



Board Agenda Item 44

DATE: July 13, 2021

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: County Service Area 32 Expanded Sphere of Influence and Annexation of Lands

RECOMMENDED ACTION(S):

- 1. Adopt a Resolution authorizing submittal of a Change of Organization and Municipal Service Review Applications to the Fresno Local Agency Formation Commission to expand the sphere of influence and annex approximately 49.10 acres to County Service Area 32 and authorizing the Director of Public Works and Planning or his/her designee to act on the County's behalf, and to execute and submit documents as required, effectuating the proposed Change of Organization.**
- 2. Authorize the Director of Public Works and Planning or his/her designee to request a fee waiver for the Fresno Local Agency Formation Commission Change of Organization and Municipal Service Review Application Fees.**

The Department of Public Works and Planning (Department) is proposing a 51.05 acres expansion of the sphere of influence and 49.10 acres annexation of lands to County Service Area 32 (CSA 32) with the inclusion of nearby parcels; the Cantua Creek Elementary School and those homes located on the school property, and one independently owned and operated water system. The Change of Organization is being proposed per the request by the State Water Resources Control Board (SWRCB) to improve the collective drinking water quality of the area while increasing administrative, and operations and maintenance (O&M) efficiency.

The first recommended action will direct the Department to initiate proceedings with the Local Agency Formation Commission (LAFCo) for the Reorganization, and will authorize the Director of the Department or his or her designee to act on the County's behalf, and to execute and submit application(s) and all other documentation required to effectuate the proposed Reorganization.

The second recommended action will eliminate the fee in the amount of approximately \$14,000.00 charged by LAFCo to process the Reorganization of CSA 32 and the fee in the amount of approximately \$8,000.00 charged by LAFCo for the Municipal Service Review. LAFCo staff has stated they are amenable to waive the fees since CSA 32 is a severely disadvantaged community.

ALTERNATIVE ACTION(S):

Should the Board, LAFCo, or the communities reject consolidation; the Department will have to reconsider other options as funding secured through the Drinking Water State Revolving Fund was approved with the understanding that this is a regional project.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The County has obtained a grant from the State Water Resources Control Board (SWRCB), Drinking Water State Revolving Fund (DWSRF) for the planning and design of improvements for CSA 32. This grant will also fund the estimated \$35,000.00 for the LAFCo proceedings related to the Change of Organization and any fees that may apply. The estimated costs are included within Org 4510 FY 2021-22 Recommended Budget.

DISCUSSION:

The first recommended action will direct the Department to initiate proceedings with the Local Agency Formation Commission (LAFCo) for the Change of Organization, and will authorize the Director of the Department or his or her designee to act on the County's behalf, and to execute and submit application(s) and all other documentation required to effectuate the proposed Change of Organization.

The second recommended action will eliminate the fees charged by LAFCo in the amount of approximately \$14,000.00 to process the Change of Organization of CSA 32 and approximately \$8,000.00 for the Municipal Service Review (MSR). LAFCo staff has stated they are amenable to waive the fees since CSA 32 is a severely disadvantage community.

CSA 32 was formed in 1981 to provide water, sewer, garbage collection, street lighting and recreational facilities services for the 73-lot Cantua Creek housing development, located along Clarkson Avenue west of San Mateo Avenue, approximately 30 miles southwest of Fresno. In addition, CSA 32 provides water service to Cantua Creek Elementary School, thirteen Cantua Creek school homes, a mobile home park serving sixteen residences, and three additional residences, all outside of its boundaries.

Cantua Creek Vineyard (CCV) owns property that is located less than a mile to the east of the CSA 32 Surface Water Treatment Facility. On that property, CCV owns 15 units of farm labor housing and one farm service shop. CCV also leases land to the United States Postal Service for one Post Office modular building. CCV provides to each of those facilities potable water that it extracts from a well located on CCV property. The well is a permitted system, operating under Domestic Water Supply Permit No. 03-23-13P-003. CCV was issued compliance order for a violation of the arsenic Maximum Contaminant Level (MCL). Currently, the water produced from CCV's well contains high levels of arsenic and is no longer potable.

CSA 32 has a Surface Water Treatment Facility (SWTF) and potable water storage facility located within the respective service area. The County operates and maintains these facilities. The treatment facilities are outdated and are not capable of consistently producing potable water that meets current water standards for Disinfection By-Products (DBPs) and, as such, have been cited for water quality issues. The system has been issued Compliance Orders from the state for exceeding maximum contaminant levels for DBPs.

The County has obtained a grant from the SWRCB through the DWSRF for the planning and construction of improvements to the CSA 32 potable water system. The work to be performed consists, in general, of drilling two potable water wells at CSA 32, and connecting these wells via pipeline to an existing water distribution facility. As part of the project, the existing water distribution facilities will be improved to accommodate the new water source, while the old treatment plant will be removed and disposed (Project).

The Department, with Board approval (by resolution 16-447 on November 15, 2016), has submitted the application to the SWRCB for grant funding for the construction of the Project. After the Department submitted that application, the SWRCB requested the County to incorporate CCV as part of the Project. Here are the reasons for the SWRCB's request:

- CCV, currently under compliance order, would be brought into compliance to Drinking Standards

- The project would be considered a regional project, therefore increasing construction funding thresholds as per SWRCB and DWSRF Policy
- The cost of O&M would be spread to more users, with the hope of reducing the end user water rates
- The DWSRF Intended Use Plan promotes consolidation of systems: “*Consolidation is a promising solution to many difficulties faced by small water systems, particularly when confronted with compliance-related problems or depleted water sources*”. Division of Financial Assistance (DFA) requires all funding applicants to evaluate the feasibility of consolidation and will continue to work closely with Division of Drinking Water (DDW) by facilitating consolidation discussions and providing technical assistance. If planning funding is being provided to a small water system, DFA may require an evaluation of consolidation prior to other planning activities. If consolidation is considered infeasible, the applicant will be required to discuss the reasons for that determination”

CCV has also expressed their desire to be served by the County through CSA 32 once the Project is completed. CCV and County have executed an agreement on February 12, 2018 (Exhibit A) whereas among other terms, CCV will be solely responsible for the construction, operation, and maintenance of any and all connections downstream of the meter and backflow preventer on its service connection, and solely responsible to pay for all potable water delivered through that meter. CCV is solely responsible for any and all billing and collection of fees or other charges for the delivery of potable water to its own customers.

The Department has reached out to all other out-of-District users and they all are in support of being annexed to CSA 32.

The wells have been completed and they are capable of producing enough water to supply to CSA 32, the current Out-of-District users and include CCV to the distribution system. Approval of the recommended action will allow the Department to initiate the Change of Organization process to allow connection of CCV to the system once the rest of the Project is completed.

Water service will be provided to all within the Change of Organization area through a newly constructed water system constructed near CSA 32. Services other than water provided to CSA 32 would be provided only to those currently receiving those services through zones of benefit within CSA 32. The Change of Organization is being proposed to improve the collective drinking water quality of the Change of Organization territory while offering administrative and O&M efficiency.

Determination of California Environmental Quality Act (CEQA):

It has been determined pursuant to Sections 15319(a) and 15320 of the CEQA guidelines that the proposed sphere of influence amendment and annexation, if approved by your Board, will not have a significant effect on the environment and is exempt from CEQA. Construction of the wells and water distribution system improvements was determined to be exempt from CEQA pursuant to Sections 15302 and 15303 of the CEQA Guidelines in 2016.

REFERENCE MATERIAL:

- BAI #54, November 17, 2015
- BAI #42, May 7, 2013
- BAI #43, December 14, 2010

ATTACHMENTS INCLUDED AND/OR ON FILE:

- Location Map - CSA 32 Annex No. 1
- Exhibit A

On file with Clerk - Resolution of Application

CAO ANALYST:

Ron Alexander