounded by one or more cities or by one or more cities and a county boundary or the Pacific Ocean. An unincorporated legacy community refers to a geographically isolated community that is inhabited and has existed for at least 50 years.

There are no island communities or legacy communities or fringe communities adjacent to the CSA 44 boundaries and the SOI is coterminous with district boundaries.

DETERMINATION:

3.2.1 There are no disadvantaged unincorporated communities adjacent to the boundaries of CSA 44.

3.3 – Present and Planned Capacity of Public Facilities

CSA 44 provides streetlights, water, and wastewater services to three separate zones. Streetlights are provided in each of the three zones for a total of 138 streetlights. CSA 44A, known as the Millerton Lake Mobile Home Village Sewer District, contains a total of 99 connections. CSA 44C consists of 11 developed lots. Each lot receives potable water from a groundwater source. CSA 44D has the most connections with 122 water connections and 120 sewer connections.

Water

CSA 44C and CSA 44D receive water from four wells, two for each zone. The source of the water is the Kings Sub basin which is part of the greater San Joaquin Valley Groundwater Basin. Although Millerton Lake is in close proximity, CSA 44 zones receive no surface water entitlement.

The water system in CSA 44C serves a population of 28. Water is provided by two wells that produced a total of 8.49 million gallons in 2012. The two wells pump a total of 89 gallons per minute. Average per capita production in 2012 was 828 gallons per day.

In CSA 44D the water system serves a population of 295 from the two wells. In 2012 CSA 44D wells produced 91 million gallons at 600 gallons per minute. Average per capita production was 842 gallons per day.

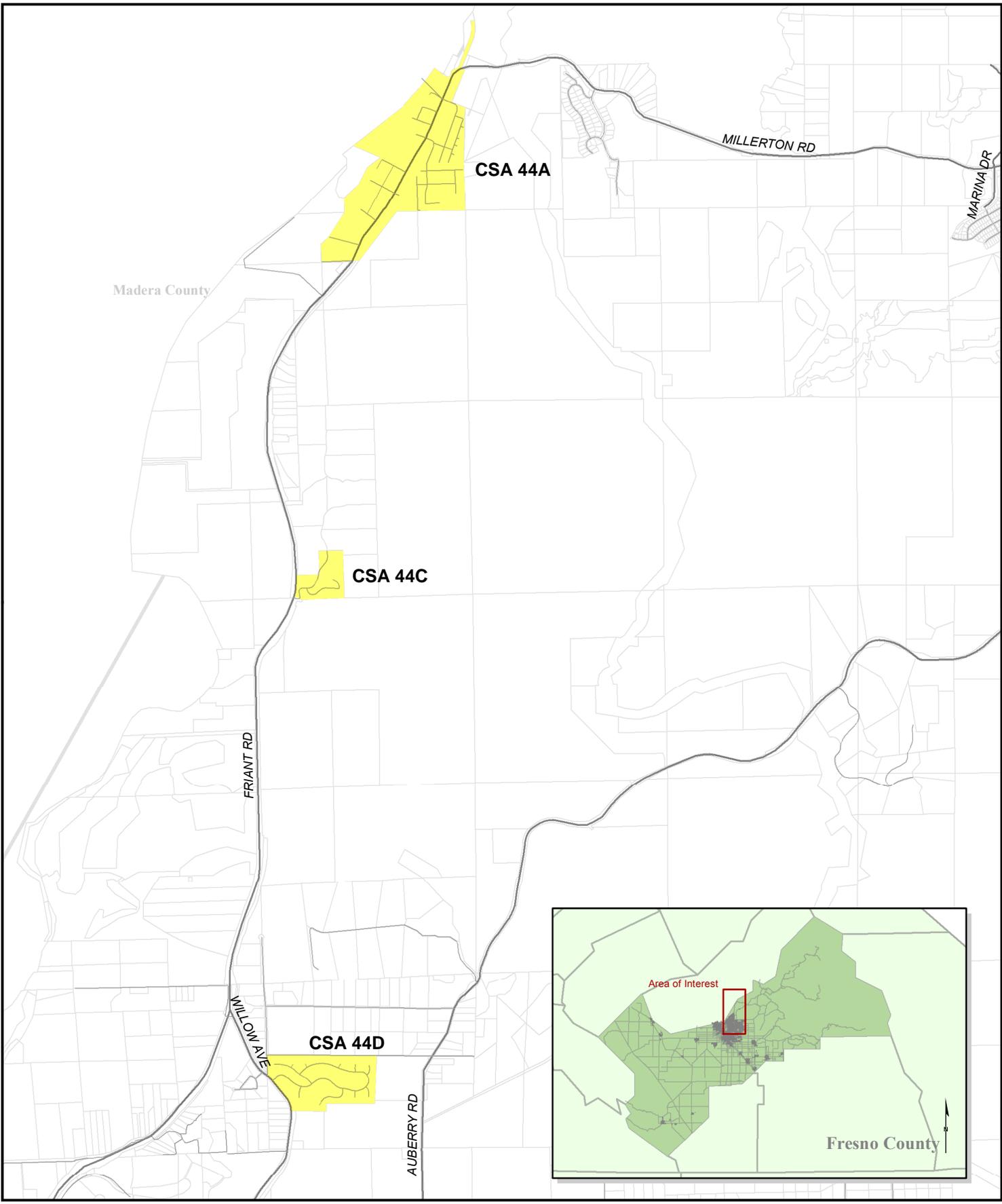


Exhibit 1 County Service Area 44

According to County staff, there is sufficient water produced for residents of CSA 44 and with minimal remaining projected growth in the District there appears to be sufficient water supply for future residents as well. Production in the CSA is nearly three times the water used in the nearby City of Fresno, where the average per capita water production for the twenty-year period from 1991 to 2011 was 295 gallons per day. This suggests that water in the CSA has other uses beside domestic use. These could include irrigation, storage, or providing sufficient flow for fire suppression. In both zones well water is used for landscaping and irrigation. CSA 44C and CSA 44D each have a special rate for irrigation. Nearly 17% of water deliveries in CSA 44D (or 15 million of the 91 million total gallons) was used for irrigation of common landscape areas.

In addition some of the water produced for CSA 44C goes to fill a 20,000-gallon storage tank. There are plans to upgrade the capacity to 40,000 gallons since peak use periods largely exhaust the 20,000-gallon storage tank. The District's wells pump continuously until the tank is refilled. Expansion of the storage tank depends on whether sufficient funding is available through either a special assessment or a rate increase.

Wastewater

The District provides wastewater services to CSA 44A and CSA 44D. Each zone has its own treatment facility. CSA 44A serves the 99 connections at the Millerton Lake Mobile Home Village. The design of the plant allows for 22,000 gallons per day, but flow is not metered. The maximum capacity is 8,030,000 gallons per year. Wastewater flows have not nor are they expected to exceed the plant's processing capacity.

The CSA 44D wastewater treatment facility (WWTF) was built in the 1990s to serve 125 lots. The WWTF presently receives effluent from 121 connections so there is sufficient capacity. In 2012, the WWTF in CSA 44D processed 11,316,000 gallons of wastewater. However, there have been numerous problems with the plant, most notably a failure of the tertiary treatment system. That necessitated going to secondary treatment consisting of leach fields. In response, the County has redesigned the plant and will be borrowing funding for a new tertiary treatment facility from the State Revolving Fund. On August 2, 2013 the Board of Supervisors approved an assessment to provide sufficient funds to pay back the loan. In addition, plans are underway for the new WWTF to provide recycled water that can be used for common area landscaping to reduce some of the burden on the potable water system.

DETERMINATION:

- 3.3.1 CSA 44 provides streetlights to 138 parcels. Potable water is provided to 11 connections in CSA 44C and 122 connections in CSA 44D. The CSA also provides wastewater collection and processing to 99 connections in CSA 44A and 118 connections in CSA 44D.

- 3.3.2 Water for CSA 44C and CSA 44D comes from groundwater pumped at two well sites in each zone. Per capita production in the two zones averaged 828 gallons per day in CSA 44C and 842 gallons per day in CSA 44D. There is sufficient water capacity for CSA 44C and CSA 44D.
- 3.3.3 CSA 44A and CSA 44D each have their own WWTF. The WWTF in CSA 44A is designed for 22,000 gallons per day with a maximum capacity of 8 million gallons per year. Wastewater flows do not exceed processing capacity.
- 3.3.4 The WWTF in CSA 44D processed 11,316,000 gallons of wastewater in 2012. The WWTF was built in the late 1990s and designed to provide tertiary treatment of wastewater. However, the WWTF has had problems with its tertiary system to the point where wastewater only receives secondary treatment. The County has designed a new facility for tertiary treatment and has approved an assessment for the purposes of repaying a loan to build the new plant.

3.4 – Financial Ability to Provide Services

The CSA is funded through the Public Works Department of Fresno County. The CSA is considered an enterprise district in that it receives revenues based on charges for water, wastewater, and street lighting services. Each zone has a separate budget but services provided in all four zones total in the neighborhood of \$365,000 annually. Table 3-2 shows expenses for all zones for FY11 through FY14. The employee costs are part of the maintenance and operation expenses. Labor is shared in that no individual district has employees dedicated solely to that specific district. Labor costs are not spread evenly among the various districts, however, each district funds the employee cost that is necessary to service that district. As a result more labor intensive districts pay more in labor than less labor intensive districts.

Table 3-2: Operations and Maintenance Expenses FY11-FY14

ZONE	SERVICE	FY11	FY12	FY13	FY14 ¹
CSA 44	Street Lights	\$9,102	\$10,055	\$10,687	\$11,200
CSA 44A	Water	\$55,459	\$46,322	\$52,296	\$60,727
CSA 44C	Wastewater	\$23,715	\$25,133	\$30,106	\$35,767
CSA 44D	Water And Wastewater	\$281,239	\$286,268	\$274,632	\$271,142

¹ FY13-14 budget
Source: Fresno County Department of Public Works and Planning. 2010,2011,2012,2013

The CSA receives revenues based on charges shown in Table 3-3. As shown each zone has separate rates for the services they provide.

Table 3-3: Current Rates

ZONE	SERVICE	NUMBER OF PARCELS	MONTHLY PER PARCEL RATE
CSA 44	Street lights	138	\$0.22
CSA 44A	Wastewater	98	\$46.79
	Water Quality	99	\$1.54
CSA 44 C	Water	11	\$34.20
	Irrigation	11	\$121.24
	Irrigation of common area	1	\$155.44
CSA 44D	Water	119	\$81.00
	Wastewater	121	\$80.55
	Irrigation of common area	1	\$672.00

Source: Fresno County Department of Public Works and Planning, 2013

The CSA generally uses reserves to make up for the shortfall. As stated above each zone has its own budget and all revenues and expenses for the individual zones are segregated from each other. Each zone also maintains its own reserve account. Table 3-4 shows actual reserves for each zone for FY08-09 to FY12-13 and projected reserves for the current fiscal year FY13-14. As shown reserves for CSA 44, CSA 44A, and CSA 44C have gradually increased.

Reserves for CSA 44D show wide variation and projected reserves of zero dollars for this fiscal year. The County is in the process of conducting proceedings in accordance with Prop. 218 requirements to increase fees in CSA 44D in order to address all operation and maintenance expenses and rebuild reserves. Additionally, on August 2, 2013 the Board of Supervisors approved an assessment increase to pay back a loan from the State Revolving fund for construction of a new tertiary wastewater treatment facility.

Table 3-4: Reserve Account Balance as of June 30 FY08-09 to FY13-14

	SERVICE	FY09	FY10	FY11	FY12	FY13	FY14
CSA 44	Street lighting	\$84,510	\$90,245	\$93,639	\$96,045	\$107,463	\$106,025
CSA 44A	Wastewater	\$25,252	\$34,326	\$40,994	\$52,595	\$64,296	\$54,488
CSA 44C	Water	\$53,963	\$62,411	\$70,127	\$74,635	\$78,845	\$62,678
CSA 44D	Water/ Wastewater	\$16,224	\$170	\$ 9,570	\$36,242	\$23,958	\$0

Source: Fresno County Department of Public Works and Planning 2013, Schmidt 2013a

DETERMINATION:

- 3.4.1 CSA 44 includes four zones each with separate budgets and non-overlapping services. Since the County provides personnel, personnel costs are included in maintenance and operation expenses. Each zone derives revenues from a set rate structure for services provided. Each zone has a separate budget but services provided in all four zones total in the neighborhood of \$365,000 annually.
- 3.4.2 The District uses reserves to make up for any shortfall. Most zones show an increase in reserves over the last five years. The exception is CSA 44D whose reserves have varied widely. The CSA is in the process of establishing new rates that will address all normal operations and maintenance costs and build up a reserve equal to 50% of the CSA's average annual expenditures within five years. Construction of a new tertiary wastewater treatment facility will be funded via an SRF loan from the State of California. A new assessment on properties within CSA 44D, dedicated to repayment of this loan, was approved by the Board of Supervisors on August 2, 2013.

3.5 – Status and Opportunities for Shared Facilities

CSA 44 consists of four zones each with separate services that are unique to each zone. The CSA is administered and staffed by County employees. Maintenance and operations expenses are tracked separately for each CSA and for each zone within CSA 44.

CSA 44 shares staff with the other CSAs. An organizational chart is shown in Exhibit 2. A Principal Analyst, a Staff Analyst, a Field Supervisor, and a Water/Sewer Specialist typically support CSAs. The Valley Districts, which includes CSA 44, have five full-time Water/Sewer Specialists.

In addition, the County is a member of the California Rural Water Association (CRWA). County Public Works staff takes advantage of training classes offered by the CRWA.

DETERMINATION:

- 3.5.1 Like most county service areas, CSA 44 is administered and staffed by County employees. CSA 44 shares staff of the Fresno County Public Works and Planning Department with other county service areas.
- 3.5.2 The County is a member of the California Rural Water Association and takes advantage of training classes offered by the CRWA.

3.6 – Government Structure and Accountability

The governing board of CSA 44 consists of the five-member board of supervisors. The Fresno County Board of Supervisors meets two to three Tuesdays per month. Special district items are not on the regular agenda unless there is an issue. Meetings of the Board of Supervisors are open to the public and noticed according to the Brown Act.

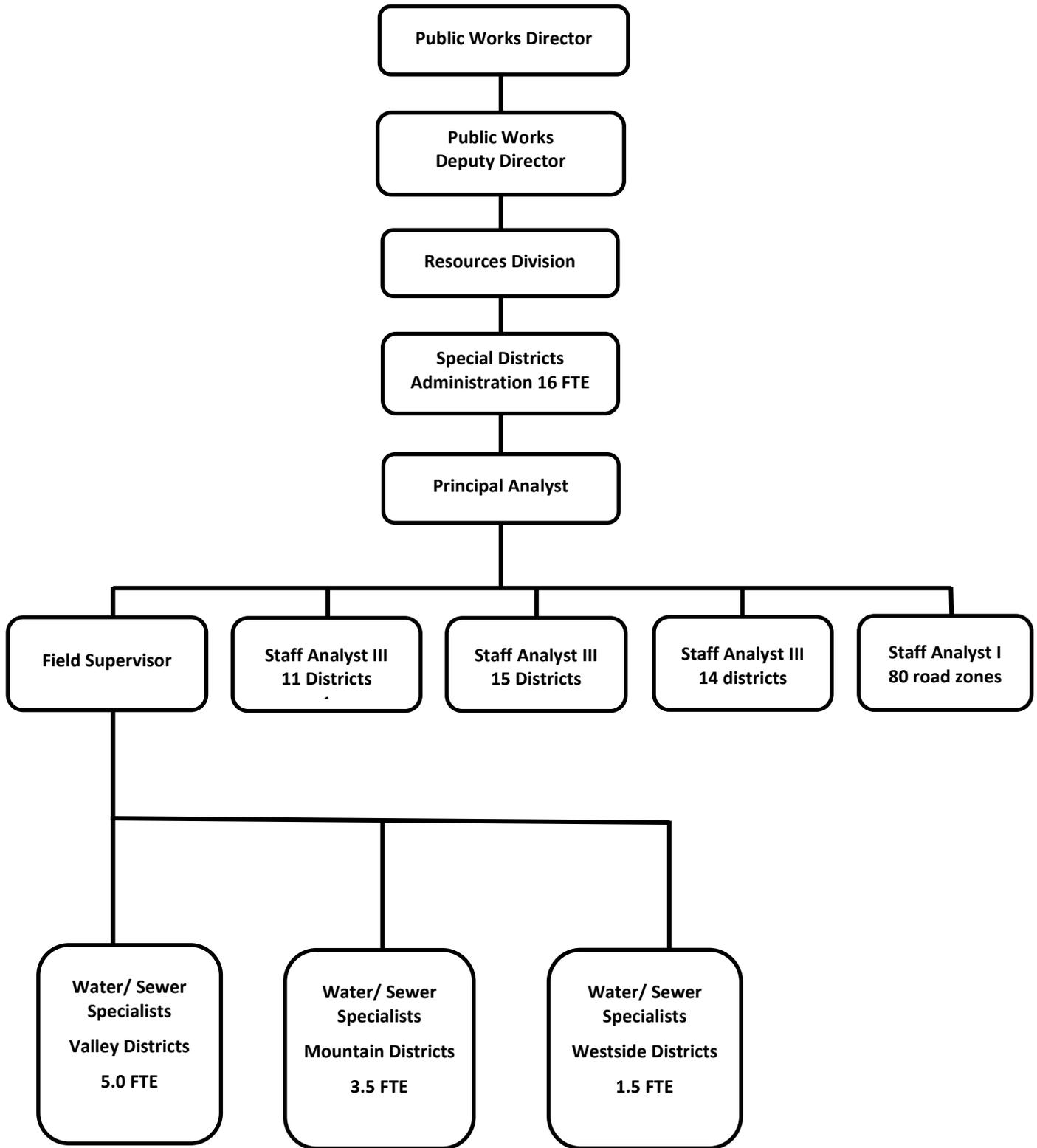
Residents become informed and involved in providing services through citizens advisory committees (CAC). Typically the CAC members are property owners selected from the community. The CAC acts as the first point of contact on issues such as repairs, the budget, and rate adjustments. Each CAC has a separate set of bylaws. The CAC consists of a five-member board, serving three-year terms. CSA 44A and CSA 44D each have CACs while CSA 44C is in the process of forming one.

In addition, the County communicates with residents through newsletters, the website, cable/public access, public information programs, and events. Sometimes the County uses bill stuffers to communicate. Each year the County distributes a consumer confidence report to water customers.

DETERMINATION:

- 3.6.1 The Fresno County Board of Supervisors acts as the governing body of the CSA. The Board of Supervisors meets on two to three Tuesdays each month. Items relating to the CSA appear on the agenda as necessary. Meetings are noticed according to the Brown Act and are open to members of the public.
- 3.6.2 The County has established a citizens advisory committee in CSA 44A and CSA 44D. The citizens advisory committees are the first point of contact with residents of the zones of the CSA.

Exhibit 2: Organizational Chart



3.7 – LAFCO Policies Affecting Service Delivery

Fresno LAFCO adopted policies in 1986 that have been amended several times, most recently in August of 2013. There are few LAFCO policies that relate directly to CSAs; one sets requirements for the formation of a CSA for services other than water and wastewater; the other sets a standard for how new development should receive services. Fresno LAFCO policies prefer new development to annex to cities or existing CSAs before forming a new CSA.

CSA 44 was formed in 1992 and the formation was consistent with the policy that the primary services are water and wastewater. Services are provided for developments that are not contiguous but in the same general vicinity. The Fresno County General Plan identifies an area east of CSA 44D on Garonne Rd and adjacent to CSA 44D to the west as rural residential. Should those areas desire water and/or wastewater services, according to policy, they should be annexed to CSA 44D. However, as for the current CSA boundaries there are no LAFCO policies that would affect service delivery.

DETERMINATION:

- 3.7.1 Although there are some areas adjacent to CSA 44D boundaries designated as rural residential they are not likely to require water or wastewater services. Therefore there are no policies that would affect service delivery of CSA 44.

3.8 – Summary of Determinations

- 3.1.1 The population of CSA 44 is estimated at 575 with a potential to grow to 619 if all the parcels are developed.
- 3.2.1 There are no disadvantaged unincorporated communities adjacent to the boundaries of CSA 44.
- 3.3.1 CSA 44 provides streetlights to 138 parcels. Potable water is provided to 11 connections in CSA 44C and 122 connections in CSA 44D. The CSA also provides wastewater collection and processing to 99 connections in CSA 44A and 121 connections in CSA 44D.
- 3.3.2 Water for CSA 44C and CSA 44D comes from groundwater pumped at two well sites in each zone. Per capita production in the two zones averaged 828 gallons per day in CSA 44C and 842 gallons per day in CSA 44D. There is sufficient water capacity for CSA 44C and CSA 44D.
- 3.3.3 CSA 44A and CSA 44D each have their own WWTF. The WWTF in CSA 44A is designed for 22,000 gallons per day with a maximum capacity of 8 million gallons per year. Wastewater flows do not exceed processing capacity.
- 3.3.4 The WWTF in CSA 44D processed 11,316,000 gallons of wastewater in 2012. The WWTF was built in the late 1990s and designed to provide tertiary treatment of wastewater. However, the

WWTF has had problems with its tertiary system to the point where wastewater only receives secondary treatment. The County has designed a new facility for tertiary treatment and has approved an assessment for the purposes of repaying a loan to build the new plant.

- 3.4.1 CSA 44 includes four zones each with separate budgets and non-overlapping services. Since the County provides personnel, personnel costs are included in maintenance and operation expenses. Each zone derives revenues from a set rate structure for services provided. Each zone has a separate budget but services provided in all four zones total in the neighborhood of \$365,000 annually.
- 3.4.2 The District uses reserves to make up for any shortfall. Most zones show an increase in reserves over the last five years. The exception is CSA 44D whose reserves have varied widely. The CSA is in the process of establishing new rates that will address all normal operations and maintenance costs and build up a reserve equal to 50% of the CSA's average annual expenditures within five years. Construction of a new tertiary wastewater treatment facility will be funded via an SRF loan from the State of California. A new assessment on properties within CSA 44D, dedicated to repayment of this loan, was approved by the Board of Supervisors on August 2, 2013.
- 3.5.1 Like most county service areas, CSA 44 is administered and staffed by County employees. CSA 44 shares staff of the Fresno County Public Works and Planning Department with other county service areas.
- 3.5.2 Fresno County is a member of the California Rural Water Association and takes advantage of training classes offered by the CRWA.
- 3.6.1 The Fresno County Board of Supervisors acts as the governing body of the CSA. The Board of Supervisors meets on two to three Tuesdays each month. Items relating to the CSA appear on the agenda as necessary. Meetings are noticed according to the Brown Act and are open to members of the public.
- 3.6.2 The County has established a Citizens Advisory Committee in CSA 44A and CSA 44D. The CACs are the first point of contact with residents of the zones of the CSA.
- 3.7.1 Although there are some areas adjacent to CSA 44D boundaries designated as rural-residential they are not likely to require water or wastewater services. Therefore, there are no policies that would affect service delivery of CSA 44.

3.9 – Recommendations

Given there is little anticipated growth in population and housing in the CSA the need for services outside the current boundary is minimal. Therefore, it is recommended the Commission reaffirm the SOI that is coterminous with current boundaries.

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