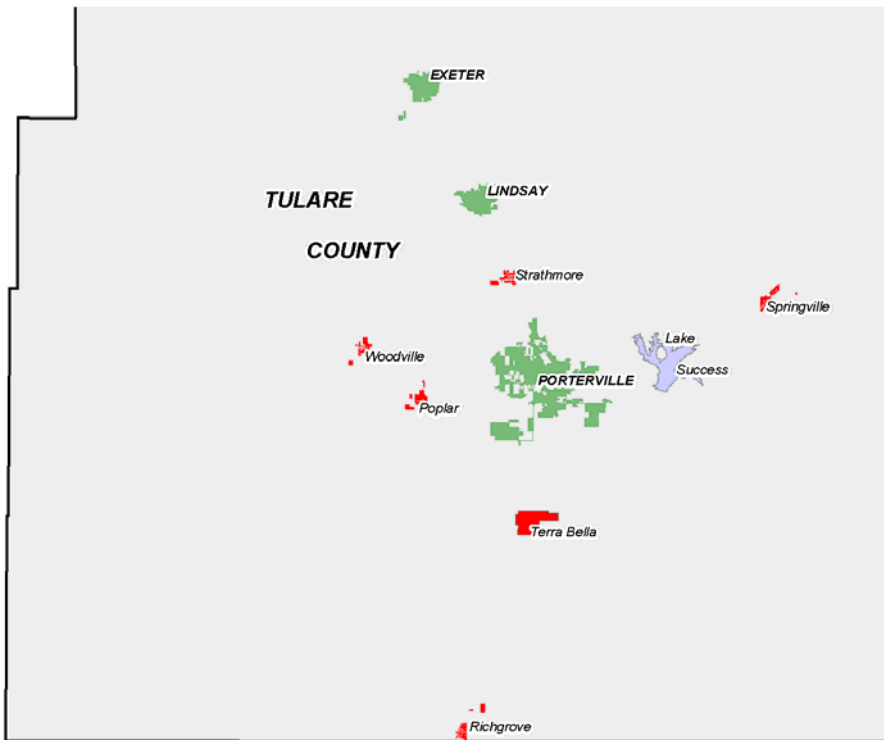




Tulare County LAFCO

Tulare County LAFCO



Includes Cities of:

Exeter
Lindsay
Porterville

And Communities of:

Poplar
Richgrove
Springville
Strathmore
Terra Bella
Woodville

Group 3

Municipal Service Reviews

FINAL REPORT
(MARCH 2007)

**MUNICIPAL SERVICE REVIEWS
GROUP 3 CITIES AND SPECIAL DISTRICTS**

FINAL REPORT

**Prepared For:
TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION**

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LAFCO Resolution 07-018**

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CHAPTER 1 – CITY OF EXETER MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations findings of the City of Exeter Municipal Service Review. As part of its review of municipal services, LAFCO is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Exeter MSR identifies the following written determinations.

Written Determinations

1) Growth and Population

Historical Data & Population Projections

1. Historical Census data indicates that Exeter had a 1990 population of 7,276, and a 2000 population of 9,168. California Department of Finance projections indicated a January 2005 population of 10,357. These trends indicate that Exeter's population is growing at an average annual rate of approximately 2.5%.
2. Based upon historical population trends, at an average annual growth rate of 2.5%, Exeter's 2025 and 2030 population are projected to be 16,970 and 19,200, respectively. The Exeter General Plan projects that the population of Exeter will be between 13,306 and 16,177 by year 2020. The population projections contained in the Exeter General Plan are consistent with historical trends.

Planning Documents

1. The City plans for future growth through the implementation of policies and standards set forth in General Plan Elements. Exeter's General Plan is a long-range guide for attaining the City's goals within its ultimate service area and accommodating its population growth to the year 2020.
2. The City also plans for future growth through the preparation and implementation of specific plans and master plans. The City recently approved the "Southwest Exeter Specific Plan", which established the design and development standards for a 320-acre planning area located south of Visalia Road and west of Belmont Road. The City also master plans public infrastructure systems including water, sewer, and storm drain systems. Exeter is also in the process of reviewing a plan entitled "Infill Housing/Downtown Revitalization", which will promote mixed-use, historical preservation, infill housing and streetscape improvements within the Exeter town site, encompassing 240 acres.

Planning Boundaries

1. The Tulare County General Plan contains an Urban Boundaries Element which sets forth policy regarding development within municipal fringe areas surrounding incorporated cities.
2. According to adopted plans, urban development is to occur only within the incorporated City Limits, with certain exceptions. Within the 20-year UDB, development proposals are referred to the City for annexation. If the City cannot, or will not, annex, Tulare County considers the proposal on its merits.
3. The Exeter City Council adopted a 10-year annexation line in 1995 which is defined as a 10-year planning boundary within which annexations for residential development will be considered as long as it meets the requirements of the City's annexation policy, adopted in 1994. The adoption of tiered UDB's (or annexation lines) promotes orderly development by discouraging "leap frog" development from occurring.
4. Consistent with City and County General Plan policies, and boundary definitions, a City's SOI should, at a minimum, be coterminous with, or extend beyond the established 20-year UDB. According to the Exeter General Plan, the Exeter UDB is coterminous with Exeter's SOI adopted by Tulare County LAFCO.
5. The City of Exeter should consider including the land located at the northeast quadrant of the AT & SF Railroad crossing at E. Palm Avenue within its SOI, as the land is currently within the City's UDB, and is immediately adjacent to the existing City Limits.
6. Some level of consistency should be maintained between a City's UDB and SOI, which requires coordination between the City, Tulare County Resource Management Agency, and Tulare County LAFCO.

Land Use

1. The Land Use Element of the Exeter General Plan provides an excellent foundation for the logical growth and development of the City. The Land Use Element addresses several issues including land use and population; population and land use projections; land use designations and population densities; planning issues and land use goals; land use policies and actions (implementation measures); and land use designation/zoning district matrix.
2. According to the Exeter General Plan, there is sufficient land within the Exeter UDB to accommodate the "high" growth scenario to the year 2020.

Annexation Policy

1. In 1995, the Exeter City Council strengthened the City's annexation policy by amending its Urban Area Boundary Element with the addition of a 10-year annexation line. The 10-year annexation line allowed for residential growth in all quadrants of the City.
2. Since 1995, the City's strict annexation policies have encouraged residential infill and a development pattern that is generally contiguous to existing development and concentric to Exeter's downtown. These policies were implemented with the adoption of the "*Southwest Exeter Specific Plan*" which promotes contiguous development that fosters higher residential densities.

3. The “infill” process has proven to be beneficial for the City in that it better utilizes existing City infrastructure; it maintains a tight service area for police, fire and solid waste services; and it encourages residential development near existing parks and schools. As of 2006, only 60 acres of residential land inside the City’s 10-year annexation line remains undeveloped.
4. Two annexation applications have recently been filed with the City, both of which are inside Exeter’s 10-year annexation line. Another annexation application, which includes 68 acres located west of Belmont Street and south of Visalia Road, would require modification of the City’s 10-year annexation line.

2) Infrastructure Needs & Deficiencies

Domestic Water

1. The City’s water supply is derived from four active groundwater wells, which have a total maximum production efficiency of approximately 2,600 GPM. The City provides domestic water to all developed areas within the City, as well as land on the fringe of the City, outside the City Limits. In 2005 and 2006, the City brought two new wells online, with a third due online in 2007 (resulting in a total of seven wells).
2. The City has two wells that have been abandoned due to water quality related problems. One well was abandoned due to high bacterial counts, and another was abandoned due to DBCP contamination.
3. As reported in 1999, there were 2,700 connections to the City’s water system. Based upon growth that has occurred since 1999, it is estimated that the City’s water system supports approximately 3,050 connections. All connections to the City’s water system are metered, which promotes water conservation.
4. The City’s water system was originally installed in 1911, making some of the pipes over 90 years old. The City continues to actively replace old deteriorating water lines throughout the system within the limits of available funding. In 2005, the City replaced approximately 37,000 linear feet of old water lines.
5. The City’s water supply and distribution system was last studied in 1975 as a part of the *1975 Water System Master Plan*. City staff indicated that Quad Knopf, Inc. is in the process of updating the City’s Water System Master Plan. It is recommended that the Water Master Plan Update include a study area that, at a minimum, encompasses all areas within the City’s UDB and SOI. Any foreseen areas that the City anticipates including in its UDB or SOI should also be included within the master planning area.
6. Provided the City continues to implement policies and actions set forth by its General Plan, and recommendations contained within infrastructure master plans, the City will be in a position to provide domestic water service within its SOI and UDB.
7. The City’s municipal code contains provisions for water usage, which establishes policies to minimize the wasting of water, including assessing penalties for violations.
8. Based upon information obtained from the Department of Water Resources, Exeter has not complied with the Urban Water Management Planning Act, which requires urban water suppliers to submit Urban Water Management Plans to the Department every five years, on

years ending in zero and five. The City has not complied with the 2000 requirement and to date, has not complied with the 2005 requirement. Noncompliant urban water suppliers are ineligible to receive funding pursuant to Division 24 (commencing with section 78500) or Division 26 (commencing with section 79000), or receive drought assistance from the State until the UWMP is submitted pursuant to the Urban Water Management Planning Act. It is recommended that the City work to comply with the requirements of the Urban Water Management Planning Act.

Wastewater Collection, Treatment and Disposal

1. The current design and layout of Exeter's sewage collection system was planned through the City's Sewer Master Plan, prepared in 1974. The collection system extends over 30 linear miles, and ranges in age from the 1940s to the present. The City's collection system does not experience a significant inflow/infiltration problem according to the City's engineer.
2. The City's collection system was last studied in the 1974 Sewer Master Plan, which was designed to accommodate a population of 10,460 persons, a population which has been surpassed as of 2006. As such, the master plan should be updated to plan for additional growth and population associated with build-out of the General Plan Land Use Element. It is recommended that the Sewer Master Plan Update include a study area that, at a minimum, encompasses all areas within the City's UDB and SOI.
3. The City owns and operates a WWTF located approximately one mile southwest of the City near the southeast quadrant of the W. Meyer Avenue/Road 184 intersection. The WWTF receives domestic sewage from residential, commercial, and industrial sources. Significant industrial users include approximately ten fruit packing houses, including an olive processing and packaging facility.
4. The City Engineer requires industries that generate high strength industrial effluent to mitigate this impact by either pre-treating the effluent or by paying an appropriate wastewater impact fee to defray the City's cost of treating the effluent. The WWTF does not accept septage from haulers, or grease from area restaurants.
5. The WWTF operates under provisions outlined in *Waste Discharge Requirements (WDR) Order No. R5-2002-0063*, issued by the RWQCB. The order prescribes permitted capacities based upon the satisfaction of specific provisions. Assuming that written certification regarding the WWTF effluent disposal capacity has been provided to the RWQCB, the WWTF has a current capacity of 1.30 MGD. Available data indicates that the average dry weather flow is approximately 1.05 MGD, indicating that the plant is operating at approximately 81% of its capacity.
6. According to the Exeter General Plan Draft Environmental Impact Report, a report entitled *Facilities Plan for Wastewater Treatment Plant Expansion*, outlined improvements expected to accommodate Exeter's population growth through 2013. Beyond the year 2013, the WWTF will exceed its planned capacity, and will require Exeter to expand the plant and install new sewer lines and treatment plant equipment, which will have a fiscal impact on the City. In order to respond to future wastewater demands, after 2013, the General Plan has established policies and actions that will mitigate the impact of the City's growth on its wastewater system.

7. Based upon information provided by the City, using local, state and federal funds, Exeter recently upgraded its WWTF. These improvements were based on a report prepared by John Corollo Engineers, entitled “*Facilities Plan for Wastewater Treatment Plant Expansion.*” The upgrade, which occurred in two stages, increased the treatment capacity of the plant from 1.07 mgd to 2.14 mgd. These improvements are expected to serve Exeter’s population through the year 2013. Permitting information from the RWQCB validating a capacity of 2.14 mgd has not been provided for this review.
8. Provided the City continues to implement policies and actions set forth by its General Plan, and recommendations contained within infrastructure master plans, the City will be in a position to provide wastewater service within its SOI and UDB.

Streets and Traffic Circulation

1. The City constructs transportation improvements through the implementation of goals and policies set forth in the City’s General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years.
2. The City constructs street improvement primarily through the use of gas tax revenues, transportation development act (TDA) funds, transportation impact fees charged to new development projects, and redevelopment funds.
3. The City insures that streets will continue to operate at acceptable levels of service through the planning period through the implementation of goals and policies set forth in the City’s General Plan Circulation Element. The City’s Circulation Element provides an excellent policy base for the future development of the City’s transportation network.
4. It is recommended that the City take the lead in planning for transportation and circulation improvements within the boundary of its UDB and SOI. Streets within this area should be constructed to City standards, since it is likely that the area will ultimately be incorporated into and become a part of the City of Exeter.

Solid Waste Collection and Disposal

1. The City is contracted with Allied Disposal Service for solid waste collection and disposal services. Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Power Generation and Distribution

1. Power generation and distribution is provided by the privately owned utility company, Southern California Edison (SCE). Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Fire and Police Protection Services

1. Fire protection in the planning area is provided by the California Department of Forestry, Tulare County Fire Department, which operates out of a station located adjacent to Exeter City Hall on “F” Street in downtown Exeter.

2. The Fire Department serving the Exeter area has an insurance service office (ISO) rating of six (6). Areas outside of the City Limits (not connected to the City water system) are rated eight (8) by the ISO.
3. The Exeter General Plan contains policies and actions that will facilitate an effective and responsive fire protection system. Provided the City continues to implement policies and actions set forth by its General Plan, the City, in cooperation with the Tulare County Fire Department, will be in a position to provide fire protection service within its SOI and UDB.
4. Subsequent to the preparation of the Draft MSR for the City of Exeter, based upon information provided by the City Planner, fire protection in Exeter is in a transitional phase since CDF has pulled out of the valley floor. The City is currently looking at alternative options for fire services in Exeter.
5. Law enforcement services for the City of Exeter are provided by the City of Exeter Police Department, headquartered at 100 C Street in downtown Exeter. Lands outside of the City Limits are patrolled both by the Exeter Police Department and the Tulare County Sheriff's Department through a mutual aid agreement.
6. The Exeter Police Department operates with 13 sworn officers, 10 reserve officers, 3 community service officers, 4 administrative secretaries, a dispatcher and a police chief. The current sworn officer to population ratio for Exeter is approximately 1:800, which is excellent compared to other cities throughout the region.
7. In order to maintain the same ratio of officers to residents as presently exists, 8 to 9 additional officers would need to be hired by the year 2025.
8. The City should consider the adoption of a public safety impact fee (charged to new development) to supplement general fund revenues for the purchase of capital equipment that will improve the operations of the Police Department.
9. Provided the City continues to implement policies and actions set forth by its General Plan, the City will be in a position to provide police protection services within its SOI and UDB.

3) Financing Constraints and Opportunities

1. The City prepares a comprehensive annual budget that sets forth the financial priorities of the City for the upcoming fiscal year within available funding constraints. The City has several different funds, including enterprise and non-enterprise funds, set up for the individual operations of the City.
2. According to the City's fiscal year 2004-05 budget, the City's general fund was unbalanced by approximately \$550,000 not including any transfers from other funds. A general fund balance of \$543,307 was estimated at the end of fiscal year 2004-05, a decrease of 44% from the previous fiscal year. The Government of Finance Officers Association recommends, at a minimum, that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The City's general fund balance at the end of the 2004-05 fiscal year

represented approximately 21% of general fund operating revenue, and just over two months of general fund operating expenditures.

3. The City could potentially generate additional revenue through an increase in its UUT for general government purposes. The City's UUT could also be expanded to include services not covered by the existing UUT, i.e. water, sewer, and/or garbage. Increased or new UUTs generally require majority voter approval.
4. The City's General Plan addresses the fiscal conditions of Exeter by encouraging a strong sales tax base. The General Plan establishes goals to reverse the leakage of sales tax dollars to surrounding communities. It is important that Exeter continue to attract new retail establishments to the community in order to minimize the leakage of local sales tax dollars, and remain competitive in local and regional markets.
5. It is recommended that the City explore opportunities to establish assessment districts for the public maintenance and operation of various public facilities, for example, landscaping and lighting.
6. The State of California is currently operating under a significant budget crisis. The State continues to reduce and/or cut revenue sources, such as the motor vehicle in-lieu tax, to local governments. Without these sources of revenues, small cities, like Exeter, incur significant budget constraints and deferment of scheduled maintenance items.

4) Cost Avoidance Opportunities

1. The City avoids unnecessary costs through the implementation of infrastructure Master Plans and the General Plan, which assist in eliminating overlapping or duplicative services. Planning out to ultimate service area boundaries helps identify any impacts that future planned infrastructure may have on current infrastructure in place, and mitigations that would alleviate such impacts. The City's water and sewer master plans are from 1975 and 1974, respectively, and need updating.
2. The City avoids unnecessary costs by assessing development impact fees for the purpose of financing public infrastructure, including water, sewer, storm drain, and transportation improvements. The City's development impact fee program helps offset the financial responsibility of the City to install and maintain the infrastructure necessary to serve new developments.
3. A multi year capital improvement plan is critical to providing efficient public services. It identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and costs, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. Exeter's capital plan has not been provided for this review.
4. The City has opportunities to increase its cost effectiveness and revenue raising efforts by including the use of assessment districts, tracking savings and interest on reserves, maintaining a balanced budget including maintaining a General Fund budget that grows each year, and emphasizing performance measurement practices.

5. The City can avoid unnecessary costs associated with the operation and maintenance of the street lighting system by researching and implementing funding options as it relates to Proposition 218 limitations.
6. The City's adopted annexation policy and 10-year annexation line have helped the City avoid unnecessary costs by better utilizing existing City infrastructure; maintaining a tight service area for police, fire, and solid waste services; and encouraging residential development near existing parks and schools.

5) Opportunities for Rate Restructuring

1. Rates and fees for services are established and updated using the City's budget process, ordinances and other regulations.
2. The City has a sound fee structure in place which allows the City to continue to provide cost effective services to its residents while continuing to maintain and improve the current infrastructure.
3. The City's user fees for water and sewer service are below average compared to other cities in Tulare County. Exeter's development impact for connection to the City sewer system is above average compared to other Tulare County cities.
4. There is no evidence suggesting that the City would not be able to provide services to the SOI areas for fees consistent with citywide fees for such services.

6) Opportunities for Shared Facilities

Current Shared Facilities/Resources

1. Some examples of the City's interagency cooperation efforts include the establishment of automatic mutual aid agreements with the Tulare County Sheriff's Department to collaborate public safety efforts, and an agreement with the Tulare County Fire Department for provision of fire protection and prevention services.
2. The City has worked with Tulare County Association of Governments and Tulare County Resource Management Agency on regional planning issues including transportation, solid waste, and coordinating applications to request State and/or Federal funding for joint projects.
3. The City also established a partnership with the City of Visalia in which Visalia City Coach is provides bus service to the Exeter area.

Future Opportunities

1. The City should continue to work with the County on efforts to preserve prime agricultural land, and discourage development that would result in the loss of such lands. The City can accomplish this through smart growth planning and continuing to implement its annexation policy that includes a 10-year annexation line.
2. The City's General Plan identifies several opportunities to work with other jurisdictions to complete joint use projects for the benefit of the community and taxpayers including forming

partnership with Exeter Schools to complete the following projects: Dobson Field Recreation Building, a Joint Corporation Yard, and the Dobson Field Recreation Complex.

7) Government Structure Options

1. Since development of properties within the SOI generally relies on Master Planned infrastructure available from the City, it is logical for the City to assume the lead in planning for these sites.
2. The City has a sound governmental structure that provides necessary resources to provide public services and infrastructure improvements within the SOI area. The City's comprehensive annexation policy ensures orderly development of the City, and discourages urban sprawl.
3. Coordinated infrastructure plans for development within the SOI area that are submitted with specific annexation requests would create a checks and balance system for incorporating lands into the City while promoting improvements to impacted adjacent County land.
4. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals. SOI amendments and other changes in organization shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.
5. There are no foreseeable boundary conflicts with surrounding Cities or special districts that would affect the current governmental structure of Exeter.

8) Evaluation of Management Efficiencies

1. The preamble to the City of Exeter's Charter is indicative of the City Council's efforts to involve the citizens of the community in its decision making processes.
2. There is no evidence indicating that the City's current management structure would not be able to assume services within the SOI area, and/or continue to assist other agencies through mutual aid agreements.
3. At some point in the future, the City should consider providing services which are currently provided on a contractual basis in house. These services include planning, engineering, fire protection and prevention, and refuse collection.
4. The City has a sound organizational structure that should be able to continue to provide quality service to current residents, and accommodate future growth within the City and surrounding urban development areas.

9) Local Accountability and Governance

1. The governing body of Exeter is the City Council, which is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with opportunities to get information about City issues, including phone access, and bill inserts.

2. Although the City of Exeter does not currently have a website, it can be expected that Exeter will have a website in the near future, as prescribed by General Plan goals and policies.
3. Regular City Council meetings are held on the second Tuesday at 5:30 p.m. and the fourth Tuesday at 6:30 p.m. in City Hall Council Chambers located at 137 N. F Street, Exeter.

1.0 CITY OF EXETER

1.0.1 Background

In July 2003, the Tulare County Local Agency Formation Commission (LAFCO) Board adopted a Municipal Service Review (MSR) exemption policy, which identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from a MSR study. Each of the Cities in Tulare County shall be subject to full review. The policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

The City of Exeter, founded in 1888 and incorporated in 1911, is located in the central western area of Tulare County in the heart of the agriculturally rich San Joaquin Valley. The City of Exeter operates under the Council-Manager form of government, and became a “charter” City in June 1998. The City provides the following services that are subject to a municipal service review: public safety (police and fire protection), domestic water, sanitary sewer collection, treatment and disposal, and transportation.

Power generation and distribution is provided by privately owned utility companies. The Southern California Edison (SCE) Company serves most of the cities within Tulare County, including Exeter. Solid waste collection and disposal is provided by Allied Disposal Services. Review of the services provided by privately owned and operated utility companies are excluded from this MSR. It should also be noted that due to the unique nature of healthcare, review of this service has been specifically excluded from this report.

Exeter is seven miles east of Visalia, two and one half miles east of Farmersville and eight miles northwest of Lindsay. The City is bisected by State Route 65, which runs north and south, and it is situated one and one half miles south of State Route 198, a major east/west route throughout the region. The original Exeter town ship was formed by the Southern Pacific (SP) Railroad through its subsidiary, Pacific Improvement Company. The original town site encompassed 240 acres, and the SP Railroad and adjoining right of way occupied approximately 40 acres.

1.0.2 MSR Requirement

Tulare County LAFCO policy C-5 states the following with regard to a SOI.

“Whenever possible, the SOI of each City and those Special Districts which provide urban services to unincorporated communities within the County should reflect twenty-year growth areas with additional areas for communities of interest (Section 56425 (a)(4)). This boundary shall be reviewed and, if necessary, updated no more than once every five years. The updates should be sufficient to accommodate projected growth for twenty years from the date of adoption.”

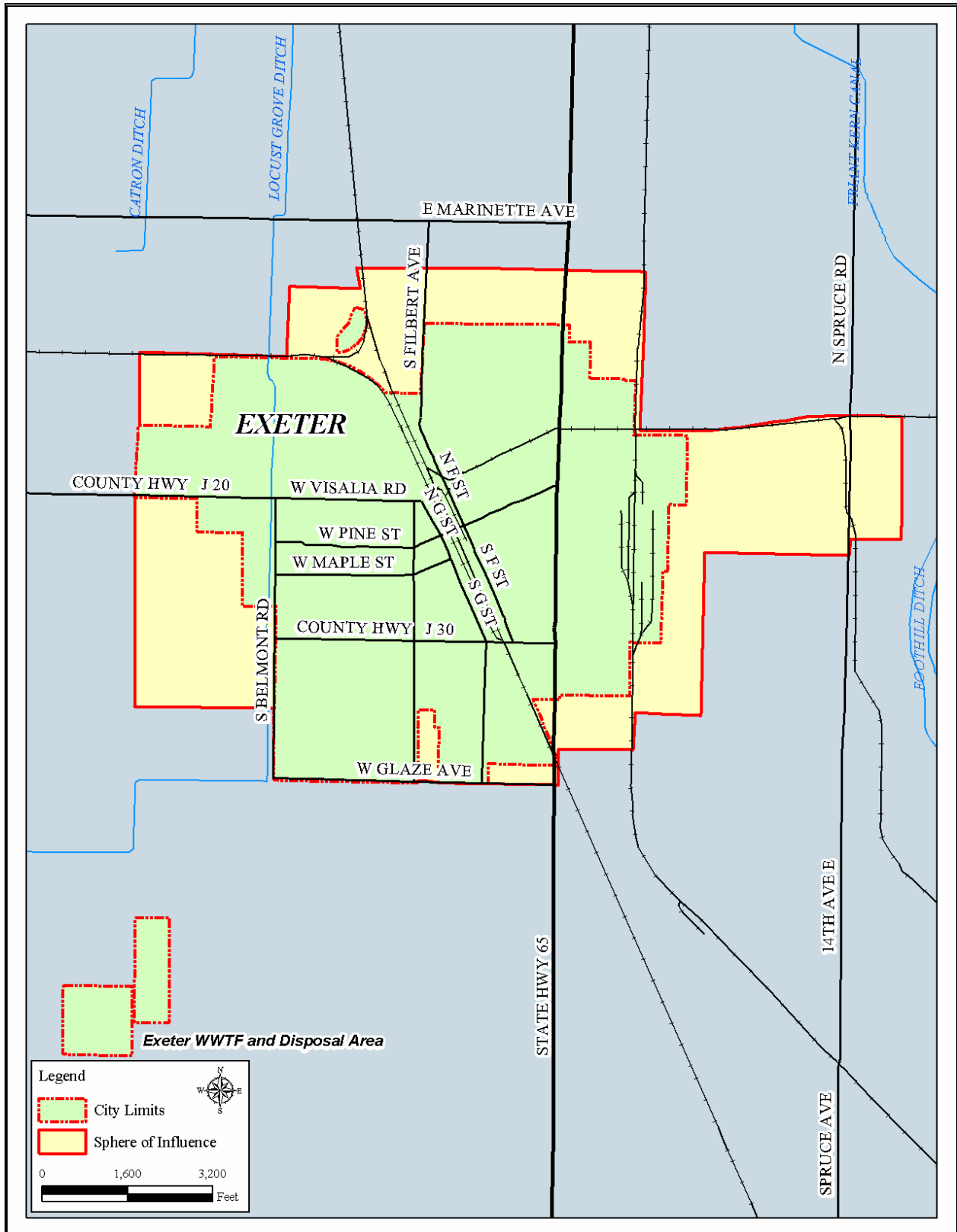
SOI's can be updated more frequently than once every five years if certain criteria established by LAFCO policy are met. An MSR is generally required before an agency can process a proposed amendment to their adopted SOI through LAFCO. However, according to Tulare County LAFCO policy, an MSR is not required for minor SOI amendments that meet all of the following criteria; 1) The requested amendment is either less than 40 acres or less than 5 percent of the total acreage of the area located within the subject agency's existing SOI, whichever is more, inclusive of incorporated territory; 2) There are no objections from other agencies that are authorized to provide the services the subject agency provides and whose SOI underlies or is adjacent to the subject territory; 3) The combined net additional acreage of the subject agency's minor SOI amendments adopted pursuant to this section does not exceed 200 acres over any consecutive 5-year period; and 4) CEQA review is accomplished by a Notice of Exemption, Negative Declaration, Mitigated Negative Declaration, and Addendum to an EIR, or where the SOI amendment is within the scope of a previous EIR. In addition, an MSR is not required when SOI amendment is proposed solely to accommodate an expressed governmental purpose in the provisions of public facilities or public services, as described in section 5.7.B IV.

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A "Sphere of Influence" is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

The current City Limit Boundary and the currently adopted Sphere of Influence (SOI) for the City of Exeter are illustrated on Figure 1-1. The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act: 1) Growth and population; 2) Infrastructure needs and deficiencies; 3) Financial constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance.

FIGURE 1-1 – EXETER CITY LIMITS AND SPHERE OF INFLUENCE



Source: Tulare County GIS Database

1.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of service needs.

1.1.1 Historical Data & Population Projections

Historical population data and future projections have been obtained from the U.S. Census Bureau, and the California Department of Finance, respectively. For analysis purposes, this data is compared to other source data relating to growth and population including the City's General Plan. Historical census data indicates that the City of Exeter had a population of 7,276 in 1990 and a population of 9,168 in 2000, which corresponds to an average annual growth rate of approximately 2.3%. The California Department of Finance estimated a January 2005 population of 10,357, which equates to an average annual growth rate of approximately 2.5% between 2000 and 2005. Table 1-1 compares the City of Exeter's population to the overall population of Tulare County for years 1990, 2000, 2005, and projected for years 2025 and 2030.

**TABLE 1-1
CITY OF EXETER HISTORICAL AND PROJECTED POPULATION**

Year	Tulare County	Exeter	% of Total County Population
1990	311,921	7,276	2.3%
2000	368,021	9,168	2.5%
2005	409,871	10,357	2.5%
2025	594,719	16,970	2.9%
2030	650,466	19,200	3.0%

Notes: 1) 1990 & 2000 Population Data Based Upon U.S. Census Data

2) 2005 Population Estimated by California Department of Finance (DOF)

3) 2025 & 2030 Projections for Tulare County Estimated by California DOF

4) 2025 & 2030 Projections for Exeter estimated using annual growth rate of 2.5%

As indicated in Table 1-1, it is estimated that Exeter's population will reach approximately 16,970 by year 2025, by applying an average annual growth rate of 2.5% (consistent with historical trends). Since incorporated City's typically experience higher growth rates than the unincorporated areas of Tulare County, it is anticipated that Exeter will make up approximately 2.9% of the overall County population by year 2025, compared to 2.5% in 2005.

Based upon information obtained from the Tulare County GIS database, the City Limits of Exeter incorporate approximately 1,459 acres of land, while the City's SOI incorporates approximately 2,290 acres of land (both which include the WWTF area).

The *Exeter General Plan* provides population projections for years 2010 and 2020 for both "low" and "high" projection scenarios. The "low" population projection estimates a year 2010 population of 11,044 and a year 2020 population of 13,306. The "high" population projection estimates a year 2010 population of 12,178 and a year 2020 population of 16,177. Interpolating the estimates contained in the Exeter General Plan yields a year 2025 "low" population projection of approximately 14,600 and a "high" population projection of approximately 18,650. The population projections contained in the Exeter General Plan are consistent with historical trends.

1.1.2 Planning Documents

The City of Exeter plans for future growth through the implementation of policies and standards set forth in General Plan Elements. The General Plan is a long-term, comprehensive framework to guide physical, social and economic development within a community's planning area. Exeter's General Plan is a long-range guide for attaining the City's goals within its ultimate service area and accommodating its population growth to the year 2020. According to the California Planners' Book of Lists 2005 (Governor's Office of Planning and Research, June 2005), the seven mandated elements of the City's General Plan were last updated as follows.

- Land Use: 2002
- Circulation: 2002
- Housing: 2004
- Open Space: 1991
- Conservation: 1991
- Safety: 1975
- Noise: 1976

According to the *Exeter General Plan and Draft Environmental Impact Report 2000-2020*, which updated the Land Use and Circulation Elements of the City's General Plan, "The Safety Element (1975) and Noise Element (1976) are adequate in regards to policy direction and do not need updating at this time." All other mandatory elements of the City's General Plan are fairly current.

The City also plans for future growth through the preparation and implementation of specific plans and master plans. Examples include the Exeter Downtown Specific Plan, the Southwest Exeter Specific Plan, and the Exeter Redevelopment Plan. The City also master plans public infrastructure systems including, but not limited to, water, sewer, and storm drainage systems. These infrastructure master plans are discussed further in a subsequent section of this report.

1.1.3 Planning Boundaries

In addition to an SOI, which is defined by LAFCO as the "...physical boundary and service area that a local government agency is expected to serve..." the City's GPU identifies ten year and twenty year urban development boundaries (UDB) based upon the capabilities of the City to accommodate new growth.

The Tulare County General Plan contains an Urban Boundaries Element which sets forth policy regarding development within municipal fringe areas surrounding incorporated cities. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1 – Land Use and Urban Boundaries.

"This plan element establishes Urban Development Boundaries which define twenty-year planning areas around incorporated cities in which the County and cities will coordinate plans, policies, and standards relating to building construction, subdivision development, land use and zoning regulations, street and highway construction, public utility systems, environmental studies, and other closely related matters affecting the orderly development of urban fringe areas. Within these boundaries, the cities and the County may also establish planning areas representative of shorter time periods in order to assist in more precise implementation of community plans and policies. It is recognized that these boundaries provide an official definition of the interface between future urban and agricultural land uses."

“This plan element establishes Urban Area Boundaries, which define the area where land uses are presumed to have an impact upon the adjacent incorporated City, and within which the cities’ concerns are to be given serious consideration as part of the land use review process. The Urban Area is considered to be the next logical area in which urban development may occur and the area within which Urban Development Boundaries may ultimately be expanded. Modification of Urban Development Boundaries will be considered at such time as the land use plan for a community is revised to reflect changing needs and circumstances or an extended time frame. Preservation of productive agricultural lands shall be of the highest priority when considering such modifications, and expansion of Urban Development Boundaries to include additional agricultural land shall only occur as a last resort.”

Urban development is to occur only within the incorporated City Limits, with certain exceptions. Within the 20-year UDB, development proposals are referred to the City for annexation according to adopted plans. If the City cannot, or will not, annex, Tulare County considers the proposal on its merits.

The Exeter City Council adopted a 10-year annexation line in 1995 which is defined as a 10-year planning boundary within which annexations for residential development will be considered so long as said annexation is consistent with the City’s annexation policy, adopted in 1994. At or before the time of its expiration, the City should review its 10-year annexation line to determine if a new 10-year annexation line is warranted, or if the City’s 20-year UDB should be opened for annexation and development proposals. The adoption of tiered UDB’s (or annexation lines) promotes orderly development by discouraging “leap frog” development from occurring.

According to the Exeter General Plan, the Exeter UDB is coterminous with Exeter’s SOI adopted by Tulare County LAFCO. The planning area for the Land Use Element of the General Plan is established at the City’s UDB, with all land outside the City’s UDB identified as agricultural uses. Figure 1-2 shows the City Limits and SOI in comparison to the City’s 20-year UDB, and Urban Area Boundary (UAB). According to the Exeter General Plan, as of 2002, City boundaries contained land acreages as follows:

- City Limits: 1,320 acres
- UDB: 2,180 acres
- UAB: 4,480 acres

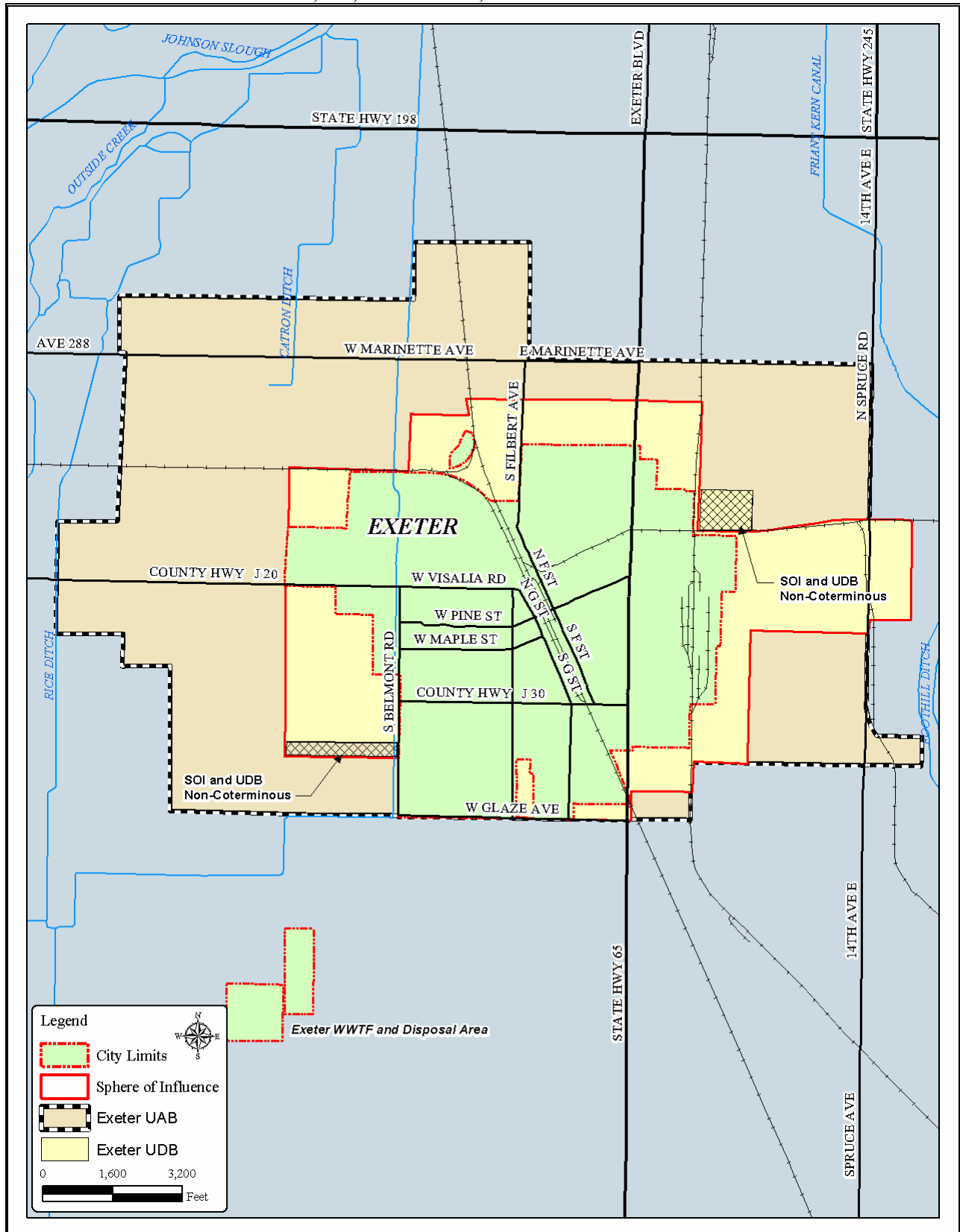
As indicated on Figure 1-2 (prepared using Tulare County GIS layers), the City’s adopted SOI is generally coterminous with the City’s UDB, with a few minor exceptions. In one of the instances, land located at the northeast quadrant of the AT & SF Railroad crossing at E. Palm Avenue is included within the City’s UDB but is outside the City’s SOI. The land is immediately adjacent to the existing City Limits. In the second instance, a strip of land located west of Belmont Avenue between Powell Avenue and Olivewood Drive is within the City’s SOI, but outside the City’s SOI.

Consistent with City and County General Plan policies, development proposals within the 20-year UDB are generally referred to the City for annexation. Therefore, it can be reasonably concluded that the City would be expected to provide public services for developments proposed within its 20-year UDB. For this reason, a City’s SOI should, at a minimum be coterminous with, or extend beyond the established 20-year UDB. The City of Exeter should consider including the land located at the northeast quadrant of the AT & SF Railroad crossing at E. Palm Avenue within its SOI.

Ideal opportunities for the City to update its UDB and SOI occur at the time the City updates its General Plan, or in five year increments as needed to accommodate unexpected growth, when a General Plan

Update is not warranted. Some level of consistency should be maintained between a City's UDB and SOI, which requires coordination between the City, Tulare County Resource Management Agency, and Tulare County LAFCO.

FIGURE 1-2 – EXETER CITY LIMITS, SOI, 20-YEAR UDB, AND UAB



Source: Tulare County GIS Database

1.1.4 Land Use

Land use within Exeter is guided through the implementation of goals and policies set forth in the Exeter General Plan Land Use Element. The Land Use Element is considered the most prominent of the seven mandatory elements of the General Plan, as it determines the general location of residential, commercial, industrial, public and open space uses in addition to disclosing building intensities and population densities for the planning area. The land use and circulation elements of the General Plan have been termed the “blueprints” for the development of a City. The goals, policies, and implementation measures of the elements are considered to be the “instructions” for the blueprints.

The Land Use Element of the Exeter General Plan provides an excellent foundation for the logical growth and development of the City. The Land Use Element addresses several issues including land use and population; population and land use projections; land use designations and population densities; planning issues and land use goals; land use policies and actions (implementation measures); and land use designation/zoning district matrix.

Exeter’s downtown and its older residential neighborhoods are contained within a triangular area that is formed by the SP Railroad to the west, the Visalia Electric Railroad to the north and State Route 65 to the east. The City’s industrial areas, which are dominated by agriculturally related uses such as packing houses and cold storage facilities, are located along the SP Railroad, the AT and SF Railroad, and Industrial Drive.

Single family residential development has occurred in all quadrants of the City, with most of it occurring on the west side of town since 1990. Development of multi-family residential has been limited. Scattered corner lots in the original town site have been developed with duplexes and triplexes and a cul-de-sac street in the southeast quadrant of town was developed with 11 duplex units. More recent multi-family developments included a 45 unit complex at the northeast corner of Visalia Road and Jacobs Place and an 18 unit complex at the northeast corner of F Street and Palm Avenue. These units provided housing opportunities for low to moderate income families in the community.

Commercial development is centered in the downtown and to a lesser extent, along Visalia Road and State Route 65 (Kaweah Avenue). More recent developments include fast food franchises on Visalia Road, an office complex on North Kaweah Avenue, a Best Western Hotel on South Kaweah Avenue, and numerous remodels of retail space in the downtown.

Schools and parks are scattered throughout the community, locating in neighborhoods that are experiencing a demand for these types of public facilities. An elementary school is located along Sequoia Drive in the northeast quadrant of the City and the school district purchased land in the southwest quadrant of the community for a future elementary school site.

According to the Exeter General Plan, there is sufficient land within the Exeter UDB to accommodate the “high” growth scenario to the year 2020.

1.1.5 Annexation Policy

In 1995, the Exeter City Council strengthened the City’s annexation policy by amending its Urban Area Boundary Element with the addition of a 10-year annexation line. The amount of land contained within the 10-year annexation line was based on an annual population growth rate of 3.5 percent, a residential density of 5 units per acre, and a dwelling unit population of 2.87 persons per unit. The total amount of undeveloped residential land inside the 10-year annexation line was 303 acres, and allowed for residential

growth in all four quadrants of the City. As of 2006, only 60 acres of residential land inside the City's 10-year annexation line remains undeveloped.

The City's annexation policy, which includes a 10-year annexation line, has placed restrictive controls on residential growth in Exeter. The objective of these growth control measures is to promote residential infill development. Since 1995, these growth control measures have encouraged residential infill and a development pattern that is generally contiguous to existing development and concentric to Exeter's downtown. The number of lots available at any one time for home construction has been sufficient enough to insure that the cost of lots remain affordable.

This "infill" process has been beneficial for the City in that it better utilizes existing City infrastructure; it maintains a tight service area for police, fire and solid waste services; and it encourages residential development near existing parks and schools.

Two annexation applications have recently been filed with the City, both of which are inside Exeter's 10-year annexation line. The annexation areas include 40 acres at the northeast quadrant of Vine Street and N Elberta Road and 9.4 acres west of N Filbert Street and north of Sequoia Drive. Another annexation application, which includes 68 acres located west of Belmont Street and south of Visalia Road, would require modification of the City's 10-year annexation line.

1.1.6 Written Determinations

Historical Data & Population Projections

1. Historical Census data indicates that Exeter had a 1990 population of 7,276, and a 2000 population of 9,168. California Department of Finance projections indicated a January 2005 population of 10,357. These trends indicate that Exeter's population is growing at an average annual rate of approximately 2.5%.
2. Based upon historical population trends, at an average annual growth rate of 2.5%, Exeter's 2025 and 2030 population are projected to be 16,970 and 19,200, respectively. The Exeter General Plan projects that the population of Exeter will be between 13,306 and 16,177 by year 2020. The population projections contained in the Exeter General Plan are consistent with historical trends.

Planning Documents

1. The City plans for future growth through the implementation of policies and standards set forth in General Plan Elements. Exeter's General Plan is a long-range guide for attaining the City's goals within its ultimate service area and accommodating its population growth to the year 2020.
2. The City also plans for future growth through the preparation and implementation of specific plans and master plans. The City recently approved the "*Southwest Exeter Specific Plan*", which established the design and development standards for a 320-acre planning area located south of Visalia Road and west of Belmont Road. The City also master plans public infrastructure systems including water, sewer, and storm drain systems. Exeter is also in the process of reviewing a plan entitled "*Infill Housing/Downtown Revitalization*", which will promote mixed-use, historical preservation, infill housing and streetscape improvements within the Exeter town site, encompassing 240 acres.

Planning Boundaries

1. The Tulare County General Plan contains an Urban Boundaries Element which sets forth policy regarding development within municipal fringe areas surrounding incorporated cities.
2. According to adopted plans, urban development is to occur only within the incorporated City Limits, with certain exceptions. Within the 20-year UDB, development proposals are referred to the City for annexation. If the City cannot, or will not, annex, Tulare County considers the proposal on its merits.
3. The Exeter City Council adopted a 10-year annexation line in 1995 which is defined as a 10-year planning boundary within which annexations for residential development will be considered as long as it meets the requirements of the City's annexation policy, adopted in 1994. The adoption of tiered UDB's (or annexation lines) promotes orderly development by discouraging "leap frog" development from occurring.
4. Consistent with City and County General Plan policies, and boundary definitions, a City's SOI should, at a minimum, be coterminous with, or extend beyond the established 20-year UDB. According to the Exeter General Plan, the Exeter UDB is coterminous with Exeter's SOI adopted by Tulare County LAFCO.
5. The City of Exeter should consider including the land located at the northeast quadrant of the AT & SF Railroad crossing at E. Palm Avenue within its SOI, as the land is currently within the City's UDB, and is immediately adjacent to the existing City Limits.
6. Some level of consistency should be maintained between a City's UDB and SOI, which requires coordination between the City, Tulare County Resource Management Agency, and Tulare County LAFCO.

Land Use

1. The Land Use Element of the Exeter General Plan provides an excellent foundation for the logical growth and development of the City. The Land Use Element addresses several issues including land use and population; population and land use projections; land use designations and population densities; planning issues and land use goals; land use policies and actions (implementation measures); and land use designation/zoning district matrix.
2. According to the Exeter General Plan, there is sufficient land within the Exeter UDB to accommodate the "high" growth scenario to the year 2020.

Annexation Policy

1. In 1995, the Exeter City Council strengthened the City's annexation policy by amending its Urban Area Boundary Element with the addition of a 10-year annexation line. The 10-year annexation line allowed for residential growth in all quadrants of the City.
2. Since 1995, the City's strict annexation policies have encouraged residential infill and a development pattern that is generally contiguous to existing development and concentric to Exeter's downtown. These policies were implemented with the adoption of the "*Southwest Exeter Specific Plan*" which promotes contiguous development that fosters higher residential densities.

3. The “infill” process has proven to be beneficial for the City in that it better utilizes existing City infrastructure; it maintains a tight service area for police, fire and solid waste services; and it encourages residential development near existing parks and schools. As of 2006, only 60 acres of residential land inside the City’s 10-year annexation line remains undeveloped.
4. Two annexation applications have recently been filed with the City, both of which are inside Exeter’s 10-year annexation line. Another annexation application, which includes 68 acres located west of Belmont Street and south of Visalia Road, would require modification of the City’s 10-year annexation line.

1.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the City of Exeter in terms of availability of resources, capacity to deliver services, condition of facilities, planned improvements, service quality, and levels of service.

LAFCO is responsible for determining that an agency requesting an SOI amendment is reasonably capable of providing needed resources and basic infrastructure to serve areas within the City and its SOI. It is important that these findings of infrastructure and resource availability are made when revisions to the SOI and annexations occur. LAFCO accomplishes this by evaluating the resources and services to be expanded in line with increasing demands.

1.2.1 Domestic Water

Much of the information below was obtained or derived from the Exeter General Plan Draft Environmental Impact Report, as no other water studies were provided for this review. The City of Exeter provides water service to all developed areas within the City limits. The City also provides water to some parcels of land on the fringe of the City, outside City Limits. The City's water supply is derived from four active deep underground water wells that have a total maximum production efficiency of approximately 2,600 GPM. The City has lost two of their six wells due to water quality related problems. One well was abandoned due to high bacterial counts, and another was abandoned due to DBCP contamination. As reported in 1999, there were 2,700 connections to the City's water system, with approximately 2,300 being residential. Based on this data, and growth that has occurred since 1999, it is estimated that the City's water system supports approximately 3,050 connections. The City's water system is 100% metered, which promotes water conservation.

Exeter's water distribution system consists of a network of pipelines installed under the streets and alleys of the community. The City's water system was originally installed in 1911, making some of the pipes over 90 years old. The City's water distribution system consists of steel, asbestos cement, and cast iron pipe. As these lines continue to deteriorate, leaks will develop, for example, in 1996 a steel water pipe in Pine Street experienced a significant leak, causing water to surface through the street and sidewalks. The cost to replace this stretch of water line was over \$100,000. The City continues to actively replace old deteriorating water lines throughout the system within the limits of available funding. In 2005, the City replaced approximately 37,000 linear feet of old water lines.

The City's water system also includes three above ground storage tanks. Two 200,000 gallon tanks are at ground level, and are operated with booster pumps. An elevated storage tank with a capacity of 100,000 gallons is also connected to the system.

The City's water supply and distribution system was last studied in 1975 as a part of the 1975 Water Master Plan. City staff indicated that Quad Knopf, Inc. is in the process of updating the City's Water System Master Plan. It is recommended that the Water Master Plan Update include a study area that, at a minimum, encompasses all areas within the City's UDB and SOI. The master plan should also include a pipeline replacement plan/program to correct existing water system deficiencies. Any foreseen areas that the City anticipates including in its UDB or SOI should also be included within the master planning area.

The City's General Plan establishes policies to minimize impacts to public infrastructure including attracting industries that are complementary to the existing work force, that do not adversely affect air quality, the City's wastewater treatment plant or the City's water system and do not have a negative impact on the health and safety of the neighborhood or on the community as a whole. The City Engineer

reviews each industry that wishes to locate in Exeter to insure that the project will not have an adverse impact on Exeter's sewer or water systems. Should the City Engineer make such a finding, the City requires a mitigated negative declaration or an environmental impact report to be prepared on the proposed industry.

Urban development facilitated by the General Plan will increase demands on the City's water system. According to the Exeter General Plan Draft Environmental Impact Report, the City's water system would be required to generate up to 5.5 MGD to accommodate the General Plan build-out population. This increased demand will require Exeter to construct additional wells and new water lines which will have a fiscal impact on the City. In 2005 and 2006, the City brought two new wells online, with a third due online in 2007 (resulting in a total of seven wells). While a portion of the cost of developing new wells and installing new water lines is covered by current development impact fees and monthly service revenue, they will not be able to cover future domestic water costs caused by urban growth. In order to respond to future water demands, the General Plan has established policies and actions that will mitigate the impact of the City's growth on its domestic water system. Included among the policies and actions are,

- Adopting a new fee schedule for Exeter's development impact fees (including an annual review of these fees)
- Review and update infrastructure master plans as necessary (maintain consistency with General Plan Land Use Element)
- Continuing to seek state and federal grants for infrastructure improvements
- Updating its 5-year Capital Expenditure Program
- Work with the private sector to finance infrastructure improvements

Provided the City continues to implement policies and actions set forth by its General Plan, and recommendations contained within infrastructure master plans, the City will be in a position to provide domestic water service within its SOI and UDB. The City's municipal code contains provisions for water usage, which establishes policies to minimize the wasting of water, including assessing penalties for violations.

The City's budget contains a fund set up for the planning and construction of capital water system improvements. The City budgets for capital expenditures as a part of its annual budget process. The City did not provide an adopted five year capital improvement plan for this review. During fiscal year 2004-05, the City budgeted for over \$2 million in capital water system improvements including water line upgrades and construction of additional wells. These funds were used to bring two additional wells online in 2005 and 2006 in addition to replacing approximately 37,000 linear feet of old water lines.

The Urban Water Management Planning Act requires the Department of Water Resources to evaluate Urban Water Management Plans adopted by urban water suppliers pursuant to Section 10610.4 (c) and submitted to the Department no later than 30 days after adoption and updating once every five years, on or before December 31 in years ending in five and zero. According to the "Summary of 2000 Urban Water Management Plans", A Report to the Legislature pursuant to Section 10644 of the California Water Code, State of California Department of Water Resources, Exeter did not comply with the Urban Water Management Planning Act (for 2000). A Legislative Report on the status of 2005 Urban Water Management Plans is not yet available from the Department of Water Resources, therefore it is unknown if the City has complied with the 2005 requirement. It is recommended that the City of Exeter work to comply with the requirements of the Urban Water Management Planning Act. Non-compliant urban water suppliers are ineligible to receive funding pursuant to Division 24 (commencing with section 78500) or Division 26 (commencing with section 79000), or receive drought assistance from the State

until the UWMP is submitted pursuant to the Urban Water Management Planning Act. State funding for urban water improvements are often necessary to aid agencies in providing quality water service, especially during drought periods.

1.2.2 Wastewater Collection, Treatment, and Disposal

The City provides sanitary sewer collection, treatment, and disposal services to residents in the community. The sanitary sewer collection system consists of gravity collection pipes, manholes, service laterals, pump stations, and trunk sewer mains. The City's sewer collection system extends approximately 30 linear miles, relies upon 7 lift stations, and ranges in age from the 1940s to 2000. City of Exeter staff maintains and repairs the collection system. The City does not have an active inflow and infiltration program, but does not have a significant inflow and infiltration problem according to the City's engineer, Quad Knopf, Inc.

The current design and layout of Exeter's sewage collection system was planned through the City's Sewer Master Plan, prepared in 1974. The master plan was designed to accommodate a population of 10,460 persons, a population which has been surpassed as of 2006. As such, the master plan should be updated to plan for additional growth and population associated with build-out of the General Plan Land Use Element. It is recommended that the Sewer Master Plan Update include a study area that, at a minimum, encompasses all areas within the City's UDB and SOI. The master plan should also include a pipeline replacement plan/program to correct existing sewer system deficiencies. Any foreseen areas that the City anticipates including in its UDB or SOI should also be included within the master planning area.

Prior to a project completed in 2000, a major constraint to the City's collection system was the capacity of the intercept line in Belmont Avenue running from the City to the WWTF. In 2000, the City replaced the line, and increased the capacity to accommodate growth projected through 2020.

The City's WWTF is located approximately one mile southwest of the City near the southeast quadrant of the W. Meyer Avenue/Road 184 intersection with additional disposal ponds along the western frontage of Road 184. The WWTF receives domestic sewage from residential, industrial and commercial sources. Significant industrial users include approximately ten fruit packing houses, including an olive processing and packaging facility. As specified by General Plan Policy, the City Engineer requires industries that generate high strength industrial effluent to mitigate this impact by either pre-treating the effluent or by paying an appropriate wastewater impact fee to defray the City's cost of treating the effluent. The WWTF consists of headworks, primary lift station, two oxidation ditches, three secondary sedimentation basins, three evaporation/percolation ponds, and eight unlined sludge drying beds. The WWTF does not accept septage from haulers, or grease from area restaurants.

The WWTF operates under provisions outlined in *Waste Discharge Requirements (WDR) Order No. R5-2002-0063* issued by the California Regional Water Quality Board, Central Valley Region (RWQCB). WDR Order No. R5-2002-0063 prescribes that the monthly average daily discharge flow shall not exceed 1.07 million gallons per day (MGD), until provision G.5 has been satisfied, and shall not exceed 1.3 MGD thereafter. The order also prescribes that the monthly average daily discharge flow shall not exceed 1.94 MGD once provision G.9 is satisfied. Provisions G.4, G.5, G.8, and G.9 from WDR Order No. R5-2002-0063 are reiterated below.

Provision G.4: "All technical reports required herein that involve planning, investigation, evaluation, or design, or other work requiring interpretation proper application of engineering or geologic sciences, shall be prepared by or under the direction of persons registered to practice in California pursuant to California Business and Professions Code, sections 6735, 7835, and 7835.1. To demonstrate

compliance with Title 16, CCR, sections 415 and 3065, all technical reports must contain a statement of the qualifications of the responsible registered professional(s). As required by these laws, completed technical reports must bear the signature(s) and seal(s) of the registered professional(s) in a manner such that all work can be clearly attributed to the professional responsible for the work.”

Provision G.5: “The Discharger shall provide written certification from a California registered civil engineer that it has expanded the WWTF’s effluent disposal capacity to 1.3 MGD. The certification is subject to the requirements of Provision G.4. Upon written acceptance of the certification by the Executive Officer, this Provision shall be considered satisfied.”

Provision G.8: “The Discharger shall implement water recycling whenever and wherever a reasonable opportunity arises to supply recycled water in place of or as a supplement to the use of fresh water or better quality water, as for irrigation of commercial crops. This condition of discharge shall be self-implementing and subject to enforcement only if the Discharger cannot demonstrate to the satisfaction of the Regional Board that the exception was a recycling project not of maximum benefit to the people of the State.”

Provision G.9: “For the Discharger to be permitted to increase its discharge to 1.94 MGD, subsequent to satisfying Provision G.5, it must submit (a) a written report for accountability of compliance with Provision G.8, including plans to recycle wastewater or reasons why it is not possible to do so, and (b) written certification from a California registered civil engineer that it has expanded the WWTF’s effluent disposal capacity to 1.94 MGD. The certification is subject to the requirements of Provision G.4. Upon written acceptance of the written report and certification by the Executive Officer, this Provision shall be considered satisfied.”

Based upon information contained in the *Wastewater User Charge Survey Report F.Y. 2005-06*, issued by the State Water Resources Control Board in May 2006, the City of Exeter reported an average dry weather flow of 0.980 MGD (as of 2005). Based upon available data, and assuming that the WWTF has complied with Provision G.5 of WDR Order No. R5-2002-0063, it is concluded that WWTF is currently operating at approximately 75% of its capacity. Pending satisfaction of Provision G.9, the WWTF would be operating at approximately 51% of its capacity.

Based upon information provided by the City, using local, state and federal funds, Exeter recently upgraded its WWTF. These improvements were based on a report prepared by John Corollo Engineers, entitled “*Facilities Plan for Wastewater Treatment Plant Expansion*.” The upgrade, which occurred in two stages, increased the treatment capacity of the plant from 1.07 mgd to 2.14 mgd. These improvements are expected to serve Exeter’s population through the year 2013. Permitting information from the RWQCB validating a capacity of 2.14 mgd has not been provided for this review.

The City’s General Plan establishes policies to minimize impacts to public infrastructure including attracting industries that are complementary to the existing work force, that do not adversely affect air quality, the City’s wastewater treatment plant or the City’s water system and do not have a negative impact on the health and safety of the neighborhood or on the community as a whole. The City Engineer reviews each industry that wishes to locate in Exeter to insure that the project will not have an adverse impact on Exeter’s sewer or water systems. Should the City Engineer make such a finding, the City requires a mitigated negative declaration or an environmental impact report to be prepared on the proposed industry.

Urban development facilitated by the General Plan will increase demands on the City's sewer system and WWTF. According to the Exeter General Plan Draft Environmental Impact Report, a report entitled "*Facilities Plan for Wastewater Treatment Plant Expansion*," outlined improvements expected to accommodate Exeter's population growth through 2013. Beyond the year 2013, the WWTF will exceed its planned capacity, and will require Exeter to expand the plant and install new sewer lines and treatment plant equipment, which will have a fiscal impact on the City. While a portion of the cost of these improvements is covered by current development impact fees and monthly service revenue, they will not be able to cover future wastewater costs caused by urban growth beyond 2013. In order to respond to future wastewater demands, after 2013, the General Plan has established policies and actions that will mitigate the impact of the City's growth on its wastewater system. Included among the policies and actions are,

- Adopting a new fee schedule for Exeter's development impact fees (including an annual review of these fees)
- Review and update infrastructure master plans as necessary (maintain consistency with General Plan Land Use Element)
- Continuing to seek state and federal grants for infrastructure improvements
- Updating its 5-year Capital Expenditure Program
- Work with the private sector to finance infrastructure improvements

Provided the City continues to implement policies and actions set forth by its General Plan, and recommendations contained within infrastructure master plans, the City will be in a position to provide wastewater service within its SOI and UDB.

The City's budget contains a fund set up for the planning and construction of capital sewer system improvements. The City budgets for capital expenditures as a part of its annual budget process. The City did not provide an adopted five year capital improvement plan for this review. During fiscal year 2004-05, the City budgeted for over \$300,000 in capital sewer system improvements including lining of sludge drying beds at the WWTF, and engineering/inspection costs.

1.2.3 Streets and Traffic Circulation

The City constructs transportation improvements through the implementation of goals and policies set forth in the City's General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years. The City constructs street improvements primarily through the use of gas tax revenues, transportation development act (TDA) funds, transportation impact fees charged to new development projects, and redevelopment funds.

The City's circulation system is broken down into a series of roadways classified as arterials, collectors, local streets, and alleys. Arterials generally provide for through traffic movement on continuous routes through the City. Exeter has three roadways that are classified as arterials – Visalia Road, S.R. 65 (Kaweah Avenue), and Spruce Road. Visalia Road links Exeter with two cities to the west, Farmersville and Visalia; State Highway 65 connects Exeter to State Highway 198, two miles to the north, and State Highway 137, six miles to the south, and Spruce Road, which is located on the eastern fringe of the community and is slated to be the "future" State Highway 65, links Exeter with Lindsay and Porterville to the south and Woodlake to the north.

Exeter also has an extensive alley system, most of which are 20 feet wide and are unpaved. Unpaved alleyway's can be a significant maintenance burden to a City due to heavy vehicle and storm-water

related impacts causing structural deficiencies (i.e. potholes, dips, etc.). Alleys typically provide rear access to residential dwellings in older neighborhoods and to commercial buildings in the downtown area. Typically, many of the alleys contain above-ground and below-ground utilities, and also serve as a route for trash pickup.

As prescribed by General Plan Policy, roadway segments projected to operate below level of service (LOS) C during the planning period will be listed in Exeter's Capital Improvement Program (CIP). Improvements on these roadways are to be financed by gas tax and transportation funds, redevelopment funds, and development impact fees. The following roadways have been identified as needing improvements to maintain acceptable LOS throughout the planning period.

- Visalia Road between Orange Avenue and Filbert Road
- Firebaugh Avenue between Kaweah Avenue F Street
- Belmont Road between Visalia Road and Vine Street
- Belmont Road between Visalia Road and Glaze Avenue

In addition, the following intersections were identified as requiring some type of control and/or capacity related improvements to maintain acceptable peak hour traffic operations throughout the planning period.

- Visalia Road/Elberta Avenue
- Belmont Road/Visalia Road
- Kaweah Avenue/Firebaugh Avenue
- Kaweah Avenue/Rocky Hill Drive

Improvements at the above intersections, which will facilitate a more acceptable LOS rating, will be financed by gas tax and transportation funds, redevelopment funds and development impact fees.

As identified in the City of Exeter General Plan, Caltrans is planning to upgrade Spruce Road to expressway status and designate it as the new "State Route 65". This route, which forms the eastern boundary of Exeter's planning area, will carry traffic along the east side of the San Joaquin Valley from Bakersfield to State Highway 198. It is important that the segment of Spruce Road adjacent to the Exeter planning area be provided with proper interchanges and signage so that persons can effectively access Exeter. Once Spruce Road is transformed into an expressway, the preferred location for an interchange providing access to Exeter has been identified as Firebaugh Avenue. At or before the time Spruce Avenue is upgraded to an expressway facility, it is recommended that the City expand its SOI and UDB to include the area west of Spruce Avenue, which is not currently within the City's SOI or UDB, but is within the City's UAB. This will allow the City to control development and roadway improvements along the key arterial entrance (Firebaugh Avenue) into Exeter from the east.

The Exeter General Plan Circulation Element also identifies two intersections at which roundabouts are to be implemented. The Pine Street intersections at C Street and Filbert Street are designated for roundabouts by the General Plan. Roundabouts enhance the aesthetics of intersecting roadways, as they often contain visual features such as statues, fountains, or landscaping in the interior portion.

The City insures that streets will continue to operate at acceptable LOS through the planning period through the implementation of goals and policies set forth in the City's Circulation Element. As prescribed by Circulation Element Policy, the City shall program into its 5-year capital budget, street improvements that will insure the specified LOS is not exceeded in the City Limits. Funds for these street improvement projects will come from gas tax and transportation funds. Circulation Element Policy also states that land use projects which generate large amounts of traffic shall be precluded from channeling

traffic onto local roadways, and the Planning Department shall recommend denial of discretionary land use projects to the Planning Commission and City Council that are inconsistent with this policy.

Consistent with the Circulation Element, the City approved a traffic impact fee consistent with the requirements of AB 1600. A draft study was prepared by the City Planner, and was approved by the Exeter City Council. The study recommended that 40% of the cost of non-sewer, water and storm drainage improvements will be recovered by development impact fees and the remaining 60% will come from other funding sources (i.e. state and federal grants, general fund, redevelopment fund, etc.). The study recommended new impact fees totaling \$2,493 per equivalent dwelling unit to help finance future construction of landscaped medians, traffic signals, landscaped intersections, railroad crossings, bike paths, City Hall, City Museum, City Recreation Building, and parks. In addition to assessing development impact fees, the City should remain active in applying for state and federal grants, including but not limited to HOME, TEA-21, and Rural Development grants.

The City's Circulation Element provides an excellent policy base for the future development of the City's transportation network. The City will need to continue to implement its General Plan Circulation Element goals and policies to meet the future needs of the community. It is recommended that the City take the lead in planning for transportation and circulation improvements within the boundary of its UDB and SOI. Streets within this area should be constructed to City standards, since it is likely that the area will ultimately be incorporated into and become a part of the City of Exeter.

1.2.4 Solid Waste Collection and Disposal

The City is contracted with Allied Disposal Service for solid waste collection and disposal services. Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement. The collection and disposal of solid waste is financed by monthly fees paid by the residents of Exeter.

Weekly curbside or alley collection of household, commercial and industrial solid waste is provided by the City's refuse disposal contractor. Wastes are then transported to the Visalia Landfill, located on Road 80, north of Visalia. Based upon discussions with the Tulare County Solid Waste Division, the Visalia Landfill is planned to expand in 9 phases, based upon increased demand. Phase 1 expansion has already been implemented. With the nine phased expansions, the total capacity of the Visalia Landfill is estimated at 16,521,501 cubic yards. The Tulare County Solid Waste Division further indicated that the Visalia Landfill has sufficient capacity to accommodate solid waste disposal demands through year 2040.

In 1989, the State of California passed the Integrated Waste Management Act. Assembly Bill 939 (AB 939) required all cities and counties to implement programs to reduce landfill tonnage by 25% by the end of 1995, and 50% by the end of 2000. Seven of the eight Tulare County City's (Porterville, Visalia, Tulare, Lindsay, Exeter, Farmersville and Dinuba and the County of Tulare) are involved in a Joint Power Authority (Consolidated Waste Management Authority, CWMA). The CWMA is at 49% diversion with the latest diversion numbers approved by the board for year 2002. The CWMA has requested and received a California Integrated Waste Management Board Approved Time Extension Biennial Review Delay. a time extension and plans to return to 50% diversion. The Board approves, through the Biennial Review process, the diversion numbers calculated for a jurisdiction for compliance purposes. The Biennial Review Delay was requested because the CWMA is continuing a time extension previously granted by the Board in order to improve its programs and return to 50% diversion.

The City of Exeter adopted a Source Reduction and Recycling Element which establishes policies and implementation strategies that will reduce the volume of solid waste being disposed of at the Visalia

Landfill. Implementation of the Source Reduction and Recycling Element will assist the City and JPA in meeting the requirements of AB 939.

1.2.5 Power Generation and Distribution

Power generation and distribution is provided by a privately owned utility company. The Southern California Edison (SCE) Company serves most of the Cities within Tulare County, including Exeter. Since privately owned utility companies are not subject to Sphere of Influence (SOI) determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

1.2.6 Fire and Police Protection Services

Fire

Fire protection in the planning area is provided by the California Department of Forestry, Tulare County Fire Department. The Fire Department operates a station located adjacent to Exeter City Hall on “F” Street in downtown Exeter. The station is staffed by two full time firefighters augmented by twenty volunteers. The station is equipped with one 1,250 gallon per minute (GPM) engine, a 1,000 gpm engine, a 1,000 gpm ladder truck and a 135 gpm light engine. All developed portions of Exeter are connected to the City water system, which provides adequate water pressure for fire suppression purposes.

The Fire Department serving the Exeter area has an insurance service office (ISO) rating of six (6). The ISO rates fire departments on a scale of one (best) to ten (unprotected), taking into consideration receiving and handling of fire alarms, fire department operations, water supply, and other factors. The ISO grading schedule is an insurance industry rating system that measures a City’s ability to provide fire protection, and is primarily directed towards minimizing property loss. The rating system favors fire suppression rather than fire prevention. Areas outside of the City Limits (not connected to the City water system) are rated eight (8) by the ISO.

The urbanized portion of the planning area is within a five minute response time of the fire station. In addition, secondary fire protection coverage is provided by the Tulare County Fire Department’s Lovers Lane/Walnut Avenue station, located about eight miles west of the planning, and the City of Farmersville, about five miles west of Exeter.

The fire department reviews proposed development projects to insure adequate fire protection will be provided including installation of fire hydrants, extension of water lines, installation of fire sprinklers, and requiring vehicular access for fire engines. The Exeter General Plan contains policies and actions that will facilitate an effective and responsive fire protection system, as summarized below.

- Insure that new developments are designed so that crime and fire safety are considered in the design through the City’s Site Plan Review process
- Insuring that the City’s water system will continue to have adequate water supply and pressure to meet fire suppression requirements through the implementation of a Water Master Plan
- Continuing to implement innovative programs that promote an efficient delivery system including a volunteer program, aggressive fire prevention program, and promoting sprinklers to be installed in new commercial and industrial developments
- Continue to financially support the Tulare County Fire Department to insure that persons in the Exeter area are well served in regards to response time by fire personnel

Provided the City continues to implement policies and actions set forth by its General Plan, the City, in cooperation with the Tulare County Fire Department, will be in a position to provide fire protection service within its SOI and UDB.

Subsequent to the preparation of the Draft MSR for the City of Exeter, based upon information provided by the City Planner, fire protection in Exeter is in a transitional phase since CDF has pulled out of the valley floor. The City is currently looking at alternative options for fire services in Exeter.

Police

Law enforcement services for the City of Exeter are provided by the City of Exeter Police Department headquartered at 100 C Street in downtown Exeter. Lands outside of the City Limits are patrolled both by the Exeter Police Department and the Tulare County Sheriff's Department through a mutual aid agreement. The Exeter Police Department is staffed with 13 sworn officers, 10 reserve officers, three community service officers, four administrative secretaries, a dispatcher and a police chief. The current sworn officer to population ratio for Exeter is approximately 1:800, which is excellent compared to other cities throughout the region.

Future growth and development will likely require increases in staffing and equipment of the Exeter Police Department. If the City is to maintain the same ratio of officers to residents as presently exists, 8 to 9 additional officers must be hired by the year 2025. This hiring need will have a fiscal impact on the City's general fund. Some of the funds for these additional officers will come from increases in Exeter's property tax base and additional sales tax. Since the increase in demand for new officers should occur gradually, it is expected that revenue sources should keep pace with increasing demands, according to the City's General Plan. The City should also consider the adoption of a public safety impact fee to supplement general fund revenues for the purchase of capital equipment that will improve the operations of the Police Department. The Exeter General Plan contains policies and actions that will facilitate an effective and responsive Police Department, as summarized below.

- Insure that new developments are designed so that crime and fire safety are considered in the design through the City's Site Plan Review process
- Continue to apply for state and federal grants that can provide money to supplement the City's Police Department revenue
- Continuing to implement innovative programs that promote an efficient delivery system including a volunteer program, take home car program, and K-9 unit program

Provided the City continues to implement policies and actions set forth by its General Plan, the City will be in a position to provide police protection services within its SOI and UDB.

1.2.7 Written Determinations

Domestic Water

1. The City's water supply is derived from four active groundwater wells, which have a total maximum production efficiency of approximately 2,600 GPM. The City provides domestic water to all developed areas within the City, as well as land on the fringe of the City, outside the City Limits. In 2005 and 2006, the City brought two new wells online, with a third due online in 2007 (resulting in a total of seven wells).

2. The City has two wells that have been abandoned due to water quality related problems. One well was abandoned due to high bacterial counts, and another was abandoned due to DBCP contamination.
3. As reported in 1999, there were 2,700 connections to the City's water system. Based upon growth that has occurred since 1999, it is estimated that the City's water system supports approximately 3,050 connections. All connections to the City's water system are metered, which promotes water conservation.
4. The City's water system was originally installed in 1911, making some of the pipes over 90 years old. The City continues to actively replace old deteriorating water lines throughout the system within the limits of available funding. In 2005, the City replaced approximately 37,000 linear feet of old water lines.
5. The City's water supply and distribution system was last studied in 1975 as a part of the *1975 Water System Master Plan*. City staff indicated that Quad Knopf, Inc. is in the process of updating the City's Water System Master Plan. It is recommended that the Water Master Plan Update include a study area that, at a minimum, encompasses all areas within the City's UDB and SOI. Any foreseen areas that the City anticipates including in its UDB or SOI should also be included within the master planning area.
6. Provided the City continues to implement policies and actions set forth by its General Plan, and recommendations contained within infrastructure master plans, the City will be in a position to provide domestic water service within its SOI and UDB.
7. The City's municipal code contains provisions for water usage, which establishes policies to minimize the wasting of water, including assessing penalties for violations.
8. Based upon information obtained from the Department of Water Resources, Exeter has not complied with the Urban Water Management Planning Act, which requires urban water suppliers to submit Urban Water Management Plans to the Department every five years, on years ending in zero and five. The City has not complied with the 2000 requirement and to date, has not complied with the 2005 requirement. Noncompliant urban water suppliers are ineligible to receive funding pursuant to Division 24 (commencing with section 78500) or Division 26 (commencing with section 79000), or receive drought assistance from the State until the UWMP is submitted pursuant to the Urban Water Management Planning Act. It is recommended that the City work to comply with the requirements of the Urban Water Management Planning Act.

Wastewater Collection, Treatment and Disposal

1. The current design and layout of Exeter's sewage collection system was planned through the City's Sewer Master Plan, prepared in 1974. The collection system extends over 30 linear miles, and ranges in age from the 1940s to the present. The City's collection system does not experience a significant inflow/infiltration problem according to the City's engineer.
2. The City's collection system was last studied in the 1974 Sewer Master Plan, which was designed to accommodate a population of 10,460 persons, a population which has been surpassed as of 2006. As such, the master plan should be updated to plan for additional growth and population associated with build-out of the General Plan Land Use Element. It is

recommended that the Sewer Master Plan Update include a study area that, at a minimum, encompasses all areas within the City's UDB and SOI.

3. The City owns and operates a WWTF located approximately one mile southwest of the City near the southeast quadrant of the W. Meyer Avenue/Road 184 intersection. The WWTF receives domestic sewage from residential, commercial, and industrial sources. Significant industrial users include approximately ten fruit packing houses, including an olive processing and packaging facility.
4. The City Engineer requires industries that generate high strength industrial effluent to mitigate this impact by either pre-treating the effluent or by paying an appropriate wastewater impact fee to defray the City's cost of treating the effluent. The WWTF does not accept septage from haulers, or grease from area restaurants.
5. The WWTF operates under provisions outlined in *Waste Discharge Requirements (WDR) Order No. R5-2002-0063*, issued by the RWQCB. The order prescribes permitted capacities based upon the satisfaction of specific provisions. Assuming that written certification regarding the WWTF effluent disposal capacity has been provided to the RWQCB, the WWTF has a current capacity of 1.30 MGD. Available data indicates that the average dry weather flow is approximately 1.05 MGD, indicating that the plant is operating at approximately 81% of its capacity.
6. According to the Exeter General Plan Draft Environmental Impact Report, a report entitled "*Facilities Plan for Wastewater Treatment Plant Expansion*," outlined improvements expected to accommodate Exeter's population growth through 2013. Beyond the year 2013, the WWTF will exceed its planned capacity, and will require Exeter to expand the plant and install new sewer lines and treatment plant equipment, which will have a fiscal impact on the City. In order to respond to future wastewater demands, after 2013, the General Plan has established policies and actions that will mitigate the impact of the City's growth on its wastewater system.
7. Based upon information provided by the City, using local, state and federal funds, Exeter recently upgraded its WWTF. These improvements were based on a report prepared by John Corollo Engineers, entitled "*Facilities Plan for Wastewater Treatment Plant Expansion*." The upgrade, which occurred in two stages, increased the treatment capacity of the plant from 1.07 mgd to 2.14 mgd. These improvements are expected to serve Exeter's population through the year 2013. Permitting information from the RWQCB validating a capacity of 2.14 mgd has not been provided for this review.
8. Provided the City continues to implement policies and actions set forth by its General Plan, and recommendations contained within infrastructure master plans, the City will be in a position to provide wastewater service within its SOI and UDB.

Streets and Traffic Circulation

1. The City constructs transportation improvements through the implementation of goals and policies set forth in the City's General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years.

2. The City constructs street improvement primarily through the use of gas tax revenues, transportation development act (TDA) funds, transportation impact fees charged to new development projects, and redevelopment funds.
3. The City insures that streets will continue to operate at acceptable levels of service through the planning period through the implementation of goals and policies set forth in the City's General Plan Circulation Element. The City's Circulation Element provides an excellent policy base for the future development of the City's transportation network.
4. It is recommended that the City take the lead in planning for transportation and circulation improvements within the boundary of its UDB and SOI. Streets within this area should be constructed to City standards, since it is likely that the area will ultimately be incorporated into and become a part of the City of Exeter.

Solid Waste Collection and Disposal

1. The City is contracted with Allied Disposal Service for solid waste collection and disposal services. Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Power Generation and Distribution

1. Power generation and distribution is provided by the privately owned utility company, Southern California Edison (SCE). Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Fire and Police Protection Services

1. Fire protection in the planning area is provided by the California Department of Forestry, Tulare County Fire Department, which operates out of a station located adjacent to Exeter City Hall on "F" Street in downtown Exeter.
2. The Fire Department serving the Exeter area has an insurance service office (ISO) rating of six (6). Areas outside of the City Limits (not connected to the City water system) are rated eight (8) by the ISO.
3. The Exeter General Plan contains policies and actions that will facilitate an effective and responsive fire protection system. Provided the City continues to implement policies and actions set forth by its General Plan, the City, in cooperation with the Tulare County Fire Department, will be in a position to provide fire protection service within its SOI and UDB.
4. Subsequent to the preparation of the Draft MSR for the City of Exeter, based upon information provided by the City Planner, fire protection in Exeter is in a transitional phase since CDF has pulled out of the valley floor. The City is currently looking at alternative options for fire services in Exeter.
5. Law enforcement services for the City of Exeter are provided by the City of Exeter Police Department, headquartered at 100 C Street in downtown Exeter. Lands outside of the City

Limits are patrolled both by the Exeter Police Department and the Tulare County Sheriff's Department through a mutual aid agreement.

6. The Exeter Police Department operates with 13 sworn officers, 10 reserve officers, 3 community service officers, 4 administrative secretaries, a dispatcher and a police chief. The current sworn officer to population ratio for Exeter is approximately 1:800, which is excellent compared to other cities throughout the region.
7. In order to maintain the same ratio of officers to residents as presently exists, 8 to 9 additional officers would need to be hired by the year 2025.
8. The City should consider the adoption of a public safety impact fee (charged to new development) to supplement general fund revenues for the purchase of capital equipment that will improve the operations of the Police Department.
9. Provided the City continues to implement policies and actions set forth by its General Plan, the City will be in a position to provide police protection services within its SOI and UDB.

1.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate a jurisdiction's capability to finance needed improvements and services.

1.3.1 Annual Budget

Evaluations and discussions provided in this section are based upon the City's F.Y. 2004-05 budget document. The City prepares a comprehensive annual budget that sets forth the financial priorities of the City for the upcoming fiscal year within available funding constraints. The City has several different funds set up for the individual operations of the City. The City's budget consists of the following funds.

- General Fund
- Water
- Sanitation
- Sewer
- Water Capital
- Gas Tax
- Transportation
- Redevelopment
- Transit
- Park/Recreation Land
- Storm Drain
- Insurance
- Equipment Replacement
- Sewer Capital
- Sewer Reserve/Renewal
- Water Reserve/Renewal
- CDBG Business Assistance
- CDBG Revolving Loan
- Low/Moderate Housing
- HOME Program
- FTHB Program Income
- CDBG Rehabilitation
- CHFA Help

The City's budget provides a fund balance analysis which illustrates how each fund is performing, and where additional revenue is needed, and funds that have excess revenues. The City's budget provides a summary and a detailed description of the revenues and expenditures for each City fund. A summary of the budgeted revenues and expenditures for fiscal year 2004-05 for each City fund is provided in Table 1-2.

**TABLE 1-2
CITY FUNDS REVENUES VS. EXPENDITURES F.Y. 2004-05**

City Fund	Beginning Balance (07-01-04)	2004-05 Revenue Summary	2004-05 Expenditure Summary	Budgetary Fund Balance (06-30-05)
General Fund	975,000	2,611,350	3,043,043	543,307
Water Fund	880,000	685,500	693,383	872,117
Sanitation Fund	40,000	809,860	823,162	26,698
Sewer Fund	175,000	741,900	881,547	35,353
Water Capital Fund	2,253,000	145,000	2,384,000	14,000
Gas Tax Fund	70,000	179,000	226,000	23,000
Transportation Fund	98,029	8,000	90,000	16,029
Redevelopment Fund	979,086	343,000	144,409	1,177,677
Transit Fund	0	98,900	98,713	187
Park/Rec Land	15,230	300	0	15,530
Storm Drain Fund	0	5,500	0	5,500
Insurance Fund	217,156	804,622	831,242	190,536
Equipment Replacement	0	105,550	105,000	550
Sewer Capital Fund	210,000	106,000	305,000	11,000
Sewer Reserve/Renewal	333,838	32,100	0	365,938
Water Reserve/Renewal	0	12,500	0	12,500
CDBG Business Assistance	68,405	68,405	0	136,810
CDBG Revolving Loan	276,000	20,150	100,000	196,150
Low/Moderate Housing	(100,000)	100,000	224,949	(224,949)
HOME Program	93,634	585,000	632,366	46,268
FTHB Program Income	243,325	95,500	0	338,825
CDBG Rehabilitation	154,000	550,000	704,000	0
CHFA Help	88,444	0	88,444	0
Total of All Funds	7,070,147	8,108,137	11,375,258	3,803,026

Source: City of Exeter Fiscal Year 2004-05 Adopted Budget

The above revenue/expenditures summary accounts for the following transfers between funds; \$150,000 transferred from the transportation fund to the general fund; \$75,000 transferred from the gas tax fund to the general fund; \$105,000 transferred from the general fund to the equipment replacement fund; \$23,100 transferred from the sewer fund to the sewer reserve/renewal fund; and \$12,500 transferred from the water fund to the water reserve/renewal fund.

As indicated in Table 1-2, the City's projected expenditures exceeded anticipated revenues by \$3,267,121 for fiscal year 2004-05. This can largely be attributed to spending capital water and sewer reserve funds, which have been generating a steady revenue source for several years, with spending occurring only as capital improvements are needed.

According to the City's fiscal year 2004-05 budget, the City's general fund was unbalanced by approximately \$550,000 not including any transfers from other funds. With transfers, the general fund was unbalanced by approximately \$430,000. A remaining general fund balance of \$543,307 was estimated, a decrease of 44% from the previous fiscal year. The Government of Finance Officers Association recommends, at a minimum, that general purpose governments, regardless of size, maintain

unreserved fund balance in their general fund of no less than 5-15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The City's general fund balance at the end of the 2004-05 fiscal year represented approximately 21% of general fund operating revenue, and just over two months of general fund operating expenditures.

1.3.2 Utility User Tax

One of the most important general fund revenue sources for a City is the utility user tax (UUT). The UUT is a vital element in the funding of critical City services. On average, the UUT provides 15% of general purpose revenue in cities that levy it. UUT revenues most commonly fund police, fire, parks, library, and long-range land use planning services and related support services. Many City UUT levies and increases have resulted from cuts to City revenues by the State. Within a few years of the beginning of the ERAF property tax shifts, more than fifty cities had increased an existing or levied a new UUT. The most common UUT rate is 5%, while the average rate is 6%, applied broadly among many types of utilities. A comparison the UUT rate among the eight Tulare County cities is provided in Table 1-3.

**TABLE 1-3
COMPARISON OF UTILITY USER TAX RATES**

CITY	UUT RATE	UTILITIES APPLIED TO
Dinuba	7%	Telephone, Electricity, Gas
Exeter	5%	Telephone, Electricity, Gas, Cable
Farmersville	None	N/A
Lindsay	6%	Telephone, Electricity, Gas, Cable, Water, Sewer, Garbage
Porterville	6%	Telephone, Electricity, Gas, Cable, Water
Tulare	7%	Telephone, Electricity, Gas, Cable, Water
Visalia	None	N/A
Woodlake	6%	Telephone, Electricity, Gas, Cable

Source: <http://www.californiacityfinance.com/UUT03PUB.xls>

As indicated in Table 1-3, among the cities in Tulare County that levy a UUT (Visalia and Farmersville do not currently levy a UUT), Exeter's UUT is the lowest at 5%. The City could potentially generate additional revenue through an increase in its UUT for general government purposes. The City's UUT could also be expanded to include services not covered by the existing UUT, i.e. water, sewer, and/or garbage. A two thirds voter approval is required for any new or increased special tax. A general tax requires majority voter approval. Currently, all City UUT levies in California are general taxes, and therefore require majority voter approval.

1.3.3 General Plan Fiscal Goals

The City's General Plan addresses the fiscal conditions of Exeter by encouraging a strong sales tax base. The General Plan establishes the following goals to attempt to reverse the leakage of sales tax dollars to surrounding communities.

- Continue to improve on the image of the downtown and the number of businesses
- Work to attract new retail establishments to the Visalia Road corridor
- Provide efficient access from Spruce Road into Exeter
- Attract moderate sized retail stores that sell the kinds of goods presently not found in Exeter, including appliances, furniture, electronics, and home improvement supplies

The importance of sales tax generating development (i.e. retail) has become more apparent, since the passage of Proposition 13, where much of City property tax revenues were shifted to the State. It is important that Exeter continue to attract new retail establishments to the community in order to minimize the leakage of local sales tax dollars, and remain competitive in local and regional markets.

The State of California is currently operating under a significant budget crisis. The State continues to reduce and/or cut revenue sources, such as the motor vehicle in-lieu tax, to local governments. Without these sources of revenues, small cities, like Exeter, incur significant budget constraints and deferment of scheduled maintenance items.

1.3.4 Written Determinations

1. The City prepares a comprehensive annual budget that sets forth the financial priorities of the City for the upcoming fiscal year within available funding constraints. The City has several different funds, including enterprise and non-enterprise funds, set up for the individual operations of the City.
2. According to the City's fiscal year 2004-05 budget, the City's general fund was unbalanced by approximately \$550,000 not including any transfers from other funds. A general fund balance of \$543,307 was estimated at the end of fiscal year 2004-05, a decrease of 44% from the previous fiscal year. The Government of Finance Officers Association recommends, at a minimum, that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The City's general fund balance at the end of the 2004-05 fiscal year represented approximately 21% of general fund operating revenue, and just over two months of general fund operating expenditures.
3. The City could potentially generate additional revenue through an increase in its UUT for general government purposes. The City's UUT could also be expanded to include services not covered by the existing UUT, i.e. water, sewer, and/or garbage. Increased or new UUTs generally require majority voter approval.
4. The City's General Plan addresses the fiscal conditions of Exeter by encouraging a strong sales tax base. The General Plan establishes goals to reverse the leakage of sales tax dollars to surrounding communities. It is important that Exeter continue to attract new retail establishments to the community in order to minimize the leakage of local sales tax dollars, and remain competitive in local and regional markets.
5. It is recommended that the City explore opportunities to establish assessment districts for the public maintenance and operation of various public facilities, for example, landscaping and lighting.
6. The State of California is currently operating under a significant budget crisis. The State continues to reduce and/or cut revenue sources, such as the motor vehicle in-lieu tax, to local governments. Without these sources of revenues, small cities, like Exeter, incur significant budget constraints and deferment of scheduled maintenance items.

1.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

1.4.1 Cost Avoidance Strategies

The City avoids unnecessary costs through the implementation of infrastructure Master Plans and the General Plan, which assist in eliminating overlapping or duplicative services. Master planning documents also provide sound funding alternatives for their implementation, and plan for growth within and surrounding the City. At the time Master Plan documents are updated, the planning area should also be updated to include the City's current SOI and/or UDB areas. Planning out to ultimate service area boundaries helps identify any impacts that future planned infrastructure may have on current infrastructure in place, and mitigations that would alleviate such impacts. The City's water and sewer master plans are from 1975 and 1974, respectively, and need updating.

The City avoids unnecessary costs by assessing development impact fees for the purpose of financing public infrastructure, including water, sewer, storm drain, and transportation improvements. The City's development impact fee program helps offset the financial responsibility of the City to install and maintain the infrastructure necessary to serve new developments. The City's development impact fees are discussed further in a subsequent section of this report.

Capital planning is critical to water, sewer, transportation, sanitation, and other essential public services. It is also an important component of a community's economic development program and strategic plan. It is difficult for governments to address the current and long term needs of their constituents without a sound multi year capital plan that clearly identifies capital and major equipment needs, maintenance requirements, funding options, and operating budget impacts. A properly prepared capital plan is essential to the future financial health of an organization and continued delivery of services to citizens and businesses. The Government Finance Officers Association recommends that state and local governments prepare and adopt comprehensive multi year capital plans to ensure effective management of capital assets. A prudent multi year capital plan identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. A capital plan should cover a period of at least three years, preferably five or more. Exeter's capital plan has not been provided for this review.

The City has opportunities to increase its cost effectiveness and revenue raising efforts by including the use of assessment districts, tracking savings and interest on reserves, maintaining a balanced budget including maintaining a General Fund budget that grows each year, and emphasizing performance measurement practices. The City can also avoid unnecessary costs associated with payment of high interest rates on debt owed by the City by pursuing general obligation bonds while interest rates are low, and by exploring opportunities to refinance higher interest loans to reduce the existing debt obligations of the City. The City can avoid unnecessary costs associated with the operation and maintenance of the street lighting system by researching and implementing funding options as it relates to Proposition 218 limitations.

The City avoids unnecessary costs by implementing smart growth practices by promoting development in infill areas and areas where infrastructure is already in place (and has excess capacity). This is demonstrated by the City's adoption of an annexation policy and 10-year annexation line. The 10-year annexation line and annexation policy have placed restrictive controls on residential growth in Exeter. The objective of these two growth control measures is to promote residential infill development. This

“infill” process helps the City avoid unnecessary costs by better utilizing existing City infrastructure; maintaining a tight service area for police, fire, and solid waste services; and encouraging residential development near existing parks and schools.

It can be expected that the City will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas, and through implementation of its adopted annexation policy.

The City could also avoid unnecessary costs through the construction of joint use facilities, including but not limited to recreational sports fields, parks, or other facilities that could be used by multiple agencies. It is a goal of the City Council to continue partnerships with the local School District and the Chamber of Commerce, an indication of the City’s ongoing efforts to work with outside agencies to promote joint use projects.

1.4.3 Written Determinations

1. The City avoids unnecessary costs through the implementation of infrastructure Master Plans and the General Plan, which assist in eliminating overlapping or duplicative services. Planning out to ultimate service area boundaries helps identify any impacts that future planned infrastructure may have on current infrastructure in place, and mitigations that would alleviate such impacts. The City’s water and sewer master plans are from 1975 and 1974, respectively, and need updating.
2. The City avoids unnecessary costs by assessing development impact fees for the purpose of financing public infrastructure, including water, sewer, storm drain, and transportation improvements. The City’s development impact fee program helps offset the financial responsibility of the City to install and maintain the infrastructure necessary to serve new developments.
3. A multi year capital improvement plan is critical to providing efficient public services. It identifies and prioritizes expected needs based on a community’s strategic plan, establishes project scope and costs, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. Exeter’s capital plan has not been provided for this review.
4. The City has opportunities to increase its cost effectiveness and revenue raising efforts by including the use of assessment districts, tracking savings and interest on reserves, maintaining a balanced budget including maintaining a General Fund budget that grows each year, and emphasizing performance measurement practices.
5. The City can avoid unnecessary costs associated with the operation and maintenance of the street lighting system by researching and implementing funding options as it relates to Proposition 218 limitations.
6. The City’s adopted annexation policy and 10-year annexation line have helped the City avoid unnecessary costs by better utilizing existing City infrastructure; maintaining a tight service area for police, fire, and solid waste services; and encouraging residential development near existing parks and schools.

1.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels. This section provides a comparison of various utility rates to surrounding jurisdictions to show that the City can provide effective quality service at rates comparable to surrounding agencies.

1.5.1 Fee Structure

The City's budget process includes an annual review and update of user rates charged for public services. As set forth by the City's municipal code, water rates charged by the City have been incrementally increased in 2003, 2004, and recently in 2006. All connections to the City's water system are metered, but the base rate of \$11.00 per month covers usage to 1,500 cubic feet of water. For utilization of revenue collected from the minimum monthly rate of eleven dollars per unit, one dollar of the basic rate collected on each unit is placed in a separate account to be utilized only for capital improvement/expansion of the water system.

As set forth by the City's municipal code, sewer rates charged by the City have been incrementally increased, on an annual basis, by \$1.00 per month in 1999, 2001, 2002, and most recently, 2003 resulting in the current monthly fee of \$16.00 per month for standard residential sewer service.

As prescribed by General Plan policies, the City should insure that development impact fees pay for public improvements required by the General Plan and infrastructure master plans. The General Plan recommends that a new fee schedule be developed for Exeter's development impact fees. The City's water, sewer and storm drainage development impact fees should be reviewed on an annual basis, focusing on the relationship between the amount of fees being collected for each of the accounts and the future capital needs of each system based on development trends in Exeter. Any modifications to the City's development impact fees should be processed consistent with the requirements of AB 1600. The City's water connection fees are established from time to time by an ordinance of the City Council. The City's water connection fee ordinance was not provided for this review. The City's sewer connection fees, established in the City's municipal code, were last increased in 1994 to \$1,900 for a typical single family dwelling.

Tables 1-4 and 1-5 compare the water and sewer rates for the eight Tulare County cities (Dinuba, Exeter, Farmersville, Lindsay, Porterville, Tulare, Visalia, and Woodlake). The rates identified are for single family dwellings metered water service, and flat rate sewer fees. The sample monthly bill for water service is calculated using 15,000 gallons (2,005 cubic feet) of water as a base.

**TABLE 1-4
WATER RATES (TYPICAL SINGLE FAMILY DWELLING)**

City	Monthly Base Service Charge	Metered Rate	Other Charges	Sample Monthly Bill
City of Dinuba ¹	\$15.74	\$0.674 per 100 cf	\$0.00	\$21.17
City of Exeter ²	\$11.00	\$0.680 per 100 cf	\$0.00	\$14.43
City of Farmersville ³	N/A	N/A	N/A	N/A
City of Lindsay ⁴	\$16.86	\$0.86 per 100 cf	6% of Total	\$31.59
City of Porterville ⁵	\$5.00	\$0.72 per 100 cf	6% of Total	\$20.61
City of Tulare ⁶	\$9.67	\$0.406 per 100 cf	\$0.00	\$12.38
City of Visalia ⁷	\$5.91	\$0.510 per 100 cf	\$0.00	\$16.14
City of Woodlake ⁸	\$16.00	\$0.00	\$0.00	\$16.00
Average				\$18.72

Notes: 1) City of Dinuba Base Rate covers usage to 1,200 cubic feet (cf)
2) City of Exeter Base Rate covers usage to 1,500 cf
3) Water rate information for City of Farmersville not available
4) City of Lindsay Base Rate covers usage to 500 cf
5) The City of Porterville assesses a 6% Utility Users Tax within City Limits
6) City of Tulare Base Rate covers usage to 1,337 cf
7) City of Visalia Metered Rate is applied to total usage
8) City of Woodlake charges flat rate of \$16.00/month

**TABLE 1-5
SEWER RATES (TYPICAL SINGLE FAMILY DWELLING)**

City	Flat Rate	Connection Fee (per EDU)
City of Dinuba	\$16.12	\$3,500
City of Exeter	\$16.00	\$1,900
City of Farmersville	\$21.25	\$550
City of Lindsay	\$30.74	\$950
City of Porterville	\$25.39	\$3,375
City of Tulare	\$22.19	\$342
City of Visalia	\$13.81	\$2,325
City of Woodlake	\$13.00	\$960
Average	\$19.81	\$1,738

Source: Wastewater User Charge Survey Report F.Y. 2004-05 (CalEPA – SWRCB)

As indicated in the above tables, the City is able to provide quality service at below average rates compared to other cities within the County. The City's sewer connection fee (development impact fee) is above average compared to surrounding service providers. Development impact fees are generally used to implement capital infrastructure improvements to serve new development. There is no evidence suggesting that the annexation of areas within the SOI would result in unreasonable fees for these services as properties annex and develop within the City. It is anticipated that fees for the SOI areas would be inline with citywide fees for such services. As previously discussed, the City has programs in place (development impact fees, etc.) for the construction of new infrastructure, thereby, mitigating the need to increase rates for current residents to support new development within the SOI areas. One dollar of each monthly payment for water service is allocated to a separate fund for capital water system improvements.

1.5.2 Written Determinations

1. Rates and fees for services are established and updated using the City's budget process, ordinances and other regulations.
2. The City has a sound fee structure in place which allows the City to continue to provide cost effective services to its residents while continuing to maintain and improve the current infrastructure.
3. The City's user fees for water and sewer service are below average compared to other cities in Tulare County. Exeter's development impact for connection to the City sewer system is above average compared to other Tulare County cities.
4. There is no evidence suggesting that the City would not be able to provide services to the SOI areas for fees consistent with citywide fees for such services.

1.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for a jurisdiction to share facilities and resources, thereby increasing efficiency. This section provides a description of the City's current facilities sharing activities, and identifies future opportunities to collaborate with other agencies on joint use projects and/or practices.

1.6.1 Current Shared Facilities/Resources

The City has demonstrated its desire to work with surrounding agencies in providing quality service to residents in a cost effective manner. Some examples of the City's interagency cooperation efforts include the establishment of automatic mutual aid agreements with the Tulare County Sheriff's Department to collaborate public safety efforts, and an agreement with the Tulare County Fire Department for provision of fire protection and prevention services.

The City has worked with Tulare County Association of Governments and Tulare County Resource Management Agency on regional planning issues including transportation, solid waste, and coordinating applications to request State and/or Federal funding for joint projects.

Exeter also worked jointly with the City of Visalia to obtain bus service to the Exeter area through Visalia City Coach. Visalia City Coach has three stops in the Exeter area, Monday through Saturday from 6 a.m. to 9:30 p.m. and on Sunday from 8 a.m. to 2:30 p.m., at one and one half hour intervals.

The City is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk of loss is primarily handled through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of fifty-five cities in the San Joaquin Valley. The CSJVRMA is governed by a Board of Directors, which meets 3 to 4 times per year, consisting of one member appointed by each member city. The day to day business is handled by a management group employed by CSJVRMA. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$15,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit. Based upon the City's participation in the CSJVRMA, the City takes advantage of sharing insurance coverage premiums as a way of avoiding unnecessary costs.

1.6.2 Future Opportunities

With the State budget crisis impacting both Counties and Cities, the need for intergovernmental cooperation is becoming apparent, as every agency is facing an unprecedented assault on local resources. For this reason, it is important for City(s) and the County to meet this challenge on common ground.

The City should continue to work with the County on efforts to preserve prime agricultural land, and discourage development that would result in the loss of such lands. The City can accomplish this through smart growth planning and continuing to implement its annexation policy, and enforce its 10-year annexation line.

The City has opportunities to work with local irrigation districts and water conservation districts on groundwater recharge efforts. Continued reliance on groundwater could cause water table levels to decrease, thus it is important that the City work with other local agencies to maintain its groundwater supply through recharge efforts. Groundwater recharge would benefit both the County as a whole and the City in terms of planning for future growth within the SOI boundary.

The City's General Plan identifies several opportunities to work with other jurisdictions to complete joint use projects for the benefit of the community and taxpayers. As prescribed by the general plan, the City and Exeter Schools should work on projects jointly, including the Dobson Field Recreation Building, a joint corporation yard and the Dobson Field Recreation Complex. The City should also forge partnerships with other public entities in the financing and construction of public facilities. A Corporation Yard that could be jointly used by the City of Exeter and Exeter Schools should be investigated. Joint use buildings could be constructed at the City's industrially zoned site on the south side of Firebaugh Avenue. Other projects in which Exeter Schools and the City could jointly finance include a multi-purpose room, gymnasium, or theater.

1.6.3 Written Determinations

Current Shared Facilities/Resources

1. Some examples of the City's interagency cooperation efforts include the establishment of automatic mutual aid agreements with the Tulare County Sheriff's Department to collaborate public safety efforts, and an agreement with the Tulare County Fire Department for provision of fire protection and prevention services.
2. The City has worked with Tulare County Association of Governments and Tulare County Resource Management Agency on regional planning issues including transportation, solid waste, and coordinating applications to request State and/or Federal funding for joint projects.
3. The City also established a partnership with the City of Visalia in which Visalia City Coach is provides bus service to the Exeter area.

Future Opportunities

1. The City should continue to work with the County on efforts to preserve prime agricultural land, and discourage development that would result in the loss of such lands. The City can accomplish this through smart growth planning and continuing to implement its annexation policy that includes a 10-year annexation line.
2. The City's General Plan identifies several opportunities to work with other jurisdictions to complete joint use projects for the benefit of the community and taxpayers including forming partnership with Exeter Schools to complete the following projects: Dobson Field Recreation Building, a Joint Corporation Yard, and the Dobson Field Recreation Complex.

1.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services. This section describes the potential fiscal impacts of development within SOI areas, and the annexation of land.

1.7.1 Development within SOI Areas

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. Similar levels of public participation can be expected for either City or County development projects in the planning and development process for the SOI territories. It is possible that development in the SOI areas that occurs under County control may not fully resolve impacts to the City, such as increased traffic on City streets, and new groundwater wells to support County development impacting Exeter groundwater aquifers and other analogous assumptions. It can also be assumed that the reverse is true; that development controlled only by the City may leave impacts in the County unresolved in whole or in part. The challenge of this planning effort is to coordinate shared infrastructure and improvements so as to mitigate impacts on either side of the City/County limit boundary. Since the development of the SOI territories generally relies on master planned infrastructure available from the City, it is logical that the City assume the lead in planning for SOI properties, consistent with the City of Exeter General Plan and master plans.

If the City were to be the lead planning agency for properties within the SOI, LAFCO could require the City to bring coordinated plans for infrastructure forward to LAFCO at the time specific annexation requests are submitted. This would provide a checks and balance system for incorporating new lands within the City, and would render the remaining County lands a part of an integrated whole.

The City of Exeter has well defined boundaries that establish the ultimate service areas of the City. There are no unincorporated islands within the City Limit Boundary indicating that the potential for overlapping or duplicative services is not present. In addition, the City's comprehensive annexation policy discourages urban sprawl, and promotes infill and orderly development of the City. The City's annexation policy has resulted in the better utilization of existing City infrastructure, a tight service area for police, fire, and solid waste services, and residential development near existing schools.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation. Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (County, City or Special District). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Tulare County LAFCO policies C-3 and C-4 outline specific criteria for petitions for change in organization, and protest hearings, respectively. Tulare County LAFCO policy C-5 sets forth specific criteria for establishing, and reviewing amendment proposals to, Spheres of Influence. Policy C-5 contains criteria regarding the following items: Existing boundaries, conflicting boundaries, initial

implementation, scheduled updates – Cities, scheduled updates – Special Districts, Exceptions, separation of communities, municipal service reviews, and also contains an MSR exemption policy. SOI amendments shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.

1.7.2 Boundary Conflicts

There are no foreseeable boundary conflicts with surrounding Cities or special districts that would affect the current governmental structure of Exeter.

1.7.3 Written Determinations

1. Since development of properties within the SOI generally relies on Master Planned infrastructure available from the City, it is logical for the City to assume the lead in planning for these sites.
2. The City has a sound governmental structure that provides necessary resources to provide public services and infrastructure improvements within the SOI area. The City's comprehensive annexation policy ensures orderly development of the City, and discourages urban sprawl.
3. Coordinated infrastructure plans for development within the SOI area that are submitted with specific annexation requests would create a checks and balance system for incorporating lands into the City while promoting improvements to impacted adjacent County land.
4. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals. SOI amendments and other changes in organization shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.
5. There are no foreseeable boundary conflicts with surrounding Cities or special districts that would affect the current governmental structure of Exeter.

1.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the jurisdiction.

1.8.1 Organizational Structure

The City of Exeter, which operates under the council-manager form of government, became a “Charter City” in June of 1998. The preamble of the City of Exeter Charter is reiterated below.

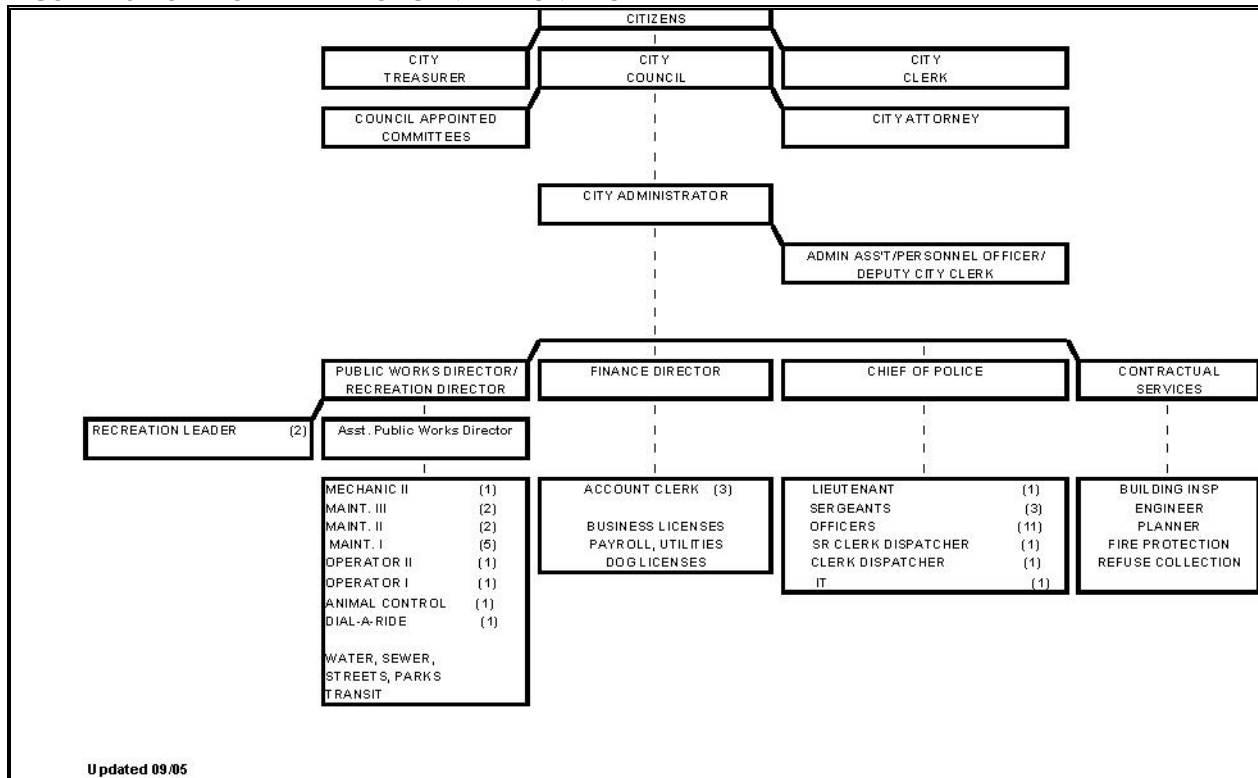
“The citizens of Exeter enact this Charter to preserve and enhance the quality of life in our community. It is our intention to provide local control of our municipal government, to assure economic and fiscal independence and to promote the public health, safety and welfare of our community to the extent permissible under the constitution and laws of the United States and California.”

As set forth by the City’s charter, the City Council shall encourage the organization of and communication with representative neighborhood groups throughout the City to encourage citizen participation, to seek advice and input and to provide information to the public relative to City matters and affairs. The City Council establishes policy for the City and is responsible to the citizens of Exeter for, but not limited to the following duties and responsibilities.

- Considering ordinances and resolutions and adopting those which it determines to be necessary for the governance, proper administration and adequate financing of the City.
- Providing oversight of the City Administrator and all matters under his/her purview.
- Carrying out all provisions of the City Charter, City ordinances and applicable State and Federal laws and regulations.
- Conducting reviews and taking actions for the effective governance and financing of the City.
- Performing other duties as may be required by State law, ordinance or resolution or the City Charter, be assigned to the City or the Council.

The Chief Executive Officer is the City Administrator who serves at the pleasure of the City Council and carries out City policies. All other department heads in the City serve under contract and at the pleasure of the City Administrator. The City consists of five departments which include City Administrator’s Office, Administrative Services, Finance Services, Public Works and Recreation, and Police Services. Other services including building inspection, engineering, planning, fire protection, and refuse collection are provided on a contractual basis. The City’s organizational chart is shown on Figure 1-3.

FIGURE 1-3 – CITY OF EXETER ORGANIZATIONAL CHART



Source: City of Exeter

A summary of the City’s departments and the various services they provide to residents is provided below.

City Administrator’s Office – The City Administrator’s Office has the responsibility to ensure the needs and concerns of the community and the City organization are properly addressed to assure Exeter is a good place to live and conduct business. The purpose of the City Administrator’s Office is to provide leadership for the overall management of the operations of City government, to support and advise the City Council as to the implementation of its policies, programs and targets, and to ensure that the services provided to the citizens of Exeter are consistent with the Council’s goals and the organization’s philosophy.

Administrative Services Department – The City’s Administrative Services Department consists of support staff to the City Administrator including an administrative assistant, personnel officer, and a deputy City Clerk. The Administrative Services Department provides accurate and complete official records and directs the City’s financial, human resource, and risk management services; The personnel officer provides support for the personnel and human resource needs for City departments by attracting, retaining, and developing positive, competent, and productive employees.

Finance Services Department – The Finance Services Department consists of three accounting clerks that handle the financial operations of the City including, but not limited to, business licenses, payroll, utility billing, and other various licenses and permits issues by the City. The Financial Services Department supports the government

of the City in the areas pertaining to financial accounting systems and financial management information. The department provides budgetary analysis, financial, strategic, and legislative support to decision makers, managers, and supporting City departments.

Public Works and Recreation – The Public Works and Recreation Department is responsible for the operation and maintenance of the City’s water, sewer, streets, parks, and transit system. The Department consists of a public works director, assistant public works director, recreation director, two recreation leaders, one mechanic, nine maintenance technicians (various levels), two operators (for public utilities, i.e. water and sewer), one animal control officer, and one dial-a-ride driver.

Police Services Department – The City’s Police Services Department provides the fundamental police functions of crime prevention, deterrence of crime, apprehension of offenders, recovery and return of property, and traffic enforcement. The Exeter Police Department is staffed with 13 sworn officers, 10 reserve officers, three community service officers, four administrative secretaries, a dispatcher and a police chief. The current sworn officer to population ratio for Exeter is approximately 1:800, which is excellent compared to other cities throughout the region.

1.8.2 Written Determinations

1. The preamble to the City of Exeter’s Charter is indicative of the City Council’s efforts to involve the citizens of the community in its decision making processes.
2. There is no evidence indicating that the City’s current management structure would not be able to assume services within the SOI area, and/or continue to assist other agencies through mutual aid agreements.
3. At some point in the future, the City should consider providing services which are currently provided on a contractual basis in house. These services include planning, engineering, fire protection and prevention, and refuse collection.
4. The City has a sound organizational structure that should be able to continue to provide quality service to current residents, and accommodate future growth within the City and surrounding urban development areas.

1.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the agency's decision-making processes.

1.9.1 Public Access and Information Methods

The governing body of Exeter is the City Council, which is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with opportunities to get information about City issues, including phone access, and bill inserts.

The City does not currently have a website, although community information is provided on the Exeter Chamber of Commerce website, at www.exeterchamber.com. As prescribed by the Exeter General Plan Land Use Element, a web page for the City of Exeter should be implemented. Exeter's website should provide a photographic essay of the City's murals, its local agricultural industry and other images of the community. The site should also provide socio-economic information on the City. It can be expected that Exeter will have a website available in the near future.

Regular City Council meetings are held on the second Tuesday at 5:30 p.m. and the fourth Tuesday at 6:30 p.m. in City Hall Council Chambers located at 137 N. F Street, Exeter. Once the City implements its website, there will be opportunities to improve public access to information by posting City Council agendas on the website.

1.9.2 Written Determinations

1. The governing body of Exeter is the City Council, which is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with opportunities to get information about City issues, including phone access, and bill inserts.
2. Although the City of Exeter does not currently have a website, it can be expected that Exeter will have a website in the near future, as prescribed by General Plan goals and policies.
3. Regular City Council meetings are held on the second Tuesday at 5:30 p.m. and the fourth Tuesday at 6:30 p.m. in City Hall Council Chambers located at 137 N. F Street, Exeter.

CHAPTER 2 – CITY OF LINDSAY MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations findings of the City of Lindsay Municipal Service Review. As part of its review of municipal services, LAFCO is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The City of Lindsay MSR identifies the following written determinations.

Written Determinations

1) Growth and Population

Historical Data & Population Projections

1. Historical Census data indicates that Lindsay had a 1990 population of 8,338 and a 2000 population of 10,297. California Department of Finance projections indicated a January 2005 population of 7,189. These trends indicate that Lindsay's population is growing at an annual average rate between 1.5% and 2.0%.
2. Based upon population trends, projections available from the California Department of Finance, and other referenced sources, it is likely that Lindsay's population will continue to grow at an average annual rate of approximately 2.0%. At an average annual growth rate of 2.0%, the City can expect a year 2025 population of approximately 16,391, and a year 2030 population of 18,098.
3. According to Census 2000 data, the average dwelling unit occupancy rate for the City is approximately 3.7 persons per household, which is slightly higher than the county average of 3.3 persons per household. High dwelling unit occupancy rates can have an adverse affect on infrastructure by contributing unanticipated increased demands if not properly planned for. The City should continue to take steps to address household overcrowding problems, including implementing General Plan goals and policies, public outreach, and enforcement of the City's Housing, Building, and Zoning Codes.

Planning Documents

1. The City plans for future growth through the implementation of policies and standards set forth in General Plan Elements. The City's General Plan Housing Element, updated in 2004, is the most recent Element of the City's General Plan.
2. The City's General Plan (with the exception of the Housing Element) was last comprehensively updated in 1989. The City's population has exceeded the "low" population projection for build-out of the General Plan, and is approaching the "high" build-out population. This is an indication that a comprehensive update to the City's General Plan may be warranted.

3. The City also plans for future growth through the preparation and implementation of specific plans and master plans. The City master plans public infrastructure systems, including but not limited to, water, sewer, and storm drain.

Planning Boundaries

1. The Tulare County General Plan contains an Urban Boundaries Element which sets forth policy regarding development within municipal fringe areas surrounding incorporated cities.
2. According to adopted plans, urban development is to occur only within the incorporated City Limits, with certain exceptions. Within the 20-year UDB, development proposals are referred to the City for annexation. If the City cannot, or will not, annex, Tulare County considers the proposal on its merits.
3. Based upon boundary definitions set forth by Tulare County General Plan Policy, UDBs and SOIs should be consistent at all times insofar as it is administratively feasible to do so.
4. The SOI for the City of Lindsay generally covers a much larger area than does the City's 20-year UDB. One exception, in which case the City's 20-year UDB extends beyond its SOI, has been identified near the northeast quadrant of the Highway 65/Spruce Road intersection.
5. Recognizing the fact that the City's SOI contains enough land to accommodate a population of approximately 25,000 to 30,000 people, urban development should be highly discouraged within areas of the City's SOI that are not within the City's UDB. While build-out of the City's SOI would not occur for several decades, it is not likely that the City would consider reorganizing its SOI to incorporate a smaller area, only to ultimately expand it at sometime in the future. For this reason, the City has established policies that promote orderly growth, without necessitating consolidation of the City's SOI.

Land Use

1. Land use within Lindsay is guided through the implementation of goals and policies set forth in the Lindsay General Plan Community Development Element (the Lindsay General Plan Community Development Element consolidates Land Use and Circulation into a single element).
2. The Community Development Element of the Lindsay General Plan provides an excellent foundation for the logical growth and development of the City. However, the last comprehensive update to the City's General Plan occurred in 1989, and plans for growth expected to occur between 2005 and 2010, indicating that a comprehensive update to the City's General Plan may be warranted.
3. At the time of General Plan updates, boundaries of the City should be re-evaluated to ensure that the City's UDB encompasses enough land to accommodate 20-years of growth.
4. The planning area of the 1989 Land Use Element encompasses the area included within the City's adopted SOI. Land outside of the City's 20-year UDB is generally designated urban reserve, and is not expected to urbanize within the current general planning period (1990-2005).

2) Infrastructure Needs and Deficiencies

Domestic Water

1. The City's water system serves the area within City Limits, and provides water to the Page Moore Tract of the LSID. The Page Moore area contains a distribution system owned by the LSID and maintained by the City.
2. The City has a master plan for water that is designed to meet water supply requirements through year 2020. The City's initial water system master plan was prepared in 1973 with updates in 1992 by Metcalf & Eddy and in 1998 by Carollo Engineers.
3. The City's master plan for water assumes that areas within City Limits would be developed prior to land outside the City Limits. Growth outside City Limits (through the master planning period) was generally assumed to occur in areas north and southeast of the City Limits. With this realization, it can be concluded that the current master plan does not address the ultimate development potential of the City's SOI. The City will however have opportunities to expand the master plan area when subsequent updates become necessary, to accommodate additional growth beyond the planning period of the current master plan.
4. The City's water supply is derived from surface water diverted from the Friant-Kern Canal, in addition to a series of groundwater wells. The City currently has three active wells, two of which are used as the primary wells, and one of which is used for standby purposes only. The well used for standby purposes produces lower quality water which has high nitrate levels.
5. According to City staff, the two primary wells have a total maximum production efficiency of 2,500 gallons per minute (GPM), the water treatment plant is capable of delivering 2,400 GPM, and the standby well has a production efficiency of 1,200 GPM, for a grand total of 6,100 GPM.
6. A 1-million gallon storage tank was replaced with a 4-million gallon storage tank which improved the City's ability to continue to meet water demands during winter months when the USBR closes the Friant-Kern Canal for maintenance.
7. The City's water system is 100% metered, which promotes water conservation. The usage of meters as a basis for water rates may reduce usage by 13% to 45% per connection, averaging perhaps 30%.
8. It can be reasonably assumed that the City continuously implements master planned water system improvements within the constraints of available funding and in line with development trends. Provided the City continues to implement water system improvements as recommended in the master plan, the City should be able to continue to provide quality water service to existing and future residents.
9. The City has a comprehensive *Water Conservation Plan* which is indicative of the City's efforts to promote water conservation. The City adopted Resolution No. 05-16 and Ordinance No. 442 as the water conservation plans and policies of the City of Lindsay.

Wastewater Collection, Treatment & Disposal

1. The City's sanitary sewer collection and treatment system serves areas within the City Limits and El Rancho, a development northeast of the City. The City's sanitary sewer system also serves the Tonyville community, located approximately two miles north of the City.
2. The City has a master plan for sanitary sewer collection that is designed to accommodate a population of approximately 12,900, expected to occur by year 2010. The City's initial sewer system master plan was prepared in 1973 by Boyle Engineering with updates in 1992 by Metcalf & Eddy and in 1996 by Carollo Engineers.
3. The City's master plan for sanitary sewer collection assumes that areas within City Limits would be developed prior to land outside the City Limits. Growth outside City Limits (through the master planning period) was generally assumed to occur in areas north and southeast of the City Limits. With this realization, it can be concluded that the current master plan does not address the ultimate development potential of the City's SOI. The City will however have opportunities to expand the master plan area when subsequent updates become necessary, to accommodate additional growth beyond the planning period of the current master plan.
4. While the City's master plan addresses future expansion of the City's sewer system to serve new development areas, the master plan does not include a pipeline replacement program to address older deteriorating pipelines. The City is developing a pipeline replacement program and will begin replacing older pipelines which require extensive maintenance.
5. The City owns and operates a WWTF located west of the City near Highway 65 and Avenue 236. The City's WWTF operates under the provisions of *Waste Discharge Requirements (WDR) Order No. 98-195*, issued by the California Regional Water Quality Control Board (RWQCB) – Central Valley Region. WDR Order No. 98-195 prescribes that the monthly average daily discharge flow shall not exceed 1.36 million gallons per day (MGD).
6. Based upon information contained in the *Wastewater User Charge Survey Report F.Y. 2005-06*, issued by the State Water Resources Control Board in May 2006, the City of Lindsay reported an average dry weather flow of 1.10 MGD, indicating the WWTF is operating at approximately 81% of its currently permitted capacity.
7. The City's WWTF was last studied in a report entitled *City of Lindsay Wastewater Facilities Master Plan* (Carollo Engineers, December 1996). The purpose of the master plan is to enable the City of Lindsay to plan future facilities, based on projected flows and plant loadings through year 2020. Implementation of the master plan is expected to bring the City into full compliance with WDRs and provide sufficient capacity reserve for residential, commercial and industrial development through the planning period (established as year 2020), and accommodate a population of over 15,000 residents.
8. Based upon information provided by City staff, recently completed master planned improvements at the WWTF have brought the plant's capacity up to 2.24 MGD. The City should work with the RWQCB on the issuance of a new permit that would allow for additional discharge beyond the currently permitted 1.36 MGD.

9. The City's Master Plan provides an excellent foundation for ensuring that the City can continue to meet the sanitary sewer needs of existing and future residents, and continue to meet the requirements of the RWQCB.

Streets and Traffic Circulation

1. The City constructs transportation improvements through the implementation of goals and policies set forth in the City's General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years.
2. The City continues to maintain and improve its street system within the constraints of available funding. The City's General Plan Circulation Element is an excellent foundation to address the local transportation needs of the community, and establishing policy relating to the identification of additional revenue sources.
3. As in most communities, the City's deficiencies in its street system relate mostly to lack of curb and gutter, inadequate drainage and the need for replacement paving. The costs of overcoming these deficiencies continue to increase faster than the City's capability to do so. Despite the increase in street deficiencies, most arterials and collectors are capable of accommodating projected traffic that will result from additional urban development under the City's General Plan Land Use Element.
4. The City has constructed over \$5 million in TEA, STIP & CMAQ funded transportation improvements over the past several years. Curb, gutter, sidewalk and street improvements have been completed with these transportation dollars.
5. The costs associated with overcoming deficiencies to the arterial and collector street systems suggest that policies on street improvements seek "reasonable" solutions where they are most needed. Ideal standards may have to give way to less costly but practical solutions to meeting traffic needs.
6. It can be reasonably assumed that the City continuously implements circulation improvements within the constraints of available funding and in line with development trends. Provided the City continues to implement circulation system improvements as identified in the General Plan, the City should be able to continue to provide a quality circulation system to existing and future residents.

Solid Waste Collection & Disposal

1. The City is contracted with Waste Management for solid waste collection and disposal services. Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Power Generation and Distribution

1. The Southern California Edison (SCE) Company serves most of the Cities within Tulare County, including Lindsay. Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Fire and Police Protection Services

1. The Lindsay Fire Department operates out of a single fire station located near City Hall. The department is currently staffed with three full time fire engineers, and five relief firemen.
2. The Lindsay Fire Department is well aware that it takes more than three engineers to provide a high level of service to the citizens of Lindsay. The fire department also has a seventeen member fully trained volunteer fire department that performs various functions including fire safety activities, fire department tours, and assisting with fire inspections, fire suppression, and actual emergencies.
3. The insurance service office (ISO) rates fire departments on a scale of one (best) to ten (unprotected), taking into consideration receiving and handling of fire alarms, fire department operations, water supply, and other factors. The ISO rating for the Lindsay Fire Department is class 5.
4. The Lindsay Police Department is comprised of 18 sworn police officers, including the Director of Public Safety, one administrative lieutenant, four sergeants, and twelve patrol officers.
5. At current staffing levels, the Lindsay police department has a sworn officer to population ratio of about 1:610, which is excellent compared to other cities in Tulare County. An ideal sworn officer to population ratio is considered to be around 1:800.
6. The City will need to continue to plan for additional staffing and equipment for police and fire department operations to serve the growing population of the community. A public safety master plan and/or a local General Plan Public Safety Element would help the Department of Public Safety prepare for future growth.

3) Financing Constraints and Opportunities

1. The City prepares a comprehensive annual budget that sets forth the financial priorities of the City for the upcoming fiscal year within available funding constraints. The City has several different funds set up for the individual operations of the City, including governmental funds, proprietary (enterprise) funds, and fiduciary funds.
2. The City's budget provides a fund balance analysis which illustrates how each fund is performing, and where additional revenue is needed, and funds that have excess revenues. The City's budget also provides a summary and a detailed description of the revenues and expenditures for each City fund.
3. The City's general fund has been in a spending deficit for the past few fiscal years, and the spending deficit is anticipated to continue through fiscal year 2006-07. It is recommended that the City seek ways to overturn this deficit spending by implementing creative budgeting practices.
4. The City continues to expand its financial opportunities by successfully applying for state and federal funding for various City projects including Community Development Block Grants (CDBG), and Congestion Mitigation Air Quality grants, etc. The City should continue to aggressively seek state and federal funding as a way of expanding its financial opportunities and resources.

5. The Government of Finance Officers Association recommends, at a minimum, that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The City's projected general fund balance at the end of the 2006-07 fiscal year represents approximately 17% of general fund operating revenue, and approximately two months of general fund operating expenditures. Although the City's general fund has experienced a spending deficit for the past few fiscal years, the City remains financially stable by maintaining a general fund balance as recommended by the Government of Finance Officers Association.
6. The City also takes advantage of establishing assessment districts for the public maintenance and operation of various public facilities, for example, landscaping and lighting. The City should continue to explore additional opportunities to form such assessment districts.
7. At the end of each fiscal year, the City undergoes an independent audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
8. The City considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. City investment policy authorizes investment in the State of California Local Agency Investment Fund to a maximum of \$10,000,000, and certificate of deposit and U.S. Governmental Securities with maturities not exceeding five years. As of June 2004, the City had over \$2.7 million in pooled investments.
9. The City has long term debt obligations including tax allocation notes issued by the Lindsay Redevelopment Agency, a construction loan to meet safe drinking water standards, and promissory notes with the U.S. Department of Agriculture Rural Development Agency. At the end of the 2005-06 fiscal year, the City's remaining outstanding debt was about \$9.5 million, payable through year 2040.
10. The State of California is currently operating under a significant budget crisis. The State continues to reduce and/or cut revenue sources, such as the motor vehicle in-lieu tax, to local governments. Without these sources of revenues, small cities, like Lindsay, incur significant budget constraints and deferment of scheduled maintenance items.
11. An important revenue stream for the City of Lindsay is the utility users tax (UUT). The City levies a 6% UUT on all utilities in the City. Lindsay's UUT of 6% is about the average however, it is assessed over a broader range of services compared to other cities.

4) Cost Avoidance Opportunities

1. Through the preparation, implementation, and updating of infrastructure master plans, the City avoids unnecessary costs by incrementally expanding its infrastructure to areas zoned for General Plan development. Planning out to ultimate service areas helps identify any impacts that future planned infrastructure may have on current infrastructure in place, and mitigations that would alleviate such impacts.

2. It can be expected that the City will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.
3. The City's use of development impact fees and assessment districts are important aspects of avoiding future financial liability. The City has worked to avoid unnecessary costs by implementing smart growth practices by promoting development in infill areas and areas where infrastructure is already in place (and has excess capacity).
4. The City also avoids unnecessary costs through the construction of joint use facilities; examples include the construction of two multi-purpose buildings in cooperation with the School District which are used for both school and community activities. The City should continue to explore opportunities to work with the local School District to promote joint use projects as a way of avoiding unnecessary costs.
5. The City could also expand revenue sources by exploring alternative investment avenues, for example, the Investment Trust of California (Cal TRUST) or the California Assets Management Program (CAMP). By continuing to explore additional investment avenues, the City could avoid unnecessary costs associated with shortcomings on its investment earnings.

5) Opportunities for Rate Restructuring

1. The City's water, sewer and refuse rates were last updated in June 2004 by adoption of Resolution No. 04-19, *"A Resolution of the City Council of the City of Lindsay Adopting Revised Water, Sewer, and Refuse Rates."*
2. In order to provide the community with maintainable, usable streets, the City enterprise funds (water, sewer and refuse) are required to pay their fair share of the costs of reconstructing those streets.
3. In order to minimize the financial impact on its citizens the proposed monthly user fees are being phased in over a four year period which began on June 1, 2004. Water, sewer and refuse fees are proposed to increase 5.9% annually with the final increase becoming effective June 1, 2007.
4. Although the City's user fees are generally above average (water and sewer rates are highest compared to other cities in Tulare County), fees do not appear unreasonable for providing the respective services. The reason for the above average fees can most likely be attributed to street maintenance being tied to utility enterprise funds, historic water quality problems encountered by the City's water supply wells, and the cost of operating and upgrading the City's WWTF.
5. In addition to user fees, the City also charges connection fees for water and sewer to mitigate the impacts that new development has on the utilities. The City's connection fees for water and sewer are currently set at \$550, and \$950, respectively which are significantly below average compared to other cities in Tulare County. City staff has indicated that development impact fees are currently under review, and will likely increase in the near future.
6. The City should establish a nexus between master planned infrastructure improvements and development impact fees, and update the connection fees accordingly. This would relieve a

portion of the financial obligations of the City to construct master planned improvements that would serve new development.

7. There is no evidence suggesting that the annexation of areas within the SOI would result in unreasonable fees for utility services as properties annex and develop within the City. It is likely that fees for development with SOI areas would be inline with citywide fees for utility services.

6) Opportunities for Shared Facilities

1. The City has demonstrated its desire to work with surrounding agencies in providing quality service to residents in a cost effective manner. Examples include establishment of mutual aid agreements to collaborate public safety efforts, establishment of agreement to provide the City of Porterville with animal control services, the City's participation in the Consolidated Waste Management Authority, and working with Tulare County to provide water and sewer service to surrounding unincorporated communities.
2. Based upon the City's participation in the Central San Joaquin Valley Risk Management Authority, the City takes advantage of sharing insurance coverage premiums as a way of avoiding unnecessary costs.
3. The City also works with TCAG and Tulare County RMA on a continuous basis on various issues including transportation, transit, solid waste, and coordinating applications to request State and/or Federal funding for joint projects.
4. With the State budget crisis impacting both Counties and Cities, the need for intergovernmental cooperation is becoming apparent, as every agency is facing an unprecedented assault on local resources. For this reason, it is important for Cities and Counties to meet this challenge on common ground.
5. The City should continue to work with the County on efforts to preserve prime agricultural land, and discourage development that would result in the loss of such lands. The City can accomplish this through smart growth planning, and promoting higher density developments.
6. The City should continue its partnership with local school districts to complete joint use projects that may include recreational facilities, shared corporation yards, joint use buildings, a multi-purpose room, gymnasium, or theater.
7. The City has opportunities to work with local irrigation districts and water conservation districts on groundwater recharge efforts. Groundwater recharge would benefit both the County as a whole and the City in terms of planning for future growth within the SOI boundary.

7) Government Structure Options

1. The City's SOI covers a significantly larger area than does the City's UDB. Development within the City's SOI, but outside the City's UDB should be discouraged, as this would result in "leap frog" development, and has the potential of resulting in the loss of prime agricultural land before absolutely necessary for urban expansion. At which time land within the City's UDB nears buildout, the City could then expand its UDB outwards towards its SOI boundary.

2. Since development of properties within the City's UDB generally relies on master planned infrastructure available from the City, it is logical for the City to assume the lead in planning for these sites.
3. There are two unincorporated County "islands" within the City of Lindsay. In order to create a better defined City Limit Boundary, the City should consider annexing these areas into the City. This would consolidate public safety, solid waste collection, and other services in these areas.
4. The City should also consider making an application to Tulare County LAFCO to expand its SOI to be coterminous with its UDB in the western part of the City near the intersection of Spruce Road and Highway 65.
5. Coordinated infrastructure plans for development within the SOI area that are submitted with specific annexation requests would create a checks and balance system for incorporating lands into the City while promoting improvements to impacted adjacent County land.
6. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals.
7. Services outside the City Limits are generally provided by Tulare County, as there are no special district's immediately surrounding Lindsay, with the exception of the LSID, which has a function of providing domestic and irrigation water. There are some instances where the City has agreements with the County to provide City services outside of the City Limits.
8. The Lindsay City Limits, UDB, and SOI overlap with the LSID boundary, primarily in north, south, and east areas of the City and surrounding the City. Due to continued problems with the LSID meeting federal drinking water standards, the City should consider ultimately becoming the sole provider of domestic water in these areas of overlapping boundaries, as long as it feasible to do so.
9. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is longer needed. Ultimately, overlapping boundaries between the LSID should be resolved between the City of Lindsay, the LSID, and Tulare County LAFCO.

8) Evaluation of Management Efficiencies

1. There is no evidence indicating that the City's current management structure would not be able to assume services within the SOI area, and/or continue to assist other agencies through mutual aid agreements.
2. The City ensures that services can be efficiently provided in the UDB/SOI areas through the preparation of master service plans to provide infrastructure that will ultimately serve the UDB/SOI areas.
3. The City has a sound organizational structure that should be able to continue to provide quality service to current residents, and accommodate future growth within the City and surrounding urban development areas.

4. The City Attorney and City Engineer provide City services on a contractual basis. These City services are currently provided on a part-time as needed basis. As the City's population continues to increase, and development interest in the community increases, it would ultimately be in the City's best interest to have these services on a full time basis.

9) Local Accountability and Governance

1. The city complies with the Brown Act open-meeting law and provides the public with opportunities to get information about City issues, including website and phone access, and bill inserts.
2. The City's website is an excellent informational tool, and provides remote access to the current events of the City.
3. Regular City Council meetings are held twice a month on the second and forth Tuesday in City Hall Council Chambers located at 251 E. Honolulu Street, Lindsay. City Council meeting agendas are made available on the City's website for remote public viewing.

2.0 CITY OF LINDSAY

2.0.1 Background

In July 2003, the Tulare County Local Agency Formation Commission (LAFCO) Board adopted a Municipal Service Review (MSR) exemption policy, which identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from a MSR study. The MSR exemption policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

It should be noted that due to the unique nature of healthcare, review of this service has been specifically excluded from this report. Power generation and distribution is provided by privately owned utility companies. The Southern California Edison (SCE) Company serves most of the Cities within Tulare County, including Lindsay. The City is contracted with Waste Management for solid waste collection and disposal services. Since privately owned utility companies are not subject to Sphere of Influence (SOI) determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

The City of Lindsay operates under the Council-Manager form and government, and provides the following services that are subject to a municipal service review: public safety (police and fire protection), domestic water, sanitary sewer collection, treatment & disposal, and transportation.

The City of Lindsay, founded in 1889, and incorporated in 1910, is located in Tulare County in the central San Joaquin Valley. Nestled at the base of the Sierra Nevada Mountains in California's rich San Joaquin Valley, Lindsay historically has depended on seasonal agricultural production and processing, with citrus and olive growing as the core of the industry. In June 1995, Lindsay was named the only unanimous choice as an All-America City for 1995. This extremely prestigious award is given annually to the ten cities in the United States which have provided outstanding examples of community problem solving. These cities are recognized not so much for their current status but for their innovation and hard work at identifying and addressing community problems. Since receiving the All-America City Award, Lindsay has continued to excel in the area of first time home buyer programs and home rehabilitation programs. Lindsay continues to promote economic development by offering innovative business incentives for new and existing businesses.

Lindsay is located along State Highway 65 approximately midway between the community of Strathmore and the City of Exeter (approximately 5 miles north of Strathmore and 7 miles south of Exeter). Other cities surrounding Lindsay include Farmersville and Visalia to the northwest, Tulare to the west, and Porterville to the south. Major transportation routes serving Lindsay include State Highway 65, State Highway 137, State Route 63, State Highway 99, and State Highway 198. Lindsay's close vicinity to these major transportation routes provides an attractive location for industrial activity, and trucking related operations. Lindsay has reached a threshold where its greatest challenge is to attract and sustain

economic growth that will be beneficial to its citizens, while enhancing the physical and cultural character of the community. While residents of Lindsay enjoy the slow pace of a small rural community, the City has aggressively pursued economic development opportunities through new industrial and commercial projects. At the same time, Lindsay strives to ensure that growth is well-planned, in a manner that respects the environment, including surrounding agricultural land.

2.0.2 MSR Requirement

Tulare County LAFCO policy C-5 states the following with regard to a SOI.

“Whenever possible, the SOI of each City and those Special Districts which provide urban services to unincorporated communities within the County should reflect twenty-year growth areas with additional areas for communities of interest (Section 56425 (a)(4)). This boundary shall be reviewed and, if necessary, updated no more than once every five years. The updates should be sufficient to accommodate projected growth for twenty years from the date of adoption.”

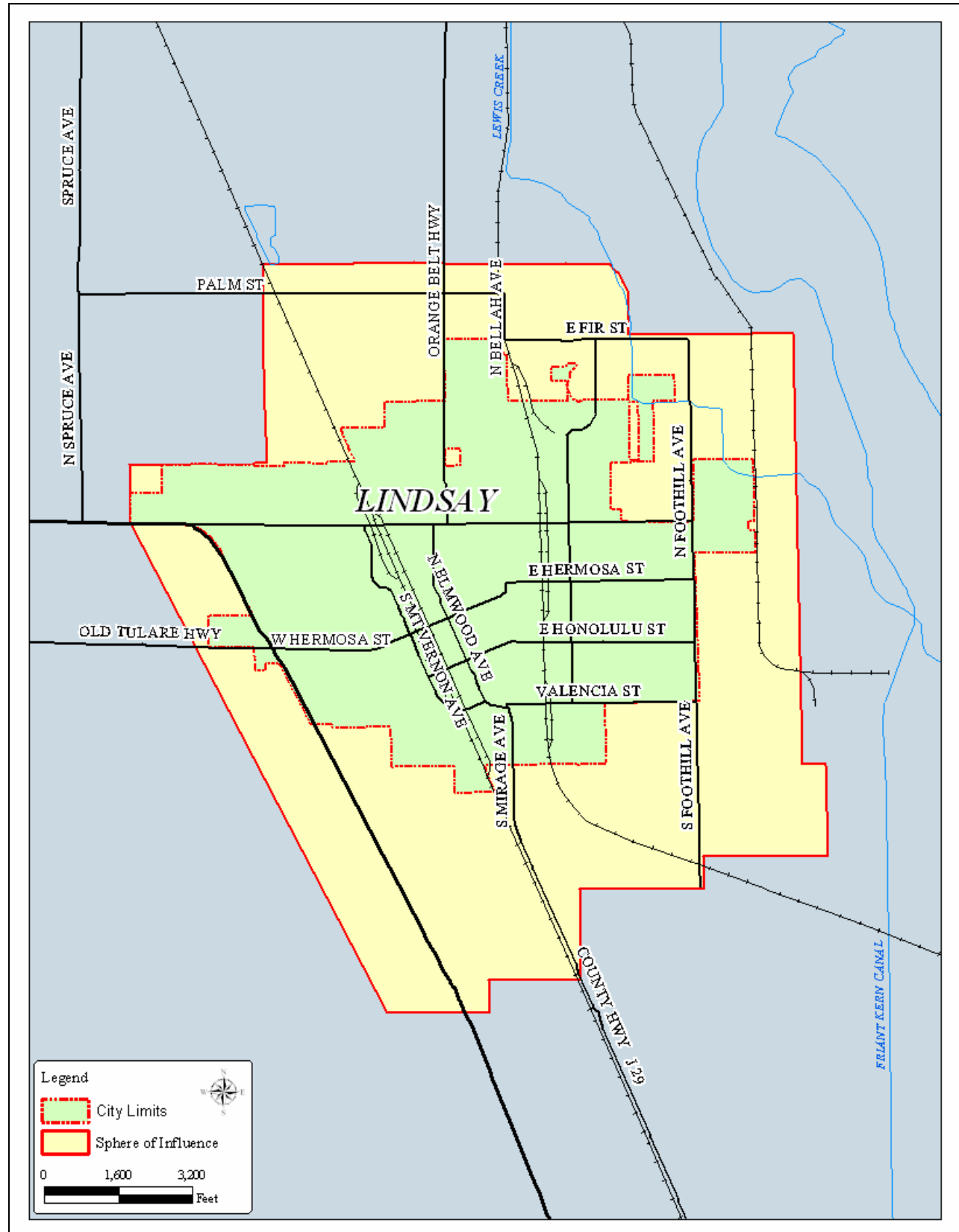
SOI’s can be updated more frequently than once every five years if certain criteria established by LAFCO policy are met. An MSR is generally required before an agency can process a proposed amendment to their adopted SOI through LAFCO. However, according to Tulare County LAFCO policy, an MSR is not required for minor SOI amendments that meet all of the following criteria; 1) The requested amendment is either less than 40 acres or less than 5 percent of the total acreage of the area located within the subject agency’s existing SOI, whichever is more, inclusive of incorporated territory; 2) There are no objections from other agencies that are authorized to provide the services the subject agency provides and whose SOI underlies or is adjacent to the subject territory; 3) The combined net additional acreage of the subject agency’s minor SOI amendments adopted pursuant to this section does not exceed 200 acres over any consecutive 5-year period; and 4) CEQA review is accomplished by a Notice of Exemption, Negative Declaration, Mitigated Negative Declaration, and Addendum to an EIR, or where the SOI amendment is within the scope of a previous EIR. In addition, an MSR is not required when SOI amendment is proposed solely to accommodate an expressed governmental purpose in the provisions of public facilities or public services, as described in section 5.7.B IV.

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

The City of Lindsay City Limit Boundary and adopted SOI are illustrated on Figure 2-1. The following sections of this report address the nine legislative factors required by the Cortese-Knox-Hertzberg Act; 1) Growth and population; 2) Infrastructure needs and deficiencies; 3) Financial constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance.

FIGURE 2-1 – LINDSAY CITY LIMITS AND SPHERE OF INFLUENCE



Source: Tulare County GIS Database

2.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of service needs.

2.1.1 Historical Data & Population Projections

Historical population data and future projections have been obtained from the U.S. Census Bureau, and the California Department of Finance, respectively. For analysis purposes, this data is compared to other source data relating to growth and population including the City's General Plan. Historical census data indicates that the City of Lindsay had a population of 8,338 in 1990 and a population of 10,297 in 2000, which corresponds to an average annual growth rate of approximately 2.1%. The California Department of Finance estimated a January 2005 population of 11,031, which equates to an average annual growth rate of approximately 1.4% between 2000 and 2005. Table 2-1 compares the City of Lindsay's population to the overall population of Tulare County for years 1990, 2000, 2005, and projected for years 2025 and 2030.

TABLE 2-1
CITY OF LINDSAY HISTORICAL AND PROJECTED POPULATION

Year	Tulare County	Lindsay	% of Total County Population
1990	311,921	8,338	2.7%
2000	368,021	10,297	2.8%
2005	409,871	11,031	2.7%
2025	594,719	16,391	2.8%
2030	650,466	18,098	2.8%

Notes: 1) 1990 & 2000 Population Data Based Upon U.S. Census Data

2) 2005 Population Estimated by California Department of Finance (DOF)

3) 2025 & 2030 Projections for Tulare County Estimated by California DOF

4) 2025 & 2030 Projections for Lindsay estimated using annual growth rate of 2.0%

As indicated in Table 2-1, the population of Lindsay would continue to makeup approximately 2.8% of the overall County population. The City's General Plan last updated in 1989, provided population projections out to 2005, ranging from a low of 10,040 to a high of 11,820. According to the City's General Plan, assuming a continuation of the "trend" since 1975, the 2005 population was estimated at 10,950. Projections contained within the City's General Plan for 2005 are consistent with population projections provided by the California Department of Finance, within 1% accuracy.

Census 2000 data also indicates that the average dwelling unit occupancy rate for the City is approximately 3.7 persons per household, which is slightly higher than the County average of 3.3 persons per household. High dwelling unit occupancy rates can have an adverse affect on infrastructure by contributing unanticipated increased demands if not properly planned for. For this reason, it is important that dwelling unit occupancy rates be considered when planning for and building infrastructure improvements. The following excerpts from the City's General Plan identify concerns with regard to rising household occupancy rates.

"The significance of this doubling up of households within the same dwelling is potentially far-reaching when viewed against a variety of factors, including: calculating the increase in school child generation; applying various types of development-impact fees; comparing demographic and economic characteristics of households with other communities; determining markets; calculating water and sewer demand; applying

standards for off street parking for apartments and single family residences; and enforcing standards for housing occupancy.”

“Three of the most significant negative impacts of multiple housing occupancies concern personal well being, neighborhood aesthetics and municipal economics. Exceptionally large household size means that conditions of overcrowding will prevail, with all of the attendant adversities that can arise from such conditions, including unhealthy and unsafe physical conditions, accumulated outdoor storage of belongings, excessive auto parking (including illegal parking in yard areas) and gradual diminishment of overall housing quality and quality of the neighborhood.”

The City should continue to take steps to address household overcrowding problems, including implementing General Plan goals and policies, public outreach, and enforcement of the City’s Housing, Building, and Zoning Codes.

2.1.2 Planning Documents

The City of Lindsay plans for future growth through the implementation of policies and standards set forth in General Plan Elements. The General Plan is a long-term, comprehensive framework to guide physical, social and economic development within a community’s planning area. According to the California Planners’ Book of Lists 2005 (Governor’s Office of Planning and Research, June 2005), the seven mandated elements of the City’s General Plan were last updated as follows.

- Land Use: 1989
- Circulation: 1989
- Housing: 2004
- Open Space: 1989
- Conservation: 1989
- Safety: 1989
- Noise: 1989

The City’s General Plan provides an excellent foundation and policy base to guide future growth within the City. The City should periodically review its General Plan Elements to determine when updates are necessary. The City also plans for future growth through the preparation and implementation of specific plans and master plans. The City master plans public infrastructure systems, including but not limited to, water, sewer and storm drain. The following infrastructure master plans were provided by the City and are referenced as necessary in this report.

- City of Lindsay Master Drainage Study Report and Plan (R.L. Schafer & Associates, June 1976)
- City of Lindsay Water and Sewer Master Plan (Metcalf & Eddy, May 1992)
- City of Lindsay Wastewater Facilities Master Plan (Carollo Engineers, December 1996)

The master plans identified above are discussed further in subsequent sections of this report, as applicable.

2.1.3 Planning Boundaries

In addition to an SOI, which is defined by LAFCO as the “...physical boundary and service area that a local government agency is expected to serve...” the Tulare County General Plan contains an Urban Boundaries Element which establishes 20-year urban development boundaries (UDB) and urban area

boundaries (UAB) surrounding incorporated cities. These additional boundaries set forth policy regarding development within municipal fringe areas surrounding incorporated cities. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1 – Land Use and Urban Boundaries.

“This plan element establishes Urban Development Boundaries which define twenty-year planning areas around incorporated cities in which the County and cities will coordinate plans, policies, and standards relating to building construction, subdivision development, land use and zoning regulations, street and highway construction, public utility systems, environmental studies, and other closely related matters affecting the orderly development of urban fringe areas. Within these boundaries, the cities and the County may also establish planning areas representative of shorter time periods in order to assist in more precise implementation of community plans and policies. It is recognized that these boundaries provide an official definition of the interface between future urban and agricultural land uses.”

“This plan element establishes Urban Area Boundaries, which define the area where land uses are presumed to have an impact upon the adjacent incorporated City, and within which the cities’ concerns are to be given serious consideration as part of the land use review process. The Urban Area is considered to be the next logical area in which urban development may occur and the area within which Urban Development Boundaries may ultimately be expanded. Modification of Urban Development Boundaries will be considered at such time as the land use plan for a community is revised to reflect changing needs and circumstances or an extended time frame. Preservation of productive agricultural lands shall be of the highest priority when considering such modifications, and expansion of Urban Development Boundaries to include additional agricultural land shall only occur as a last resort.”

Furthermore, the County of Tulare General Plan Policy Summary Sections 1UB.F.1 and 1UB.F.2 set forth policies with regard to “Boundary Consistency”, and “Review and Revision of Boundaries.” Excerpts from these sections of the County General Plan Policy Summary relating to incorporated cities are reiterated below.

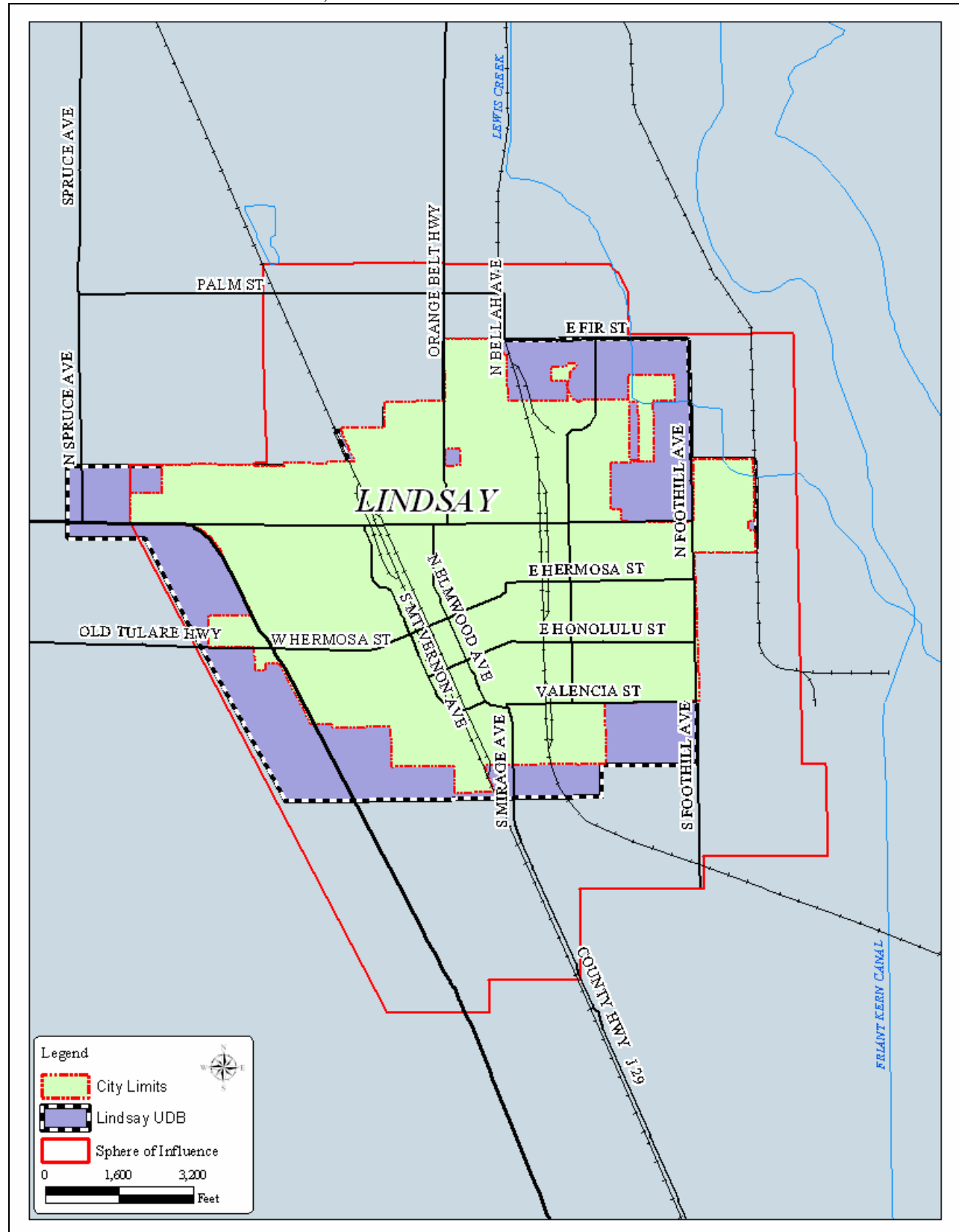
“City Urban Development Boundaries and the Spheres of Influence as administered by the Local Agency Formation Commission should be consistent at all times insofar as it is administratively feasible to do so.”

“County census boundaries should be as consistent as possible with Urban Development Boundaries.”

“Urban Area Boundaries and Urban Development Boundaries shall be reviewed at least once every five years to determine if boundary changes are justified, or if additional boundaries are needed for communities not included herein. However, a review may be conducted at any time on request of the affected city or agency.”

Urban development is to occur only within the incorporated City Limits, with certain exceptions. Within the 20-year UDB, development proposals are referred to the City for annexation according to adopted plans. If the City cannot, or will not, annex, Tulare County considers the proposal on its merits. Figure 2-2 shows the City Limits and SOI in comparison to the City’s 20-year UDB (as currently adopted by Tulare County).

FIGURE 2-2 – LINDSAY CITY LIMITS, SOI & 20-YEAR UDB



Source: Tulare County GIS Database

As indicated on Figure 2-2, the City's SOI generally covers a much larger area than does the City's 20-year UDB. One exception, in which case the City's 20-year UDB extends beyond its SOI, is identified near the northeast quadrant of the Highway 65/Spruce Road intersection. The City of Lindsay General Plan uses the City's SOI for the ultimate development of the City. The fact that the City's SOI covers a significantly larger area than the City's 20-year UDB is inconsistent with the Tulare County General Plan, which indicates that UDB's and SOI's should be consistent.

Recognizing the fact that the City's SOI contains enough land to accommodate a population of approximately 25,000 to 30,000 people, urban development should be highly discouraged within areas of the City's SOI that are not within the City's UDB. While build-out of the City's SOI would not occur for several decades, it is not likely that the City would consider reorganizing its SOI to incorporate a smaller area, only to ultimately expand it at sometime in the future. For this reason, the City has established policies that promote orderly growth, without necessitating consolidation of the City's SOI. The following are excerpts from the City's General Plan addressing future development and annexations.

"The practical effect of the UDB is to identify areas outside of the boundary where urban development proposals will not be accepted and approved by either the City or the County. Within the UDB, development proposals can be accepted and approved only in accordance with policies of the General Plan."

"Further urbanization under the General Plan shall be phased in consideration of the policy of avoiding fragmentation of the urban pattern. This should include concentration on the "in-filling" of vacant lands which have been by passed by the urban development process, and the application of reasonable limits on the time when lands at the urban fringe are allowed to develop."

"The City should prepare and adopt a Comprehensive Annexation Plan (CAP) as the primary means of implementing its overall policy on annexation of lands within the UDB, and which addresses the major criteria and requirements of law that must be evaluated by the Tulare County LAFCO before it can approve an annexation proposal."

A Comprehensive Annexation Plan (CAP) is a statement and analysis of the City's growth plans, focusing in particular on the timing of growth and annexations needed to support that growth in light of all other appropriate considerations. The CAP has the purpose of providing LAFCO with a complete context for evaluating the likelihood of significant growth. Within this context, LAFCO can compare any proposed annexation to projected demand for growth and an appraisal of whether the existing supply of vacant land in the City can be expected realistically to develop first.

2.1.4 Land Use

Land use within Lindsay is guided through the implementation of goals and policies set forth in the Lindsay General Plan Community Development Element (the Lindsay General Plan Community Development Element consolidates Land Use and Circulation into a single element). The Land Use Element is considered the most prominent of the seven mandatory elements of the General Plan, as it determines the general location of residential, commercial, industrial, public and open space uses in addition to disclosing building intensities and population densities for the planning area. The land use and circulation elements of the General Plan have been termed the "blueprints" for the development of a City. The goals, policies, and implementation measures of the elements are considered to be the "instructions" for the blueprints.

The Community Development Element of the Lindsay General Plan provides an excellent foundation for the logical growth and development of the City. The Land Use section of the Community Development Element addresses several issues including lands designated as reserves, population holding capacity, residential, commercial, and industrial land use policies and proposals, public and semi-public facilities, and standards for building intensity. The last comprehensive update to the City's General Plan occurred in 1989, and plans for growth expected to occur between 2005, indicating that a comprehensive update to the City's General Plan may be warranted. At the time of General Plan updates, boundaries of the City should be re-evaluated to ensure that the City's UDB encompasses enough land to accommodate 20-years of growth.

The environmental setting of the Lindsay planning area is dominated by residential, commercial and industrial use, with supporting public and semi-public facilities such as schools, parks, government offices, churches, hospital and public utilities. The City is surrounded by agricultural land which is mostly devoted to orange and olive groves, with some irrigated pasture and field crops to the north. By any reasonable standard, and in comparison with other cities in Tulare County, the Lindsay urban area is compact with relatively little developed area within the unincorporated fringe.

The City's Land Use Element provides an inventory of existing (1989) land uses, and proposed land uses by acreage for the build-out of the Plan. It is recommended that the City prepare an updated land use inventory as a part of a comprehensive update to their Land Use Element. The City of Lindsay Planning Division is responsible for the long-term planning efforts of the City, including updates to the City's General Plan Elements.

2.1.5 Written Determinations

Historical Data & Population Projections

1. Historical Census data indicates that Lindsay had a 1990 population of 8,338 and a 2000 population of 10,297. California Department of Finance projections indicated a January 2005 population of 7,189. These trends indicate that Lindsay's population is growing at an annual average rate between 1.5% and 2.0%.
2. Based upon population trends, projections available from the California Department of Finance, and other referenced sources, it is likely that Lindsay's population will continue to grow at an average annual rate of approximately 2.0%. At an average annual growth rate of 2.0%, the City can expect a year 2025 population of approximately 16,391, and a year 2030 population of 18,098.
3. According to Census 2000 data, the average dwelling unit occupancy rate for the City is approximately 3.7 persons per household, which is slightly higher than the county average of 3.3 persons per household. High dwelling unit occupancy rates can have an adverse affect on infrastructure by contributing unanticipated increased demands if not properly planned for. The City should continue to take steps to address household overcrowding problems, including implementing General Plan goals and policies, public outreach, and enforcement of the City's Housing, Building, and Zoning Codes.

Planning Documents

1. The City plans for future growth through the implementation of policies and standards set forth in General Plan Elements. The City's General Plan Housing Element, updated in 2004, is the most recent Element of the City's General Plan.

2. The City's General Plan (with the exception of the Housing Element) was last comprehensively updated in 1989. The City's population has exceeded the "low" population projection for build-out of the General Plan, and is approaching the "high" build-out population. This is an indication that a comprehensive update to the City's General Plan may be warranted.
3. The City also plans for future growth through the preparation and implementation of specific plans and master plans. The City master plans public infrastructure systems, including but not limited to, water, sewer, and storm drain.

Planning Boundaries

1. The Tulare County General Plan contains an Urban Boundaries Element which sets forth policy regarding development within municipal fringe areas surrounding incorporated cities.
2. According to adopted plans, urban development is to occur only within the incorporated City Limits, with certain exceptions. Within the 20-year UDB, development proposals are referred to the City for annexation. If the City cannot, or will not, annex, Tulare County considers the proposal on its merits.
3. Based upon boundary definitions set forth by Tulare County General Plan Policy, UDBs and SOIs should be consistent at all times insofar as it is administratively feasible to do so.
4. The SOI for the City of Lindsay generally covers a much larger area than does the City's 20-year UDB. One exception, in which case the City's 20-year UDB extends beyond its SOI, has been identified near the northeast quadrant of the Highway 65/Spruce Road intersection.
5. Recognizing the fact that the City's SOI contains enough land to accommodate a population of approximately 25,000 to 30,000 people, urban development should be highly discouraged within areas of the City's SOI that are not within the City's UDB. While build-out of the City's SOI would not occur for several decades, it is not likely that the City would consider reorganizing its SOI to incorporate a smaller area, only to ultimately expand it at sometime in the future. For this reason, the City has established policies that promote orderly growth, without necessitating consolidation of the City's SOI.

Land Use

1. Land use within Lindsay is guided through the implementation of goals and policies set forth in the Lindsay General Plan Community Development Element (the Lindsay General Plan Community Development Element consolidates Land Use and Circulation into a single element).
2. The Community Development Element of the Lindsay General Plan provides an excellent foundation for the logical growth and development of the City. However, the last comprehensive update to the City's General Plan occurred in 1989, and plans for growth expected to occur between 2005 and 2010, indicating that a comprehensive update to the City's General Plan may be warranted.
3. At the time of General Plan updates, boundaries of the City should be re-evaluated to ensure that the City's UDB encompasses enough land to accommodate 20-years of growth.

4. The planning area of the 1989 Land Use Element encompasses the area included within the City's adopted SOI. Land outside of the City's 20-year UDB is generally designated urban reserve, and is not expected to urbanize within the current general planning period (1990-2005).

2.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the City of Lindsay in terms of availability of resources, capacity to deliver services, condition of facilities, planned improvements, service quality, and levels of service.

LAFCO is responsible for determining that an agency requesting an SOI amendment is reasonably capable of providing needed resources and basic infrastructure to serve areas within the City and its SOI. It is important that these findings of infrastructure and resource availability are made when revisions to the SOI and annexations occur. LAFCO accomplishes this by evaluating the resources and services to be expanded in line with increasing demands.

2.2.1 Domestic Water

The City's domestic water system was last studied in a report entitled *Water Supply and Storage Requirement Update* (Carollo Engineers, June 1998). The master plan serves as a guide for water utility capital planning, recommends priorities for system improvements and replacements, provides criteria for developers and the City for design of additions to the system, and serves as a basis for developer impact fees and user rate considerations to ensure that the City can provide existing and future residents with a clean, ample water supply. City water system planning and maintenance have been excellent, within the constraints of available funding.

The City's water system serves the area within City Limits, and provides water to the Page Moore Tact of the Lindsay-Strathmore Irrigation District (LSID). The Page Moore area contains a distribution system owned by the LSID and maintained by the City. All City water use is metered and is currently billed monthly. Water meter size is generally a function of anticipated water use at time of installation or connection to the City's distribution system. Single-family dwellings typically have a small (5/8 or 3/4-inch) metered connection. Commercial and industrial connections are usually larger to accommodate higher demands.

The City's *Water Supply and Storage Requirement Update* is designed to meet water supply requirements through year 2020. The master plan assumes that areas within City Limits would be developed prior to land outside the City Limits. Growth outside City Limits (through the master planning period) was generally assumed to occur in areas north and southeast of the City Limits. With this realization, it can be concluded that the current *Water Supply and Storage Requirement Update* does not plan for the ultimate development potential of the City's SOI. The City will however have opportunities to expand the master plan area when subsequent updates become necessary, to accommodate additional growth beyond the planning period of the current master plan.

Prior to 1979, all of Lindsay's water was supplied by eight wells, some of which have since been abandoned or taken out of service due to nitrate, DBCP, or EDB contamination levels that exceeded drinking water standards. In 1982, the City began receiving surface water from the U.S. Bureau of Reclamation (USBR) Central Valley Project (CVP). The water is diverted from the Friant-Kern Canal, located approximately 1.3 miles east of the City.

The City currently has three active wells, two of which are used as the primary wells, and one of which is used for standby purposes only. The well used for standby purposes produces lower quality water which has high nitrate levels. Two wells (identified as 15 and 11) can be used in conjunction with surface water. Surface water from the Friant-Kern Canal is screened and chlorinated at the diversion point, and flows through two 12-inch diameter lines along Honolulu Street to a surface water treatment plant. The water treatment plant has a nominal capacity of 3.45 million gallons per day (MGD). In winter months,

the canal is typically shut down by the USBR for maintenance purposes. During this period, the City's water treatment plant does not operate and all water is supplied by City wells. The City also has an emergency connection to LSID irrigation lines at two locations which can be used for fire fighting or in an emergency, as the water does not meet current drinking water standards.

The City's three wells have a total maximum production efficiency of approximately 3,700 gallons per minute (gpm), and the treatment plant has a 2,400 gpm capacity. The two primary wells, 15 and 11, have a total maximum production efficiency of about 2,500 gpm. As part of capital water system improvements identified in the master plan, the City replaced with a 1-million gallon storage tank with a new 4-million gallon storage tank which improved the City's ability to continue to meet water demands during winter months when the USBR closes the Friant-Kern Canal for repairs.

The existing water distribution system consists of pipelines ranging in size from 2 to 12-inches in diameter. The master plan provided a detailed analysis of the existing distribution system, and recommends several improvements including increasing available supply, adding system storage, and pipeline related improvements. It can be reasonably assumed that the City continuously implements master planned water system improvements within the constraints of available funding and in line with development trends. Provided the City continues to implement water system improvements as recommended in the master plan, the City should be able to continue to provide quality water service to existing and future residents. The City's master planning area should be expanded as necessary during subsequent updates.

The City has a comprehensive *Water Conservation Plan* which is indicative of the City's efforts to promote water conservation. The City adopted Resolution No. 05-16 and Ordinance No. 442 as the water conservation plans and policies of the City of Lindsay. The City's *Water Conservation Plan* includes a first phase that identifies the procedures to be carried out in order to ensure water conservation awareness, a second phase that intensifies the program, and a third phase that includes strict enforcement of any violations to the plan.

2.2.2 Wastewater Collection, Treatment & Disposal

The City's sanitary sewer collection system was last studied in a report entitled *Water and Sewer Master Plan* (Metcalf & Eddy, May 1992). The master plan serves as a guide for sanitary sewer collection capital planning, recommends priorities for system improvements and replacements, provides criteria for developers and the City for design of additions to the system, and serves as a basis for developer impact fees and user rate considerations to ensure that the City can continue to provide existing and future residents with sanitary sewer service. The City's *Water and Sewer Master Plan* is designed to accommodate a population of approximately 12,900, expected to occur by year 2010. This estimate is consistent with population projections contained within the City's General Plan, and those estimated as a part of this MSR.

The City currently provides sanitary sewer service to areas within the City Limits and El Rancho, a development northeast of the City. The master plan is designed to accommodate the build-out of the City Limits, and additional development north of the City Limits. The master plan also notes that the City anticipates (in the future) providing sanitary sewer service to Tonyville, a residential area approximately 2 miles north of the City, and the Page Moore Tract and existing development located near Lindsay High School.

The City's wastewater collection system consists of 6-inch to 24-inch gravity flow pipelines. An 8- to 24-inch main along Tulare Road conveys most of the wastewater to the WWTP. Other major collector pipelines include lines along Parkside Avenue, Honolulu Street, Olive Avenue, Hermosa Street, and

Westwood Avenue, all of which connect to the Tulare Road main. The remaining collection pipes in the system are generally 6- to 8-inches in diameter.

The City's master plan identifies several sewer lines in Parkside Avenue, Honolulu Street, and Tulare Road that are anticipated to be overloaded by year 2010. The master plan also provides two alternative solutions to correct the projected deficiencies. The preferred alternative includes the construction of a new sewer main from Sierra View Street at Parkside Avenue west through the City Park and easements to Maple Avenue, and then south to Tulare Road. Diversion of flow from Harvard Avenue to Sierra View Street will remove a portion of the existing and new service area flow from the Tulare Road main. The new sewer main is located so as to serve the developing areas north of the City Limits anticipated to occur by year 2010.

While the City's master plan addresses future expansion of the City's sewer system to serve new development areas, the master plan does not include a pipeline replacement program to address older deteriorating pipelines. The City is developing a pipeline replacement program and will begin replacing older pipelines which require extensive maintenance. User fees should generally cover operation and maintenance costs as well as capital replacement costs.

The City owns and operates a wastewater treatment facility (WWTF) that is located west of the City near Highway 65 and Avenue 236. The WWTF handles wastewater flows from residential and commercial uses served by the City's collection system, and industrial wastewater is discharged to a separate sewer, which conveys the wastewater to an independent lagoon system located near the City's WWTF. The City's WWTF provides secondary treatment, and consists of headworks, an oxidation ditch, two secondary clarifiers, five disposal ponds, an emergency storage pond, and sludge drying beds.

The City's WWTF operates under the provisions of *Waste Discharge Requirements (WDR) Order No. 98-195*, issued by the California Regional Water Quality Control Board (RWQCB) – Central Valley Region. WDR Order No. 98-195 prescribes that the monthly average daily discharge flow shall not exceed 1.36 million gallons per day (MGD). The City's industrial WWTF is regulated under a separate WDR. Based upon information contained in the *Wastewater User Charge Survey Report F.Y. 2005-06*, issued by the State Water Resources Control Board in May 2006, the City of Lindsay reported an average dry weather flow of 1.10 MGD, indicating the WWTF is operating at approximately 81% of its capacity.

Based upon information provided by City staff, recently completed master planned improvements at the WWTF have brought the plant's capacity up to 2.24 MGD. The City should work with the RWQCB on the issuance of a new permit that would allow for additional discharge beyond the currently permitted 1.36 MGD.

The City's WWTF was last studied in a report entitled *City of Lindsay Wastewater Facilities Master Plan* (Carollo Engineers, December 1996). The purpose of the master plan is to enable the City of Lindsay to plan future facilities, based on projected flows and plant loadings through year 2020. Secondly, the State of California requires municipal treatment plants to plan their facilities expansion when actual flows reach 85 percent of the design flow. Implementation of the master plan is expected to bring the City into full compliance with WDRs and provide sufficient capacity reserve for residential, commercial and industrial development through the planning period (established as year 2020), and accommodate a population of over 15,000 residents.

The City's Master Plan provides an excellent foundation for ensuring that the City can continue to serve the sanitary sewer needs of existing and future residents, and continue to meet the requirements of the RWQCB. Provided the City continues to implement recommendations contained in master plans, the City will be in a position to support future growth and development within its SOI and UDB.

2.2.3 Streets and Traffic Circulation

Routes of regional significance that serve the City of Lindsay include State Routes 65, 137, and 198. Highway 65 runs north/south along the western edge of the City. State Route 137 extends west from Highway 65, and connects Lindsay to the City of Tulare. State Route 65 connects Lindsay to the City of Exeter, and State Route 198 to the north, which extends west to Visalia. Major east/west roadways that serve Lindsay include Hermosa Street, Honolulu Street, and the Tulare-Lindsay Highway. Major north/south roadways that serve Lindsay include Elmwood Avenue, Harvard Avenue, and Foothill Avenue.

The City constructs transportation improvements through the implementation of goals and policies set forth in the City's General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years. The City constructs street improvements primarily through the use of gas tax revenues, transportation development act (TDA) funds, transportation impact fees charged to new development projects, and redevelopment funds.

As in most communities, the City's deficiencies in its street system relate mostly to lack of curb and gutter, inadequate drainage and the need for replacement paving. The costs of overcoming these deficiencies continue to increase faster than the City's capability to do so. Despite the increase in street deficiencies, most arterials and collectors are capable of accommodating projected traffic that will result from additional urban development under the City's General Plan Land Use Element. This conclusion assumes continued improvements to the arterial and collector street systems through capital programming, developer contributions, periodic maintenance including slurry seal application as needed, and assessment district financing for certain improvements. This will require continued tolerance of problems in some areas where curbs and gutters are lacking and pavement is weak.

The City has constructed over \$5 million in TEA, STIP & CMAQ funded transportation improvements over the past several years. Curb, gutter, sidewalk and street improvements have been completed with these transportation dollars.

Other plans, including the 2004/05 Tulare County Regional Transportation Plan (RTP) prepared by the Tulare County Association of Governments (TCAG) in 2004, addresses various aspects of the County and Valley-wide regional transportation projects. TCAG's jurisdiction includes the Cities of Dinuba, Exeter, Farmersville, Lindsay, Porterville, Tulare, Visalia, Woodlake, Tulare County, Native American tribal group and communities in the transportation planning process. TCAG coordinates with federal, state, and regional governments and the Native American tribal government to develop strategies that address transportation issues. This effort promotes direct involvement by the government and interested groups in the transportation planning and project selection process.

The costs associated with overcoming deficiencies to the arterial and collector street systems suggest that policies on street improvements seek "reasonable" solutions where they are most needed. Ideal standards may have to give way to less costly but practical solutions to meeting traffic needs. As prescribed by the City's General Plan Circulation Element, the high costs of converting a deficient arterial or collector street to the appropriate standards required for existing and projected traffic should be limited to those streets where either of the following conditions exists.

- Relatively high current and projected volumes of traffic are involved.
- Joint funding with the County or State is possible.

- Significant contributions of private or assessment district funds are involved as part of the cost of developing adjacent lands.
- Where the rate of serious accidents and congestion has been high and where hazards to public safety are great.

The City continues to maintain and improve its street system within the constraints of available funding. The City's General Plan Circulation Element is an excellent foundation to address the local transportation needs of the community, and establishing policy relating to the identification of additional revenue sources.

2.2.4 Solid Waste Collection and Disposal

The City is contracted with Waste Management for solid waste collection and disposal services. Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Weekly curbside or alley collection of household, commercial and industrial solid waste is provided by the City's refuse disposal contractor. The City's website provides information on customer service contacts for solid waste information/service requests.

In 1989, the State of California passed the Integrated Waste Management Act. Assembly Bill 939 (AB 939) required all cities and counties to implement programs to reduce landfill tonnage by 25% by the end of 1995, and 50% by the end of 2000. Seven of the eight Tulare County City's (Porterville, Visalia, Tulare, Lindsay, Exeter, Farmersville and Dinuba and the County of Tulare) are involved in a Joint Power Authority (Consolidated Waste Management Authority, CWMA). The CWMA is at 49% diversion with the latest diversion numbers approved by the board for year 2002. The CWMA has requested and received a California Integrated Waste Management Board Approved Time Extension Biennial Review Delay. a time extension and plans to return to 50% diversion. The Board approves, through the Biennial Review process, the diversion numbers calculated for a jurisdiction for compliance purposes. The Biennial Review Delay was requested because the CWMA is continuing a time extension previously granted by the Board in order to improve its programs and return to 50% diversion.

2.2.5 Power Generation and Distribution

Power generation and distribution is provided by a privately owned utility company. The Southern California Edison (SCE) Company serves most of the Cities within Tulare County, including Lindsay. Since privately owned utility companies are not subject to Sphere of Influence (SOI) determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

2.2.6 Fire and Police Protection Services

Fire

The Lindsay Fire Department operates out of a single fire station located near City Hall. The fire department has an active fire prevention bureau which conducts periodic business inspections, all state mandated inspections, plan reviews and fire prevention public education. With the efforts of all full time personnel, fire pre-plans are continually updated. The fire department is currently staffed with three full time fire engineers with each engineer specializing in a particular area (i.e. fire prevention officer, fire training officer, and water supply officer), and five relief firemen. All engineers work a 56-hour

workweek with one engineer on duty at all times. The fire department is a full service department providing the citizens of Lindsay with fire protection and emergency medical response.

The Lindsay Fire Department is well aware that it takes more than three engineers to provide a high level of service to the citizens of Lindsay. The fire department also has a seventeen member fully trained volunteer fire department. The volunteer fire department is highly active with fire safety activities such as fire prevention week where the fire department conducts fire safety demonstrations to grades K-6 at the local elementary schools. Volunteers are also instrumental during fire department tours and assisting with fire inspections, fire suppression, and actual emergencies. The Lindsay Volunteer Fire Department has a rank structure, which includes relief engineers. These engineers continually train and are capable of covering shifts for vacation/sick leave.

The Lindsay Fire Department's calls for service, as with all departments, have been on the increase. With a 2.5 square mile radius and population around 10,000, the fire department responded to 665 calls for the year 2000.

The City should consider the preparation of a public safety master plan to address future staffing needs, additional facility locations, and new equipment needs. A comprehensive public safety response time assessment should also be included. Subsequent updates to the City's General Plan should also establish goals and policies related to police and fire protection. As prescribed by the City's General Plan, prior to submittal of individual annexation proposals to LAFCO, the City will submit an "Urban Service Delivery Plan" identifying the availability, methods and costs of providing the full range of services that will be needed by the proposed project. This "Urban Service Delivery Plan" shall include provisions for expanded public safety services. The primary purpose of an "Urban Service Delivery Plan" is to facilitate LAFCO assessment whether adequate services and facilities will be available. To some degree, this municipal service review serves a similar purpose. Since the Lindsay public safety department currently provides mutual aid for emergency response to areas outside of the current City Limits, it can be expected that public safety expansion to these areas would have less than significant impacts on current services.

The insurance service office (ISO) rates fire departments on a scale of one (best) to ten (unprotected), taking into consideration receiving and handling of fire alarms, fire department operations, water supply, and other factors. The ISO grading schedule is an insurance industry rating system that measures a City's ability to provide fire protection, and is primarily directed towards minimizing property loss. The rating system favors fire suppression rather than fire prevention. The ISO rating for the Lindsay Fire Department is class 5.

Police

Much of the information regarding the City's Police Department operations has been obtained from the City's website, www.lindsay.ca.us. The Lindsay Department of Public Safety incorporates a fire department and police department into a single organization. This is unique within California as there are only four other cities in the State doing so. Both fire and police services take direction from the Director of Public Safety.

The Lindsay Police Department is comprised of 18 sworn police officers, including the Director of Public Safety, one administrative lieutenant, four sergeants, and twelve patrol officers. The Department also employs, on a full time basis, one police and fire dispatcher, a records clerk, a records supervisor, and three community service officers. One sworn police officer is also assigned to the youth services office and one sworn officer is assigned as a school resource officer.

The police department currently has five marked patrol vehicles, one unmarked vehicle assigned to the Director of Public Safety, and two unmarked vehicles assigned to the community service officers. Patrol officers patrol an area comprised of approximately 2.8 square miles. Their duties are to respond to calls for services, traffic enforcement, crime suppression through directed patrol and many other duties atypical of larger departments. The Lindsay Department of Public Safety does not have specialized investigative units. A patrol officer is responsible for all traffic on his or her beat. This includes anything from a minor vandalism investigation to a murder investigation. This makes Lindsay police officers some of the most well rounded law enforcement officers in the State.

At current staffing levels, the Lindsay police department has a sworn officer to population ratio of about 1:610, which is excellent compared to other cities in Tulare County. An ideal sworn officer to population ratio is considered to be around 1:800.

The City should consider the preparation of a public safety master plan to address future staffing needs, additional facility locations, and new equipment needs. A comprehensive public safety response time assessment should also be included. Subsequent updates to the City's General Plan should also establish goals and policies related to police and fire protection. As prescribed by the City's General Plan, prior to submittal of individual annexation proposals to LAFCO, the City will submit an "Urban Service Delivery Plan" identifying the availability, methods and costs of providing the full range of services that will be needed by the proposed project. This "Urban Service Delivery Plan" shall include provisions for expanded public safety services. The primary purpose of an "Urban Service Delivery Plan" is to facilitate LAFCO assessment whether adequate services and facilities will be available. To some degree, this municipal service review serves a similar purpose. Since the Lindsay public safety department currently provides mutual aid for emergency response to areas outside of the current City Limits, it can be expected that public safety expansion to these areas would have less than significant impacts on current services.

2.2.7 Written Determinations

Domestic Water

1. The City's water system serves the area within City Limits, and provides water to the Page Moore Tract of the LSID. The Page Moore area contains a distribution system owned by the LSID and maintained by the City.
2. The City has a master plan for water that is designed to meet water supply requirements through year 2020. The City's initial water system master plan was prepared in 1973 with updates in 1992 by Metcalf & Eddy and in 1998 by Carollo Engineers.
3. The City's master plan for water assumes that areas within City Limits would be developed prior to land outside the City Limits. Growth outside City Limits (through the master planning period) was generally assumed to occur in areas north and southeast of the City Limits. With this realization, it can be concluded that the current master plan does not address the ultimate development potential of the City's SOI. The City will however have opportunities to expand the master plan area when subsequent updates become necessary, to accommodate additional growth beyond the planning period of the current master plan.
4. The City's water supply is derived from surface water diverted from the Friant-Kern Canal, in addition to a series of groundwater wells. The City currently has three active wells, two of which are used as the primary wells, and one of which is used for standby purposes only. The well used for standby purposes produces lower quality water which has high nitrate levels.

5. According to City staff, the two primary wells have a total maximum production efficiency of 2,500 gallons per minute (GPM), the water treatment plant is capable of delivering 2,400 GPM, and the standby well has a production efficiency of 1,200 GPM, for a grand total of 6,100 GPM.
6. A 1-million gallon storage tank was replaced with a 4-million gallon storage tank which improved the City's ability to continue to meet water demands during winter months when the USBR closes the Friant-Kern Canal for maintenance.
7. The City's water system is 100% metered, which promotes water conservation. The usage of meters as a basis for water rates may reduce usage by 13% to 45% per connection, averaging perhaps 30%.
8. It can be reasonably assumed that the City continuously implements master planned water system improvements within the constraints of available funding and in line with development trends. Provided the City continues to implement water system improvements as recommended in the master plan, the City should be able to continue to provide quality water service to existing and future residents.
9. The City has a comprehensive *Water Conservation Plan* which is indicative of the City's efforts to promote water conservation. The City adopted Resolution No. 05-16 and Ordinance No. 442 as the water conservation plans and policies of the City of Lindsay.

Wastewater Collection, Treatment & Disposal

1. The City's sanitary sewer collection and treatment system serves areas within the City Limits and El Rancho, a development northeast of the City. The City's sanitary sewer system also serves the Tonyville community, located approximately two miles north of the City.
2. The City has a master plan for sanitary sewer collection that is designed to accommodate a population of approximately 12,900, expected to occur by year 2010. The City's initial sewer system master plan was prepared in 1973 by Boyle Engineering with updates in 1992 by Metcalf & Eddy and in 1996 by Carollo Engineers.
3. The City's master plan for sanitary sewer collection assumes that areas within City Limits would be developed prior to land outside the City Limits. Growth outside City Limits (through the master planning period) was generally assumed to occur in areas north and southeast of the City Limits. With this realization, it can be concluded that the current master plan does not address the ultimate development potential of the City's SOI. The City will however have opportunities to expand the master plan area when subsequent updates become necessary, to accommodate additional growth beyond the planning period of the current master plan.
4. While the City's master plan addresses future expansion of the City's sewer system to serve new development areas, the master plan does not include a pipeline replacement program to address older deteriorating pipelines. The City is developing a pipeline replacement program and will begin replacing older pipelines which require extensive maintenance.
5. The City owns and operates a WWTF located west of the City near Highway 65 and Avenue 236. The City's WWTF operates under the provisions of *Waste Discharge Requirements*

(WDR) Order No. 98-195, issued by the California Regional Water Quality Control Board (RWQCB) – Central Valley Region. WDR Order No. 98-195 prescribes that the monthly average daily discharge flow shall not exceed 1.36 million gallons per day (MGD).

6. Based upon information contained in the *Wastewater User Charge Survey Report F.Y. 2005-06*, issued by the State Water Resources Control Board in May 2006, the City of Lindsay reported an average dry weather flow of 1.10 MGD, indicating the WWTF is operating at approximately 81% of its currently permitted capacity.
7. The City's WWTF was last studied in a report entitled *City of Lindsay Wastewater Facilities Master Plan* (Carollo Engineers, December 1996). The purpose of the master plan is to enable the City of Lindsay to plan future facilities, based on projected flows and plant loadings through year 2020. Implementation of the master plan is expected to bring the City into full compliance with WDRs and provide sufficient capacity reserve for residential, commercial and industrial development through the planning period (established as year 2020), and accommodate a population of over 15,000 residents.
8. Based upon information provided by City staff, recently completed master planned improvements at the WWTF have brought the plant's capacity up to 2.24 MGD. The City should work with the RWQCB on the issuance of a new permit that would allow for additional discharge beyond the currently permitted 1.36 MGD.
9. The City's Master Plan provides an excellent foundation for ensuring that the City can continue to meet the sanitary sewer needs of existing and future residents, and continue to meet the requirements of the RWQCB.

Streets and Traffic Circulation

1. The City constructs transportation improvements through the implementation of goals and policies set forth in the City's General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years.
2. The City continues to maintain and improve its street system within the constraints of available funding. The City's General Plan Circulation Element is an excellent foundation to address the local transportation needs of the community, and establishing policy relating to the identification of additional revenue sources.
3. As in most communities, the City's deficiencies in its street system relate mostly to lack of curb and gutter, inadequate drainage and the need for replacement paving. The costs of overcoming these deficiencies continue to increase faster than the City's capability to do so. Despite the increase in street deficiencies, most arterials and collectors are capable of accommodating projected traffic that will result from additional urban development under the City's General Plan Land Use Element.
4. The City has constructed over \$5 million in TEA, STIP & CMAQ funded transportation improvements over the past several years. Curb, gutter, sidewalk and street improvements have been completed with these transportation dollars.
5. The costs associated with overcoming deficiencies to the arterial and collector street systems suggest that policies on street improvements seek "reasonable" solutions where they are most

needed. Ideal standards may have to give way to less costly but practical solutions to meeting traffic needs.

6. It can be reasonably assumed that the City continuously implements circulation improvements within the constraints of available funding and in line with development trends. Provided the City continues to implement circulation system improvements as identified in the General Plan, the City should be able to continue to provide a quality circulation system to existing and future residents.

Solid Waste Collection & Disposal

1. The City is contracted with Waste Management for solid waste collection and disposal services. Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Power Generation and Distribution

1. The Southern California Edison (SCE) Company serves most of the Cities within Tulare County, including Lindsay. Since privately owned utility companies are not subject to SOI determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Fire and Police Protection Services

1. The Lindsay Fire Department operates out of a single fire station located near City Hall. The department is currently staffed with three full time fire engineers, and five relief firemen.
2. The Lindsay Fire Department is well aware that it takes more than three engineers to provide a high level of service to the citizens of Lindsay. The fire department also has a seventeen member fully trained volunteer fire department that performs various functions including fire safety activities, fire department tours, and assisting with fire inspections, fire suppression, and actual emergencies.
3. The insurance service office (ISO) rates fire departments on a scale of one (best) to ten (unprotected), taking into consideration receiving and handling of fire alarms, fire department operations, water supply, and other factors. The ISO rating for the Lindsay Fire Department is class 5.
4. The Lindsay Police Department is comprised of 18 sworn police officers, including the Director of Public Safety, one administrative lieutenant, four sergeants, and twelve patrol officers.
5. At current staffing levels, the Lindsay police department has a sworn officer to population ratio of about 1:610, which is excellent compared to other cities in Tulare County. An ideal sworn officer to population ratio is considered to be around 1:800.
6. The City will need to continue to plan for additional staffing and equipment for police and fire department operations to serve the growing population of the community. A public safety master plan and/or a local General Plan Public Safety Element would help the Department of Public Safety prepare for future growth.

2.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate a jurisdiction's capability to finance needed improvements and services.

2.3.1 Annual Budget

Evaluations and discussions provided in this section are based upon budget information provided by the City for fiscal years 2004-05 and 2005-06. The City prepares a comprehensive annual budget that sets forth the financial priorities of the City for the upcoming fiscal year within available funding constraints. The City has several different funds set up for the individual operations of the City, including governmental funds, proprietary (enterprise) funds, and fiduciary funds. The City's budget consists of the following funds.

Governmental Funds

- General Fund
- Urban Development Action Grant – L.O.G.
- Urban Development Action Grant – D.B.O.
- CBD Parking Fund
- Gas Tax Fund
- Transportation Fund
- Curb & Gutter Fund
- Capital Projects Funds
- Storm Drain System Fund

Enterprise Funds

- Water Fund
- Sewer Fund
- Capital Improvements Industrial Waste Fund
- Wastewater Capital Reserve Fund
- Refuse Fund
- Animal Control Fund
- Land Application Fund

The City currently takes advantage of establishing assessment districts for the public maintenance and operation of various public facilities, for example, landscaping and lighting. The City should continue to explore additional opportunities to form such assessment districts.

The City's budget provides a fund balance analysis which illustrates how each fund is performing, and where additional revenue is needed, and funds that have excess revenues. The City's budget also provides a summary and a detailed description of the revenues and expenditures for each City fund.

According to budget documents provided by the City, the City has struggled to maintain a balanced general fund over the past few years. At the end of fiscal year 2003-04, the City's general fund showed a balance of \$802,137, a balance of \$745,119 at the end of fiscal year 2004-05, a balance of \$754,757 at the end of fiscal year 2005-06, and a projected balance of \$695,024 at the end of fiscal year 2006-07. During fiscal years 2004-05, 2005-06, \$65,000, and \$50,000 was transferred from the urban development action

grant fund to the City's general fund. Table 2-2 summarizes the City's general fund revenues and expenditures for fiscal years 2004-05, 2005-06 and 2006-07.

TABLE 2-2
GENERAL FUND REVENUES / EXPENDITURES

Fiscal Year	General Fund Revenues	General Fund Expenditures	Surplus / (Deficit)
2004-05	\$3,146,154	\$3,268,472	(\$122,318)
2005-06	\$3,739,830	\$3,780,192	(\$40,362)
2006-07	\$3,966,156	\$4,025,889	(\$59,733)

Source: City of Lindsay 2005-06 and 2006-07 Adopted Budget

As indicated in Table 2-2, the City's general fund has been in a spending deficit for the past few fiscal years. It is recommended that the City seek ways to overturn this deficit spending by implementing creative budgeting practices. Although the City's general fund has been in a spending deficit, the City continues to successfully apply for state and federal grants including Community Development Block Grants (CDBG), Congestion Mitigation and Air Quality (CMAQ) grants, etc. The City should continue to aggressively seek state and federal funding as a way of expanding its financial opportunities and resources.

The Government of Finance Officers Association recommends, at a minimum, that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The City's projected general fund balance at the end of the 2006-07 fiscal year represents approximately 17% of general fund operating revenue, and approximately two months of general fund operating expenditures. Although the City's general fund has experienced a spending deficit for the past few fiscal years, the City remains financially stable by maintaining a general fund balance as recommended by the Government of Finance Officers Association. The City should actively research opportunities for additional revenue streams, including joint agency grant applications, untapped resources, or alternative government structures.

2.3.2 Comprehensive Annual Financial Report (CAFR)

At the end of each fiscal year, the City undergoes an independent audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The standards require that the audit be performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. The CAFR contains six major sections including Independent Auditors Report, Managements Discussion and Analysis, Basic Financial Statements, Notes to Financial Statements, Required Supplementary Information, and Supplemental Information.

Major governmental funds of the City include the general fund, the gas tax fund, the community development block grant fund, and the RDA capital project fund. The general fund is the government's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for another fund. The gas tax fund is used to account for financial resources to be used for street maintenance operations and construction. The community development block grant fund accounts for all financial transactions having to do with the CDBG program and first time home buyers program of the Federal Department of Housing and Urban Development for low-interest housing rehabilitation and mortgage assistance loans. The RDA capital project fund accounts for the resources accumulated and payments made for principal and interest on long term obligation and for the acquisition or construction of major capital projects of the Redevelopment Agency.

Major proprietary funds of the City include the water operations fund, sewer operations fund, and refuse fund. The water operations fund accounts for the activities of the water distribution system. The sewer operations fund accounts for the activities of the sewer collection, treatment and disposal system. The refuse operations fund accounts for the activities of the refuse collection and recycling department.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operation. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City of Lindsay's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Annual budgets are legally required to be and are adopted by the City Council for all funds and provide for operations, debt service and capital expenditures of the City. The City has established the following procedures for the development, review, adoption, and implementation of its budget.

- The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to July 1, the budget is legally enacted through passage of an ordinance.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

The City considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. City investment policy authorizes investment in the State of California Local Agency Investment Fund to a maximum of \$10,000,000, and certificate of deposit and U.S. Governmental Securities with maturities not exceeding five years. As of June 2004, the City had over \$2.7 million in pooled investments.

The City has long term debt obligations including tax allocation notes issued by the Lindsay Redevelopment Agency, a construction loan to meet safe drinking water standards, and promissory notes with the U.S. Department of Agriculture Rural Development Agency. The Lindsay Redevelopment Agency issued 1994 tax allocation notes in the amount of \$1,655,000. The notes have principal payments each December 1 through 2024 and accrue interest at 4.2-6.4%, which is paid semi-annually. The City refinanced with the California Statewide Communities Development Authority an existing loan, which assisted in financing construction of a project, which enables the City to meet safe drinking water standards. The loan amount of \$197,054 at 7.125% has semi-annual principal and interest payment of \$8,377 through June 1, 2019. The loan is secured by a first pledge of a lien on all of the pledged water revenues. The City entered into two promissory notes with the United States Department of Agriculture Rural Development Agency for the water line project in the water fund, \$2,440,000, and the Wastewater Treatment Plant in the Sewer Fund, \$7,000,000. The water fund has annual principal and interest

payments of \$109,874 at 3.25% through December 11, 2040. The sewer fund has annual principal and interest payments of \$323,470 at 3.25% through November 27, 2039.

The State of California is currently operating under a significant budget crisis. The State continues to reduce and/or cut revenue sources, such as the motor vehicle in-lieu tax, to local governments. Without these sources of revenues, small cities, like Lindsay, incur significant budget constraints and deferment of scheduled maintenance items.

2.3.3 Utility User Tax

One of the most important general fund revenue sources for a City is the utility user tax (UUT). The UUT is a vital element in the funding of critical City services. On average, the UUT provides 15% of general purpose revenue in cities that levy it. UUT revenues most commonly fund police, fire, parks, library, and long-range land use planning services and related support services. Many City UUT levies and increases have resulted from cuts to City revenues by the State. Within a few years of the beginning of the ERAF property tax shifts, more than fifty cities had increased an existing or levied a new UUT. The most common UUT rate is 5%, while the average rate is 6%, applied broadly among many types of utilities. A comparison the UUT rate among the eight Tulare County cities is provided in Table 2-3.

TABLE 2-3
COMPARISON OF UTILITY USER TAX RATES

CITY	UUT RATE	UTILITIES APPLIED TO
Dinuba	7%	Telephone, Electricity, Gas
Exeter	5%	Telephone, Electricity, Gas, Cable
Farmersville	None	N/A
Lindsay	6%	Telephone, Electricity, Gas, Cable, Water, Sewer, Garbage
Porterville	6%	Telephone, Electricity, Gas, Cable, Water
Tulare	7%	Telephone, Electricity, Gas, Cable, Water
Visalia	None	N/A
Woodlake	6%	Telephone, Electricity, Gas, Cable

Source: <http://www.californiacityfinance.com/UUT03PUB.xls>

As indicated in Table 2-3, among the cities in Tulare County that levy a UUT (Visalia and Farmersville do not currently levy a UUT), Lindsay's UUT is at the average of 6%, but is assessed over a broader range of utilities compared to other cities. A two thirds voter approval is required for any new or increased special tax. A general tax requires majority voter approval. Currently, all City UUT levies in California are general taxes, and therefore require majority voter approval.

2.3.3 Written Determinations

1. The City prepares a comprehensive annual budget that sets forth the financial priorities of the City for the upcoming fiscal year within available funding constraints. The City has several different funds set up for the individual operations of the City, including governmental funds, proprietary (enterprise) funds, and fiduciary funds.
2. The City's budget provides a fund balance analysis which illustrates how each fund is performing, and where additional revenue is needed, and funds that have excess revenues. The City's budget also provides a summary and a detailed description of the revenues and expenditures for each City fund.
3. The City's general fund has been in a spending deficit for the past few fiscal years, and the spending deficit is anticipated to continue through fiscal year 2006-07. It is recommended

that the City seek ways to overturn this deficit spending by implementing creative budgeting practices.

4. The City continues to expand its financial opportunities by successfully applying for state and federal funding for various City projects including Community Development Block Grants (CDBG), and Congestion Mitigation Air Quality grants, etc. The City should continue to aggressively seek state and federal funding as a way of expanding its financial opportunities and resources.
5. The Government of Finance Officers Association recommends, at a minimum, that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The City's projected general fund balance at the end of the 2006-07 fiscal year represents approximately 17% of general fund operating revenue, and approximately two months of general fund operating expenditures. Although the City's general fund has experienced a spending deficit for the past few fiscal years, the City remains financially stable by maintaining a general fund balance as recommended by the Government of Finance Officers Association.
6. The City also takes advantage of establishing assessment districts for the public maintenance and operation of various public facilities, for example, landscaping and lighting. The City should continue to explore additional opportunities to form such assessment districts.
7. At the end of each fiscal year, the City undergoes an independent audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
8. The City considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. City investment policy authorizes investment in the State of California Local Agency Investment Fund to a maximum of \$10,000,000, and certificate of deposit and U.S. Governmental Securities with maturities not exceeding five years. As of June 2004, the City had over \$2.7 million in pooled investments.
9. The City has long term debt obligations including tax allocation notes issued by the Lindsay Redevelopment Agency, a construction loan to meet safe drinking water standards, and promissory notes with the U.S. Department of Agriculture Rural Development Agency. At the end of the 2005-06 fiscal year, the City's remaining outstanding debt was about \$9.5 million, payable through year 2040.
10. The State of California is currently operating under a significant budget crisis. The State continues to reduce and/or cut revenue sources, such as the motor vehicle in-lieu tax, to local governments. Without these sources of revenues, small cities, like Lindsay, incur significant budget constraints and deferment of scheduled maintenance items.
11. An important revenue stream for the City of Lindsay is the utility users tax (UUT). The City levies a 6% UUT on all utilities in the City. Lindsay's UUT of 6% is about the average however, it is assessed over a broader range of services compared to other cities.

2.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

2.4.1 Cost Avoidance Strategies

The City avoids unnecessary costs through the implementation of infrastructure master plans and the General Plan, which assist in eliminating overlapping or duplicative services. Master planning documents also provide sound funding alternatives for their implementation, and plan for growth within and surrounding the City. At the time master plan documents are updated, the planning area should also be updated to include the City's current SOI and/or UDB areas. Development in areas outside of the boundaries of master planned infrastructure should be discouraged, as this can result in unnecessary excessive costs for providing services to these areas. Planning out to ultimate service area boundaries helps identify any impacts that future planned infrastructure may have on current infrastructure in place, and mitigations that would alleviate such impacts.

The City avoids unnecessary costs by assessing development impact fees for the purpose of financing public infrastructure, including water, sewer, and storm drain. The City does not currently assess a transportation impact fee, and should consider the adoption of such a fee for the purposes of mitigating impacts that new development has on the City's transportation needs. The City's development impact fee program helps offset the financial responsibility of the City to install and maintain the infrastructure necessary to serve new developments.

Capital planning is critical to water, sewer, transportation, sanitation, and other essential public services. It is also an important component of a community's economic development program and strategic plan. It is difficult for governments to address the current and long term needs of their constituents without a sound multi year capital plan that clearly identifies capital and major equipment needs, maintenance requirements, funding options, and operating budget impacts. A properly prepared capital plan is essential to the future financial health of an organization and continued delivery of services to citizens and businesses. The Government Finance Officers Association recommends that state and local governments prepare and adopt comprehensive multi year capital plans to ensure effective management of capital assets. A prudent multi year capital plan identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. A capital plan should cover a period of at least three years, preferably five or more. City of Lindsay staff has indicated that the City does implement a capital improvement plan (CIP) however; this document was not provided for this municipal service review.

The City has opportunities to increase its cost effectiveness and revenue raising efforts by tracking savings and interest on reserves, maintaining a balanced budget including maintaining a general fund budget that grows each year, and emphasizing performance measurement practices. The City can also avoid unnecessary costs associated with payment of high interest rates on debt owed by the City by pursuing general obligation bonds while interest rates are low, and by exploring opportunities to refinance higher interest loans to reduce the existing debt obligations of the City.

The City has worked to avoid unnecessary costs by implementing smart growth practices by promoting development in infill areas and areas where infrastructure is already in place (and has excess capacity). Through the preparation, implementation, and updating of infrastructure master plans, the City avoids unnecessary costs by incrementally expanding its infrastructure to areas zoned for General Plan development. Master planning increases the City's preparedness when SOI areas are proposed for

development. It can be expected that the City will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.

The City also avoids unnecessary costs through the construction of joint use facilities; examples include the construction of two multi-purpose buildings in cooperation with the School District which are used for both school and community activities. Additional strategies which have the potential of eliminating unnecessary costs include the formation of homeowners associations for larger scale residential developments where shared (community) facilities are present. Associations could maintain facilities such as streets, play grounds, swimming pools, parks, and gyms, thereby relieving the financial obligations of the City. The City should explore the implementation of a “pocket park” strategy where small community parks would be required for residential subdivisions of specified sizes.

The City could also expand revenue sources by exploring alternative investment avenues, for example, the Investment Trust of California (Cal TRUST) or the California Assets Management Program (CAMP). By continuing to explore additional investment avenues, the City could avoid unnecessary costs associated with shortcomings on its investment earnings.

2.4.3 Written Determinations

1. Through the preparation, implementation, and updating of infrastructure master plans, the City avoids unnecessary costs by incrementally expanding its infrastructure to areas zoned for General Plan development. Planning out to ultimate service areas helps identify any impacts that future planned infrastructure may have on current infrastructure in place, and mitigations that would alleviate such impacts.
2. It can be expected that the City will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.
3. The City’s use of development impact fees and assessment districts are important aspects of avoiding future financial liability. The City has worked to avoid unnecessary costs by implementing smart growth practices by promoting development in infill areas and areas where infrastructure is already in place (and has excess capacity).
4. The City also avoids unnecessary costs through the construction of joint use facilities; examples include the construction of two multi-purpose buildings in cooperation with the School District which are used for both school and community activities. The City should continue to explore opportunities to work with the local School District to promote joint use projects as a way of avoiding unnecessary costs.
5. The City could also expand revenue sources by exploring alternative investment avenues, for example, the Investment Trust of California (Cal TRUST) or the California Assets Management Program (CAMP). By continuing to explore additional investment avenues, the City could avoid unnecessary costs associated with shortcomings on its investment earnings.

2.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels. This section provides a comparison of various utility rates to surrounding jurisdictions to show that the City can provide effective quality service at rates comparable to surrounding agencies.

2.5.1 Fee Structure

Under the provisions of the Municipal Code of the City of Lindsay, the City Council is empowered to set the rates to be charged and collected by the City of Lindsay for sewer, water, and refuse service by a resolution passed by the City Council. The City complies with Article XIID of the California Constitution by holding public meetings and noticing (in English and Spanish) by mail, all property owners affected by proposed rate changes. The City's water, sewer and refuse rates were last updated in June 2004 by adoption of Resolution No. 04-19, *"A Resolution of the City Council of the City of Lindsay Adopting Revised Water, Sewer, and Refuse Rates."*

The City of Lindsay has developed a comprehensive plan to reconstruct, overlay, chip seal, or maintain all City streets within the next ten years. In order to provide the community with maintainable, usable streets, the City enterprise funds (water, sewer and refuse) will be required to pay their fair share of the costs of reconstructing and maintaining those streets. The water utility uses City streets for the purpose of housing the water lines used for the distribution of potable water. The sewer utility uses City streets for the purpose of housing the sewer lines used for the collection of waste. The existence of these water and sewer lines under the roadway contributes to the degradation of City streets through trenching, leaks, and line and trench failures. The refuse utility uses the City streets for the purpose of travel for the vehicles that pick up the refuse containers. The passage of these heavy vehicles over the roadway contributes to the degradation of City streets. Adjustments to monthly water, sewer and refuse rates were required to sustain the operation of each of the respective utilities. The proposed rates were developed in a manner that ensures that all business and industrial rates were increased proportionate to the increase in residential rates. In order to minimize the financial impact on its citizens the proposed monthly user fees are being phased in over a four year period which began on June 1, 2004. Water, sewer and refuse fees are proposed to increase 5.9% annually with the final increase becoming effective June 1, 2007.

Tables 2-4, 2-5 and 2-6 compare the water, sewer and refuse rates for the eight Tulare County cities (Dinuba, Exeter, Farmersville, Lindsay, Porterville, Tulare, Visalia, and Woodlake). The rates identified are for single family dwellings metered water service, and flat rate sewer fees. The sample monthly bill for water service is calculated using 15,000 gallons (2,005 cubic feet) of water as a base.

**TABLE 2-4
WATER RATES (TYPICAL SINGLE FAMILY DWELLING)**

City	Monthly Base Service Charge	Metered Rate	Other Charges	Sample Monthly Bill
City of Dinuba ¹	\$15.74	\$0.674 per 100 cf	\$0.00	\$21.17
City of Exeter ²	\$10.00	\$0.620 per 100 cf	\$0.00	\$13.13
City of Farmersville ³	N/A	N/A	N/A	N/A
City of Lindsay ⁴	\$16.86	\$0.86 per 100 cf	6% of Total	\$31.59
City of Porterville ⁵	\$5.00	\$0.72 per 100 cf	6% of Total	\$20.61
City of Tulare ⁶	\$9.67	\$0.406 per 100 cf	\$0.00	\$12.38
City of Visalia ⁷	\$5.91	\$0.510 per 100 cf	\$0.00	\$16.14
City of Woodlake ⁸	\$16.00	\$0.00	\$0.00	\$16.00
Average				\$18.72

Notes: 1) City of Dinuba Base Rate covers usage to 1,200 cubic feet (cf)
2) City of Exeter Base Rate covers usage to 1,500 cf
3) Water rate information for City of Farmersville not available
4) City of Lindsay Base Rate covers usage to 500 cf
5) The City of Porterville assesses a 6% Utility Users Tax within City Limits
6) City of Tulare Base Rate covers usage to 1,337 cf
7) City of Visalia Metered Rate is applied to total usage
8) City of Woodlake charges flat rate of \$16.00/month

**TABLE 2-5
SEWER RATES (TYPICAL SINGLE FAMILY DWELLING)**

City	Flat Rate	Connection Fee (per EDU)
City of Dinuba	\$16.12	\$3,500
City of Exeter	\$16.00	\$1,900
City of Farmersville	\$21.25	\$550
City of Lindsay	\$30.74	\$950
City of Porterville	\$25.39	\$3,375
City of Tulare	\$22.19	\$342
City of Visalia	\$13.81	\$2,325
City of Woodlake	\$13.00	\$960
Average	\$19.81	\$1,738

Source: Wastewater User Charge Survey Report F.Y. 2004-05 (CalEPA – SWRCB)

**TABLE 2-6
REFUSE RATES (TYPICAL SINGLE FAMILY DWELLING)**

City	Flat Rate	Other Charges	Total Charge	# of Bins
City of Dinuba	\$23.65	N/A	\$23.65	1 Full, 1 Split
City of Exeter	\$16.60	N/A	\$16.60	3 Full
City of Farmersville	\$19.00	N/A	\$19.00	3 Full
<i>City of Lindsay</i>	<i>\$19.19</i>	<i>6% UUT</i>	<i>\$20.34</i>	<i>2 Full</i>
City of Porterville	\$17.85	N/A	\$17.85	3 Full
City of Tulare	\$17.00	N/A	\$17.00	2 Full
City of Visalia	\$16.00	N/A	\$16.00	1 Full, 1 Split
City of Woodlake	\$18.00	N/A	\$18.00	3 Full
Average	\$18.41	--	\$18.56	--

Based upon the above tables, although the City's fees are generally above average (water and sewer rates are highest compared to other cities in Tulare County), fees do not appear unreasonable for providing the respective services. The reason for the above average fees can most likely be attributed to street maintenance being tied to utility enterprise funds, historic water quality problems encountered by the City's water supply wells, and the cost of operating and upgrading the City's WWTF.

In addition to user fees, the City also charges connection fees for water and sewer to mitigate the impacts that new development has on the utilities. The City's Water and Sewer Master Plan contains a comprehensive service policy for water supply and sanitary sewer. The following excerpts from the service policy of the Water and Sewer Master Plan address the responsibility of designing and constructing water and sewer facilities.

"In general, responsibility for design and construction of water and sewer facilities would be divided as follows.

- a. The City would be responsible for major water transmission mains, truck sewers, pumping stations, and other water and sewer facilities serving many developments.*
- b. Individual developers would build water distribution mains, collector sewers, small pumping station, and other facilities to serve their own developments.*

For financing the construction of new facilities, the City would have the option of using such mechanisms as connection fees, assessment districts, or grants or loans to finance its projects.

However, if the water demand of any development results in severe hydraulic impacts to the remainder of the distribution system (such as low pressures or insufficient storage for fire flows), the developer would pay its fair share of cost of remedying this situation, based on the facilities that would not otherwise need to be built. The fair share would be based on extent of additional development (if any) which could be served by the new facilities.

Similarly, if any development results in surcharging of a downstream sewer line, then the developer would pay its fair share of the costs of replacing or paralleling the existing

sewer that would otherwise not need to be built. The fair share would also be based on extent of additional development (if any) which could be served by the new facilities.”

The City’s connection fees for water and sewer are currently set at \$550, and \$950, respectively. These connection fees are significantly below average compared to other cities in Tulare County. The City’s *Water and Sewer Master Plan* identifies \$4,365,000 and \$574,500 in water and sewer improvement needs by 2010, respectively. It is recommended that the City complete a comprehensive review of the master planned improvements to determine which improvements can be tied to new development, the amount of development to be served by the master planned improvements, and identify a dwelling unit cost of constructing the master planned improvements. The City should establish a nexus between the master planned improvements and development impact fees, and update the fees accordingly. This would relieve a portion of the financial obligations of the City to construct master planned improvements that would serve new development. City staff has indicated that development impact fees are currently under review, and will likely increase in the near future.

Connection fees are generally used to implement capital infrastructure improvements to serve new development. There is no evidence suggesting that the annexation of areas within the SOI would result in unreasonable fees for these services as properties annex and develop within the City. It is anticipated that fees for the SOI areas would be inline with citywide fees for such services. As previously discussed, the City has programs in place (development impact fees, capital improvement program, etc.) for the construction of new infrastructure, thereby, mitigating the need to increase rates for current residents to support new development within the SOI areas.

The City periodically reviews current user fees and connection fees to ensure that they are adequate to expand and maintain the City’s infrastructure systems. Utility user fees charged to existing residents are generally allocated to the operation and maintenance of existing facilities (including capital replacement), and are not to be used for the construction of new facilities. Connection fees are used to construct the infrastructure for new developments. Having separate funds set up for the construction of new infrastructure, and for the operation and maintenance of existing infrastructure allows the City to continue to provide quality services to current residents.

2.5.2 Written Determinations

1. The City’s water, sewer and refuse rates were last updated in June 2004 by adoption of Resolution No. 04-19, *“A Resolution of the City Council of the City of Lindsay Adopting Revised Water, Sewer, and Refuse Rates.”*
2. In order to provide the community with maintainable, usable streets, the City enterprise funds (water, sewer and refuse) are required to pay their fair share of the costs of reconstructing those streets.
3. In order to minimize the financial impact on its citizens the proposed monthly user fees are being phased in over a four year period which began on June 1, 2004. Water, sewer and refuse fees are proposed to increase 5.9% annually with the final increase becoming effective June 1, 2007.
4. Although the City’s user fees are generally above average (water and sewer rates are highest compared to other cities in Tulare County), fees do not appear unreasonable for providing the respective services. The reason for the above average fees can most likely be attributed to street maintenance being tied to utility enterprise funds, historic water quality problems

encountered by the City's water supply wells, and the cost of operating and upgrading the City's WWTF.

5. In addition to user fees, the City also charges connection fees for water and sewer to mitigate the impacts that new development has on the utilities. The City's connection fees for water and sewer are currently set at \$550, and \$950, respectively which are significantly below average compared to other cities in Tulare County. City staff has indicated that development impact fees are currently under review, and will likely increase in the near future.
6. The City should establish a nexus between master planned infrastructure improvements and development impact fees, and update the connection fees accordingly. This would relieve a portion of the financial obligations of the City to construct master planned improvements that would serve new development.
7. There is no evidence suggesting that the annexation of areas within the SOI would result in unreasonable fees for utility services as properties annex and develop within the City. It is likely that fees for development with SOI areas would be inline with citywide fees for utility services.

2.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for a jurisdiction to share facilities and resources, thereby increasing efficiency. This section provides a description of the City's current facilities sharing activities, and identifies future opportunities to collaborate with other agencies on joint use projects and/or practices.

2.6.1 Current Shared Facilities

The City has demonstrated its desire to work with surrounding agencies in providing quality service to residents in a cost effective manner. Some examples of the City's interagency cooperation efforts include the establishment of automatic mutual aid agreements with the Tulare County Sheriff's Department, and the Tulare County Fire Department to collaborate public safety efforts.

The City has worked with Tulare County Association of Governments and Tulare County Resource Management Agency on regional planning issues including transportation, transit, solid waste, and coordinating applications to request State and/or Federal funding for joint projects.

Other examples of the City's efforts to share facilities and/or resources are identified below.

- Established agreement with City of Porterville to provide animal control services
- The City's participation in the Consolidated Waste Management Authority (CWMA)
- Working with the Lindsay-Strathmore Irrigation District on domestic and irrigation water issues
- Working with Tulare County on providing water and sewer service to surrounding unincorporated communities

The City is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk of loss is primarily handled through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of fifty-five cities in the San Joaquin Valley. The CSJVRMA is governed by a Board of Directors, which meets 3 to 4 times per year, consisting of one member appointed by each member city. The day to day business is handled by a management group employed by CSJVRMA. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$15,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit. Based upon the City's participation in the CSJVRMA, the City takes advantage of sharing insurance coverage premiums as a way of avoiding unnecessary costs.

Lindsay also has a Youth Services Program that was started in 1993 and is a cooperative, joint effort maintained by the City of Lindsay, the Department of Public Safety, and the Lindsay School District. The program was started as a diversion for Lindsay's youth to keep from adding to the already overburdened juvenile court system. The program affords juveniles and their parents the option to be held accountable for their behavior without having a formal criminal record or being placed on formal probation through the juvenile court system. The Youth Services Program has numerous resources available to assist the community. These resources include drug and alcohol counseling, gang intervention and suppression, employment through C-SET, dental and medical services, financial assistance with food and utilities and various other programs which are made available to the public. The City should continue its partnership with the school district to collaborate recreational resources and efforts for the betterment of the community.

2.6.2 Future Opportunities

With the State budget crisis impacting both Counties and Cities, the need for intergovernmental cooperation is becoming apparent, as every agency is facing an unprecedented assault on local resources. For this reason, it is important for Cities and Counties to meet this challenge on common ground.

The City should continue to work with the County on efforts to preserve prime agricultural land, and discourage development that would result in the loss of such lands. The City can accomplish this through smart growth planning, and promoting higher density developments.

The City should continue to look for opportunities to work with other local jurisdictions to complete joint use projects for the benefit of the community and taxpayers. The City should continue its partnership with local school districts to complete joint use projects that may include recreational facilities, shared corporation yards, joint use buildings, a multi-purpose room, gymnasium, or theater.

The City has opportunities to work with local irrigation districts and water conservation districts on groundwater recharge efforts. Continued reliance on groundwater could cause water table levels to decrease, thus it is important that the City and other local agencies meet this challenge on common ground. Groundwater recharge would benefit both the County as a whole and the City in terms of planning for future growth within the SOI boundary.

2.6.3 Written Determinations

1. The City has demonstrated its desire to work with surrounding agencies in providing quality service to residents in a cost effective manner. Examples include establishment of mutual aid agreements to collaborate public safety efforts, establishment of agreement to provide the City of Porterville with animal control services, the City's participation in the Consolidated Waste Management Authority, and working with Tulare County to provide water and sewer service to surrounding unincorporated communities.
2. Based upon the City's participation in the Central San Joaquin Valley Risk Management Authority, the City takes advantage of sharing insurance coverage premiums as a way of avoiding unnecessary costs.
3. The City also works with TCAG and Tulare County RMA on a continuous basis on various issues including transportation, transit, solid waste, and coordinating applications to request State and/or Federal funding for joint projects.
4. With the State budget crisis impacting both Counties and Cities, the need for intergovernmental cooperation is becoming apparent, as every agency is facing an unprecedented assault on local resources. For this reason, it is important for Cities and Counties to meet this challenge on common ground.
5. The City should continue to work with the County on efforts to preserve prime agricultural land, and discourage development that would result in the loss of such lands. The City can accomplish this through smart growth planning, and promoting higher density developments.
6. The City should continue its partnership with local school districts to complete joint use projects that may include recreational facilities, shared corporation yards, joint use buildings, a multi-purpose room, gymnasium, or theater.

7. The City has opportunities to work with local irrigation districts and water conservation districts on groundwater recharge efforts. Groundwater recharge would benefit both the County as a whole and the City in terms of planning for future growth within the SOI boundary.

2.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services. This section describes the potential impacts of development within SOI areas, and the annexation of land.

2.7.1 Development within SOI Areas

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. Similar levels of public participation can be expected for either City or County development projects in the planning and development process for the SOI territories. It is possible that development in the SOI areas that occurs under County control may not fully resolve impacts to the City, such as increased traffic on City streets, and new groundwater wells to support County development impacting Lindsay groundwater aquifers and other analogous assumptions. It can also be assumed that the reverse is true; that development controlled only by the City may leave impacts in the County unresolved in whole or in part. The challenge of this planning effort is to coordinate shared infrastructure and improvements so as to mitigate impacts on either side of the City/County limit boundary. Since the development of the SOI territories generally relies on Master Planned infrastructure available from the City, it is logical that the City assume the lead in planning for SOI properties.

If the City were to be the lead planning agency for properties within the SOI, LAFCO could require the City to bring coordinated plans for infrastructure forward to LAFCO at the time specific annexation requests are submitted. This would provide a checks and balance system for incorporating new lands within the City, and would render the remaining County lands a part of an integrated whole.

As discussed in previous sections of this report, the City's SOI covers a significantly larger area than does the City's UDB. Development within the City's SOI, but outside the City's UDB should be discouraged, as this would result in "leap frog" development, and has the potential of resulting in the loss of prime agricultural land before absolutely necessary for urban expansion. At which time land within the City's UDB nears buildout, the City could then expand its UDB outwards towards its SOI boundary.

There are two unincorporated County "islands" within the City of Lindsay. In order to create a better defined City Limit Boundary, the City should consider annexing these areas into the City. This would consolidate public safety, solid waste collection, and other services in these areas. The City should also consider making an application to Tulare County LAFCO to expand its SOI to be coterminous with its UDB in the western part of the City near the intersection of Spruce Road and Highway 65 (refer to Figure 2-2 for further clarification).

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation. Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (County, City or Special District). The proposal must be submitted on

forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

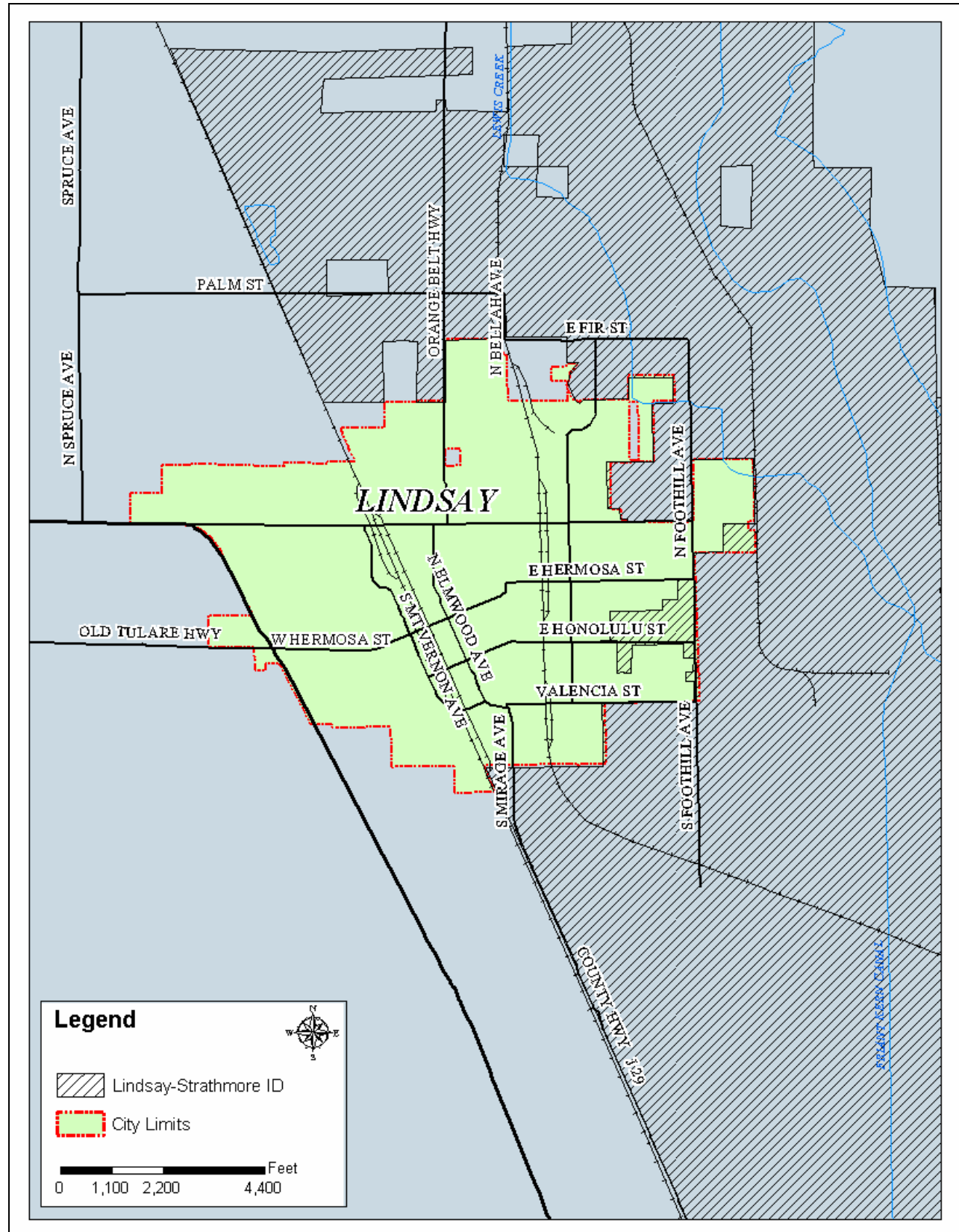
Tulare County LAFCO policies C-3 and C-4 outline specific criteria for petitions for change in organization, and protest hearings, respectively. Tulare County LAFCO policy C-5 sets forth specific criteria for establishing, and reviewing amendment proposals to, Spheres of Influence. Policy C-5 contains criteria regarding the following items: Existing boundaries, conflicting boundaries, initial implementation, scheduled updates – Cities, scheduled updates – Special Districts, Exceptions, separation of communities, municipal service reviews, and also contains an MSR exemption policy. SOI amendments shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.

2.7.2 Adjacent Service Providers

Other than the Lindsay-Strathmore Irrigation District, which has a function of providing domestic and irrigation water, there are no other special districts within the immediate vicinity of the Lindsay City Limits. Services outside the City Limits are generally provided by Tulare County. There are some instances where the City has agreements with the County to provide City services outside of the City Limits.

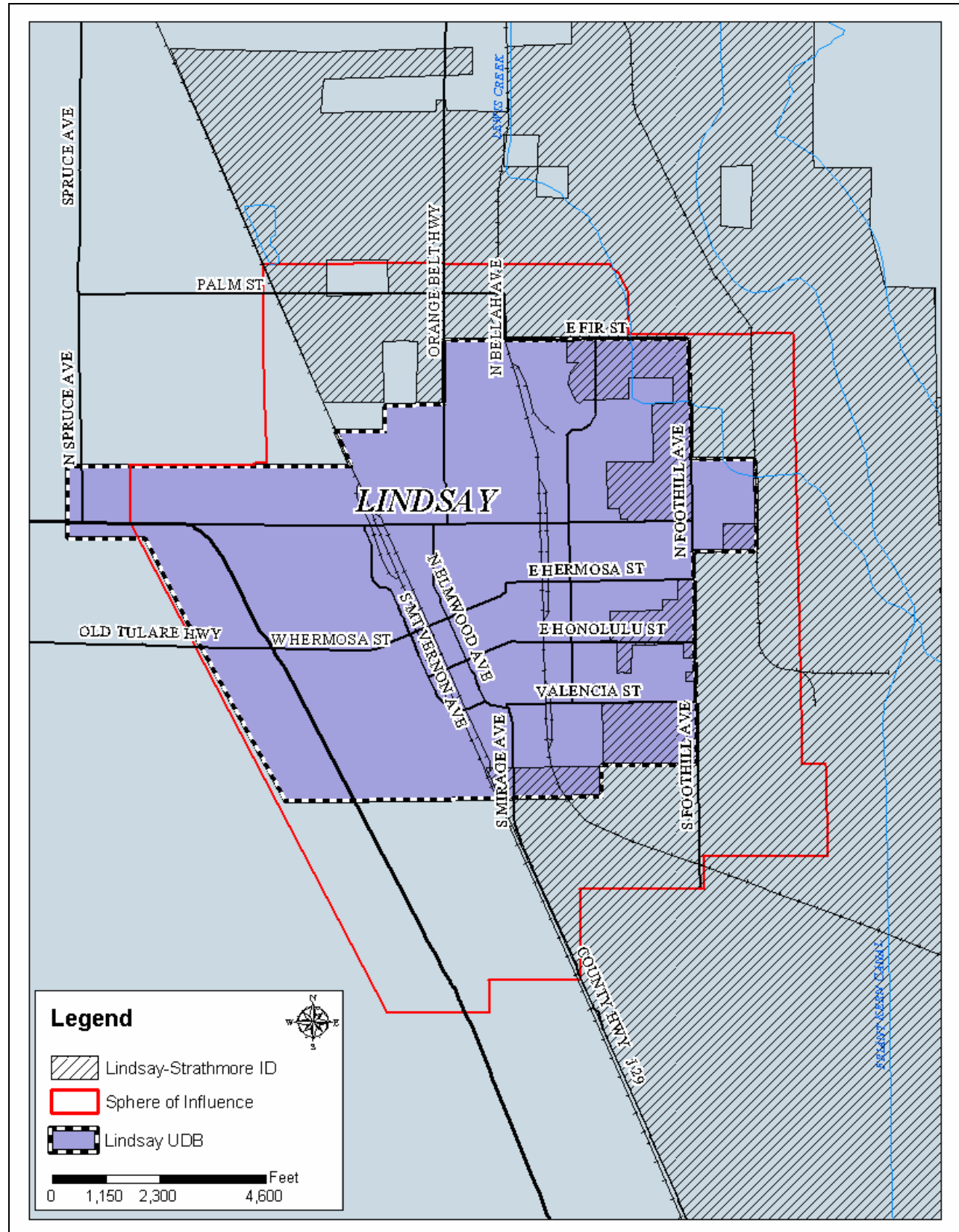
The Lindsay City Limits overlap with the LSID boundary in eastern areas of the City. In addition, the LSID boundary overlaps with the City of Lindsay UDB, in northeast and southeast areas of the City. The City's SOI overlaps with the LSID boundary in the north, south, and east areas surrounding the City. In some instances, streets contain water lines from both the City of Lindsay and the LSID. Due to continued problems with the LSID meeting Federal drinking water standards, the City should consider ultimately becoming the sole provider of domestic water in these areas of overlapping boundaries, as long as it is feasible to do so. Where necessary, the LSID should provide for irrigation water only in these areas of overlapping boundaries. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is no longer needed. Ultimately, overlapping boundaries with the LSID should be resolved between the City of Lindsay, the LSID, and Tulare County LAFCO. Figure 2-3 illustrates areas where the City Limits overlap with the LSID boundary. Figure 2-4 illustrates areas where the Lindsay UDB and SOI overlap with the LSID boundary.

FIGURE 2-3 AREAS OF OVERLAP BETWEEN LINDSAY CITY LIMITS AND LSID BOUNDARY



Source: Tulare County GIS Database

FIGURE 2-4 AREAS OF OVERLAP BETWEEN LINDSAY UDB/SOI AND LSID BOUNDARY



Source: Tulare County GIS Database

2.7.3 Written Determinations

1. The City's SOI covers a significantly larger area than does the City's UDB. Development within the City's SOI, but outside the City's UDB should be discouraged, as this would result in "leap frog" development, and has the potential of resulting in the loss of prime agricultural land before absolutely necessary for urban expansion. At which time land within the City's UDB nears buildout, the City could then expand its UDB outwards towards its SOI boundary.
2. Since development of properties within the City's UDB generally relies on master planned infrastructure available from the City, it is logical for the City to assume the lead in planning for these sites.
3. There are two unincorporated County "islands" within the City of Lindsay. In order to create a better defined City Limit Boundary, the City should consider annexing these areas into the City. This would consolidate public safety, solid waste collection, and other services in these areas.
4. The City should also consider making an application to Tulare County LAFCO to expand its SOI to be coterminous with its UDB in the western part of the City near the intersection of Spruce Road and Highway 65.
5. Coordinated infrastructure plans for development within the SOI area that are submitted with specific annexation requests would create a checks and balance system for incorporating lands into the City while promoting improvements to impacted adjacent County land.
6. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals.
7. Services outside the City Limits are generally provided by Tulare County, as there are no special district's immediately surrounding Lindsay, with the exception of the LSID, which has a function of providing domestic and irrigation water. There are some instances where the City has agreements with the County to provide City services outside of the City Limits.
8. The Lindsay City Limits, UDB, and SOI overlap with the LSID boundary, primarily in north, south, and east areas of the City and surrounding the City. Due to continued problems with the LSID meeting federal drinking water standards, the City should consider ultimately becoming the sole provider of domestic water in these areas of overlapping boundaries, as long as it feasible to do so.
9. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is longer needed. Ultimately, overlapping boundaries between the LSID should be resolved between the City of Lindsay, the LSID, and Tulare County LAFCO.

2.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the jurisdiction.

2.8.1 Organizational Structure

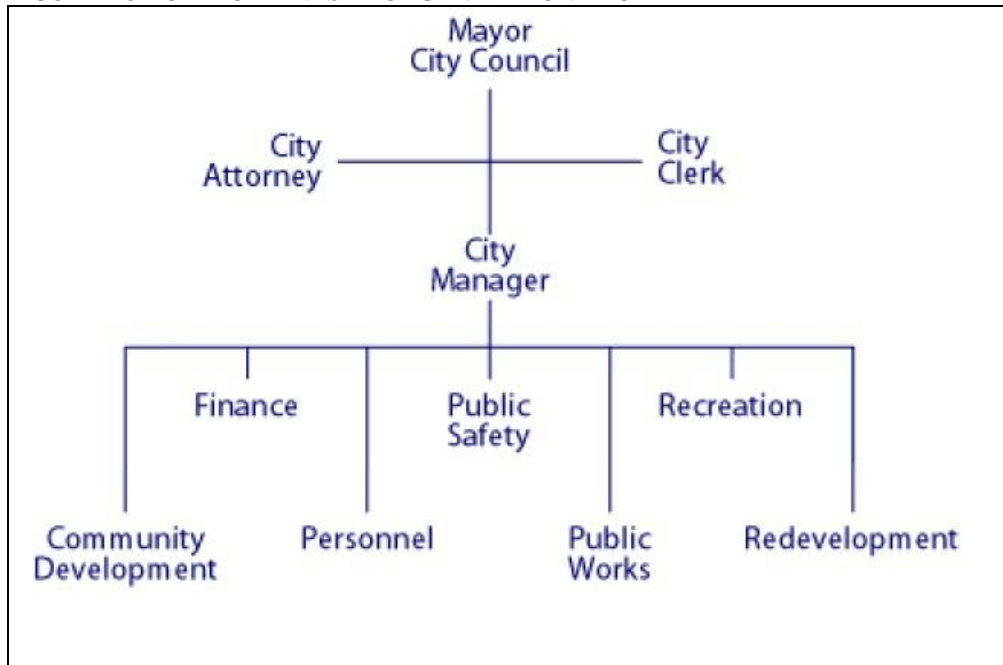
The following sections describe the various operational and service aspects of the City of Lindsay. Much of the information was obtained from the City's website at www.lindsay.ca.us. The website provides detailed descriptions of the departments serving the residents of the City. Overall, a review of the documentation indicates that the City is well run and organized in an efficient manner.

The City of Lindsay is a Charter City which operates under the council-manager form of government. The Chief Executive Officer is the City Manager who serves at the pleasure of the City Council and carries out City policies. All other department heads in the City serve under contract and at the pleasure of the City Manager. The City is organized into a Community Development Department, Finance Department, City Attorney's Office, Personnel Department, Department of Public Safety, Public Works Department, Department of Recreation, and the Redevelopment Agency.

The City Council is the legislative and policy making body of the City. It is comprised of five citizens who are elected to four year, overlapping terms. Municipal elections are held every even numbered year. After each election, the City Council selects one of its members as Mayor to serve as presiding officer of the City Council. The Mayor provides policy leadership, presides over meetings of the Council and votes as a member of the Council. The Mayor represents the City in all official matters and at official functions. The City Council also serves as the Planning Commission, Financing Authority and Redevelopment Agency for the City of Lindsay. The City Council conducts its business in public session in the Council Chambers at City Hall in Lindsay, on the second and fourth Tuesday of each month.

The City Manager is the Administrative Head of the City Government and coordinates the general administration of the municipal organization within the framework of policy established by the City Council. The Manager directs the overall administration of Departments and Divisions, prepares and submits the annual budget, maintains communications and good public relations with the general public, keeps the Council advised of the City's financial condition and recommends measures or actions which he considers necessary for the efficient operation of City Government. The City Manager also serves as the Executive Director of the Redevelopment Agency. The City's organizational chart is shown on Figure 2-5.

FIGURE 2-5 – CITY OF LINDSAY ORGANIZATIONAL CHART



A summary of the City's Departments and the various services they provide to residents is provided below.

City Finance Department – The Finance Director is responsible for the administration of the financial affairs of the City and the supervision and operation of the utility billing collection office. The Finance Director also acts as the City Clerk, Risk Manager, and as the City Treasurer. The Finance Director also serves as the Finance Officer for the Lindsay Redevelopment Agency.

City Attorney's Office – The City Attorney is appointed by the City Council to provide legal advice to the Council and various City departments. Requirements of this office include attendance at all City Council meetings, representation of the City in all civil litigation and review/drafting of Ordinances and Resolutions to ensure constitutionality and harmony with existing City Charter, State and Federal laws.

Community Development Department – The Community Development Department is charged with the review of Planning and Development within the City to assure development which is consistent with City policy and is in the best interest of the City. In this regard, the Community Development Department renders staff reports on policy decisions regarding the normal growth of the City through the General Plan and the Zoning Ordinance. This department reviews and reports to the City Council on all amendments to the Municipal Zoning Ordinance, variances, annexation requests and proposed subdivisions. This department also administers Community Development Block Grants, Economic Development Programs, and the City's geographic information system.

Public Safety Department – The Public Safety Department is responsible for the protection of life and property, the prevention and suppression of crime and the

prevention and suppression of fire and protection of its citizens and their property from hazard & destruction. Other responsibilities include investigation of law violations & traffic accidents, provision of first out medical aid, inspection of commercial & private property for compliance with fire codes. Administration of the department is through its Director and subordinate supervisors. The department's long term goal is to maintain a professional, community oriented department, with emphasis on protection of all citizens, providing a safe, secure and comfortable environment in which to live and work.

City Services (Public Works) Department – The City Services Department is a major department charged with the administration of various City Services divisions. These divisions include building inspection, general government buildings, City services administration, parks, refuse collection, sewer, streets, storm drain, and water. City Services is also charged with ensuring compliance with City standards by contractors and subdividers.

Recreation Department – The purpose of the Recreation Department is to maximize recreational opportunities and improve the quality of life for all residents of the community it serves.

The City Attorney and City Engineer provide City services on a contractual basis. These City services are currently provided on a part-time as needed basis. As the City's population continues to increase, and development interest in the community increases, it would ultimately be in the City's best interest to have these services on a full time basis.

2.8.2 Written Determinations

1. There is no evidence indicating that the City's current management structure would not be able to assume services within the SOI area, and/or continue to assist other agencies through mutual aid agreements.
2. The City ensures that services can be efficiently provided in the UDB/SOI areas through the preparation of master service plans to provide infrastructure that will ultimately serve the UDB/SOI areas.
3. The City has a sound organizational structure that should be able to continue to provide quality service to current residents, and accommodate future growth within the City and surrounding urban development areas.
4. The City Attorney and City Engineer provide City services on a contractual basis. These City services are currently provided on a part-time as needed basis. As the City's population continues to increase, and development interest in the community increases, it would ultimately be in the City's best interest to have these services on a full time basis.

2.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the agency's decision-making processes.

2.9.1 Public Access and Information Methods

The governing body of Lindsay is the City Council, which is elected in compliance with California Election Laws. The City complies with the Brown Act open-meeting law and provides the public with opportunities to get information about City issues, including website and phone access, and bill inserts.

The City's website is an excellent informational tool, and provides remote access to the current events of the City, contact information for all City departments, emergency contacts, utility information, a complete City profile, current projects, development fees, various planning applications, and much more. The City's website can be accessed at www.lindsay.ca.us.

Regular City Council meetings are held twice a month on the second and forth Tuesday in City Hall Council Chambers located at 251 E. Honolulu Street, Lindsay. City Council meeting agendas are made available on the City's website for remote public viewing.

2.9.2 Written Determinations

1. The city complies with the Brown Act open-meeting law and provides the public with opportunities to get information about City issues, including website and phone access, and bill inserts.
2. The City's website is an excellent informational tool, and provides remote access to the current events of the City.
3. Regular City Council meetings are held twice a month on the second and forth Tuesday in City Hall Council Chambers located at 251 E. Honolulu Street, Lindsay. City Council meeting agendas are made available on the City's website for remote public viewing.

CHAPTER 3 – CITY OF PORTERVILLE MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations findings of the City of Porterville Municipal Service Review. As part of its review of municipal services, LAFCO is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Porterville MSR identifies the following written determinations.

Written Determinations

1) Growth and Population

Historical Data & Population Projections

1. Historical Census data indicates that Porterville had a 1990 population of 29,536, and a 2000 population of 39,615. California Department of Finance projections indicated a January 2005 population of 44,496. These trends indicate that Porterville's population is growing at an average annual rate between 2.5% and 3.0%.
2. Based upon historical population trends, at an average annual growth rate of 3.0%, Porterville's 2020 and 2030 population are projected to be 69,323 and 93,164, respectively. These projections are slightly lower than those contained in the City of Porterville General Plan, and master plans, which used an average annual population growth rate of 3.5% through year 2010 and 2015, respectively.
3. The City is currently in the process of updating its General Plan, which includes a population projection of 100,000± in year 2030.

Planning Documents

1. The City plans for future growth through the implementation of policies and standards set forth in General Plan Elements. Porterville's General Plan is a long-range guide for attaining the City's goals within its ultimate service area and accommodating its population growth to the year 2010.
2. Porterville is currently undertaking a comprehensive update to their General Plan, which will include the following seven "Elements"; Safety, Economic Development, Land Use, Circulation/Transportation, Noise, Open Space, and Resource Conservation. The City's General Plan was last comprehensively updated in 1989. An Urban Water Management Plan which includes a water supply assessment is also being prepared as a part of the General Plan Update. The City's Housing Element was recently updated, and does not need updating at this time.

3. The City also plans for future growth through the preparation and implementation of specific plans and master plans. The City's water, sewer and storm drain master plans are designed to accommodate growth to the year 2015 and a population of approximately 65,800.

Planning Boundaries

1. The Tulare County General Plan contains an Urban Boundaries Element which sets forth policy regarding development within municipal fringe areas surrounding incorporated cities. The Goals and Policies Report for the Tulare County General Plan Update (November 2006) includes policies relating to City Boundaries as a part of the "Planning Framework" section.
2. According to adopted plans, urban development is to occur only within the incorporated City Limits, with certain exceptions. Within the 20-year UDB, development proposals are referred to the City for annexation. If the City cannot, or will not, annex, Tulare County considers the proposal on its merits.
3. According to Policy PF-4.5 "Spheres of Influence" (Goals and Policies Report Tulare County General Plan, November 2006), City Urban Development Boundaries and the Spheres of Influence as administered by the Local Agency Formation Commission should be consistent at all times insofar as it is administratively feasible to do so.
4. There are some inconsistencies between the City's adopted SOI and 20-year UDB. It is recommended that the City of Porterville work with the Tulare County Resource Management Agency, and Tulare County LAFCO to rectify inconsistencies between the City's SOI and 20-year UDB. The City is currently undertaking a comprehensive update to their General Plan, which will facilitate the opportunity to work with Tulare County on updating its 20-year UDB and SOI.

Land Use

1. Land use within Porterville is guided through the implementation of goals and policies set forth in the Land Use Element of the General Plan. The Land Use Element is considered the most prominent of the seven mandatory elements of the General Plan, as it determines the general location of residential, commercial, industrial, public and open space uses in addition to disclosing building intensities and population densities for the planning area. Porterville's General Plan, including the Land Use Element is currently in the process of being comprehensively updated.
2. The City's website contains extensive information with regard to economic development within Porterville including location of available industrial sites, commercial sites, and downtown business opportunities, business incentives, and redevelopment.
3. The City should undertake a review of the land use demand and supply no less than once every five years to ensure that land zoned for General Plan development continues to meet the growth needs of the City. It is recommended that the City coordinate this process with scheduled updates to Spheres of Influence and/or 20-year UDB's.

Annexations

1. Recently, the City has been actively annexing "County islands" into the City Limits in accordance with SB 1266 (Torlakson) which expanded the maximum area for island

annexations from 75 to 150 acres as of January 1, 2005. Recent island annexations have incorporated just over 600 acres into the City Limits.

2. There are still about nine unincorporated “County islands” located within the outer boundary of the Porterville City Limits. These remaining “County islands” have a total land area of approximately 470 acres. It is recommended that the City continue to pursue the annexation of these remaining “County islands”, as administratively feasible, to establish a more definitive and organized City Limit Boundary.

2) Infrastructure Needs & Deficiencies

Capital Improvement Plan

1. The City’s CIP is an excellent foundation and planning tool to assist the community in its orderly development in the acquisition of municipal facilities and to assure that service needs for the future are met.
2. The CIP ties the City’s physical development to goals and decisions expressed through hearings, citizen advisory groups, City staff, and documents including the City’s General Plan and infrastructure master plans.
3. Projects identified in the City’s CIP are generally consistent with the City’s General Plan, master plans and related documents, goals of the City Council, and mandates from state or federal regulatory agencies.
4. The CIP identifies over twenty-five revenue sources from which CIP projects are funded, and provides a comprehensive description of each revenue source, and how the resources are allocated.

Domestic Water

1. The City relies solely on groundwater for supplying municipal water to its residents. The City’s groundwater management policy does not discourage additional reliance on the groundwater aquifers as the source for future water supply. A water supply study as part of the City’s comprehensive General Plan Update will determine if sufficient capacity of groundwater will meet future water requirements. The study will also consider the feasibility of constructing a surface water treatment plant.
2. The City is able to remotely monitor and control the operations of the water system through the use of a Supervisory Control and Data Acquisition System (SCADA), although some wells and tanks are still operated with local pressure switches with on/off set points.
3. The City’s water system is 98% metered, which promotes water conservation. In the 1990s, the City successfully implemented a comprehensive phased water conservation plan, and has continued to follow the water conservation plan through the years.
4. The City’s website contains numerous flyers, presentations, and newsletters informing the public on easy ways to save water, leak detection, and landscape watering. The City’s efforts in promoting water conservation significantly improve the City’s ability to continue to provide quality water service to its customers.

5. The City's water supply and distribution system was studied as a part of the *Water System Master Plan* (Carollo Engineers, February 2001). The City's *Water System Master Plan* is designed to accommodate a population of 65,807, which would accommodate growth through year 2015. The planning area for the master plan coincides with the City's UDB.
6. The City should continue to identify capital water system improvements in its comprehensive ten year CIP, consistent with the recommendations contained within the *Water System Master Plan*. Provided the City continues to implement improvements recommended in its *Water System Master Plan*, the City will be in a position to support future development within its UDB and SOI.
7. Based upon information obtained from the Department of Water Resources, Porterville has not complied with the Urban Water Management Planning Act, which requires urban water suppliers to submit Urban Water Management Plans to the Department every five years, on years ending in zero and five. The City has not complied with the 2000 requirement and to date, has not complied with the 2005 requirement. Noncompliant urban water suppliers are ineligible to receive funding pursuant to Division 24 (commencing with section 78500) or Division 26 (commencing with section 79000), or receive drought assistance from the State until the UWMP is submitted pursuant to the Urban Water Management Planning Act. The City is working to comply with the requirements of the Urban Water Management Planning Act.

Wastewater Collection, Treatment and Disposal

1. The City provides sanitary sewer collection, treatment, and disposal services to residents in the community. The City also provides contracted wastewater treatment services to the Porter Vista Public Utility District, serving an area located east of Porterville.
2. The City's sewer collection system was studied as a part of the *Sewer System Master Plan* (Carollo Engineers, February 2001). The City's *Sewer System Master Plan* is designed to accommodate a population of 65,807, which would accommodate growth through year 2015. The planning area for the master plan coincides with the City's UDB.
3. The City should continue to identify capital sewer system improvements in its comprehensive ten year CIP, consistent with the recommendations contained within the *Sewer System Master Plan*. Provided the City continues to implement improvements recommended in its *Sewer System Master Plan*, the City will be in a position to support future development within its UDB and SOI.
4. The City also owns and operates a Wastewater Treatment Facility (WWTF) located at the southwest quadrant of the West Grand Avenue/Prospect Street intersection. The WWTF receives domestic sewage from residential, industrial and commercial sources.
5. Treated effluent from the WWTF is currently discharged to 455 acres of irrigated agricultural land owned by the City and 30 acres of agricultural land under private ownership for which reclamation requirements have been issued. The City owns an additional 320 acres of agricultural land under development for farming activities.
6. The WWTF operates under the provisions outlined in *Waste Discharge Requirements (WDR) Order Nos. 5-01-103 and 5-01-104*, issued by the RWQCB. WDR Order Nos. 5-01-103 and 5-01-104 prescribe that the monthly average dry weather discharge flow shall not exceed 5.3

million gallons per day (MGD). Based upon information contained in the *Wastewater User Charge Survey Report F.Y. 2005-06*, issued by the State Water Resources Control Board in May 2006, the City of Porterville reported an average dry weather flow of 4.90 MGD, indicating that the WWTF is operating near its permitted capacity.

7. The City's WWTF is currently operating under a Cease and Desist Order, issued by the RWQCB. The City has recently purchased additional land that will be used for reclamation, and is installing new equipment at the WWTF in order to achieve compliance with the Cease and Desist Order. Once compliance is achieved, the City anticipates the permitted capacity will increase to about 6.0 MGD.
8. While the City's *Sewer System Master Plan* addresses the sanitary sewer collection system, future expansions to the WWTF are not addressed. Several years ago, a study was completed to determine the feasibility of relocating the WWTF from its current location near the center of town. At that time, it was determined to be infeasible or not cost effective to relocate the facility. It is recommended that the City complete a master plan for the WWTF to address future capacity expansion abilities at its current location, or the possibility of constructing a WWTF at a new location.

Streets and Roads

1. The City constructs transportation improvements through the implementation of goals and policies set forth in the City's General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years.
2. The City is currently undertaking a comprehensive update to its General Plan, which includes the Circulation Element. The City implements street improvements through annual street programs, and its 10-year CIP, which plans for the funding of future transportation improvement projects.
3. It is recommended that the City take the lead in planning for transportation and circulation improvements within the boundary of its 20 year UDB and SOL. Streets within this area should be constructed to City standards, since it is likely that the area will ultimately be incorporated into and become a part of the City of Porterville.

Solid Waste

1. The City of Porterville Field Services Division is responsible for the removal of solid waste within the incorporated City Limits. Waste is conveyed to a sanitary landfill site located approximately seven miles southwest of the City at Avenue 128 and Road 208 and serves the City and surrounding area. The site is operated by Tulare County and has an estimated remaining life of several decades.
2. Unincorporated portions of the planning area are provided solid waste removal services by private contractors, which are contracted with Tulare County.
3. In 1989, the State of California passed the Integrated Waste Management Act. Assembly Bill 939 (AB 939) required all cities and counties to implement programs to reduce landfill tonnage by 25% by the end of 1995, and 50% by the end of 2000. Seven of the eight Tulare County City's (Porterville, Visalia, Tulare, Lindsay, Exeter, Farmersville and Dinuba and the County of Tulare) are involved in a Joint Power Authority (Consolidated Waste Management Authority, CWMA). The CWMA is at 49% diversion with the latest diversion numbers

approved by the board for year 2002. The CWMA has requested and received a California Integrated Waste Management Board Approved Time Extension Biennial Review Delay. a time extension and plans to return to 50% diversion. The Board approves, through the Biennial Review process, the diversion numbers calculated for a jurisdiction for compliance purposes. The Biennial Review Delay was requested because the CWMA is continuing a time extension previously granted by the Board in order to improve its programs and return to 50% diversion.

4. In July 2006, the City implemented residential recycling curbside collection to enhance its recycling program. The City has provided residential greenwaste curbside collection since the early 1990s. The current system provides three different containers for the collection of refuse, greenwaste and all household recyclable products. Service providers in the unincorporated area currently only provide refuse and greenwaste collection.
5. There is no evidence suggesting that the City will not be capable of providing solid waste collection and disposal services to areas within its SOI and/or UDB, consistent with fees paid by current customers within the City Limits.
6. The City's ability to provide solid waste collection and disposal services at lower rates compared to other providers in Tulare County is an indication of the service efficiency. National statistical data indicates higher recycling rates for municipal collection versus private collection.
7. The ongoing annexation of County islands could possibly improve the service efficiencies related to solid waste collection and disposal within these areas.

Power Generation and Distribution

1. Power generation and distribution is provided by a privately owned utility company. The Southern California Edison (SCE) Company serves most of the Cities within Tulare County, including Porterville. Since privately owned utility companies are not subject to Sphere of Influence (SOI) determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Fire and Police Protection Services

1. The Porterville Fire Department operates out of two fire stations equipped and staffed 24-hours a day, seven days a week.
2. The insurance services office (ISO) rates fire departments on a scale of one (best) to ten (unprotected). The Porterville Fire Department current ISO rating is three (3).
3. The City of Porterville contracts with various agencies to provide the community with the best possible emergency services through mutual aid agreements, including the Tulare County Fire Department, and the Tulare County Sheriff's Department.
4. The City Council has expressed the need for the construction of a third fire station in the City. The City has a "Building Construction Fund" that was established to accumulate General Fund surplus revenues to allow for the construction of a City Hall expansion, the construction of a new fire station, and the construction of a new police facility.

5. In 2005, Porterville voters passed a ½ cent sales tax initiative to support increased public safety efforts. Revenues generated from the sales tax increase is estimated to support seven additional firefighters and seven additional police officers, including all the related accoutrements.
6. The passage of the ½ cent sales tax increase will increase the City's public safety efforts and its ability to serve future development within the City's SOI and/or UDB.
7. It is recommended that the City incorporate the construction of a third fire station and an additional police facility into its ten-year CIP, and identify funding mechanisms for their implementation.
8. Increased public safety staffing, and a new fire station will allow the City to enhance its public education efforts, meet the OSHA 2 in-2 out mandate, and achieve the NFPA's minimum standard for response to structure fires. The passage of the sales tax initiative also allowed the City to lift its general fund hiring freeze, which has been in effect for several years.
9. The City is making steps in the right direction to increase its public safety efforts, its ability to provide mutual aid to other agencies, and its ability to provide service within its SOI and/or UDB.
10. It should be noted the City of Porterville is currently undertaking a comprehensive update to their general plan, which will include an update to the public safety element. This will help identify future needs of the police and fire departments, including implementation policies.

3) Financing Constraints and Opportunities

1. In 2004, the City received a Certificate of Achievement for Excellence in Financial Reporting (CAFR Program) from the Government Finance Officers Association (GFOA). The certificate program, established in 1945, is designed to recognize and encourage excellence in financial reporting by state and local governments. Receipt of this award is indicative of the financial responsibility of the City.
2. The City's general fund budgeting approach includes a three year strategic plan, a one year budget, November, January, and April reviews of budget targets, and revisions to expenditures when necessary to accomplish targets. This approach ensures that the City will continue to remain in a solid financial position for current and future years.
3. According to the City's fiscal year 2004/05 budget, the City's general fund will be a spending deficit through fiscal year 2005/06. The City anticipates that general fund deficit spending will be overturned during the 2006/07 fiscal year.
4. The Government of Finance Officers Association recommends, at a minimum, that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The City's general fund balance at the end of the 2004-05 fiscal year represented approximately 7% of general fund operating revenue. According to a analysis of the City's financial status presented by staff in November 2004, the City has enough reserved funds to cover general fund bills for a couple

of months, and the City was in a solid position in terms of cash flow, unlike many other throughout California.

5. Anticipated increases in general fund revenues, in addition to the recent passage of a ½ cent sales tax increase are important revenue sources that will help the City overturn its general fund deficit spending, and keep the City in a solid financial position.
6. The City levies a utility user's tax (UUT) on various utility services provided within the City Limits, which amounts to approximately 17% of general fund revenues. The City's UUT could be expanded to include services not covered by the existing UUT, i.e. sewer and/or garbage. Majority voter approval is typically required for increases/expansions of existing UUTs.

4) Cost Avoidance Opportunities

1. The City avoids unnecessary costs through the implementation of infrastructure Master Plans and the General Plan, which assist in eliminating overlapping or duplicative services.
2. The City avoids unnecessary costs by assessing development impact fees for the purpose of financing public infrastructure, including water, sewer, storm drain, and transportation improvements. The City's development impact fee program helps offset the financial responsibility of the City to install and maintain the infrastructure necessary to serve new developments.
3. The City prepares, and updates annually, a comprehensive ten year CIP consistent with recommendations contained in infrastructure master plans, and goals of the City Council. A properly prepared capital plan is essential to the future financial health of an organization and continued delivery of services to citizens and businesses.
4. The City has opportunities to increase its cost effectiveness and revenue raising efforts by tracking savings and interest on reserves, maintaining a balanced budget including maintaining a general fund budget that grows each year, and emphasizing performance measurement practices.
5. City staff actively monitors the long term indebtedness of the City, and takes advantage of refinancing higher interest loans as a way of avoiding unnecessary costs.
6. The City can avoid unnecessary costs by implementing smart growth practices by promoting development in infill areas and areas where infrastructure is already in place (and has excess capacity). It can be expected that the City will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.
7. In 2003, the City increased its investment options by authorizing the Treasurer/Chief Financial Officer of the City of Porterville to join the Investment Trust of California (Cal TRUST) and the California Assets Management Program (CAMP) as alternative investment avenues. By continuing to explore additional investment avenues, the City is able to avoid unnecessary costs associated with shortcomings on its investment practices.

5) Opportunities for Rate Restructuring

1. In 2005, the City undertook a City-Wide Overhead Cost Allocation Plan and Fee Study (Maximus, Inc, 2005). The study suggested that the City should consider tying fees to a CPI increase approximately 1 to 2 years, with a review every 3 to 5 years.
2. Having separate funds set up for the construction of new infrastructure, and for the operation and maintenance of existing infrastructure allows the City to continue to provide cost-effective quality services to current residents.
3. The City has a sound fee structure in place which allows the City to continue to provide cost effective services to its residents while continuing to maintain and improve the current infrastructure.
4. While the City's rates for water and sewer are above average compared to other full service City's within the County, they do not appear to be unreasonable, or significantly above average in comparison. The City's rate for refuse collection is below average compared to other cities in Tulare County.
5. There is no evidence suggesting that the City would not be able to provide services to the SOI areas for fees consistent with citywide fees for such services.

6) Opportunities for Shared Facilities

Current Shared Facilities/Resources

1. Some examples of the City's interagency cooperation efforts include the establishment of automatic mutual aid agreements with the Tulare County Sheriff's Department, the Tulare County Fire Department, and the City of Visalia Hazardous Response Team, to collaborate public safety efforts.
2. The City has worked with Tulare County Association of Governments and Tulare County Resource Management Agency on regional planning issues including transportation, solid waste, and coordinating applications to request State and/or Federal funding for joint projects.
3. Other examples of the City's efforts share facilities and/or resources include contracting with the City of Lindsay for animal control services, participation in the Consolidated Waste Management Authority (CWMA), participation in the Success Dam Seismic Remediation Project, joint use recreational facilities with the Kern Community College District, and providing wastewater treatment services to the Porter Vista PUD.
4. Based upon the City's participation in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), the City takes advantage of sharing insurance coverage premiums as a way of avoiding unnecessary costs.

Future Opportunities

1. The City has opportunities to work with local irrigation districts and water conservation districts on groundwater recharge efforts. Continued reliance on groundwater could cause water table levels to decrease, thus it is important that the City work with other local agencies to maintain its groundwater supply through recharge efforts. Groundwater recharge would benefit both the County as a whole and the City in terms planning for future growth within the SOI boundary.

2. The City should continue to work with the County on efforts to preserve prime agricultural land, and discourage development that would result in the loss of such lands. The City can accomplish this through smart growth planning, and promoting higher density developments and infill development.
3. The City should continue to look for opportunities to work with other local jurisdictions to complete joint use projects for the benefit of the community and taxpayers.

7) Government Structure Options

Development within SOI Areas

1. Since development of properties within the SOI generally relies on master planned infrastructure available from the City, it is logical for the City to assume the lead in planning for these sites.
2. The City has a sound governmental structure that provides necessary resources to provide public services and infrastructure improvements within the SOI area.
3. Coordinated infrastructure plans for development within the SOI area that are submitted with specific annexation requests would create a checks and balance system for incorporating lands into the City while promoting improvements to impacted adjacent County land.
4. It is anticipated that “County islands” that have been annexed into the City will ultimately be connected to City utilities (i.e. water and sewer). In general, all unincorporated “County islands” within the interior of the Porterville City Limits are not connected to City utilities (i.e. water and sewer). To create a better defined City Limit boundary, it is recommended that the City continue to annex “County islands” as appropriate, and administratively feasible. In addition, the City should work with the Tulare County Local Agency Formation Commission, and the Tulare County Resource Management Agency to rectify differences between the City’s UDB and SOI.
5. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals. SOI amendments and other changes in organization shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.

Boundary Conflicts

1. There is an adjacent special district (Porter Vista PUD) that serves an area immediately east of Porterville with sanitary sewer collection service. The Porter Vista PUD provides only sanitary sewer collection service within their district boundary, and treatment is provided at the City’s WWTF through an agreement between the City and the Porter Vista PUD. The Porter Vista PUD has an established SOI boundary, which is coterminous with the district boundary. Domestic water within the boundaries of the Porter Vista PUD is generally obtained through private wells or small private water companies. As a result of the acquisition of a small water system, the City provides water service to an area of East Porterville.

2. The district boundary of the Porter Vista PUD overlaps with the Porterville City Limits and SOI in some areas. In these areas, the reason for the overlapping of boundaries is unclear, and a clear distinction between City and Porter Vista PUD service areas does not exist. Overlapping boundaries can often cause public confusion, and can result in service inefficiencies where there is a potential for duplication of services.
3. If the City continues to expand to the east, a potential merger of the Porter Vista PUD and the City of Porterville should be explored (this would ultimately result in the dissolution of the Porter Vista PUD). A merger of the Porter Vista PUD and the City of Porterville could increase service efficiencies within the east Porterville area. This does not necessarily have to happen all at once, as a phased reorganization could be achieved based upon the City's ability to extend services to areas immediately adjacent to the City Limits. It is likely that such a process would take several years to complete.

8) Evaluation of Management Efficiencies

1. There is no evidence indicating that the City's current management structure would not be able to assume services within the SOI area, and/or continue to assist other agencies through mutual aid agreements.
2. The City ensures that services can be efficiently provided in the SOI areas through the preparation of master service plans to provide infrastructure that will ultimately serve the SOI/UDB areas.
3. The City has a sound organizational structure that should be able to continue to provide quality service to current residents, and accommodate future growth within the City and surrounding urban development areas.

9) Local Accountability and Governance

1. The governing body of Porterville is the City Council, which is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with opportunities to get information about City issues, including website and phone access, newsletters, and bill inserts. Regular City Council meetings are held on the first and third Tuesday of each month at 6:00 p.m. in City Hall Council Chambers located at 291 N. Main Street, Porterville.
2. The City continues to make reasonable efforts to maintain public involvement regarding land use and development projects in the community. The City accomplishes this through regular City Council meetings, website postings, and encouraging the public to participate in the General Plan Update process, which is currently taking place.
3. The City maintains a comprehensive website, which provides a means to keep the public informed on local events, current City projects, recreational activities, and other activities occurring in the City.
4. The City's budget preparation process gives residents the opportunity to review the services the City is providing, and the cost of those services. This type of accountability helps the City to identify services that operating efficiently and areas where improvement may be needed within the organization.

3.0 CITY OF PORTERVILLE

3.0.1 Background

In July 2003, the Tulare County Local Agency Formation Commission (LAFCO) Board adopted a Municipal Service Review (MSR) exemption policy, which identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from a MSR study. Each of the Cities in Tulare County shall be subject to full review. The policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

The City of Porterville, founded in 1849 and incorporated in 1902, is located in the central western area of Tulare County in the heart of the agriculturally rich San Joaquin Valley. The City of Porterville operates under the Council-Manager form of government, and became a “charter” City in 1926. The City provides the following services that are subject to a municipal service review: public safety (police and fire protection), domestic water, sanitary sewer collection, treatment and disposal, transportation, and solid waste collection and disposal.

Power generation and distribution is provided by privately owned utility companies. The Southern California Edison (SCE) Company serves most of the cities within Tulare County, including Porterville. Review of the services provided by privately owned and operated utility companies are excluded from this MSR. It should also be noted that due to the unique nature of healthcare, review of this service has been specifically excluded from this report.

Porterville is located in the most diversified agricultural area in the world. Agriculture is the number one industry, with light manufacturing industries compatible with agriculture adding balance to the economy. Industry has become a significant factor in the development of the community. The Wal-Mart Distribution Center, Beckman Coulter Inc., and Royalty Carpeting are major industries located in the City. Continued industrial diversification is being encouraged. A combination of factors has created a City with a unique vitality. These include a quality of life valued by its residents, pursuit of industrial diversity for a sound economic base, active community support of youth, education from preschool through Community College levels, careful land use planning through a comprehensive General Plan, and consolidation of the urban area through annexation. In 1994, Porterville was selected for the prestigious All America City Award by the National Civic League.

Porterville, situated along the foothills of the Sierras at an elevation of 455 feet, is located on State Highway 65, 165 miles north of Los Angeles, 171 miles east of the Pacific Coast. Porterville is California’s southern gateway for visitors to the Sequoia National Forest and Sequoia and Kings Canyon National Parks. The City has a strategic central location with access to major transportation routes, which helps maintain its competitiveness in the regional marketplace. State Highways 65 and 190 which intersect in Porterville provide access to other major routes in the region including State Routes 137 and 198 to the north and State Route 99 to the west.

Incorporated cities surrounding Porterville include Lindsay and Exeter to the north, and Visalia and Tulare to the northeast. Smaller size communities surrounding Porterville include Springville to the east, Poplar and Woodville to the west, Terra Bella to the south, and Strathmore to the north.

3.0.2 MSR Requirement

Tulare County LAFCO policy C-5 states the following with regard to a SOI.

“Whenever possible, the SOI of each City and those Special Districts which provide urban services to unincorporated communities within the County should reflect twenty-year growth areas with additional areas for communities of interest (Section 56425 (a)(4)). This boundary shall be reviewed and, if necessary, updated no more than once every five years. The updates should be sufficient to accommodate projected growth for twenty years from the date of adoption.”

SOI’s can be updated more frequently than once every five years if certain criteria established by LAFCO policy are met. An MSR is generally required before an agency can process a proposed amendment to their adopted SOI through LAFCO. However, according to Tulare County LAFCO policy, an MSR is not required for minor SOI amendments that meet all of the following criteria; 1) The requested amendment is either less than 40 acres or less than 5 percent of the total acreage of the area located within the subject agency’s existing SOI, whichever is more, inclusive of incorporated territory; 2) There are no objections from other agencies that are authorized to provide the services the subject agency provides and whose SOI underlies or is adjacent to the subject territory; 3) The combined net additional acreage of the subject agency’s minor SOI amendments adopted pursuant to this section does not exceed 200 acres over any consecutive 5-year period; and 4) CEQA review is accomplished by a Notice of Exemption, Negative Declaration, Mitigated Negative Declaration, and Addendum to an EIR, or where the SOI amendment is within the scope of a previous EIR. In addition, an MSR is not required when SOI amendment is proposed solely to accommodate an expressed governmental purpose in the provisions of public facilities or public services, as described in section 5.7.B IV.

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

The current City Limit Boundary and the currently adopted Sphere of Influence (SOI) for the City of Porterville are illustrated on Figure 3-1. The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act: 1) Growth and population; 2) Infrastructure needs and deficiencies; 3) Financial constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance.

[illegible]

*City of Porterville MSR
Tulare County LAFCO*

3.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of service needs.

3.1.1 Historical Data & Population Projections

Historical population data and future projections have been obtained from the U.S. Census Bureau, and the California Department of Finance, respectively. For analysis purposes, this data is compared to other source data relating to growth and population including the City's General Plan. Historical census data indicates that the City of Porterville had a population of 29,536 in 1990 and a population of 39,615 in 2000, which corresponds to an average annual growth rate of approximately 3.0%. The California Department of Finance estimated a January 2005 population of 44,496, which equates to an average annual growth rate of approximately 2.4% between 2000 and 2005. Table 3-1 compares the City of Porterville's population to the overall population of Tulare County for years 1990, 2000, 2005, and projected for years 2010, 2020 and 2030.

**TABLE 3-1
CITY OF PORTERVILLE HISTORICAL AND PROJECTED POPULATION**

Year	Tulare County	Porterville	% of Total County Population
1990	311,921	29,536	9.5%
2000	368,021	39,615	10.8%
2005	409,871	44,496	10.9%
2010	447,315	51,583	11.5%
2020	543,749	69,323	12.7%
2030	650,466	93,164	14.3%

Notes: 1) 1990 & 2000 Population Data Based Upon U.S. Census Data

2) 2005 Population Estimated by California Department of Finance (DOF)

3) 2010, 2020 & 2030 Projections for Tulare County Estimated by California DOF

4) 2010, 2020 & 2030 Projections for Porterville estimated using annual growth rate of 3.0%

As indicated in Table 3-1, it is estimated that Porterville's population will reach approximately 69,323 by year 2020, and 93,164 by year 2030, by applying an average annual growth rate of 3.0% (consistent with historical trends). Since incorporated City's typically experience higher growth rates than the unincorporated areas of Tulare County, it is anticipated that Porterville will make up approximately 14.3% of the overall County population by year 2030, compared to 10.9% in 2005.

Based upon information obtained from the Tulare County GIS database, the City Limits of Porterville incorporate approximately 9,480 acres of land, while the City's SOI incorporates approximately 14,600 acres of land. Ongoing County island annexations have increased the amount of land within the City, and the City's overall population. Recent annexation approvals by LAFCO (recorded as of April 3, 2006) have incorporated just over 600 additional acres of land within the City's SOI into the City Limits.

Population projections presented in the City's 1994 General Plan report reflect the assumptions that population increases would occur at a rate of 3.5% per year through the year 2010. Historical trends indicate that this estimate may be a little on the high side. As indicated by the City's General Plan, and Water and Sewer Master Plans, a population of 55,408 was estimated by 2010, and a population of 65,807 was estimated by the year 2015. Population projections beyond the year 2015 were not available in the above referenced documents. It is reasonable to assume that the City's population will continue to grow at an average annual rate between 2½% and 3%. Due to increases in population resulting from several

recent annexations, the higher growth rate of 3% per year was used for the year 2010, 2020, and 2030 projections provided in Table 3-1.

3.1.2 Planning Documents

The City of Porterville plans for future growth through the implementation of policies and standards set forth in General Plan Elements. The General Plan is a long-term, comprehensive framework to guide physical, social and economic development within a community's planning area. Porterville's General Plan is a long-range guide for attaining the City's goals within its ultimate service area and accommodating its population growth to the year 2010. According to the California Planners' Book of Lists 2005 (Governors Office of Planning and Research, June 2005), the seven mandated elements of the City's General Plan were last updated as follows.

- Land Use: 1995
- Circulation: 1993
- Housing: 2004
- Open Space: 1995
- Conservation: 1995
- Safety: 1998
- Noise: 1988

Porterville is currently undertaking a comprehensive update to their General Plan, which will include the following seven "Elements"; Safety, Economic Development, Land Use, Circulation/Transportation, Noise, Open Space, and Resource Conservation. The City's General Plan was last comprehensively updated in 1989. The City's Housing Element, which is updated every five years, was last updated in 2004, and has a planning period between 2003 and 2008. For this reason, the City's Housing Element is considered to be up to date, and does not need updating at this time.

The City also plans for future growth through the preparation and implementation of specific plans and master plans. The following master plans have been provided for use in the preparation of this municipal service review; Porterville Municipal Airport Master Plan Report (Hodges & Shutt, April 1990), 1994 Update of City of Porterville Storm Drain Master Plan (Charles W. Roberts, Consulting Civil Engineer, Inc., October 1994), Sewer System Master Plan (Carollo Engineers, February 2001), Water System Master Plan (Carollo Engineers, February 2001). These infrastructure master plans are discussed further in subsequent sections of this report, as applicable.

3.1.3 Planning Boundaries

The Tulare County General Plan contains an Urban Boundaries Element which sets forth policy regarding development within municipal fringe areas surrounding incorporated cities. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1 – Land Use and Urban Boundaries.

"This plan element establishes Urban Development Boundaries which define twenty-year planning areas around incorporated cities in which the County and cities will coordinate plans, policies, and standards relating to building construction, subdivision development, land use and zoning regulations, street and highway construction, public utility systems, environmental studies, and other closely related matters affecting the orderly development of urban fringe areas. Within these boundaries, the cities and the County may also establish planning areas representative of shorter time periods in order to assist in more precise implementation of community plans and policies. It is recognized

that these boundaries provide an official definition of the interface between future urban and agricultural land uses.”

“This plan element establishes Urban Area Boundaries, which define the area where land uses are presumed to have an impact upon the adjacent incorporated City, and within which the cities’ concerns are to be given serious consideration as part of the land use review process. The Urban Area is considered to be the next logical area in which urban development may occur and the area within which Urban Development Boundaries may ultimately be expanded. Modification of Urban Development Boundaries will be considered at such time as the land use plan for a community is revised to reflect changing needs and circumstances or an extended time frame. Preservation of productive agricultural lands shall be of the highest priority when considering such modifications, and expansion of Urban Development Boundaries to include additional agricultural land shall only occur as a last resort.”

Furthermore, the County of Tulare General Plan Policy Summary Sections 1UB.F.1 and 1UB.F.2 set forth policies with regard to “Boundary Consistency”, and “Review and Revision of Boundaries.” Excerpts from these sections of the County General Plan Policy Summary relating to incorporated cities are reiterated below.

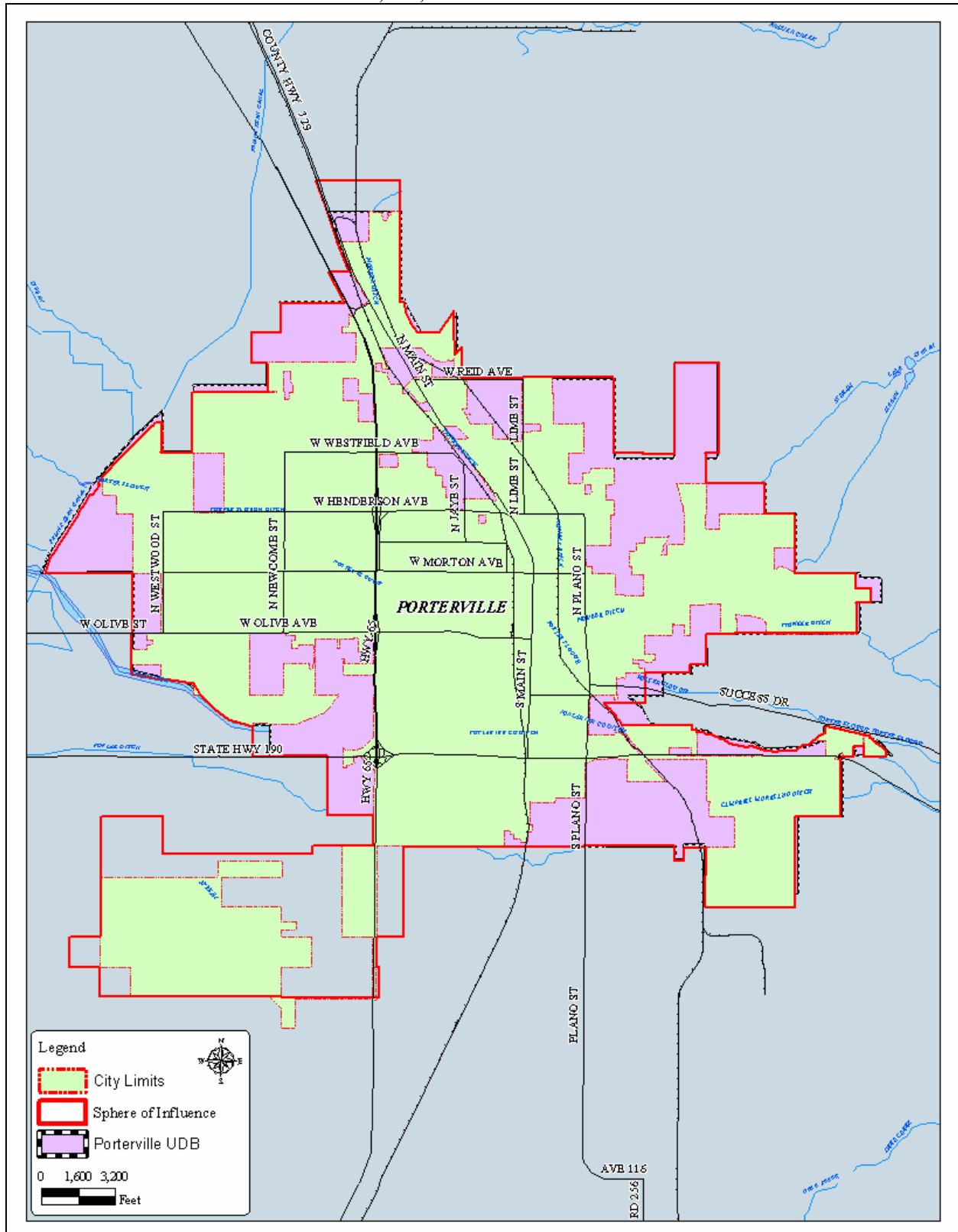
“City Urban Development Boundaries and the Spheres of Influence as administered by the Local Agency Formation Commission should be consistent at all times insofar as it is administratively feasible to do so.”

“County census boundaries should be as consistent as possible with Urban Development Boundaries.”

“Urban Area Boundaries and Urban Development Boundaries shall be reviewed at least once every five years to determine if boundary changes are justified, or if additional boundaries are needed for communities not included herein. However, a review may be conducted at any time on request of the affected city or agency.”

Urban development is to occur only within the incorporated City Limits, with certain exceptions. Within the 20-year UDB, development proposals are referred to the City for annexation according to adopted plans. If the City cannot, or will not, annex, Tulare County considers the proposal on its merits. Figure 3-2 shows the City Limits and SOI in comparison to the City’s 20-year UDB (as currently adopted by Tulare County).

FIGURE 3-2 – PORTERVILLE CITY LIMITS, SOL, AND 20-YEAR UDB



Source: Tulare County GIS Database

As indicated on Figure 3-2, there are some inconsistencies between the City's adopted SOI and 20-year UDB. It is recommended that the City of Porterville work with the Tulare County Resource Management Agency, and Tulare County LAFCO to rectify inconsistencies between the City's SOI and 20-year UDB. According to Tulare County policies, modification of Urban Development Boundaries will be considered at such time as the land use plan for a community is revised to reflect changing needs and circumstances or an extended time frame. As previously mentioned, the City is currently undertaking a comprehensive update to their General Plan, which will facilitate the opportunity to work with Tulare County on updating its 20-year UDB and SOI.

3.1.3 Land Use

Land use within Porterville is guided through the implementation of goals and policies set forth in the Porterville General Plan Land Use Element. Porterville's General Plan, including the Land Use Element, is currently undergoing a comprehensive update. The Land Use Element is considered the most prominent of the seven mandatory elements of the General Plan, as it determines the general location of residential, commercial, industrial, public and open space uses in addition to disclosing building intensities and population densities for the planning area. The land use and circulation elements of the General Plan have been termed the "blueprints" for the development of a City. The goals, policies, and implementation measures of the elements are considered to be the "instructions for the blueprints."

Located midway between San Francisco and Los Angeles, Porterville serves as the trade and cultural center for more than 120,000 people. The economy includes a mixture of agri-business, light industry and commercial enterprise. Local factories produce a variety of products including electronic instruments, health related products, light filters for movie studios, precision machinery, food products, lumber and forest humus.

Porterville's Land Use Element designates the general distribution of land for residential, commercial, industrial, agricultural and governmental development. The plan includes land outside the City's boundaries, providing a comprehensive growth and development plan.

The City's website contains extensive information with regard to economic development within Porterville. The economic development section on the City's website includes information regarding available industrial sites, commercial sites, and downtown business opportunities, business incentives, and redevelopment.

The City should undertake a review of the land use demand and supply no less than once every five years to ensure that land zoned for General Plan development continues to meet the growth needs of the City. It is recommended that the City coordinate this process with the scheduled updates to Spheres of Influence and/or 20-year UDB's.

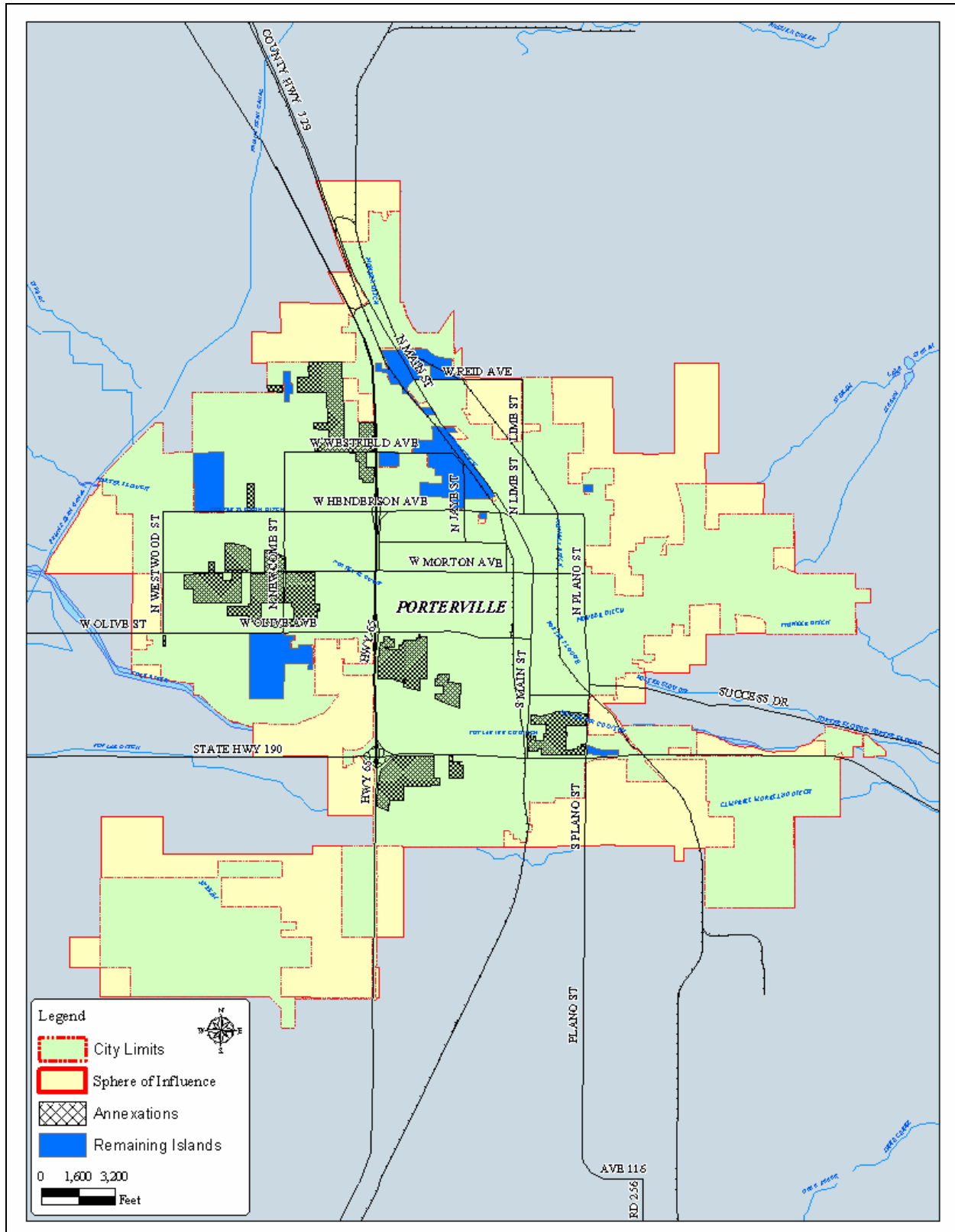
Porterville's downtown is focused along the Main Street corridor, and is generally bounded by Morton Avenue to the north and Date Avenue to the south. Porterville's commercial development is centered in the downtown, and along the Olive Avenue corridor, which traverses the central portion of the City in an east-west direction. Additional commercial development is located along the Highway 65, specifically in the vicinity of Henderson Avenue, Morton Avenue, and Olive Avenue. The City's industrial areas are located in the southwest quadrant of the City near the Porterville Municipal Airport, north and south of Highway 190, west of Plano Street, and northern part of the City along N. Main Street. Schools and parks are scattered throughout the community, locating in neighborhoods that are experiencing a demand for these types of public facilities.

3.1.4 Annexations

The City has continued to actively annex land included with its SOI and 20-year UDB into the City Limits in line with development interest consistent with City and County General Plan policies. More recently, the City has been actively annexing “County islands” into the City to establish a more definitive and logical City Limit Boundary. Tulare County LAFCO has approved the annexation of several “County islands” in accordance with SB 1266 (Torlakson) which expanded the maximum area for island annexations from 75 to 150 acres as of January 1, 2005. These island annexations, illustrated on Figure 3-3, were recorded with the State Board of Equalization on April 3, 2006. The recently recorded island annexations incorporated just over 600 acres of land into the City.

As indicated on Figure 3-3 (in blue), there are still some remaining “County islands” located within the outer boundary of the Porterville City Limits. These nine remaining “County islands” have a total land area of approximately 470 acres. It is recommended that the City continue to pursue the annexation of these remaining “County islands”, as administratively feasible, to establish a more definitive and organized City Limit Boundary.

FIGURE 3-3 –ANNEXATIONS/REMAINING “COUNTY ISLANDS”



Source: Tulare County GIS Database

3.1.6 Written Determinations

Historical Data & Population Projections

1. Historical Census data indicates that Porterville had a 1990 population of 29,536, and a 2000 population of 39,615. California Department of Finance projections indicated a January 2005 population of 44,496. These trends indicate that Porterville's population is growing at an average annual rate between 2.5% and 3.0%.
2. Based upon historical population trends, at an average annual growth rate of 3.0%, Porterville's 2020 and 2030 population are projected to be 69,323 and 93,164, respectively. These projections are slightly lower than those contained in the City of Porterville General Plan, and master plans, which used an average annual population growth rate of 3.5% through year 2010 and 2015, respectively.
3. The City is currently in the process of updating its General Plan, which includes a population projection of 100,000± in year 2030.

Planning Documents

1. The City plans for future growth through the implementation of policies and standards set forth in General Plan Elements. Porterville's General Plan is a long-range guide for attaining the City's goals within its ultimate service area and accommodating its population growth to the year 2010.
2. Porterville is currently undertaking a comprehensive update to their General Plan, which will include the following seven "Elements"; Safety, Economic Development, Land Use, Circulation/Transportation, Noise, Open Space, and Resource Conservation. The City's General Plan was last comprehensively updated in 1989. An Urban Water Management Plan which includes a water supply assessment is also being prepared as a part of the General Plan Update. The City's Housing Element was recently updated, and does not need updating at this time.
3. The City also plans for future growth through the preparation and implementation of specific plans and master plans. The City's water, sewer, and storm drain master plans are designed to accommodate growth to the year 2015 and a population of approximately 65,800.

Planning Boundaries

1. The Tulare County General Plan contains an Urban Boundaries Element which sets forth policy regarding development within municipal fringe areas surrounding incorporated cities. The Goals and Policies Report for the Tulare County General Plan Update (November 2006) includes policies relating to City Boundaries as a part of the "Planning Framework" section.
2. According to adopted plans, urban development is to occur only within the incorporated City Limits, with certain exceptions. Within the 20-year UDB, development proposals are referred to the City for annexation. If the City cannot, or will not, annex, Tulare County considers the proposal on its merits.
3. According to Policy PF-4.5 "Spheres of Influence" (Goals and Policies Report Tulare County General Plan, November 2006), City Urban Development Boundaries and the Spheres of

Influence as administered by the Local Agency Formation Commission should be consistent at all times insofar as it is administratively feasible to do so.

4. There are some inconsistencies between the City's adopted SOI and 20-year UDB. It is recommended that the City of Porterville work with the Tulare County Resource Management Agency, and Tulare County LAFCO to rectify inconsistencies between the City's SOI and 20-year UDB. The City is currently undertaking a comprehensive update to their General Plan, which will facilitate the opportunity to work with Tulare County on updating its 20-year UDB and SOI.

Land Use

1. Land use within Porterville is guided through the implementation of goals and policies set forth in the Land Use Element of the General Plan. The Land Use Element is considered the most prominent of the seven mandatory elements of the General Plan, as it determines the general location of residential, commercial, industrial, public and open space uses in addition to disclosing building intensities and population densities for the planning area. Porterville's General Plan, including the Land Use Element is currently in the process of being comprehensively updated.
2. The City's website contains extensive information with regard to economic development within Porterville including location of available industrial sites, commercial sites, and downtown business opportunities, business incentives, and redevelopment.
3. The City should undertake a review of the land use demand and supply no less than once every five years to ensure that land zoned for General Plan development continues to meet the growth needs of the City. It is recommended that the City coordinate this process with scheduled updates to Spheres of Influence and/or 20-year UDB's.

Annexations

1. Recently, the City has been actively annexing "County islands" into the City Limits in accordance with SB 1266 (Torlakson) which expanded the maximum area for island annexations from 75 to 150 acres as of January 1, 2005. Recent island annexations have incorporated just over 600 acres into the City Limits.
2. There are still about nine unincorporated "County islands" located within the outer boundary of the Porterville City Limits. These remaining "County islands" have a total land area of approximately 470 acres. It is recommended that the City continue to pursue the annexation of these remaining "County islands", as administratively feasible, to establish a more definitive and organized City Limit Boundary.

3.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the City of Porterville in terms of availability of resources, capacity to deliver services, condition of facilities, planned improvements, service quality, and levels of service.

LAFCO is responsible for determining that an agency requesting an SOI amendment is reasonably capable of providing needed resources and basic infrastructure to serve areas within the City and its SOI. It is important that these findings of infrastructure and resource availability are made when revisions to the SOI and annexations occur. LAFCO accomplishes this by evaluating the resources and services to be expanded in line with increasing demands.

3.2.1 Capital Improvement Plan (2005-2015)

The City prepares, and updates annually, a comprehensive ten-year capital improvement plan (CIP) to identify capital improvement needs and funding for capital infrastructure projects related to transportation, storm drain, domestic water, sanitary sewer, community development, and parks and leisure. For fiscal year 2005-06, the City's CIP identified over \$35 million in capital projects, which includes nearly \$9 million of which are unfunded.

The preparation of the City's ten-year CIP involves several months of planning and development by key management team members who evaluate the City's capital improvement needs to accommodate the community both now and in the future. The five-year CIP reflects the City Council goals and targets for capital improvements that implement General Plan strategies. The City Council includes funded projects for the current fiscal year portion of the CIP in the City's corresponding annual budgets and adopts the CIP as a planning document. The City's CIP is a systematic program of planning in advance for capital improvements to the community. The CIP includes projects that help achieve the following.

- Acquire lands for community projects such as streets, utilities, drainage basins and park expansions;
- Repair, reconstruct or rehabilitate public facilities to extend their useful life, preserve the community's investment in these facilities and maintain the quality of life in the community;
- Expand or extend public facilities consistent with the General Plan and Infrastructure Master Plans;
- Facilitate the development and redevelopment of the community's commercial and industrial base.

The CIP is designed as a planning tool to assist the community in its orderly development in the acquisition of municipal facilities and to assure that service needs for the future are met. The CIP ties the City's physical development to goals and decisions expressed through hearings, citizen advisory groups, the City staff, and documents including the City's General Plan and infrastructure master plans. The CIP identifies projects which meet City Council goals and it also matches projects with available funds that may range from various City reserve funds, user fees, impact fees, state and federal grants, bonds, and loans. CIP projects are generally consistent with 1) the City's General Plan; 2) Master Plans and related documents; 3) the City Council's goals; and 4) mandates from state or federal regulatory agencies.

The City's CIP is reviewed with City Council on an annual basis during budget development to reaffirm current priorities to meet the General Plan requirements for growth. The CIP undergoes annual reviews by the CIP review committee, comprised of department heads and the City Manager. The CIP typically does not change significantly from year to year, but rather new items are generally added to the end of the report, and other projects are moved forward.

The City's CIP identifies over twenty-five revenue sources from which CIP projects are funded. The CIP provides a comprehensive description of each revenue source, and how the resources are allocated. Projects for which funding is currently not available, but which are considered important in carrying out the goals of the City Council, are included in a separate section of the City's CIP for future planning efforts.

3.2.2 Domestic Water

The City of Porterville relies solely on groundwater for supplying municipal water to its residents. A series of groundwater wells generally scattered west of Plano Avenue and south of Grand Avenue, extract water from the aquifers underlying the City and pump it into the distribution system. The City has had a groundwater management policy which does not discourage additional reliance on the groundwater aquifers as the source for future water supply. However, it is not known if there is significant over drafting of the aquifers at this time. A water supply study is a part of the City's comprehensive General Plan Update will determine if sufficient capacity of groundwater will meet future water requirements. The assessment will also consider the feasibility of constructing a surface water treatment plant.

The City's wells have a total maximum production efficiency of approximately 14,000-15,000 gallons per minute (GPM). The City's water facilities include a distribution system with pipe sizes ranging between 2 and 16 inches in diameter, booster pump stations, storage tanks, and pressure reducing valves between pressure zones. The City operates thirty-two active wells, two available, but currently non-active wells, and one standby well. Most of the City's wells are gravel packed and range from 230 feet to 700 feet in depth. According to City staff, the quality of water produced from active wells meet the current State and Federal drinking water regulations.

Porterville's water distribution system consists of supply lines that are laid out in a grid like manner minimizing dead ends of major mains, except at the system extremities. This design, know as "looping", mitigates the possibility of water stagnating at dead ends. Also, when repairs are required, water can be redirected around the repair through another part of the loop. Older water mains in the system are primarily asbestos/cement, cast iron, and steel, while more recent pipeline installations have been predominantly PVC and ductile iron.

The City currently owns and operates four ground level water storage tanks with a total capacity of 6.6 million gallons. The four water storage tanks and the corresponding capacities are as follows.

- East Porterville Tank: 3.0 million gallons
- Scenic Heights Tank: 3.0 million gallons
- Upper Scenic Heights Tank: 300,000 gallons
- Airport Tank: 310,000 gallons

The airport tank is only connected to the airport water system. The City's water system is divided into three major pressure zones (East, Central, and West), and smaller pressure zones including Airport, Scenic Heights, Jasmine Ranch, and Corona Heights.

The City is able to remotely monitor and control the operations of the water system through the use of a Supervisory Control and Data Acquisition System (SCADA). Although the SCADA system is capable of operating and monitoring most of the water system, some wells and tanks are still operated with local pressure switches with on/off set points. The City's SCADA system allows staff to monitor the system operations, and respond to any problems that may occur in a timely manner.

The City's water system is 98% metered, which promotes water conservation. In the 1990s, the City successfully implemented a comprehensive phased water conservation plan, and has continued to follow the water conservation plan through the years. The City's water conservation efforts included three phases implemented through various tasks, as identified below.

- Letter mailings to restaurants
- Letter mailing to large apartment complexes
- Utility bill inserts with water conservation tips
- Promoting May as water conservation awareness month
- Handed out water saving kits and information at the Porterville Fair
- Media campaign involving newspaper, radio, website, and City newsletters
- Considering rate increases to encourage conservation during times of severe supply shortage

The City's website contains numerous flyers, presentations, and newsletters informing the public on easy ways to save water, leak detection, and landscape watering. The City's efforts in promoting water conservation significantly improve the City's ability to continue to provide quality water service to its customers.

The City's water supply and distribution system was studied as a part of the *Water System Master Plan* (Carollo Engineers, February 2001). The City's *Water System Master Plan* is designed to accommodate a population of 65,807, which would accommodate growth through year 2015. The planning area for the master plan coincides with the City's UDB. As previously noted, the City is currently undertaking a comprehensive update to their General Plan, which may result in an updated UDB and/or SOI. For this reason, the next update to the City's *Water System Master Plan* (estimated to be completed sometime between years 2010 and 2015) should include a planning area consistent with the City's updated UDB and/or SOI. The City's *Water System Master Plan* addresses the following issues with regard to the continuous development and improvement of the City's water supply and distribution system.

- Planning Area Characteristics
 - Planning Area
 - Land Use
 - Population & Staged Growth
- Planning and Design Criteria
 - Water Supply Capacity (Normal & Standby)
 - Storage Capacity (Operational, Fire, Emergency & Total)
 - Service Pressures
 - Distribution Mains
 - Estimating Future Water Requirements
 - Per Capita Consumption
- Existing System & Hydraulic Model
 - Existing Water System
 - Future Hydraulic Model
- Water System Evaluation and Proposed Facilities Improvements

- Water Supply Requirements (Existing Deficiencies, Future Supply Needs)
- Water Storage Requirements (Future Storage Facilities)
- Emergency Supply Capacity (Existing Deficiencies, Future Needs)
- Distribution Facilities (Existing Deficiencies, Future Expansion)
- Capital Improvement Program
 - Cost Estimates
 - CIP Development
 - Water Connection Fees Analysis/Recommendations

The CIP costs for facilities required to correct existing deficiencies are segregated from those required to service anticipated future expansion areas in the master plan. The master plan identified approximately \$5.7 million in existing deficiencies, \$6.8 million of capital improvements needed between 2000 and 2005, \$7.0 million in capital improvements needed between 2005 and 2010, and \$6.4 million in capital improvements needed between 2010 and 2015.

The City should continue to identify capital water system improvements in its comprehensive ten year CIP, consistent with the recommendations contained within the *Water System Master Plan*. Provided the City continues to implement improvements recommended in its *Water System Master Plan*, the City will be in a position to support future development within its UDB and SOI. According to the City's 2005-2015 CIP, approximately \$6.8 million in water system improvements were funded during fiscal year 2005-06. Water system improvements are funded through the City's water replacement fund, development impact fees, and a California Infrastructure & Economic Development Bank Loan.

The Urban Water Management Planning Act requires the Department of Water Resources to evaluate Urban Water Management Plans adopted by urban water suppliers pursuant to Section 10610.4 (c) and submitted to the Department no later than 30 days after adoption and updating once every five years, on or before December 31 in years ending in five and zero. According to the "Summary of 2000 Urban Water Management Plans", A Report to the Legislature pursuant to Section 10644 of the California Water Code, State of California Department of Water Resources, Porterville did not comply with the Urban Water Management Planning Act (for 2000). A Legislative Report on the status of 2005 Urban Water Management Plans is not yet available from the Department of Water Resources, therefore it is unknown if the City has complied with the 2005 requirement. It is recommended that the City of Porterville work to comply with the requirements of the Urban Water Management Planning Act. Non-compliant urban water suppliers are ineligible to receive funding pursuant to Division 24 (commencing with section 78500) or Division 26 (commencing with section 79000), or receive drought assistance from the State until the UWMP is submitted pursuant to the Urban Water Management Planning Act. State funding for urban water improvements are often necessary to aid agencies in providing quality water service, especially during drought periods. A consultant has been hired to prepare an Urban Water Management Plan for the City.

3.2.3 Wastewater Collection, Treatment, and Disposal

The City provides sanitary sewer collection, treatment, and disposal services to residents in the community. The sanitary sewer collection system consists of gravity collection pipes, manholes, service laterals, pump stations, and trunk sewer mains. The City's sewer collection system consists of approximately 150 miles of 6-inch through 36-inch diameter pipes, and also includes approximately 21 sewage lift stations and associated force mains. The "backbone" of the system consists of the trunk sewers, generally 12 inches in diameter and larger, which have a primary function of conveying wastewater collected in the City to the City's wastewater treatment facility (WWTF), located at the southwest quadrant of the West Grand Avenue/Prospect Street intersection.

It should be noted that the sewer flows tributary to the WWTF include flows from the Porter Vista Public Utility District (PVPUD), serving an area located east of Porterville. Approximately 80 percent of the flows from the PVPUD are pumped from a lift station located on the east side of Park Street, and approximately 450 feet north of the intersection with Date Avenue. The remaining 20 percent of the flows from the PVPUD are routed via a 12-inch gravity pipe to the lift station at Jaye Street, south of the Tule River, and then to the City's 18-inch Jaye Street trunk line. Sewer flows from the PVPUD are not currently metered, making it difficult for the City to regulate the amount of flows contributed from the PVPUD. The City should consider metering flows from the PVPUD in order to ensure that the PVPUD is paying its fair share of costs based upon the amount flow they are contributing. This will also help the City identify any impacts that future flows from the PVPUD may have on the City's sewer system.

The City's sewer collection system was studied as a part of the *Sewer System Master Plan* (Carollo Engineers, February 2001). The City's *Sewer System Master Plan* is designed to accommodate a population of 65,807, which would accommodate growth through year 2015. The planning area for the master plan coincides with the City's UDB. As previously noted, the City is currently undertaking a comprehensive update to their General Plan, which may result in an updated UDB and/or SOI. For this reason, the next update to the City's *Sewer System Master Plan* (estimated to be completed sometime between years 2010 and 2015) should include a planning area consistent with the City's updated UDB and/or SOI. The City's *Sewer System Master Plan* addresses the following issues with regard to the continuous development and improvement of the City's water supply and distribution system.

- Planning Area Characteristics
 - Planning Area
 - Land Use
 - Population & Staged Growth
- Planning and Design Criteria
 - Design Capacities (Pipe Capacities, Pump Stations/Force Mains)
 - Design Flows (WWTF Flows, Flow Monitoring Program)
- Existing System & Hydraulic Model
 - Existing Sewer System
 - Future Hydraulic Model
- Sewer System Evaluation and Proposed Facilities Improvements
 - Existing Collection System Deficiencies
 - Expansion Improvements
- Capital Improvement Program
 - Cost Estimates
 - CIP Development
 - Sewer Connection Fees Analysis/Recommendations

The CIP costs for facilities required to correct existing deficiencies are segregated from those required to service anticipated future expansion areas in the master plan. The master plan identified approximately \$77,000 in existing deficiencies, \$3.3 million of capital improvements needed between 2000 and 2005, \$3.1 million in capital improvements needed between 2005 and 2010, and \$4.1 million in capital improvements needed between 2010 and 2015.

The City should continue to identify capital sewer system improvements in its comprehensive ten year CIP, consistent with the recommendations contained within the *Sewer System Master Plan*. Provided the City continues to implement improvements recommended in its *Sewer System Master Plan*, the City will be in a position to support future development within its UDB and SOI. According to the City's 2005-2015 CIP, approximately \$1.3 million in sewer collection system improvements were funded during fiscal

year 2005-06. Sewer collection system improvements are funded through the City's sewer revolving fund, and development impact fees.

The City also owns and operates a WWTF located at the southwest quadrant of the West Grand Avenue/Prospect Street intersection. The WWTF receives domestic sewage from residential, industrial and commercial sources. Significant industrial users, which are required to be in compliance with the City's industrial pretreatment program, include Beckman Coulter Inc and Foster Farms. Based upon quarterly industrial pretreatment program reports submitted to the California Regional Water Quality Control Board, Central Valley Region (RWQCB), the two significant industrial users are operating in compliance with the City's industrial pretreatment program.

The WWTF is an activated sludge plant consisting of headworks, lift station, bucket and bar screens, aerated grit chamber, primary and secondary clarifiers, sludge thickeners, primary and secondary sludge digesters, sludge drying beds, a septage receiving station, a chlorine contact tank, and an emergency storage pond. Treated effluent is currently discharged to 455 acres of irrigated agricultural land owned by the City and 30 acres of agricultural land under private ownership for which reclamation requirements have been issued. The City owns an additional 320 acres of agricultural land under development for farming activities. A percolation disposal field of approximately 52 acres just south of the reclamation site is used for percolation during periods of low irrigation demand. Digested sludge is pumped from the WWTF through a 6-inch diameter pipeline to sludge drying beds lined with soil cement located on City airport property.

The WWTF operates under the provisions outlined in *Waste Discharge Requirements (WDR) Order Nos. 5-01-103 and 5-01-104*, issued by the RWQCB. WDR Order Nos. 5-01-103 and 5-01-104 prescribe that the monthly average dry weather discharge flow shall not exceed 5.3 million gallons per day (MGD). Based upon information contained in the *Wastewater User Charge Survey Report F.Y. 2005-06*, issued by the State Water Resources Control Board in May 2006, the City of Porterville reported an average dry weather flow of 4.90 MGD, indicating that the WWTF near its permitted capacity. The City's WWTF is currently operating under a Cease and Desist Order, issued by the RWQCB. The City has recently purchased additional land that will be used for reclamation, and is installing new equipment at the WWTF in order to achieve compliance with the Cease and Desist Order. Once compliance is achieved, the City anticipates the permitted capacity will increase to about 6.0 MGD.

While the City's *Sewer System Master Plan* addresses the sanitary sewer collection system, future expansions to the WWTF are not addressed. Several years ago, a study was completed to determine the feasibility of relocating the WWTF from its current location near the center of town. At that time, it was determined to be infeasible or not cost effective to relocate the facility. It is recommended that the City complete a master plan for the WWTF to address future capacity expansion abilities at its current location, or the possibility of constructing a WWTF at a new location.

As a part of its 10-year CIP, the City plans to fund a WWTF Capacity Plan in the amount of \$41,300 during fiscal year 2006-07. In fiscal year 2005-06, the City's CIP identified approximately \$2.6 million in capital WWTF improvements. Improvements to the City's WWTF are funded through WWTF impact fees, and a California Infrastructure & Economic Development Bank Loan.

3.2.4 Streets and Traffic Circulation

The City constructs transportation improvements through the implementation of goals and policies set forth in the City's General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years. The City's budget identifies several funds which are set up primarily for the implementation of transportation improvements, including but

not limited to the following. The following descriptions were taken from the City's fiscal year 2004-05 adopted budget.

- Special Gas Tax Fund – The special gas tax fund is a restricted fund required by the State to account for monies received from gasoline taxes. The majority of this money must be expended for constructing or improving major City streets.
- Local Transportation Fund – This fund is used to account for monies received from the County of Tulare for public transportation purposes. Revenues to each County's local transportation fund are derived from one-quarter cent of the sales tax collected in that County.
- Traffic Safety Fund – This fund was established based on Section 1463 of the Penal Code which states that all fines and forfeitures collected from any person charged with a misdemeanor under this code shall be deposited into a special fund known as the "Traffic Safety Fund." These funds are to be used exclusively for official traffic control devices and the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention, and for the maintenance, improvement, or construction of public streets, bridges, and culverts within the City, but not for the compensation of traffic or other police officers.
- Transit Fund – The transit fund was established in fiscal year 1982-83 to account for the income and expenses of the Demand Response program which is operated by a private contractor. Revenue sources include fare box revenues and federal grants, however, the primary source, state gasoline taxes designated specifically for public transit operations, pays the major portion of operating costs. The Demand Response system operates six days a week (excluding Sunday), and was expanded to six routes as of January 2, 2003. The Demand Response system continues to exceed ridership expectations.
- Transportation Development Fund – This fund accounts for the collection and distribution of the newly adopted Traffic Impact Fee, which is assessed on new developments. These funds are used for the implementation of the Circulation Element.

The City is currently undertaking a comprehensive update to its General Plan, which includes the Circulation Element. The City implements street improvements through annual street programs, and its 10-year CIP, which plans for the funding of future transportation improvement projects. The City continually maintains and improves its street system through implementation of the following annual street programs.

- Miscellaneous alley projects
- Curb, gutter & sidewalk program
- Overlay program
- Chip seal program
- Signal upgrades
- Street sign upgrades

The City also budgeted over \$4 million in funding for eighteen street related capital improvement projects during fiscal year 2004-05. The City should continue to identify capital transportation related improvements in its comprehensive ten year CIP, consistent with the implementation of the City's General Plan Circulation Element. The City will need to continue to implement its General Plan Circulation Element goals and policies to meet the future needs of the community. It is recommended that the City take the lead in planning for transportation and circulation improvements within the

boundaries of its 20-year UDB and SOI. Streets within this area should be constructed to City standards, since it is likely that the area will ultimately be incorporated into and become a part of the City of Porterville.

3.2.5 Solid Waste Collection and Disposal

The City of Porterville Field Services Division is responsible for the removal of solid waste within the incorporated City Limits. There are three residential collections per household each week, while commercial collections occur six times weekly. Waste is conveyed to a sanitary landfill site located approximately seven miles southwest of the City at Avenue 128 and Road 208 and serves the City and surrounding area. The site is operated by Tulare County and has an estimated remaining life of several decades. Unincorporated portions of the planning area are provided solid waste removal services by private contractors, which are contracted with Tulare County. Residential pickup in these areas occurs twice per week.

In 1989, the State of California passed the Integrated Waste Management Act. Assembly Bill 939 (AB 939) required all cities and counties to implement programs to reduce landfill tonnage by 25% by the end of 1995, and 50% by the end of 2000. Seven of the eight Tulare County City's (Porterville, Visalia, Tulare, Lindsay, Exeter, Farmersville and Dinuba and the County of Tulare) are involved in a Joint Power Authority (Consolidated Waste Management Authority, CWMA). The CWMA is at 49% diversion with the latest diversion numbers approved by the board for year 2002. The CWMA has requested and received a California Integrated Waste Management Board Approved Time Extension Biennial Review Delay, a time extension and plans to return to 50% diversion. The Board approves, through the Biennial Review process, the diversion numbers calculated for a jurisdiction for compliance purposes. The Biennial Review Delay was requested because the CWMA is continuing a time extension previously granted by the Board in order to improve its programs and return to 50% diversion.

In 2005, the City Council considered a comprehensive *Analysis of Recycling Program Options and Costs for the City of Porterville* report (Skumatz Economic Research Associates, 2005). The study recommended establishing a City-wide curbside recycling program, continuing to use City forces for collection services, and that the City issue a request for proposals for the processing of recyclables so as to ensure the highest return on the materials. It was further identified that implementation of the recommended program would require the following actions.

- Adjusting the fiscal year 2005-06 solid waste revenues and expenditures
- Establish and adopt a recycling fee
- Contract for recyclable processing services
- Develop an implementation plan and timeline
- Initiate a comprehensive education program
- Establish weekly recycling routes, consistent with current collections
- Retain two collection vehicles currently scheduled for replacement
- Hire two refuse drivers
- Purchase and distribute 11,000 recycling containers

In July 2006, the City implemented residential recycling curbside collection to enhance its recycling program. The City has provided residential greenwaste curbside collection since the early 1990s. The current system provides three different containers for the collection of refuse, greenwaste and all household recyclable products. Service providers in the unincorporated area currently only provide refuse and greenwaste collection.

The City's budget identifies two primary funds which are used for the City's solid waste and related operations. The following descriptions were taken from the City's fiscal year 2004-05 adopted budget.

- Solid Waste Fund – This fund was established to account for revenues and expenditures incurred in the collection and disposal of solid waste, street sweeping, graffiti removal, household hazardous waste, and recycling. This fund is a self-supporting enterprise fund, wherein revenues should be sufficient to cover all costs.
- Solid Waste Reserve Fund – This fund was established in fiscal year 2001-02 as a reserve for capital expansion. The reserve fund will be instrumental in the preparation for the future closure of the Teapot Dome Land Fill. Revenues are derived from transfers from the solid waste fund.

There is no evidence suggesting that the City will not be capable of providing solid waste collection and disposal services to areas within its SOI and/or UDB, consistent with fees paid by current customers within the City Limits. The City's ability to provide solid waste collection and disposal services at lower rates compared to other providers in Tulare County is an indication of the service efficiency. National statistical data indicates higher recycling rates for municipal collection versus private collection. The ongoing annexation of County islands could possibly improve the service efficiencies related to solid waste collection and disposal within these areas.

3.2.6 Power Generation and Distribution

Power generation and distribution is provided by a privately owned utility company. The Southern California Edison (SCE) Company serves most of the Cities within Tulare County, including Porterville. Since privately owned utility companies are not subject to Sphere of Influence (SOI) determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

3.2.7 Fire and Police Protection Services

Fire

Municipal fire protection is provided from two City fire stations, one located near Hockett Street between Harrison Avenue and Cleveland Avenue, and a second fire station located on the east side of Newcomb Street between Henderson and Morton Avenues.

The City of Porterville Fire Department has an insurance service office (ISO) rating of three (3). The ISO rates fire departments on a scale of one (best) to ten (unprotected), taking into consideration receiving and handling of fire alarms, fire department operations, water supply, and other factors. The ISO grading schedule is an insurance industry rating system that measures a City's ability to provide fire protection, and is primarily directed towards minimizing property loss. The rating system favors fire suppression rather than fire prevention.

The following excerpts from the City's 2004-05 adopted budget describe the current state of the City's fire department operations, and constraints related to the City's general fund allocations.

“Staffing: The City has been in a General Fund hiring freeze for quite some time. The budget contemplates continuing that freeze and the restriction on travel which has been in effect.”

“Fire Services: The 2004-05 FY Fire Department budget will staff the Department at the level authorized by the Council in 1992. There are, however, two differences in the budget document. To operate within departmental budgetary allocations, a Captain’s position will be under-filled with a Lieutenant and two Fire Engineer positions will be under-filled with Firefighters. Also, there will be no financial deposits made to the Equipment Replacement Fund. The department is constrained because staff levels established to address 905 calls in 1992 met 2,742 calls in 2003. Adjustment in services has been accomplished by reducing public education efforts. More than 90% of the public education program established in 1987 has been reduced. Fire inspections are now made every three years rather than every year. Those facilities required to be inspected annually by law continue to be inspected annually. Also, the Fire Department cannot achieve the OSHA 2 in-2 out mandate within an acceptable time frame or achieve the NFPA’s minimum standard for response to structure fires as outlined in NFPA 1710. This inability to achieve compliance with OSHA may lead to a reduction in the City’s ISO rating, which in turn may cause fire insurance rates to increase.”

The fire department operations account for approximately 17% of the City’s general fund expenditures. In 2005, Porterville voters passed a ½ cent sales tax initiative to support increased public safety efforts. The special tax (opposed to a general tax) was passed by a 2/3 voter approval, and is earmarked specifically for increased police and fire services, and library support. The sales tax initiative is estimated to generate an additional \$1.8 million annually in general fund revenues. Revenues generated from the sales tax increase is estimated to support seven additional firefighters and seven additional police officers, including all of the related accoutrements. Combined costs of these efforts were estimated at approximately \$1.2 million for the first year, and approximately \$996,000 annually, thereafter.

The City Council has also expressed the need for the construction of a third fire station in the City. It was indicated that funding for an additional fire station could come from development impact fees for public safety. It was also noted that a third fire station was not currently identified in the City’s ten-year CIP. The City has a “Building Construction Fund” that was established to accumulate General Fund surplus revenues to allow for the construction of a City Hall expansion, the construction of a new fire station, and the construction of a new police facility.

The passage of the ½ cent sales tax increase will increase the City’s public safety efforts and its ability to serve future development within the City’s SOI and/or UDB. In addition, it is recommended that the City incorporate the construction of a third fire station into its ten-year CIP, and identify funding mechanisms for its implementation. Increased public safety staffing, and a new fire station will allow the City to enhance its public education efforts, meet OSHA 2 in-2 out mandate, and achieve the NFPA’s minimum standard for response to structure fires. The passage of the sales tax initiative also allowed the City to lift its general fund hiring freeze, which has been in effect for several years. The City is making steps in the right direction to increase its fire protection and prevention efforts, its ability to provide mutual aid to other agencies, and its ability to provide service within its SOI and/or UDB. It should be noted the City of Porterville is currently undertaking a comprehensive update to their general plan, which will include an update to the public safety element. This will help identify future needs of the fire department, including implementation policies.

Police

Much of the information regarding the City’s Police Department operations has been obtained from the City’s website, www.ci.porterville.ca.us. The Porterville police department operates out of single police station located at 350 N. D Street, near the downtown. The police department operations account for

approximately 35% of the City's general fund expenditures. The police department is segregated into several divisions/units, identified below.

- Animal Control – The City of Porterville is contracted with the City of Lindsay for animal control services. Animal control services include removal of dead animals, pick up of stray animals, barking dog complaints, and animal bite problems.
- Crime prevention – Crime prevention activities include police department tours, neighborhood watch, various educational programs, police ride alongs, international walk to school day, and national night out.
- Dispatch/Communications – This unit operates 24-hours per day, seven days a week, and handles over 600 calls per day including information requests, calls for police/fire service, and emergency 911 calls.
- Evidence and Property Control – The evidence/property control unit is responsible for intake, storage, and disposal of all evidence/property received by the Porterville police department to be held as evidence, found property, or stored for safekeeping.
- Special Investigations Unit – This unit handles most narcotic related criminal activity. They also handle vice related crimes such as extortion, prostitution, alcohol and beverage control violations, street gang related crimes along with any and all suspected “terrorism” related incidents.
- General Investigations Unit – The general investigations unit detectives handle cases in a wide variety of areas, including but not limited to robbery, crimes against persons, and crimes against property/business.
- Patrol Division – The patrol division operates 24-hours per day, seven days a week. The division is commanded by one captain, two lieutenants, and five sergeants. Units assigned to patrol are patrol officers, two community service officers, SWAT, two school resource officers, three traffic officers, and three K-9 officers.
- Records Unit – The records unit maintains police reports, traffic collision reports, and vehicle release forms. The unit also issues permits for daily alcohol use, amplifiers, public assemblies, and card dealers. Local background checks, registration appointments, vehicle correction citation inspections, and payment of parking tickets are also handled in the records unit.

The following excerpts from the City's 2004-05 adopted budget describe the current state of the City's police department operations, and constraints related to the City's general fund allocations.

“Staffing: The City has been in a General Fund hiring freeze for quite some time. The budget contemplates continuing that freeze and the restriction on travel which has been in effect.”

“Police Services: Service levels will remain similar for the Police Department with the following exceptions: By the January 2004 action, participation in the Thunderbolt Program was conceptually eliminated. The Chief has asked for reconsideration of this and would like to substitute an equivalent \$30,000 savings in the animal control agreement. The City Manager supports the substitution, provided the savings in animal control are achieved prior to continuing the Thunderbolt Program. Also, during this

budget year, no contributions will be made to the Equipment Replacement Fund for fleet replacement. In addition, the following modifications are proposed for implementation during the 2004/05 FY:

- Discontinue response and investigation of traffic collisions where there are no injuries to any of the parties. The department would respond if there was a criminal act related to the collision beyond the infraction which caused it.*
- Discontinue pigeon control within the community. The project now focused in the downtown area.*
- Limit the fingerprinting of persons from the community for volunteer, government, and other sensitive positions that require criminal background checks. Porterville residents will probably be required to travel to Visalia for the service.”*

In 2005, Porterville voters passed a ½ cent sales tax initiative to support increased public safety efforts. The special tax (opposed to a general tax) was passed by a 2/3 voter approval, and is earmarked specifically for increased police and fire services, and library support. The sales tax initiative is estimated to generate an additional \$1.8 million annually in general fund revenues. Revenues generated from the sales tax increase is estimated to support seven additional firefighters and seven additional police officers, including all of the related accoutrements. Combined costs of these efforts were estimated at approximately \$1.2 million for the first year, and approximately \$996,000 annually, thereafter.

The addition of seven new sworn officer positions would bring the City’s total sworn officer to population ratio to 1:930. An ideal sworn officer to population ratio is considered to be 1:800.

The passage of the ½ cent sales tax increase will increase the City’s public safety efforts and its ability to serve future development within the City’s SOI and/or UDB. In addition, it is recommended that the City incorporate the construction of a new police station into its ten-year CIP, and identify funding mechanisms for its implementation. The City has a “Building Construction Fund” that was established to accumulate General Fund surplus revenues to allow for the construction of a City Hall expansion, the construction of a new fire station, and the construction of a new police facility.

The passage of the sales tax initiative allowed the City to lift its general fund hiring freeze, which has been in effect for several years. The City is making steps in the right direction to increase its police protection efforts, its ability to provide mutual aid to other agencies, and its ability to provide service within its SOI and/or UDB. It should be noted the City of Porterville is currently undertaking a comprehensive update to their general plan, which will include an update to the public safety element. This will help identify future needs of the police department, including implementation policies.

3.2.8 Written Determinations

Capital Improvement Plan

1. The City’s CIP is an excellent foundation and planning tool to assist the community in its orderly development in the acquisition of municipal facilities and to assure that service needs for the future are met.

2. The CIP ties the City's physical development to goals and decisions expressed through hearings, citizen advisory groups, City staff, and documents including the City's General Plan and infrastructure master plans.
3. Projects identified in the City's CIP are generally consistent with the City's General Plan, master plans and related documents, goals of the City Council, and mandates from state or federal regulatory agencies.
4. The CIP identifies over twenty-five revenue sources from which CIP projects are funded, and provides a comprehensive description of each revenue source, and how the resources are allocated.

Domestic Water

1. The City relies solely on groundwater for supplying municipal water to its residents. The City's groundwater management plan does not discourage additional reliance on the groundwater aquifers as the source for future water supply. A water supply study as part of the City's comprehensive General Plan Update will determine if sufficient capacity of groundwater will meet future water requirements. The study will also consider the feasibility of constructing a surface water treatment plant.
2. The City is able to remotely monitor and control the operations of the water system through the use of a Supervisory Control and Data Acquisition System (SCADA), although some wells and tanks are still operated with local pressure switches with on/off set points.
3. The City's water system is 98% metered, which promotes water conservation. In the 1990s, the City successfully implemented a comprehensive phased water conservation plan, and has continued to follow the water conservation plan through the years.
4. The City's website contains numerous flyers, presentations, and newsletters informing the public on easy ways to save water, leak detection, and landscape watering. The City's efforts in promoting water conservation significantly improve the City's ability to continue to provide quality water service to its customers.
5. The City's water supply and distribution system was studied as a part of the *Water System Master Plan* (Carollo Engineers, February 2001). The City's *Water System Master Plan* is designed to accommodate a population of 65,807, which would accommodate growth through year 2015. The planning area for the master plan coincides with the City's UDB.
6. The City should continue to identify capital water system improvements in its comprehensive ten year CIP, consistent with the recommendations contained within the *Water System Master Plan*. Provided the City continues to implement improvements recommended in its *Water System Master Plan*, the City will be in a position to support future development within its UDB and SOI.
7. Based upon information obtained from the Department of Water Resources, Porterville has not complied with the Urban Water Management Planning Act, which requires urban water suppliers to submit Urban Water Management Plans to the Department every five years, on years ending in zero and five. The City has not complied with the 2000 requirement and to date, has not complied with the 2005 requirement. Noncompliant urban water suppliers are ineligible to receive funding pursuant to Division 24 (commencing with section 78500) or

Division 26 (commencing with section 79000), or receive drought assistance from the State until the UWMP is submitted pursuant to the Urban Water Management Planning Act. The City is working to comply with the requirements of the Urban Water Management Planning Act.

Wastewater Collection, Treatment and Disposal

1. The City provides sanitary sewer collection, treatment, and disposal services to residents in the community. The City also provides contracted wastewater treatment services to the Porter Vista Public Utility District, serving an area located east of Porterville.
2. The City's sewer collection system was studied as a part of the *Sewer System Master Plan* (Carollo Engineers, February 2001). The City's *Sewer System Master Plan* is designed to accommodate a population of 65,807, which would accommodate growth through year 2015. The planning area for the master plan coincides with the City's UDB.
3. The City should continue to identify capital sewer system improvements in its comprehensive ten year CIP, consistent with the recommendations contained within the *Sewer System Master Plan*. Provided the City continues to implement improvements recommended in its *Sewer System Master Plan*, the City will be in a position to support future development within its UDB and SOI.
4. The City also owns and operates a Wastewater Treatment Facility (WWTF) located at the southwest quadrant of the West Grand Avenue/Prospect Street intersection. The WWTF receives domestic sewage from residential, industrial and commercial sources.
5. Treated effluent from the WWTF is currently discharged to 455 acres of irrigated agricultural land owned by the City and 30 acres of agricultural land under private ownership for which reclamation requirements have been issued. The City owns an additional 320 acres of agricultural land under development for farming activities.
6. The WWTF operates under the provisions outlined in *Waste Discharge Requirements (WDR) Order Nos. 5-01-103 and 5-01-104*, issued by the RWQCB. WDR Order Nos. 5-01-103 and 5-01-104 prescribe that the monthly average dry weather discharge flow shall not exceed 5.3 million gallons per day (MGD). Based upon information contained in the *Wastewater User Charge Survey Report F.Y. 2005-06*, issued by the State Water Resources Control Board in May 2006, the City of Porterville reported an average dry weather flow of 4.90 MGD, indicating that the WWTF is operating near its permitted capacity.
7. The City's WWTF is currently operating under a Cease and Desist Order, issued by the RWQCB. The City has recently purchased additional land that will be used for reclamation, and is installing new equipment at the WWTF in order to achieve compliance with the Cease and Desist Order. Once compliance is achieved, the City anticipates the permitted capacity will increase to about 6.0 MGD.
8. While the City's *Sewer System Master Plan* addresses the sanitary sewer collection system, future expansions to the WWTF are not addressed. Several years ago, a study was completed to determine the feasibility of relocating the WWTF from its current location near the center of town. At that time, it was determined to be infeasible or not cost effective to relocate the facility. It is recommended that the City complete a master plan for the WWTF to address future capacity expansion abilities at its current location, or the possibility of constructing a WWTF at a new location.

Streets and Roads

1. The City constructs transportation improvements through the implementation of goals and policies set forth in the City's General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years.
2. The City is currently undertaking a comprehensive update to its General Plan, which includes the Circulation Element. The City implements street improvements through annual street programs, and its 10-year CIP, which plans for the funding of future transportation improvement projects.
3. It is recommended that the City take the lead in planning for transportation and circulation improvements within the boundary of its 20 year UDB and SOI. Streets within this area should be constructed to City standards, since it is likely that the area will ultimately be incorporated into and become a part of the City of Porterville.

Solid Waste

1. The City of Porterville Field Services Division is responsible for the removal of solid waste within the incorporated City Limits. Waste is conveyed to a sanitary landfill site located approximately seven miles southwest of the City at Avenue 128 and Road 208 and serves the City and surrounding area. The site is operated by Tulare County and has an estimated remaining life of several decades.
2. Unincorporated portions of the planning area are provided solid waste removal services by private contractors, which are contracted with Tulare County.
3. In 1989, the State of California passed the Integrated Waste Management Act. Assembly Bill 939 (AB 939) required all cities and counties to implement programs to reduce landfill tonnage by 25% by the end of 1995, and 50% by the end of 2000. Seven of the eight Tulare County City's (Porterville, Visalia, Tulare, Lindsay, Exeter, Farmersville and Dinuba and the County of Tulare) are involved in a Joint Power Authority (Consolidated Waste Management Authority, CWMA). The CWMA is at 49% diversion with the latest diversion numbers approved by the board for year 2002. The CWMA has requested and received a California Integrated Waste Management Board Approved Time Extension Biennial Review Delay. a time extension and plans to return to 50% diversion. The Board approves, through the Biennial Review process, the diversion numbers calculated for a jurisdiction for compliance purposes. The Biennial Review Delay was requested because the CWMA is continuing a time extension previously granted by the Board in order to improve its programs and return to 50% diversion.
4. In July 2006, the City implemented residential recycling curbside collection to enhance its recycling program. The City has provided residential greenwaste curbside collection since the early 1990s. The current system provides three different containers for the collection of refuse, greenwaste and all household recyclable products. Service providers in the unincorporated area currently only provide refuse and greenwaste collection.
5. There is no evidence suggesting that the City will not be capable of providing solid waste collection and disposal services to areas within its SOI and/or UDB, consistent with fees paid by current customers within the City Limits.

6. The City's ability to provide solid waste collection and disposal services at lower rates compared to other providers in Tulare County is an indication of the service efficiency. National statistical data indicates higher recycling rates for municipal collection versus private collection.
7. The ongoing annexation of County islands could possibly improve the service efficiencies related to solid waste collection and disposal within these areas.

Power Generation and Distribution

1. Power generation and distribution is provided by a privately owned utility company. The Southern California Edison (SCE) Company serves most of the Cities within Tulare County, including Porterville. Since privately owned utility companies are not subject to Sphere of Influence (SOI) determinations, services provided by privately owned and operated utility companies are not subject to the MSR requirement.

Fire and Police Protection Services

1. The Porterville Fire Department operates out of two fire stations equipped and staffed 24-hours a day, seven days a week.
2. The insurance services office (ISO) rates fire departments on a scale of one (best) to ten (unprotected). The Porterville Fire Department current ISO rating is three (3).
3. The City of Porterville contracts with various agencies to provide the community with the best possible emergency services through mutual aid agreements, including the Tulare County Fire Department, and the Tulare County Sheriff's Department.
4. The City Council has expressed the need for the construction of a third fire station in the City. The City has a "Building Construction Fund" that was established to accumulate General Fund surplus revenues to allow for the construction of a City Hall expansion, the construction of a new fire station, and the construction of a new police facility.
5. In 2005, Porterville voters passed a ½ cent sales tax initiative to support increased public safety efforts. Revenues generated from the sales tax increase is estimated to support seven additional firefighters and seven additional police officers, including all the related accoutrements.
6. The passage of the ½ cent sales tax increase will increase the City's public safety efforts and its ability to serve future development within the City's SOI and/or UDB.
7. It is recommended that the City incorporate the construction of a third fire station and an additional police facility into its ten-year CIP, and identify funding mechanisms for their implementation.
8. Increased public safety staffing, and a new fire station will allow the City to enhance its public education efforts, meet the OSHA 2 in-2 out mandate, and achieve the NFPA's minimum standard for response to structure fires. The passage of the sales tax initiative also allowed the City to lift its general fund hiring freeze, which has been in effect for several years.

9. The City is making steps in the right direction to increase its public safety efforts, its ability to provide mutual aid to other agencies, and its ability to provide service within its SOI and/or UDB.
10. It should be noted the City of Porterville is currently undertaking a comprehensive update to their general plan, which will include an update to the public safety element. This will help identify future needs of the police and fire departments, including implementation policies.

3.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate a jurisdiction's capability to finance needed improvements and services.

3.3.1 Annual Budget

In 2004, the City received a Certificate of Achievement for Excellence in Financial Reporting (CAFR Program) from the Government Finance Officers Association (GFOA). The certificate program, established in 1945, is designed to recognize and encourage excellence in financial reporting by state and local governments. Receipt of this award is indicative of the financial responsibility of the City.

The City's budget approach ensures that the City will remain financially stable during this time of fiscal instability at the state level. The City's approach for its general fund budget involves the following.

- A three year strategic budget plan
- A one year budget
- November, January, and April reviews of budget targets
- Revisions to expenditures when necessary to accomplish targets

The City's budget establishes general fund targets recommended to be achieved within +/- 5%. As established by the City's 2004/05 adopted budget, the following general fund targets were recommended.

- 2004/05 General Fund Revenues/Transfers: \$18,101,490
- 2004/05 General Fund Expenditures and Transfers: \$19,315,711
- 2004/05 General Fund Cash Deficit: \$1,214,221
- 2004/05 General Fund Structural Deficit: \$445,500
- 2005/06 Planned General Fund Cash Deficit: \$718,864
- 2006/07 Planned General Fund Structural Surplus: \$312,807

According to the City's 2004/05 budget, the general fund deficit for the 2004/05 fiscal year is equivalent to approximately 2.7% of anticipated general fund revenues. The actual cash loss does not jeopardize the City's "lock box" in which \$1,500,000 will be maintained as the primary "rainy day" reserve. The Government of Finance Officers Association recommends, at a minimum, that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The City's general fund balance at the end of the 2004-05 fiscal year represented approximately 7% of general fund operating revenue. According to a analysis of the City's financial status presented by staff in November 2004, the City has enough reserved funds to cover general fund bills for a couple of months, and the City was in a solid position in terms of cash flow, unlike many other throughout California.

Beyond the modification of property tax, sales tax and vehicle in lieu fee amounts as a result of State action, other general fund revenue sources are estimated to have moderate growth. Property tax is estimated to grow within the 3% range, sales tax about 1.85%, and fines and fees at about prior year levels. These estimated increases in general fund revenues, in addition to the recent passage of a ½ cent sales tax increase are important revenue sources that will help the City overturn its general fund deficit spending, and keep the City in a solid financial position. The City's budgetary process enables the City to address the following objectives.

- Establish and maintain full public safety staffing
- Maintain a general continuity of City services
- For health care, balance costs to budgeted support and employee contributions
- Undertake the update of the City's land use and circulation elements
- Complete priority projects scheduled by the City Council
- Undertake the update and redevelopment of City service charges
- Implement savings consistent with those approved the Council
- Modify the City's budget to a drastically revised array of State revenues property taxes
- Absorb approximately \$425,000 in direct loss to State Government revenues for upcoming years
- Within a three year planning period, establish a general fund budget balanced structurally and with cash, based upon a revised allocation of taxes and resources

The City's budgetary process is excellent, and is in line with the service needs of the City, according to adopted plans, City Council goals, and providing services at reasonable costs.

3.3.2 Utility Users Tax

One of the most important general fund revenue sources for a City is the utility user tax (UUT). The UUT is a vital element in the funding of critical City services. On average, the UUT provides 15% of general purpose revenue in cities that levy it. UUT revenues most commonly fund police, fire, parks, library, and long-range land use planning services and related support services. Many City UUT levies and increases have resulted from cuts to City revenues by the State. Within a few years of the beginning of the ERAF property tax shifts, more than fifty cities had increased an existing or levied a new UUT. The most common UUT rate is 5%, while the average rate is 6%, applied broadly among many types of utilities. A comparison the UUT rate among the eight Tulare County cities is provided in Table 3-2.

**TABLE 3-2
COMPARISON OF UTILITY USER TAX RATES**

CITY	UUT RATE	UTILITIES APPLIED TO
Dinuba	7%	Telephone, Electricity, Gas
Exeter	5%	Telephone, Electricity, Gas, Cable
Farmersville	None	N/A
Lindsay	6%	Telephone, Electricity, Gas, Cable, Water, Sewer, Garbage
Porterville	6%	Telephone, Electricity, Gas, Cable, Water
Tulare	7%	Telephone, Electricity, Gas, Cable, Water
Visalia	None	N/A
Woodlake	6%	Telephone, Electricity, Gas, Cable

Source: <http://www.californiacityfinance.com/UUT03PUB.xls>

As indicated in Table 3-2, among the cities in Tulare County that levy a UUT (Visalia and Farmersville do not currently levy a UUT), Porterville's UUT is around average at 6%. The City's UUT could be expanded to include services not covered by the existing UUT, i.e. sewer, and/or garbage. A two thirds voter approval is required for any new or increased special tax. A general tax requires majority voter approval. Currently, all City UUT levies in California are general taxes, and therefore require majority voter approval.

3.3.3 Written Determinations

1. In 2004, the City received a Certificate of Achievement for Excellence in Financial Reporting (CAFR Program) from the Government Finance Officers Association (GFOA). The certificate program, established in 1945, is designed to recognize and encourage excellence in

financial reporting by state and local governments. Receipt of this award is indicative of the financial responsibility of the City.

2. The City's general fund budgeting approach includes a three year strategic plan, a one year budget, November, January, and April reviews of budget targets, and revisions to expenditures when necessary to accomplish targets. This approach ensures that the City will continue to remain in a solid financial position for current and future years.
3. According to the City's fiscal year 2004/05 budget, the City's general fund will be a spending deficit through fiscal year 2005/06. The City anticipates that general fund deficit spending will be overturned during the 2006/07 fiscal year.
4. The Government of Finance Officers Association recommends, at a minimum, that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures. The City's general fund balance at the end of the 2004-05 fiscal year represented approximately 7% of general fund operating revenue. According to a analysis of the City's financial status presented by staff in November 2004, the City has enough reserved funds to cover general fund bills for a couple of months, and the City was in a solid position in terms of cash flow, unlike many other throughout California.
5. Anticipated increases in general fund revenues, in addition to the recent passage of a ½ cent sales tax increase are important revenue sources that will help the City overturn its general fund deficit spending, and keep the City in a solid financial position.
6. The City levies a utility user's tax (UUT) on various utility services provided within the City Limits, which amounts to approximately 17% of general fund revenues. The City's UUT could be expanded to include services not covered by the existing UUT, i.e. sewer and/or garbage. Majority voter approval is typically required for increases/expansions of existing UUTs.

3.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

3.4.1 Cost Avoidance Strategies

The City avoids unnecessary costs through the implementation of infrastructure master plans and the General Plan, which assist in eliminating overlapping or duplicative services. Master planning documents also provide sound funding alternatives for their implementation, and plan for growth within and surrounding the City. At the time master plan documents are updated, the planning area should also be updated to include the City's current SOI and/or UDB areas. Planning out to ultimate service area boundaries helps identify any impacts that future planned infrastructure may have on current infrastructure in place, and mitigations that would alleviate such impacts. The City's water and sewer master plans were last updated in 2001, and plan for projected growth through year 2015.

The City avoids unnecessary costs by assessing development impact fees for the purpose of financing public infrastructure, including water, sewer, storm drain, and transportation improvements. The City's development impact fee program helps offset the financial responsibility of the City to install and maintain the infrastructure necessary to serve new developments.

Capital planning is critical to water, sewer, transportation, sanitation, and other essential public services. It is also an important component of a community's economic development program and strategic plan. It is difficult for governments to address the current and long term needs of their constituents without a sound multi year capital plan that clearly identifies capital and major equipment needs, maintenance requirements, funding options, and operating budget impacts. A properly prepared capital plan is essential to the future financial health of an organization and continued delivery of services to citizens and businesses. The Government Finance Officers Association recommends that state and local governments prepare and adopt comprehensive multi year capital plans to ensure effective management of capital assets. A prudent multi year capital plan identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. A capital plan should cover a period of at least three years, preferably five or more. Porterville's CIP, which is updated annually, covers a period of ten years into the future, and is consistent with recommendations contained in infrastructure master plans, and goals of the City Council.

The City has opportunities to increase its cost effectiveness and revenue raising efforts by tracking savings and interest on reserves, maintaining a balanced budget including maintaining a general fund budget that grows each year, and emphasizing performance measurement practices. The City can also avoid unnecessary costs associated with payment of high interest rates on debt owed by the City by pursuing general obligation bonds while interest rates are low, and by exploring opportunities to refinance higher interest loans to reduce the existing debt obligations of the City.

The City can avoid unnecessary costs by implementing smart growth practices by promoting development in infill areas and areas where infrastructure is already in place (and has excess capacity). Through the preparation, implementation, and updating of infrastructure master plans, the City can avoid unnecessary costs by incrementally expanding its infrastructure to areas zoned for General Plan development. Master planning increases the City's preparedness when SOI areas are proposed for development. It can be expected that the City will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.

The City could also avoid unnecessary costs through the construction of joint use facilities, including but not limited to recreational sports fields, parks, or other facilities that could be used by multiple agencies. Additional strategies which have the potential of eliminating unnecessary costs include the formation of homeowners associations for larger scale residential developments where shared (community) facilities are present. Associations could maintain facilities such as streets, play grounds, swimming pools, parks, and gyms, thereby relieving the financial obligations of the City. The City is currently exploring the implementation of a “pocket park” strategy where small community parks would be required for residential subdivisions of specified sizes.

In 2003, the City increased its investment options by authorizing the Treasurer/Chief Financial Officer of the City of Porterville to join the Investment Trust of California (Cal TRUST) and the California Assets Management Program (CAMP) as alternative investment avenues. By continuing to explore additional investment avenues, the City is able to avoid unnecessary costs associated with shortcomings on its investment practices.

3.4.2 Written Determinations

1. The City avoids unnecessary costs through the implementation of infrastructure Master Plans and the General Plan, which assist in eliminating overlapping or duplicative services.
2. The City avoids unnecessary costs by assessing development impact fees for the purpose of financing public infrastructure, including water, sewer, storm drain, and transportation improvements. The City’s development impact fee program helps offset the financial responsibility of the City to install and maintain the infrastructure necessary to serve new developments.
3. The City prepares, and updates annually, a comprehensive ten year CIP consistent with recommendations contained in infrastructure master plans, and goals of the City Council. A properly prepared capital plan is essential to the future financial health of an organization and continued delivery of services to citizens and businesses.
4. The City has opportunities to increase its cost effectiveness and revenue raising efforts by tracking savings and interest on reserves, maintaining a balanced budget including maintaining a general fund budget that grows each year, and emphasizing performance measurement practices.
5. City staff actively monitors the long term indebtedness of the City, and takes advantage of refinancing higher interest loans as a way of avoiding unnecessary costs.
6. The City can avoid unnecessary costs by implementing smart growth practices by promoting development in infill areas and areas where infrastructure is already in place (and has excess capacity). It can be expected that the City will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.
7. In 2003, the City increased its investment options by authorizing the Treasurer/Chief Financial Officer of the City of Porterville to join the Investment Trust of California (Cal TRUST) and the California Assets Management Program (CAMP) as alternative investment avenues. By continuing to explore additional investment avenues, the City is able to avoid unnecessary costs associated with shortcomings on its investment practices.

3.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels. This section provides a comparison of various utility rates to surrounding jurisdictions to show that the City can provide effective quality service at rates comparable to surrounding agencies.

3.5.1 Fee Structure

In 2005, the City undertook a City-Wide Overhead Cost Allocation Plan and Fee Study (Maximus, Inc, 2005). The study was designed to identify the cost to the City of various services which the City provides. The primary objectives of the study were to provide a rational basis for setting fees; to update the City's fee schedule to reflect the current reality rather than the reality of ten years ago; and to ensure compliance with State law. The study indicated that many user fees have not been updated since 1988. The study suggested that the City should consider tying fees to a CPI increase approximately 1 to 2 years, with a review every 3 to 5 years.

Utility user fees charged to existing residents are generally allocated to the operation and maintenance of existing facilities, and are not to be used for the construction of new facilities. Development impact fees (also referred to as connection fees), and building permit fees are used to construct the infrastructure for new developments. Having separate funds set up for the construction of new infrastructure, and for the operation and maintenance of existing infrastructure allows the City to continue to provide cost-effective quality services to current residents.

Tables 3-3, 3-4, and 3-5 compare the water, sewer, and refuse rates for the eight Tulare County cities (Dinuba, Exeter, Farmersville, Lindsay, Porterville, Tulare, Visalia, and Woodlake), respectively. The rates identified are for single family dwellings metered water service, and flat rate sewer and refuse fees. The sample monthly bill for water service is calculated using 15,000 gallons (2,005 cubic feet) of water as a base.

**TABLE 3-3
WATER RATES (TYPICAL SINGLE FAMILY DWELLING)**

City	Monthly Base Service Charge	Metered Rate	Other Charges	Sample Monthly Bill
City of Dinuba ¹	\$15.74	\$0.674 per 100 cf	\$0.00	\$21.17
City of Exeter ²	\$10.00	\$0.620 per 100 cf	\$0.00	\$13.13
City of Farmersville ³	N/A	N/A	N/A	N/A
City of Lindsay ⁴	\$16.86	\$0.86 per 100 cf	6% of Total	\$31.59
City of Porterville ⁵	\$5.00	\$0.72 per 100 cf	6% of Total	\$20.61
City of Tulare ⁶	\$9.67	\$0.406 per 100 cf	\$0.00	\$12.38
City of Visalia ⁷	\$5.91	\$0.510 per 100 cf	\$0.00	\$16.14
City of Woodlake ⁸	\$16.00	\$0.00	\$0.00	\$16.00
Average				\$18.72

Notes: 1) City of Dinuba Base Rate covers usage to 1,200 cubic feet (cf)
2) City of Exeter Base Rate covers usage to 1,500 cf
3) Water rate information for City of Farmersville not available
4) City of Lindsay Base Rate covers usage to 500 cf
5) The City of Porterville assesses a 6% Utility Users Tax within City Limits
6) City of Tulare Base Rate covers usage to 1,337 cf
7) City of Visalia Metered Rate is applied to total usage
8) City of Woodlake charges flat rate of \$16.00/month

**TABLE 3-4
SEWER RATES (TYPICAL SINGLE FAMILY DWELLING)**

City	Flat Rate	Connection Fee (per EDU)
City of Dinuba	\$16.12	\$3,500
City of Exeter	\$16.00	\$1,900
City of Farmersville	\$21.25	\$550
City of Lindsay	\$30.74	\$950
<i>City of Porterville</i>	<i>\$25.39</i>	<i>\$3,375</i>
City of Tulare	\$22.19	\$342
City of Visalia	\$13.81	\$2,325
City of Woodlake	\$13.00	\$960
Average	\$19.81	\$1,738

Source: Wastewater User Charge Survey Report F.Y. 2004-05 (CalEPA – SWRCB)

**TABLE 3-5
REFUSE RATES (TYPICAL SINGLE FAMILY DWELLING)**

City	Flat Rate	Other Charges	Total Charge	# of Bins
City of Dinuba	\$23.65	N/A	\$23.65	1 Full, 1 Split
City of Exeter	\$16.60	N/A	\$16.60	3 Full
City of Farmersville	\$19.00	N/A	\$19.00	3 Full
City of Lindsay	\$19.19	6% UUT	\$20.34	2 Full
<i>City of Porterville</i>	<i>\$17.85</i>	<i>N/A</i>	<i>\$17.85</i>	<i>3 Full</i>
City of Tulare	\$17.00	N/A	\$17.00	2 Full
City of Visalia	\$16.00	N/A	\$16.00	1 Full, 1 Split
City of Woodlake	\$18.00	N/A	\$18.00	3 Full
Average	\$18.41	--	\$18.56	--

As indicated in the above tables, the City is able to provide quality service at comparable rates to other cities within the County. While the City's rates for water and sewer are above average compared to other full service City's within the County, they do not appear to be unreasonable, or significantly above average in comparison. The City's rate for refuse collection is below average compared to other cities in Tulare County.

The City's sewer connection fee is among the higher fees compared to surrounding cities. Connection fees are generally used to implement capital infrastructure improvements to serve new development. There is no evidence suggesting that the annexation of areas within the SOI would result in unreasonable fees for these services as properties annex and develop within the City. It is anticipated that fees for the SOI areas would be inline with citywide fees for such services. As previously discussed, the City has programs in place (development impact fees, capital improvement program, etc.) for the construction of new infrastructure, thereby, mitigating the need to increase rates for current residents to support new development within the SOI areas.

3.5.2 Written Determinations

1. In 2005, the City undertook a City-Wide Overhead Cost Allocation Plan and Fee Study (Maximus, Inc, 2005). The study suggested that the City should consider tying fees to a CPI increase approximately 1 to 2 years, with a review every 3 to 5 years.
2. Having separate funds set up for the construction of new infrastructure, and for the operation and maintenance of existing infrastructure allows the City to continue to provide cost-effective quality services to current residents.
3. The City has a sound fee structure in place which allows the City to continue to provide cost effective services to its residents while continuing to maintain and improve the current infrastructure.
4. While the City's rates for water and sewer are above average compared to other full service City's within the County, they do not appear to be unreasonable, or significantly above average in comparison. The City's rate for refuse collection is below average compared to other cities in Tulare County.
5. There is no evidence suggesting that the City would not be able to provide services to the SOI areas for fees consistent with citywide fees for such services.

3.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for a jurisdiction to share facilities and resources, thereby increasing efficiency. This section provides a description of the City's current facilities sharing activities, and identifies future opportunities to collaborate with other agencies on joint use projects and/or practices.

3.6.1 Current Shared Facilities/Resources

The City has demonstrated its desire to work with surrounding agencies in providing quality service to residents in a cost effective manner. Some examples of the City's interagency cooperation efforts include the establishment of automatic mutual aid agreements with the Tulare County Sheriff's Department, and the Tulare County Fire Department to collaborate public safety efforts.

The City has worked with Tulare County Association of Governments and Tulare County Resource Management Agency on regional planning issues including transportation, solid waste, and coordinating applications to request State and/or Federal funding for joint projects.

Other examples of the City's efforts to share facilities and/or resources are identified below.

- Contracting with the City of Lindsay for animal control services
- The City's participation in the Consolidated Waste Management Authority (CWMA)
- The City's participation in the Success Dam Seismic Remediation Project
- Working with the Kern Community College District for the joint use of recreational facilities
- Working with the Porter Vista PUD to coordinate wastewater treatment efforts

The City is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk of loss is primarily handled through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of fifty-five cities in the San Joaquin Valley. The CSJVRMA is governed by a Board of Directors, which meets 3 to 4 times per year, consisting of one member appointed by each member city. The day to day business is handled by a management group employed by CSJVRMA. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$15,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit. Based upon the City's participation in the CSJVRMA, the City takes advantage of sharing insurance coverage premiums as a way of avoiding unnecessary costs.

3.6.2 Future Opportunities

With the State budget crisis impacting both Counties and Cities, the need for intergovernmental cooperation is becoming apparent, as every agency is facing an unprecedented assault on local resources. For this reason, it is important for City'(s) and the County to meet this challenge on common ground.

The City has opportunities to work with local irrigation districts and water conservation districts on groundwater recharge efforts. Continued reliance on groundwater could cause water table levels to decrease, thus it is important that the City work with other local agencies to maintain its groundwater supply through recharge efforts. Groundwater recharge would benefit both the County as a whole and the City in terms of planning for future growth within the SOI boundary.

The City should continue to work with the County on efforts to preserve prime agricultural land, and discourage development that would result in the loss of such lands. The City can accomplish this through smart growth planning, and promoting higher density developments and infill development.

Another notable future shared facility will be the Compressed Natural Gas (CNG) fueling facility to be constructed at the City's corporation yard. This facility will provide the alternative fuel infrastructure to serve the general public as well as numerous agencies including local school districts and the County of Tulare.

The City should continue to look for opportunities to work with other local jurisdictions to complete joint use projects for the benefit of the community and taxpayers. The City should forge partnerships with local school districts to complete joint use projects that may include recreational facilities, shared corporation yard, joint use buildings, a multi-purpose room, gymnasium, or theater.

3.6.3 Written Determinations

Current Shared Facilities/Resources

1. Some examples of the City's interagency cooperation efforts include the establishment of automatic mutual aid agreements with the Tulare County Sheriff's Department, the Tulare County Fire Department, and the City of Visalia Hazardous Response Team, to collaborate public safety efforts.
2. The City has worked with Tulare County Association of Governments and Tulare County Resource Management Agency on regional planning issues including transportation, solid waste, and coordinating applications to request State and/or Federal funding for joint projects.
3. Other examples of the City's efforts share facilities and/or resources include contracting with the City of Lindsay for animal control services, participation in the Consolidated Waste Management Authority (CWMA), participation in the Success Dam Seismic Remediation Project, joint use recreational facilities with the Kern Community College District, and providing wastewater treatment services to the Porter Vista PUD.
4. Based upon the City's participation in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), the City takes advantage of sharing insurance coverage premiums as a way of avoiding unnecessary costs.

Future Opportunities

1. The City has opportunities to work with local irrigation districts and water conservation districts on groundwater recharge efforts. Continued reliance on groundwater could cause water table levels to decrease, thus it is important that the City work with other local agencies to maintain its groundwater supply through recharge efforts. Groundwater recharge would benefit both the County as a whole and the City in terms planning for future growth within the SOI boundary.
2. The City should continue to work with the County on efforts to preserve prime agricultural land, and discourage development that would result in the loss of such lands. The City can accomplish this through smart growth planning, and promoting higher density developments and infill development.

3. The City should continue to look for opportunities to work with other local jurisdictions to complete joint use projects for the benefit of the community and taxpayers.

3.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services. This section describes the potential fiscal impacts of development within SOI areas, and the annexation of land.

3.7.1 Development within SOI Areas

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. Similar levels of public participation can be expected for either City or County development projects in the planning and development process for the SOI territories. It is possible that development in the SOI areas that occurs under County control may not fully resolve impacts to the City, such as increased traffic on City streets, and new groundwater wells to support County development impacting Porterville groundwater aquifers and other analogous assumptions. It can also be assumed that the reverse is true; that development controlled only by the City may leave impacts in the County unresolved in whole or in part. The challenge of this planning effort is to coordinate shared infrastructure and improvements so as to mitigate impacts on either side of the City/County limit boundary. Since the development of the SOI territories generally relies on master planned infrastructure available from the City, it is logical that the City assume the lead in planning for SOI properties, consistent with the City of Porterville General Plan and master plans.

If the City were to be the lead planning agency for properties within the SOI, LAFCO could require the City to bring coordinated plans for infrastructure forward to LAFCO at the time specific annexation requests are submitted. This would provide a checks and balance system for incorporating new lands within the City, and would render the remaining County lands a part of an integrated whole.

There are some "County islands" located within the interior of the Porterville City Limits. There are also a few minor inconsistencies between the City's UDB and SOI. The City has been actively annexing "County islands" into the City; however, there is still some remaining. It is anticipated that "County islands" that have been annexed into the City will ultimately be connected to City utilities (i.e. water and sewer). In general, all unincorporated "County islands" within the interior of the Porterville City Limits are not connected to City utilities (i.e. water and sewer). To create a better defined City Limit boundary, it is recommended that the City continue to annex "County islands" as appropriate, and administratively feasible. In addition, the City should work with the Tulare County Local Agency Formation Commission, and the Tulare County Resource Management Agency to rectify differences between the City's UDB and SOI.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation. Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (County, City or Special District). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Tulare County LAFCO policies C-3 and C-4 outline specific criteria for petitions for change in organization, and protest hearings, respectively. Tulare County LAFCO policy C-5 sets forth specific criteria for establishing, and reviewing amendment proposals to, Spheres of Influence. Policy C-5 contains criteria regarding the following items: Existing boundaries, conflicting boundaries, initial implementation, scheduled updates – Cities, scheduled updates – Special Districts, exceptions, separation of communities, municipal service reviews, and also contains an MSR exemption policy. SOI amendments shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.

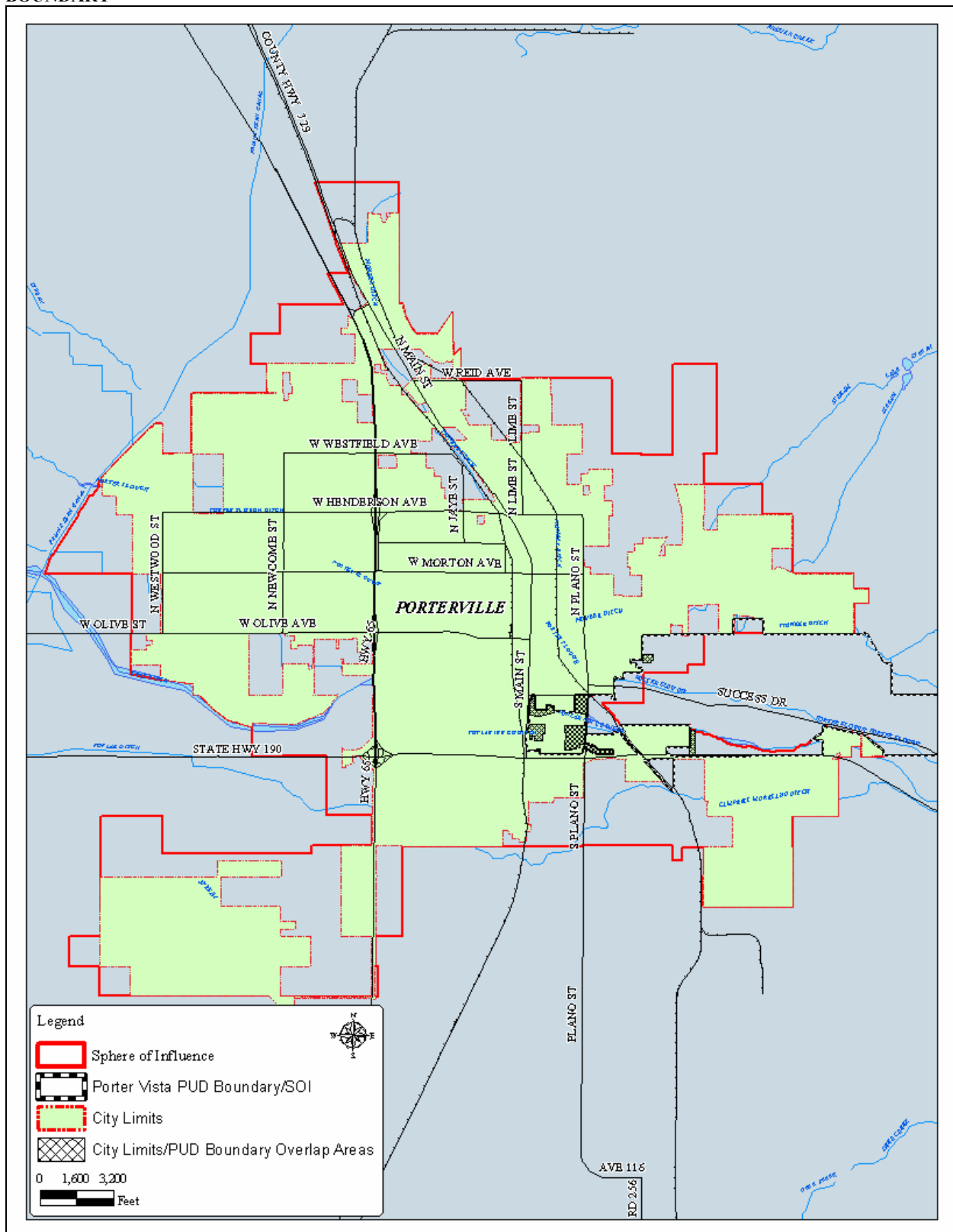
3.7.2 Boundary Conflicts

There is an adjacent special district (Porter Vista PUD) that serves an area immediately east of Porterville with sanitary sewer collection service. The Porter Vista PUD provides only sanitary sewer collection service within their district boundary, and treatment is provided at the City's WWTF through an agreement between the City and the Porter Vista PUD. The Porter Vista PUD has an established SOI boundary, which is coterminous with the district boundary. Domestic water within the boundaries of the Porter Vista PUD is generally obtained through private wells or small private water companies. As a result of the acquisition of a small water system, the City provides water service to an area of East Porterville.

The district boundary of the Porter Vista PUD overlaps with the Porterville City Limits and SOI in some areas. In these areas, the reason for the overlapping of boundaries is unclear, and a clear distinction between City and Porter Vista PUD service areas does not exist. Areas where the district boundary of the Porter Vista PUD overlaps with the Porterville City Limits are illustrated on Figure 3-4. Areas where the district boundary of the Porter Vista PUD overlaps with Porterville's SOI are illustrated on Figure 3-5. It appears that most of the areas where boundaries overlap are built-out. Overlapping boundaries can often cause public confusion, and can result in service inefficiencies where there is a potential for duplication of services.

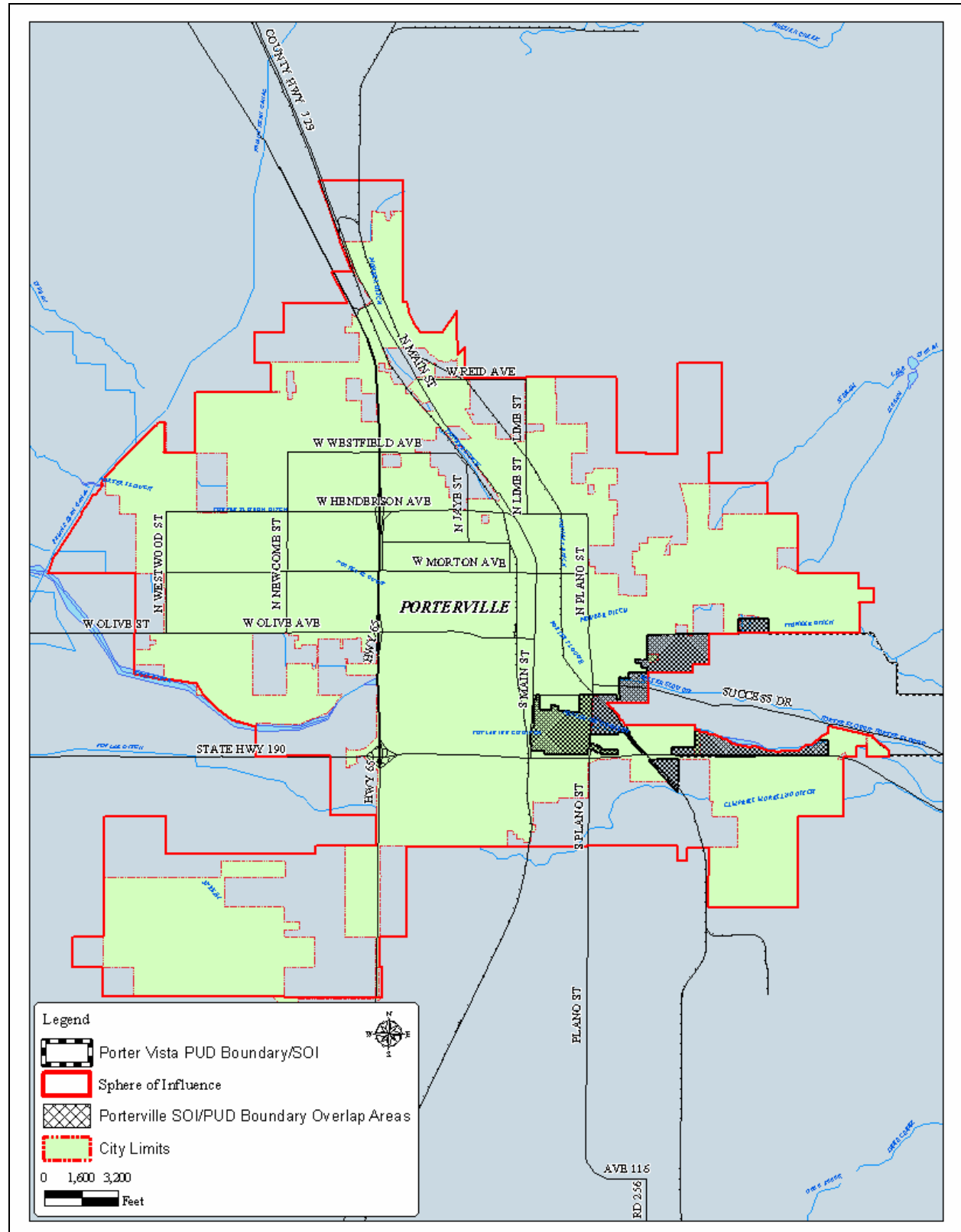
If the City continues to expand to the east, a potential merger of the Porter Vista PUD and the City of Porterville should be explored (this would ultimately result in the dissolution of the Porter Vista PUD). A merger of the Porter Vista PUD and the City of Porterville could increase service efficiencies within the east Porterville area. This does not necessarily have to happen all at once, as a phased reorganization could be achieved based upon the City's ability to extend services to areas immediately adjacent to the City Limits. It is likely that such a process would take several years to complete.

FIGURE 3-4 OVERLAP BETWEEN PORTER VISTA PUD BOUNDARIES AND PORTERVILLE CITY LIMIT BOUNDARY



Source: Tulare County GIS Database

FIGURE 3-5 OVERLAP BETWEEN PORTER VISTA PUD BOUNDARIES AND PORTERVILLE SOI



Source: Tulare County GIS Database

3.7.3 Written Determinations

Development within SOI Areas

1. Since development of properties within the SOI generally relies on master planned infrastructure available from the City, it is logical for the City to assume the lead in planning for these sites.
2. The City has a sound governmental structure that provides necessary resources to provide public services and infrastructure improvements within the SOI area.
3. Coordinated infrastructure plans for development within the SOI area that are submitted with specific annexation requests would create a checks and balance system for incorporating lands into the City while promoting improvements to impacted adjacent County land.
4. It is anticipated that “County islands” that have been annexed into the City will ultimately be connected to City utilities (i.e. water and sewer). In general, all unincorporated “County islands” within the interior of the Porterville City Limits are not connected to City utilities (i.e. water and sewer). To create a better defined City Limit boundary, it is recommended that the City continue to annex “County islands” as appropriate, and administratively feasible. In addition, the City should work with the Tulare County Local Agency Formation Commission, and the Tulare County Resource Management Agency to rectify differences between the City’s UDB and SOI.
5. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals. SOI amendments and other changes in organization shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.

Boundary Conflicts

1. There is an adjacent special district (Porter Vista PUD) that serves an area immediately east of Porterville with sanitary sewer collection service. The Porter Vista PUD provides only sanitary sewer collection service within their district boundary, and treatment is provided at the City’s WWTF through an agreement between the City and the Porter Vista PUD. The Porter Vista PUD has an established SOI boundary, which is coterminous with the district boundary. Domestic water within the boundaries of the Porter Vista PUD is generally obtained through private wells or small private water companies. As a result of the acquisition of a small water system, the City provides water service to an area of East Porterville.
2. The district boundary of the Porter Vista PUD overlaps with the Porterville City Limits and SOI in some areas. In these areas, the reason for the overlapping of boundaries is unclear, and a clear distinction between City and Porter Vista PUD service areas does not exist. Overlapping boundaries can often cause public confusion, and can result in service inefficiencies where there is a potential for duplication of services.
3. If the City continues to expand to the east, a potential merger of the Porter Vista PUD and the City of Porterville should be explored (this would ultimately result in the dissolution of the

Porter Vista PUD). A merger of the Porter Vista PUD and the City of Porterville could increase service efficiencies within the east Porterville area. This does not necessarily have to happen all at once, as a phased reorganization could be achieved based upon the City's ability to extend services to areas immediately adjacent to the City Limits. It is likely that such a process would take several years to complete.

3.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the jurisdiction.

3.8.1 Organizational Structure

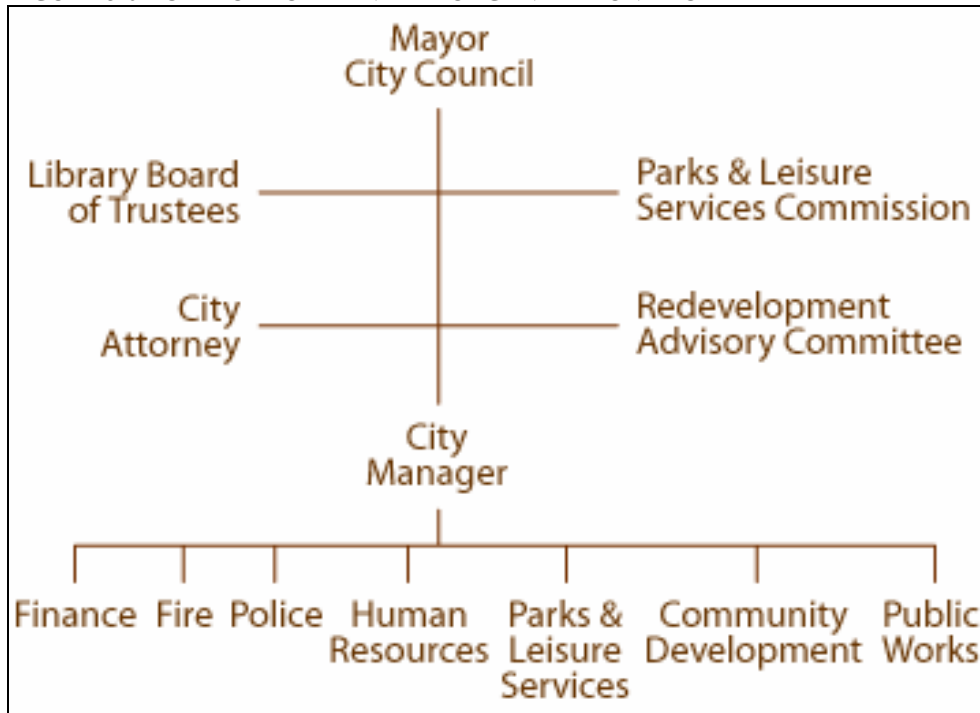
The following section discusses various operational and service aspects of the City of Porterville. Much of the information was obtained from the City's website at www.ci.porterville.ca.us. The website provides descriptions and contact information for each of the departments serving the residents of the City. Overall, a review of the documentation reveals that the City is well run and organized in an efficient manner.

The City of Porterville, which operates under the council-manager form of government, became a "Charter City" in 1926. Since then, the City Charter has been changed by the voters. The Chief Executive Officer is the City Manager who serves at the pleasure of the City Council and carries out City policies. All other department heads in the City serve under contract and at the pleasure of the City Manager.

Elected at large by the citizens as the legislative policy making branch of City government are five members of the City Council. Through its power to pass ordinances, levy taxes, award contracts and appoint the City Manager and City Attorney, committees and commissions, the Council directs the course of City government. The City Council also acts as the Porterville Redevelopment Agency, the Porterville Public Improvement Corporation, the Porterville Public Financing Authority, and the Porterville Planning Commission. The City Council is assisted by four citizen committees and two permanent commissions: Parks and Leisure Service Commission, Library Board of Trustees, Redevelopment Advisory Committee, Community Development Block Grant Advisory Committee, Affirmative Action Advisory Committee and the Building Code Review Board. The City Council appoints the members to each of these bodies. Each commission and committee is made up of citizens who work to provide services to the community while assisting the Council in achieving goals established by the citizens and elected officials. City Council members also represent the City of Porterville on various County, regional and State commissions and committees. Institutes, conferences, and seminars are held throughout the year to provide training and information that assist members of the Council in performance of their duties.

The City consists of eight departments which include the City Manager's Office, Finance Department, Fire Department, Police Department, Human Resources Department, Parks and Leisure Services, Community Development Department, and Public Works Department. The City Manager's Office has the responsibility to ensure the needs and concerns of the community and the City organization are properly addressed to assure Porterville is a good place to live and conduct business. The organizational chart for the City is illustrated on Figure 3-6.

FIGURE 3-6 – CITY OF PORTERVILLE ORGANIZATIONAL CHART



Source: City of Porterville Website: www.ci.porterville.ca.us

A summary of the City's departments and the various services they provide to residents is provided below.

City Manager's Office – The City Manager's Office has the responsibility to ensure the needs and concerns of the community and the City organization are properly addressed to assure Porterville is a good place to live and conduct business. The City Manager's Office provides leadership for the overall management of the operations of City government, supports and advises the City Council as to the implementation of its policies, programs and targets, and ensures that the services provided to the citizens of Porterville are consistent with the Council's goals and the organization's philosophy.

Finance Department – The City's Finance Department directs and monitors the financial operations of the City. The Finance Department is responsible for the preparation of quarterly interim financial reports (including interim summaries of revenues and expenditures for all City funds), accounts payable, accounts receivable, issuance of business licenses, management information systems development and training, payroll, purchasing activities, and utility billing.

Fire Department – The City's Fire Department is responsible for implementing fire suppression and prevention programs, and promoting the safety and security of the community through fire suppression, emergency medical services, and fire safety programs such as commercial inspections, senior citizens programs, ongoing fire training, pre-fire planning and public awareness programs. The fire department is also involved in the U.S. Fire Administration (USFA) for kids which provides educational tools and programs to promote fire safety and awareness.

Police Department – The City’s Police Department provides the following services to ensure the safety and protection of the community: animal control, crime prevention efforts, dispatch/communications, evidence and property control, fingerprint/drug/gang/290 registration, graffiti/crime/drug hotline, investigations, police patrol, records management and operation of a volunteers unit. Animal control services include removal of dead animals, pick up of stray animals, barking dog complaints, and animal bite problems. The City of Porterville contracts with the City of Lindsay for animal control services. Crime prevention activities include police department tours, neighborhood watch, McGruff children’s programs, bicycle safety programs, women’s safety programs, senior safety programs, workplace violence prevention programs, domestic violence prevention, and police ride alongs. The dispatch/communications unit serves the community 24 hours per day, seven days per week, and handles approximately 600 calls per day including information requests, calls for police/fire service, and emergency 911 calls. The evidence/property control unit is responsible for intake, storage, and disposal of all evidence/property received by the Porterville police department to be held as evidence, found property, or stored for safekeeping. The City’s anonymous graffiti/crime/drug hotline gives the citizens of Porterville the ability to relay crime or drug information without the fear of retaliation. The investigations unit handles most narcotic related criminal activity. They also handle vice related crimes such as extortion, prostitution, alcohol and beverage control violations, and street gang related crimes. The patrol division is responsible for providing visible patrol in the community year round, 24-hours per day. The records unit conducts local background checks, registration appointments, vehicle correction citation inspections, and handles payment of parking tickets. The volunteers unit consists of reserve community services officers, senior volunteers, police chaplains, and police explorers.

Human Resources Department – The City’s Human Resources Department is responsible for City personnel related issues including employment applications, employee screening, and affirmative action policies. The municipal code of the City of Porterville establishes a comprehensive personnel system, and the Human Resources Department ensures that the system is carried out in a professional manner.

Parks and Leisure Services Department – The City’s Parks and Leisure Services Department is responsible for the implementation of several activities and programs sponsored by the City of Porterville. Some of these activities/programs include arena soccer, operation and maintenance of City parks, operation of the Heritage Center Library, operation of landscaping/maintenance districts, operation and maintenance of the Municipal Golf Course, and recreational after school programs. The mission of the Parks and Leisure Services Department is to provide excellent customer services to the citizens of the community, to enhance their quality of life by providing opportunities for the public’s enjoyment, inspiration, education, personal development and cultural enrichment, and to provide clean, safe, well designed parks and facilities.

Community Development Department – The mission of Porterville’s Community Development Department is to serve and respond to the needs of the community for a better quality of life through visionary planning, design, and development now and into the future. The City’s Community Development Department promotes the economic development of the community administers housing assistance programs, rehabilitation and block grants, and provides business incentives for businesses interested in locating in Porterville. The Community Development Department is also responsible for the

preparation and implementation of the City's General Plan, redevelopment activities in the City's designated redevelopment area, implementing zoning compliance in the City.

Public Works Services Department – The mission of the City's Public Works Department is to serve and respond to the needs of the citizens of the Porterville community by providing opportunities for development and essential services for a better quality of life through visionary planning and design, quality construction and dedicated maintenance of City facilities and infrastructure. The City's Public Works Departments includes the City's building division, which is responsible for building inspections, and compliance, and establishes requirements for obtaining building permits within the City. The Public Works Department reviews all plans for development within the City to ensure compliance with City standards, ordinances, resolutions, and other regulations. The Public Works Department operates and maintains City infrastructure, including but not limited to, the City's water, sewer and storm drain systems systems, wastewater treatment facility, refuse recycling collection and streets and traffic signals.

3.8.2 Written Determinations

1. There is no evidence indicating that the City's current management structure would not be able to assume services within the SOI area, and/or continue to assist other agencies through mutual aid agreements.
2. The City ensures that services can be efficiently provided in the SOI areas through the preparation of master service plans to provide infrastructure that will ultimately serve the SOI/UDB areas.
3. The City has a sound organizational structure that should be able to continue to provide quality service to current residents, and accommodate future growth within the City and surrounding urban development areas.

3.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the agency's decision-making processes.

3.9.1 Public Access and Information Methods

The governing body of Porterville is the City Council, which is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with opportunities to get information about City issues, including website and phone access, newsletters, and bill inserts. The City publishes a quarterly newsletter, "City of Porterville Newsletter" which is posted on their website.

The City has a comprehensive website which informs the community on various activities of the City including development activities, parks and leisure services activities, developer information, and public safety information. The City's website also contains an online crime report. The City's website is an excellent informational tool, and provides remote access to the current events of the City, contact information for all City departments, emergency contacts, utility information (rates, street sweeping schedule, etc.), crime statistics, a complete City profile, current projects, and much more. The City's website can be accessed at www.ci.porterville.ca.us.

Regular City Council meetings are held on the first and third Tuesday of each month at 6:00 p.m. in City Hall Council Chambers located at 291 N. Main Street, Porterville. The City posts meeting minutes and agendas on their website as a courtesy.

The City's budget preparation process gives residents the opportunity to review the services the City is providing, and the cost of those services. This type of accountability helps the City to identify services that are operating efficiently and areas where improvement may be needed within the organization.

The City could gain a better understanding of the public's satisfaction with City services by conducting a public opinion survey on an annual basis, or other established time period, as appropriate. This would help the City determine which services the public is satisfied with, and those which are need of improvement. Although public opinion surveys are not regularly conducted by the City, citizens do have opportunities to express their concerns during regular updates to the City's general plan, which is currently taking place. Public opinion surveys should be conducted more often to identify and address the concerns of people living and working in the community in a timelier manner.

3.9.2 Written Determinations

1. The governing body of Porterville is the City Council, which is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with opportunities to get information about City issues, including website and phone access, newsletters, and bill inserts. Regular City Council meetings are held on the first and third Tuesday of each month at 6:00 p.m. in City Hall Council Chambers located at 291 N. Main Street, Porterville.
2. The City continues to make reasonable efforts to maintain public involvement regarding land use and development projects in the community. The City accomplishes this through regular City Council meetings, website postings, and encouraging the public to participate in the General Plan Update process, which is currently taking place.

3. The City maintains a comprehensive website, which provides a means to keep the public informed on local events, current City projects, recreational activities, and other activities occurring in the City.
4. The City's budget preparation process gives residents the opportunity to review the services the City is providing, and the cost of those services. This type of accountability helps the City to identify services that operating efficiently and areas where improvement may be needed within the organization.

CHAPTER 4 – LINDSAY-STRATHMORE IRRIGATION DISTRICT MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations of the Lindsay-Strathmore Irrigation District Municipal Service Review (MSR). As part of its review of municipal services, the Tulare County Local Agency Formation Commission (LAFCO) is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Lindsay-Strathmore Irrigation District MSR identifies the following written determinations.

Written Determinations

1) Growth and Population

1. The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. It can be expected that growth which may demand services from the LSID would be primarily agriculturally driven.
2. Urban development would most likely occur within City of Lindsay and the Strathmore community urban development boundaries. Urban development outside of these boundaries is generally discouraged by County General Plan policies.
3. Since the boundaries of the LSID generally include land in agricultural production, vacant lands, and open space, it can be expected that future demand for service from the LSID would occur within its existing boundaries, and would be primarily related to agricultural irrigation demands.
4. It is recommended that urban development continue to be discouraged within the LSID service area, except for within adopted urban development boundaries around the City of Lindsay and the community of Strathmore. Agricultural related developments should be given priority within the boundaries of the LSID.
5. According to LSID staff, rezoning in agricultural areas such as the citrus growing region between Lindsay and Strathmore from mostly AE 40 and AE 20 to smaller parcels without input from those areas has resulted in a proliferation of substandard housing (mobile homes), small non-revenue producing “ranchettes” and 5-acre slums of abandoned cars and trash and is the largest contributor to the decline of the overall “livability” within the District.

2) Infrastructure Needs & Deficiencies

Domestic Water

1. The Lindsay-Strathmore Irrigation District operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in Tulare County with more than 200 connections.
2. The LSID does not have any domestic/irrigation planning reports or studies, or a capital improvement program. The District typically prepares a pipeline replacement plan on an annual basis.
3. The District annually delivers approximately 1,200 acre-feet of domestic water to about 1,400 domestic connections, and a total of approximately 25,000 acre-feet annually for domestic and irrigation purposes. The District's domestic water deliveries account for nearly 5% of all the water delivered.
4. Of the District's 1,400 domestic water connections, about 600 receive fully treated water from three treatment facilities serving the Tonyville area north of Lindsay, the Paige-Moore area in north Lindsay, and an area in southeast Strathmore.
5. The remaining domestic connections (approximately 800), receive chlorinated but untreated and unfiltered water. Due to 1996 amendments to the Surface Water Treatment Rule of the Safe Drinking Water Act, non-filtered water is now considered to be non-potable. Therefore, the untreated/unfiltered water delivered to approximately 800 homes is not considered potable under federal legislation, however, existing homes at the time of enactment of the legislation were considered to be grandfathered in, and though they receive water, bottled water is formally considered as the potable water source for these homes.
6. The District is under constant pressure to provide domestic service while at the same time not being able to provide the majority of homes in the District with drinking water that meets all State and Federal drinking water standards. For this reason, requests for domestic water service from the LSID are either referred to the City of Lindsay or the Strathmore Public Utility District (PUD), as the LSID is unable to support any additional domestic connections at this time. If domestic water service cannot be provided by the City of Lindsay or the Strathmore PUD, any new homes within the District can dig their own wells or form a private mutual water company with other residences.
7. Due to the District's difficulties in providing domestic water that meets State and Federal drinking water standards, it is recommended that the District continue to refer all new domestic water connections to the City of Lindsay or the Strathmore PUD. The District should also consider converting existing domestic water connections to either City supported, or Strathmore PUD supported connections, as geographically and administratively feasible to do so.

3) Financing Constraints and Opportunities

1. The LSID adopts a budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address reserves, revenues, expenditures, investments, outstanding debts and contingency appropriations.
2. The District's budget worksheet is used to determine water rates given all other income and expenses. Once all other income and expenses are estimated, the irrigation water rates per acre-foot are determined to "zero out" at the end of the year.
3. Based upon the way the District develops its budget each year, and its ability to annually fluctuate irrigation water rates based upon its needs, the District is able to maintain a balanced budget, and remain on a solid financial footing.
4. The two most significant revenue sources of the District are derived from power sales based upon the District's partial ownership (15.25%) of the Friant Power Authority, and from irrigation water sales.
5. It can be concluded that additional irrigation demand resulting from increased farming operations within the District could increase revenues and/or result in more affordable irrigation water supplied by the District. On the other hand, it can be concluded that a decrease in irrigation water demand resulting from the loss of farmland could result in decreased revenues for the District and/or higher costs for irrigation water supplied by the District, and therefore, can be viewed as a potential financial constraint.
6. The District should continue to encourage agricultural related industries within its boundaries, and discourage urban development that would result in the loss of agricultural land as a way of increasing its financial opportunities, and eliminating potential financial constraints.
7. The District should continue to refer all new domestic water connections to either the City of Lindsay or the Strathmore PUD in order to limit its financial liability associated with not being able to supply all domestic water users with water that meets State and Federal drinking water standards.

4) Cost Avoidance Opportunities

1. The District has demonstrated its ability to avoid unnecessary costs by teaming with other entities in order accomplish goals relating to infrastructure development, maintenance, and operations.
2. The District should continue to encourage agricultural related land uses within its boundaries, and work with the County to discourage urban development that would result in the loss of farmland as a way of avoiding unnecessary costs.
3. The District should continue to refer all new domestic water connections to either the City of Lindsay or the Strathmore PUD as a way of avoiding unnecessary costs associated with expanding and upgrading its domestic water supply to meet current State and Federal regulations. Additional domestic connections would only further increase the District's financial responsibility of improving its domestic water supply to meet current State and Federal drinking water standards.

4. A multi year capital improvement plan is critical to providing efficient public services. It identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and costs, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. LSID staff has indicated that they do not have an adopted long term capital plan, but they typically prepare a pipeline replacement plan on an annual basis.
5. The District can avoid unnecessary costs by implementing smart growth practices by continuing to direct urban development to the City of Lindsay and the community of Strathmore, and by discouraging urban development that would result in the loss of farmland or "leap frog" development. It can be expected that the District will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.

5) Opportunities for Rate Restructuring

1. The Lindsay-Strathmore Irrigation District currently bills its customers under a metered rate structure for domestic and irrigation water service. The District's 2004 budget estimated revenues of \$369,975 to be generated from domestic water customer sales and \$1,589,900 to be generated from irrigation water sales.
2. The monthly user fees charged by the Lindsay-Strathmore Irrigation District for domestic water service are below average compared to other water service providers in the County.
3. The District's fee structure for domestic water service is split into four service areas identified as the Main Zone, High Level Zone, Booster Zone, and Strathmore Treatment Plant Zone. The individual rates for each of these zones vary between \$234 and \$467 per acre-foot.
4. The District should periodically review its monthly user fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases for domestic water service should be substantiated and adopted through a public hearing process.

6) Opportunities for Shared Facilities

1. The LSID has demonstrated its ability to work with other entities by entering into several joint ventures including investments, infrastructure projects, domestic and irrigation water agreements, and leasing property, among other ventures.
2. The LSID has continued to work with the Strathmore PUD and City of Lindsay on various domestic water and irrigation projects. The City of Lindsay has emergency connections to the LSID water system at two locations that can be used in emergency water supply situations or fire fighting purposes. The LSID also operates a joint water treatment facility in cooperation with the Strathmore PUD.
3. The LSID should continue its partnerships with the City of Lindsay, the Strathmore PUD, the U.S. Bureau of Reclamation, and other District's involved in the Friant Power Authority, as these partnerships have continued to be beneficial for the LSID

7) Government Structure Options

1. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals. SOI amendments and other changes in organization shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.
2. Prior to development within its SOI area, the LSID should work closely with the City of Lindsay and the Strathmore PUD to determine which agency can most efficiently provide domestic water service. Currently, the LSID is referring all new requests for domestic water service to either the City of Lindsay or the Strathmore PUD. For this reason, it is likely that the annexation of SOI areas into the District would be related to the provision of agricultural irrigation services.
3. The boundaries of the LSID overlap with the boundaries of the City of Lindsay and the Strathmore PUD, which are empowered to provide domestic water service within their respective boundaries.
4. Where necessary, the LSID should provide for irrigation water only in these areas of overlapping boundaries. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is longer needed, and it is feasible for the City of Lindsay or the Strathmore PUD to provide domestic water services. Ultimately, overlapping boundaries should be resolved between the LSID, the City of Lindsay, the Strathmore PUD, and Tulare County LAFCO.

8) Evaluation of Management Efficiencies

1. The Lindsay-Strathmore Irrigation District is governed by a five member Board of Directors elected by District from within its boundaries, that is responsible for setting policy and general administrative procedures.
2. The District currently operates with part time and full time staff members, and is currently staffed with sixteen employees. The District contracts out for engineering and legal counsel services.
3. Regularly scheduled Board meetings are held at the District office located at 23260 Round Valley Road in Lindsay on the first Tuesday of each month at 1:30 p.m. District representatives can be contacted by phone during non-office hours to respond to emergency situations.

9) Local Accountability and Governance

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the first Tuesday of each month at 1:30 p.m. at 23260 Round Valley Road in Lindsay.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming

projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

4.0 LINDSAY-STRATHMORE IRRIGATION DISTRICT

4.0.1 Background

The requirement for LAFCO to conduct reviews of local municipal services was established with the passage of AB 2838 known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill passed the legislature, and was signed into law by Governor Davis on September 26, 2000. MSRs provide LAFCO with an additional tool to fulfill their statutory responsibilities of promoting orderly growth and development, preserving the States finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all Californians in the most efficient and effective manner. MSRs are a requirement of State annexation law and are required to be completed before the consideration of a Sphere of Influence (SOI) amendment or once every five years when a SOI amendment is not being considered.

In July 2003 Tulare County LAFCO adopted an MSR exemption policy that identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from an MSR study. The Lindsay-Strathmore Irrigation District is subject to a full comprehensive study. The policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

The Lindsay-Strathmore Irrigation District serves a large geographic area generally located east of Highway 65 between the City of Lindsay and the community of Strathmore. The Lindsay-Strathmore Irrigation District, which was formed in October 1915, functions to provide irrigation and domestic water within its designated boundary. Domestic water service is the primary service provided by the Lindsay-Strathmore ID that is subject to an MSR. It can be argued that other services that are subject to an MSR (that are not provided by the Lindsay-Strathmore Irrigation District) would not be affected based upon any modification to the Lindsay-Strathmore Irrigation District (LSID) SOI. The LSID serves a rural area of Tulare County that is in heavy agricultural production. In addition to providing irrigation water to local farmers, the LSID provides domestic water to other rural developments (mostly related to the farming industry) within its boundary. The current LSID Boundary and SOI are illustrated on Figure 4-1.

[illegible]

*Lindsay-Strathmore Irrigation District MSR
Tulare County LAFCO*

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

As indicated on Figure 4-1, the LSID boundary covers areas located on the east side of the City of Lindsay, and areas of Strathmore (which are also served by the Strathmore PUD). Furthermore, the LSID SOI covers large areas within the Lindsay City Limits and the boundary of the Strathmore PUD. Opportunities for the LSID to reorganize its District Boundary/SOI are discussed in Section 4.7 of this report.

The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act; 1) Growth and population, 2) Infrastructure needs and deficiencies, 3) Financial constraints and opportunities, 4) Cost avoidance opportunities, 5) Opportunities for rate restructuring, 6) Opportunities for shared facilities, 7) Government structure options, 8) Evaluation of management efficiencies, and 9) Local accountability and governance.

4.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of the service needs of Lindsay-Strathmore ID.

4.1.1 Historical Data

The Census Bureau, on a decennial basis, identifies and provides detailed information on all incorporated Cities along with several smaller unincorporated communities (termed Census Designated Places – CDPs). In each Census, community profiles are developed and provide a wide range of information pertaining to population, demographics, housing information, household data, education and employment, income and poverty, and historical trends.

The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. Based upon information provided by Lindsay-Strathmore Irrigation District staff, the District's water system serves approximately 1400 domestic connections. It can be expected that growth which may demand services from the LSID would be primarily agriculturally driven. Urban development would most likely occur within City of Lindsay and the Strathmore community urban development boundaries. Urban development outside of these boundaries is generally discouraged by County General Plan policies. Since the boundaries of the LSID generally include land in agricultural production, vacant lands, and open space, it can be expected that future demand for service from the LSID would occur within its existing boundaries, and would be primarily related to agricultural irrigation demands. For these reasons, it can be expected that the existing boundaries of the LSID are sufficient to accommodate growth for a twenty year planning period.

It is recommended that urban development continue to be discouraged within the LSID service area, except for within adopted urban development boundaries around the City of Lindsay and the community of Strathmore. Agricultural related developments should be given priority within the boundaries of the LSID.

According to LSID staff, rezoning in agricultural areas such as the citrus growing region between Lindsay and Strathmore from mostly AE 40 and AE 20 to smaller parcels without input from those areas has resulted in a proliferation of substandard housing (mobile homes), small non-revenue producing “ranchettes” and 5-acre slums of abandoned cars and trash and is the largest contributor to the decline of the overall “livability” within the District.

4.1.2 Planning Boundaries

The Tulare County General Plan contains an Urban Boundaries Element which establishes goals for designating realistic planning areas around cities and unincorporated communities which could be used to help determine boundaries for community service districts and County service areas, in areas where differing levels of service are required, and within which corporate annexations may take place. Urban development boundaries have been established for the City of Lindsay and the community of Strathmore. Urban development outside of designated urban development boundaries should continue to be discouraged consistent with County General Plan policies.

4.1.3 Written Determinations

1. The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. It can be expected that growth which may demand services from the LSID would be primarily agriculturally driven.
2. Urban development would most likely occur within City of Lindsay and the Strathmore community urban development boundaries. Urban development outside of these boundaries is generally discouraged by County General Plan policies.
3. Since the boundaries of the LSID generally include land in agricultural production, vacant lands, and open space, it can be expected that future demand for service from the LSID would occur within its existing boundaries, and would be primarily related to agricultural irrigation demands.
4. It is recommended that urban development continue to be discouraged within the LSID service area, except for within adopted urban development boundaries around the City of Lindsay and the community of Strathmore. Agricultural related developments should be given priority within the boundaries of the LSID.
5. According to LSID staff, rezoning in agricultural areas such as the citrus growing region between Lindsay and Strathmore from mostly AE 40 and AE 20 to smaller parcels without input from those areas has resulted in a proliferation of substandard housing (mobile homes), small non-revenue producing “ranchettes” and 5-acre slums of abandoned cars and trash and is the largest contributor to the decline of the overall “livability” within the District.

4.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the Lindsay-Strathmore Irrigation District in terms of availability of resources, capacity to deliver services, condition of facilities, service quality, and levels of service.

4.2.1 Domestic Water

The LSID provides Friant-Kern Canal water from Temperance Flat above Millerton Lake to its users for both irrigation and domestic use. The District also has five standby wells that are used when the canal is dry for repairs. Approximately 4% to 5% of the District's water is supplied for domestic use within its boundaries, while the remainder is used for irrigation purposes. The District annually delivers approximately 1,200 acre-feet of domestic water to about 1,400 domestic water connections. The District delivers a total of about 25,000 acre-feet annually for domestic and irrigation purposes.

The LSID does not have any domestic/irrigation planning reports or studies, or a capital improvement program. The District typically prepares a pipeline replacement plan on an annual basis. Of the District's 1,400 domestic water connections, about 600 receive fully treated water from 100 miles of underground pipeline. The 600 connections that receive fully treated water are divided into three zones, as identified below.

- The LSID delivers water to the Paige-Moore area within Lindsay, currently supplying water for 225 homes. Prior to delivery, this water is treated at the Lindsay domestic water treatment facility. The City of Lindsay is included within the boundaries of the LSID, which provides irrigation water for the City.
- A filtration plant was constructed in Strathmore by the Strathmore PUD. The LSID has 22.8% ownership of the plant. This treated water is delivered to homes located in the southeast Strathmore area.
- A package plant was built in Tonyville in 1995 and is serviced by the LSID. The Tonyville community, located north of Lindsay, receives treated domestic water from the LSID.

The remaining domestic connections (approximately 800), receive chlorinated but untreated and unfiltered water. Due to 1996 amendments to the Surface Water Treatment Rule of the Safe Drinking Water Act, non-filtered water is now considered to be non-potable. To treat its water, the LSID would need to build a filtration treatment plant that would then process and treat all of its water, including that used for irrigation purposes. Therefore, the untreated/unfiltered water delivered to approximately 800 homes is not considered potable under federal legislation, however, existing homes at the time of enactment of the legislation were considered to be grandfathered in, and though they receive water, bottled water is formally considered as the potable water source for these homes.

According to District staff, without some input as to what changes may be made at the County level to zoning laws, use permits, etc., the District is forced to budget for increasing levels of services which the District does not want or need. The District is under constant pressure to provide domestic service while at the same time not being able to provide the majority of homes in the District with drinking water that meets all State and Federal drinking water standards.

Any requests for domestic water service from the LSID are either referred to the City of Lindsay or the Strathmore Public Utility District (PUD), as the LSID is unable to support any additional domestic connections at this time. If domestic water service cannot be provided by the City of Lindsay or the

Strathmore PUD, any new homes within the District can dig their own wells or form a private mutual water company with other residences.

The Lindsay-Strathmore ID water distribution system is fully metered and provides domestic water service to following areas; Paige/Moore, Strathmore, North High-Level, Main, and El Mirador. Each area has a different billing rate for the customers connected to each of the respected regions. The following list identifies the domestic water rates for each area within the District's jurisdiction:

- Main Zone - \$234/acre-foot (\$5.37/1,000 cubic feet)
- High Level Zone - \$252/acre-foot (\$5.79/1,000 cubic feet)
- El Mirador Zone - \$279/acre-foot (\$6.40/1,000 cubic feet)
- Page/Moore - \$231/acre-foot (\$5.30/1,000 cubic feet)
- Strathmore - \$467/acre-foot (\$10.72/1,000 cubic feet)

The District also assesses an additional fee of \$7.50/month meter service charge to all residential connections. The District's water system is 100% metered which reduces over usage, and enhances water conservation awareness for customers. The LSID water system is regulated by the California Department of Health Services Division of Drinking Water and Environmental Management. The Division is responsible for the administration and enforcement of the Safe Drinking Water Act involving those public water systems in California with more than 200 connections. The regulating agency completes field inspections of water systems, issues operating permits, reviews plans and specifications for new facilities, enforces actions for non-compliance with laws and regulations, and reviews water quality monitoring results. Inspection reports of the District's water system were requested from the Department for reference in this municipal service review, however, the State was reluctant to provide the information.

The City of Lindsay has emergency connections to LSID irrigation lines at two locations which can be used for fire fighting or in an emergency, as the water does not meet current drinking water standards. In general, the water systems of the City of Lindsay, the LSID, and the Strathmore PUD operate independently of each other.

The following information relating to the Districts water system was provided by LSID staff.

- Current Demands – 25,000 acre-feet/year
- Year 2025 Demands – Unknown
- Current Capacity – 30,000 acre-feet/year
- Year 2025 Facilities Needs – \$150 million

Due to the District's difficulties in providing domestic water that meets State and Federal drinking water standards, it is recommended that the District continue to refer all new domestic water connections to the City of Lindsay or the Strathmore PUD. The District should also consider converting existing domestic water connections to either City supported, or Strathmore PUD supported connections, as geographically and administratively feasible to do so. The fact that homes have to rely on bottled water as their primary source of potable water is indicative of the District's difficulties in providing domestic water service in light of increasing water quality regulations.

4.2.2 Written Determinations

Domestic Water

1. The Lindsay-Strathmore Irrigation District operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in Tulare County with more than 200 connections.
2. The LSID does not have any domestic/irrigation planning reports or studies, or a capital improvement program. The District typically prepares a pipeline replacement plan on an annual basis.
3. The District annually delivers approximately 1,200 acre-feet of domestic water to about 1,400 domestic connections, and a total of approximately 25,000 acre-feet annually for domestic and irrigation purposes. The District's domestic water deliveries account for nearly 5% of all the water delivered.
4. Of the District's 1,400 domestic water connections, about 600 receive fully treated water from three treatment facilities serving the Tonyville area north of Lindsay, the Paige-moore area in north Lindsay, and an area in southeast Strathmore.
5. The remaining domestic connections (approximately 800), receive chlorinated but untreated and unfiltered water. Due to 1996 amendments to the Surface Water Treatment Rule of the Safe Drinking Water Act, non-filtered water is now considered to be non-potable. Therefore, the untreated/unfiltered water delivered to approximately 800 homes is not considered potable under federal legislation, however, existing homes at the time of enactment of the legislation were considered to be grandfathered in, and though they receive water, bottled water is formally considered as the potable water source for these homes.
6. The District is under constant pressure to provide domestic service while at the same time not being able to provide the majority of homes in the District with drinking water that meets all State and Federal drinking water standards. For this reason, requests for domestic water service from the LSID are either referred to the City of Lindsay or the Strathmore Public Utility District (PUD), as the LSID is unable to support any additional domestic connections at this time. If domestic water service cannot be provided by the City of Lindsay or the Strathmore PUD, any new homes within the District can dig their own wells or form a private mutual water company with other residences.
7. Due to the District's difficulties in providing domestic water that meets State and Federal drinking water standards, it is recommended that the District continue to refer all new domestic water connections to the City of Lindsay or the Strathmore PUD. The District should also consider converting existing domestic water connections to either City supported, or Strathmore PUD supported connections, as geographically and administratively feasible to do so.

4.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate the jurisdictions capability to finance needed improvements and services.

4.3.1 Annual Budget

LAFCO should consider the ability of the District to pay for improvements or services associated with annexed sites. This planning can begin at the SOI stage by identifying what opportunities there are to identify infrastructure and maintenance needs associated with future annexation and development, and identifying limitations on financing such improvements, as well as the opportunities that exist to construct and maintain those improvements.

The 2004 budget for the Lindsay-Strathmore Irrigation District is organized into a single fund for domestic water and irrigation water services. The District prepares a traditional line item budget that is divided into the following categories.

- Fund Balances
- Estimated Revenues
- Estimated Expenditures

The District's budget lists the following sources of revenue (not including water sales):

- Rent & Lease
- Interest
- Material & Labor Sales
- Existing Standby Charges
- Domestic Service Charges
- Power Revenue
- Water Sales to Other District's

The District's budget lists the following expenses for its ongoing operations:

- System Operation & Maintenance
- Equipment Maintenance
- Vehicle Maintenance
- Capital Expenditures
- Domestic Service Expenditures
- Insurance
- Strathmore Water Treatment Plant
- Tonyville Water Treatment Plant
- Fuel Expense
- Legal Expense
- Rancho de Kaweah
- Property Tax
- Notes Payable
- Administration & General
- Power
- Purchased Water

- Employee Salaries
- Employee Benefits
- Inventory Material & Supply
- Miscellaneous

The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, outstanding debts and contingency appropriations. The District's budget worksheet is used to determine water rates given all other income and expenses. In 2004, the District incurred expenses significantly above what was estimated, however, since the District anticipated building reserves in 2004, the impact was not a large loss in cash.

The District owns 15.25% of the Friant Power Authority which owns and operates three power plants located on the Friant Dam east of Fresno. The District estimated revenue of \$1,000,000 from power sales in 2005, an increase from \$566,500 generated in 2004. The District's expenditures increased in 2005 primarily as a result of an increase in capital expenditures to replace old and worn backhoes, trucks, etc. and due to an increase in power costs to run the District pumps.

Once all other income and expenses are estimated, the water rates per acre-foot are determined to "zero out" at the end of the year. The District estimates the quantity of acre-feet of water to be sold in each pressure zone and divides that into what income must be generated from water sales. In 2005, after all other income including sales of domestic water were considered, the District needed additional revenue of \$1,597,125 from the sale of irrigation water. Based on estimates of how much water is sold in each pressure zone, the water rates were then determined.

Based upon the way the District develops its budget each year, and its ability to annually fluctuate irrigation water rates based upon its needs, the District is able to maintain a balanced budget, and remain on a solid financial footing. The two most significant revenue sources of the District come from power sales and from irrigation water sales. For this reason, it can be concluded that additional irrigation demand resulting from increased farming operations within the District could increase revenues and/or result in more affordable irrigation water supplied by the District. On the other hand, it can be concluded that a decrease in irrigation water demand resulting from the loss of farmland could result in decreased revenues for the District and/or higher costs for irrigation water supplied by the District, and therefore, can be viewed as a potential financial constraint.

Financial opportunities of the District could include, but may not be limited to, available State and Federal funding related to the agricultural irrigation, and power supply industries. The District could also apply for State and/or Federal funding relating to the Clean Water Act in order to improve its domestic water operations, and water supplies.

The District should continue to encourage agricultural related industries within its boundaries, and discourage urban development that would result in the loss of agricultural land as a way of increasing its financial opportunities, and eliminating potential financial constraints. The District should continue to refer all new domestic water connections to either the City of Lindsay or the Strathmore PUD in order to limit its financial liability associated with not being able to supply all domestic water users with water that meets State and Federal drinking water standards.

4.3.2 Written Determinations

1. The LSID adopts a budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address reserves, revenues, expenditures, investments, outstanding debts and contingency appropriations.
2. The District's budget worksheet is used to determine water rates given all other income and expenses. Once all other income and expenses are estimated, the irrigation water rates per acre-foot are determined to "zero out" at the end of the year.
3. Based upon the way the District develops its budget each year, and its ability to annually fluctuate irrigation water rates based upon its needs, the District is able to maintain a balanced budget, and remain on a solid financial footing.
4. The two most significant revenue sources of the District are derived from power sales based upon the District's partial ownership (15.25%) of the Friant Power Authority, and from irrigation water sales.
5. It can be concluded that additional irrigation demand resulting from increased farming operations within the District could increase revenues and/or result in more affordable irrigation water supplied by the District. On the other hand, it can be concluded that a decrease in irrigation water demand resulting from the loss of farmland could result in decreased revenues for the District and/or higher costs for irrigation water supplied by the District, and therefore, can be viewed as a potential financial constraint.
6. The District should continue to encourage agricultural related industries within its boundaries, and discourage urban development that would result in the loss of agricultural land as a way of increasing its financial opportunities, and eliminating potential financial constraints.
7. The District should continue to refer all new domestic water connections to either the City of Lindsay or the Strathmore PUD in order to limit its financial liability associated with not being able to supply all domestic water users with water that meets State and Federal drinking water standards.

4.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

4.4.1 Cost Avoidance Strategies

The District has demonstrated its ability to avoid unnecessary costs by teaming with other entities in order to accomplish goals relating to infrastructure development, maintenance, and operations. Examples include working with the Strathmore PUD to construct a water treatment facility to provide domestic water to homes located in southeast Strathmore; working with the City of Lindsay on various agricultural and domestic water related issues; and the District's involvement in the Friant Power Authority.

The District should continue to encourage agricultural related land uses within its boundaries, and work with the County to discourage urban development that would result in the loss of farmland as a way of avoiding unnecessary costs. The District should continue to refer all new domestic water connections to either the City of Lindsay or the Strathmore PUD as a way of avoiding unnecessary costs associated with expanding and upgrading its domestic water supply to meet current State and Federal regulations. The District delivers domestic water which is considered to be "non-potable" by current standards to approximately 800 connections. Additional domestic connections would only further increase the District's financial responsibility of improving its domestic water supply to meet current State and Federal drinking water standards.

Capital planning is critical to water, sewer, transportation, sanitation, and other essential public services. It is also an important component of a community's economic development program and strategic plan. It is difficult for governments to address the current and long term needs of their constituents without a sound multi year capital plan that clearly identifies capital and major equipment needs, maintenance requirements, funding options, and operating budget impacts. A properly prepared capital plan is essential to the future financial health of an organization and continued delivery of services to citizens and businesses. The Government Finance Officers Association recommends that state and local governments prepare and adopt comprehensive multi year capital plans to ensure effective management of capital assets. A prudent multi year capital plan identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. A capital plan should cover a period of at least three years, preferably five or more. LSID staff has indicated that they do not have an adopted long term capital plan, but they typically prepare a pipeline replacement plan on an annual basis.

The District can avoid unnecessary costs by implementing smart growth practices by continuing to direct urban development to the City of Lindsay and the community of Strathmore, and by discouraging urban development that would result in the loss of farmland or "leap frog" development. It can be expected that the District will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas. The LSID should continue to work with the County to preserve farmland within the boundaries of the District.

If the SOI were expanded in the future, the District would assume fiscal responsibilities to construct or maintain domestic water infrastructure associated with the SOI and any territories that were annexed. LAFCO should consider the relative financial and operational burden of new annexations to the District when it comes to its ability to provide water service, as well as capital maintenance and replacements required as a result of expanding the District Boundary. Opportunities exist at the time of annexation and development to introduce alternative methods of construction and maintenance of public or semi-public infrastructure to serve the future SOI/annexation areas.

4.4.2 Written Determinations

1. The District has demonstrated its ability to avoid unnecessary costs by teaming with other entities in order accomplish goals relating to infrastructure development, maintenance, and operations.
2. The District should continue to encourage agricultural related land uses within its boundaries, and work with the County to discourage urban development that would result in the loss of farmland as a way of avoiding unnecessary costs.
3. The District should continue to refer all new domestic water connections to either the City of Lindsay or the Strathmore PUD as a way of avoiding unnecessary costs associated with expanding and upgrading its domestic water supply to meet current State and Federal regulations. Additional domestic connections would only further increase the District's financial responsibility of improving its domestic water supply to meet current State and Federal drinking water standards.
4. A multi year capital improvement plan is critical to providing efficient public services. It identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and costs, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. LSID staff has indicated that they do not have an adopted long term capital plan, but they typically prepare a pipeline replacement plan on an annual basis.
5. The District can avoid unnecessary costs by implementing smart growth practices by continuing to direct urban development to the City of Lindsay and the community of Strathmore, and by discouraging urban development that would result in the loss of farmland or "leap frog" development. It can be expected that the District will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.

4.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels.

4.5.1 Fee Structure

The Lindsay-Strathmore Irrigation District currently bills its customers under a metered rate structure for domestic and irrigation water service. The District's 2004 budget estimated revenues of \$369,975 to be generated from domestic water customer sales and \$1,589,900 to be generated from irrigation water sales. Table 4-1 shows a comparison of water rates and connection fees, respectively, for all applicable service providers being reviewed. The tables also show the relationship between monthly service charges and average household incomes within the respective communities. Since some of the service providers charge a metered rate for water, it is necessary to calculate an average monthly bill based upon a specific amount of usage taken as 2,005 cubic feet, or approximately 15,000 gallons, per month for this analysis.

**TABLE 4-1
LINDSAY-STRATHMORE ID COMPARISON OF WATER RATES**

Service Provider	Sample Monthly Bill	Connection Fee	Average Household Income	Rate/Income Ratio
Earlimart PUD	\$12.50	\$1,500	\$1,775/mo.	0.70%
Ivanhoe PUD	\$9.50	\$1,700	\$2,171/mo.	0.44%
Pixley PUD	\$20.00	\$2,000	\$1,942/mo.	1.03%
Teviston CSD	\$30.00	\$800	\$2,014/mo.	1.49%
Tipton CSD	\$24.00	\$2,800	\$2,198/mo.	1.09%
Alpaugh JPA	\$55.00	\$1,500	\$1,974/mo.	2.79%
Cutler PUD	\$18.00	\$1,500	\$2,028/mo.	0.89%
Orosi PUD	\$19.08	\$2,400	\$2,533/mo.	0.75%
Lemon Cove SD	\$10.01	\$500	\$2,361/mo.	0.42%
London CSD	\$18.00	\$1,400	\$1,807/mo.	1.00%
Lindsay-Strathmore ID	\$14.18⁷	T&M	\$2,096/mo.	0.68%
Poplar CSD	\$25.00	\$3,650	\$2,043/mo.	1.22%
Richgrove CSD	\$23.00	NA	\$1,907/mo.	1.21%
Springville PUD	\$44.16	\$3,020	\$2,023/mo.	2.18%
Strathmore PUD	\$43.30	\$1,150	\$2,096/mo.	2.06%
Terra Bella ID	\$25.38 ⁸	\$2,908	\$2,109/mo.	1.20%
Woodville PUD	\$27.28	\$3,350	\$2,123/mo.	1.28%
Average	\$25.26	\$2,012	\$2,080/mo.	1.21%

Notes: 1) Fee information obtained from service providers

2) Average household income based upon Census 2000 data

3) Rate/Income ratio calculated by dividing sample monthly bill by average household income

4) Sample monthly bill is calculated for a typical single family dwelling

5) NA=Not Available

6) T&M=Time and Material basis

7) Based on an average of four separate rates charged by the Lindsay-Strathmore Irrigation District

8) Based on potable water service provided by the Terra Bella Irrigation District

9) Lindsay-Strathmore ID rates/fees omitted from the average calculations

The District's fee structure for domestic water service is split into four service areas identified as the Main Zone, High Level Zone, Booster Zone, and Strathmore Treatment Plant Zone. The individual rates for each of these zones are identified below.

- Main Zone: \$234/acre-foot or \$10.77 per 15,000 gallons
- High Level Zone: \$252/acre-foot or \$11.60 per 15,000 gallons
- Booster Zone: \$279/acre-foot or \$12.84 per 15,000 gallons
- Strathmore Treatment Plant Zone: \$467/acre-foot or \$21.50 per 15,000 gallons

In addition to the \$14.18 average monthly bill for water usage for four domestic water service areas within the LSID, all residential connections pay an additional \$7.50 per month meter service charge, resulting in an average total monthly cost of \$21.68 for domestic water customers. Even with the \$7.50 per month meter service charge, the LSID monthly rates are below average compared to other domestic water service providers in Tulare County. With the monthly meter service fee included, the cost of domestic water service provided by the LSID equates to approximately 1.03% of the average household income within the community, which is also lower than the average of 1.21% of surrounding providers. Excluding the monthly meter service fee, the cost of domestic water used equates to approximately 0.68% of the average household income within the service area, as identified in Table 4-1.

The District should periodically review its monthly user fees to ensure that quality service will continually be provided to existing and future residents. Often it is necessary to increase user fees to keep pace with cost of living increases and rising material and construction costs. Any rate increases for domestic water service should be substantiated and adopted through a public hearing process. The District currently bills under a metered rate structure for domestic water service, which promotes water conservation.

4.5.2 Written Determinations

1. The Lindsay-Strathmore Irrigation District currently bills its customers under a metered rate structure for domestic and irrigation water service. The District's 2004 budget estimated revenues of \$369,975 to be generated from domestic water customer sales and \$1,589,900 to be generated from irrigation water sales.
2. The monthly user fees charged by the Lindsay-Strathmore Irrigation District for domestic water service are below average compared to other water service providers in the County.
3. The District's fee structure for domestic water service is split into four service areas identified as the Main Zone, High Level Zone, Booster Zone, and Strathmore Treatment Plant Zone. The individual rates for each of these zones vary between \$234 and \$467 per acre-foot.
4. The District should periodically review its monthly user fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases for domestic water service should be substantiated and adopted through a public hearing process.

4.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for a jurisdiction to share facilities and resources, thereby increasing efficiency.

4.6.1 Shared Facilities

The LSID has demonstrated its ability to work with other entities by entering into several joint ventures including investments, infrastructure projects, domestic and irrigation water agreements, and leasing property, among other ventures. The LSID has entered into a joint water filtration treatment project with the Strathmore Public Utility District for the purpose of operating a water treatment facility. Under the terms of the agreement the District owns 28.2% of the property, plant, and equipment related to the project and is charged its share of the costs of the project based upon its ownership percentage.

The District has executed a renewal contract with the U.S. Bureau of Reclamation to purchase substantially all of its water from the Bureau. If the Bureau is unable to deliver the water needed by the District it could result in reductions of revenues and funds available to the District. Therefore the District is economically dependent upon the Bureau of Reclamation's ability to supply water to the District.

The LSID has continued to work with the Strathmore PUD and City of Lindsay on various domestic water and irrigation projects. The City of Lindsay has emergency connections to the LSID water system at two locations that can be used in emergency water supply situations or fire fighting purposes. As previously noted, the LSID also operates a joint water treatment facility in cooperation with the Strathmore PUD.

The LSID has also invested money into the following water and power projects:

- Wutchumna Water Company Stock
- Bravo Olive Growers, LLC
- Upper San Joaquin River Water and Power Authority

The project managers of each of the water projects are annually re-evaluating the projects objectives with the member districts as to the feasibility of the projects. If any of the projects are discontinued the District would lose their investment. The District, as an owner in the Wutchumna Water Company, is a member of the Limited Liability Company named Bravo Olive Company, LLC, a California Limited Liability Company. This company was formed on June 14, 1995 for the purpose of farming the property owned by the Wutchumna Water Company. The District is a 24% owner of this company and is entitled to a prorate share of all net income, net losses or capital gains.

The LSID should continue its partnerships with the City of Lindsay, the Strathmore PUD, the U.S. Bureau of Reclamation, and other District's involved in the Friant Power Authority, as these partnerships have continued to be beneficial for the LSID.

4.6.2 Written Determinations

1. The LSID has demonstrated its ability to work with other entities by entering into several joint ventures including investments, infrastructure projects, domestic and irrigation water agreements, and leasing property, among other ventures.
2. The LSID has continued to work with the Strathmore PUD and City of Lindsay on various domestic water and irrigation projects. The City of Lindsay has emergency connections to

the LSID water system at two locations that can be used in emergency water supply situations or fire fighting purposes. The LSID also operates a joint water treatment facility in cooperation with the Strathmore PUD.

3. The LSID should continue its partnerships with the City of Lindsay, the Strathmore PUD, the U.S. Bureau of Reclamation, and other District's involved in the Friant Power Authority, as these partnerships have continued to be beneficial for the LSID.

4.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services.

4.7.1 Development within SOI Areas

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. According to the LAFCO Municipal Service Review Guidelines, elimination of overlapping boundaries that confuse the public and cause service inefficiencies should be considered to avoid unnecessary increases in the cost of infrastructure.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation.

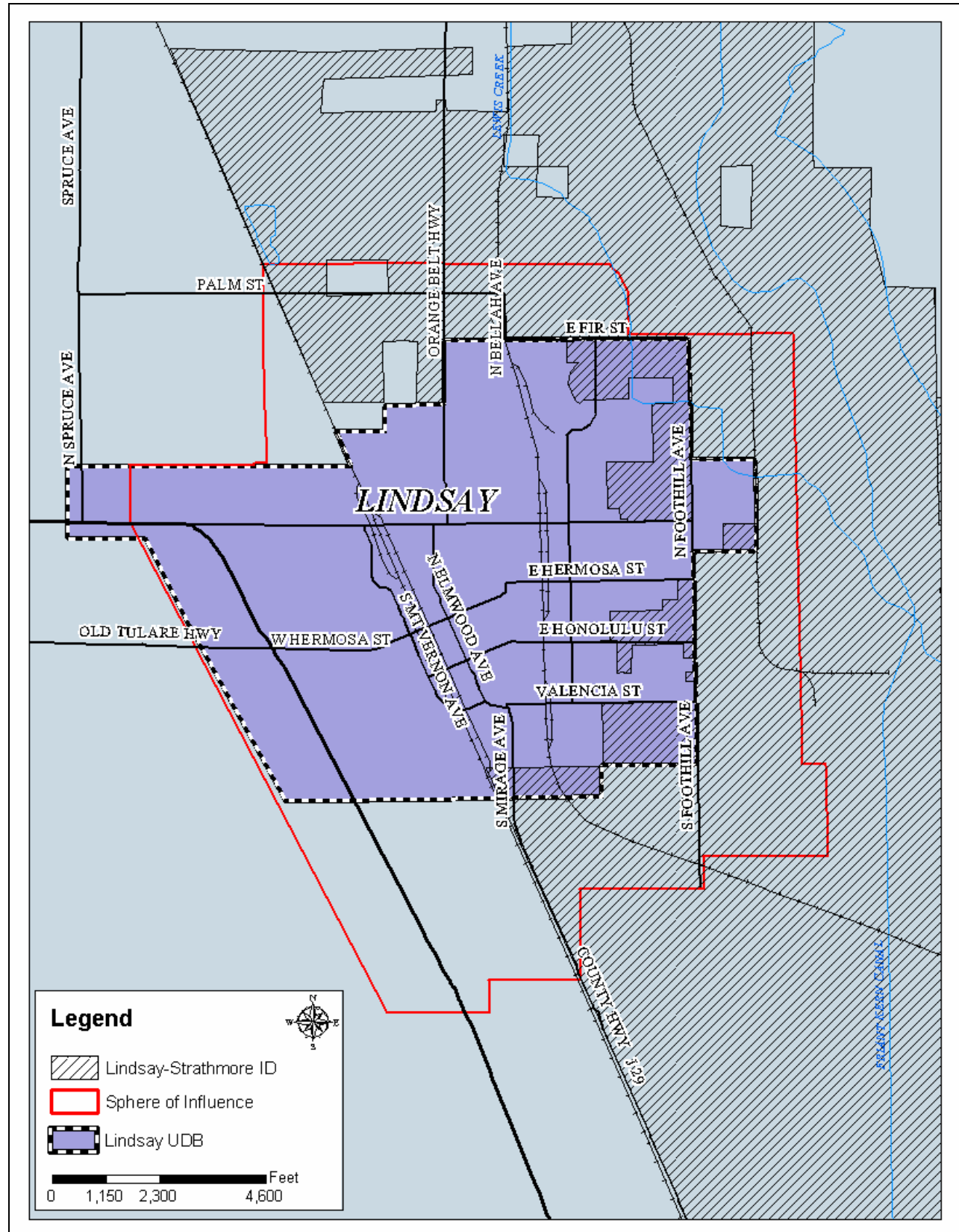
Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (county, city or special district). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Prior to development within its SOI area, the LSID should work closely with the City of Lindsay and the Strathmore PUD to determine which agency can most efficiently provide domestic water service. Currently, the LSID is referring all new requests for domestic water service to either the City of Lindsay or the Strathmore PUD. For this reason, it is likely that the annexation of SOI areas into the District would be related to the provision of agricultural irrigation services.

4.7.2 Adjacent Service Providers

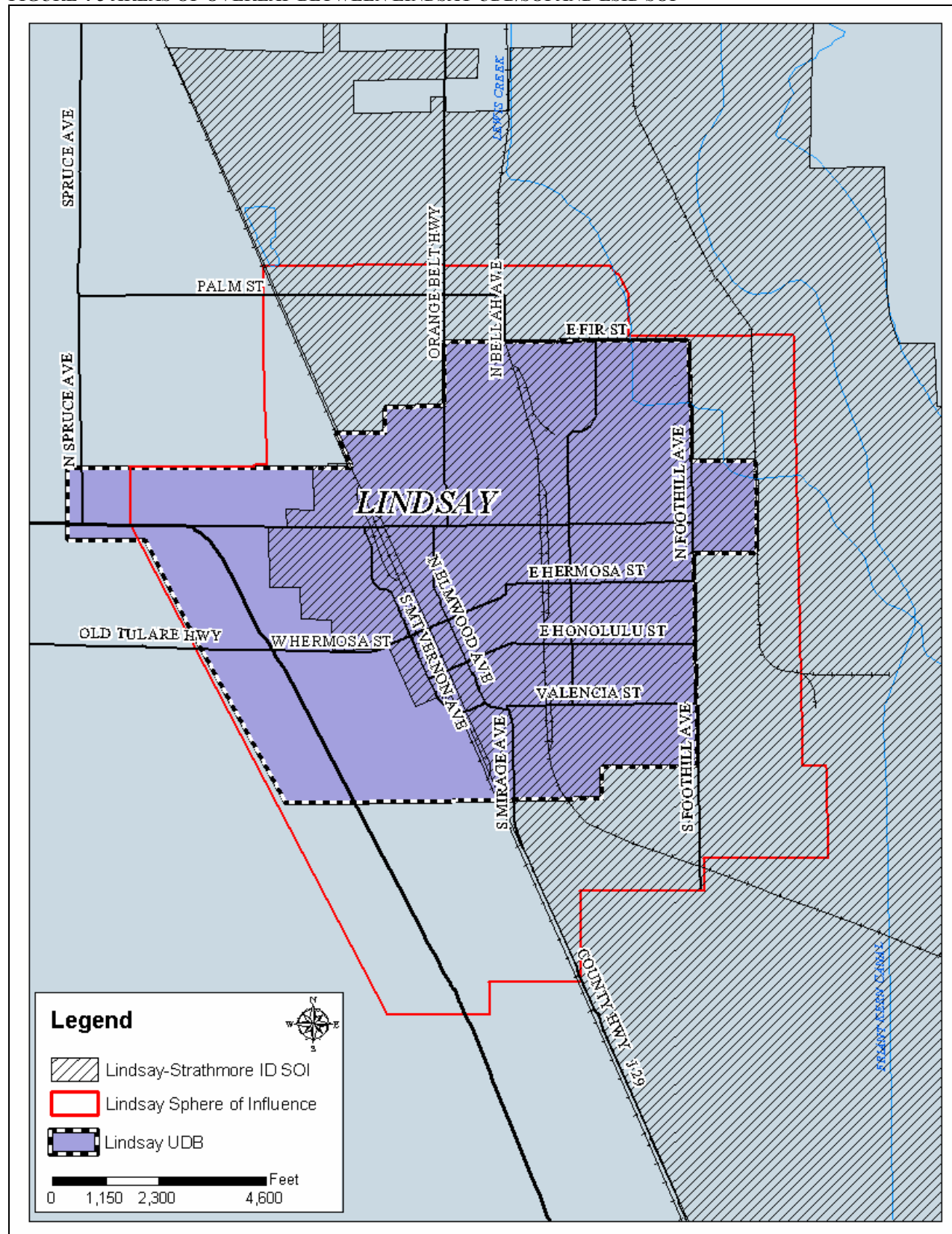
The boundaries of the LSID overlap with the boundaries of the City of Lindsay and the Strathmore PUD, which are empowered to provide domestic water service within their respective boundaries. Figure 4-2 illustrates the areas of overlapping boundaries between the City of Lindsay UDB/SOI and the LSID boundary. Figure 4-3 illustrates the areas of overlapping boundaries between the City of Lindsay UDB/SOI and the LSID SOI. Figures 4-4 and 4-5 illustrate the areas of overlapping boundaries between the Strathmore PUD boundary/SOI and the LSID boundary, and SOI, respectively.

FIGURE 4-2 AREAS OF OVERLAP BETWEEN LINDSAY UDB/SOI AND LSID BOUNDARY



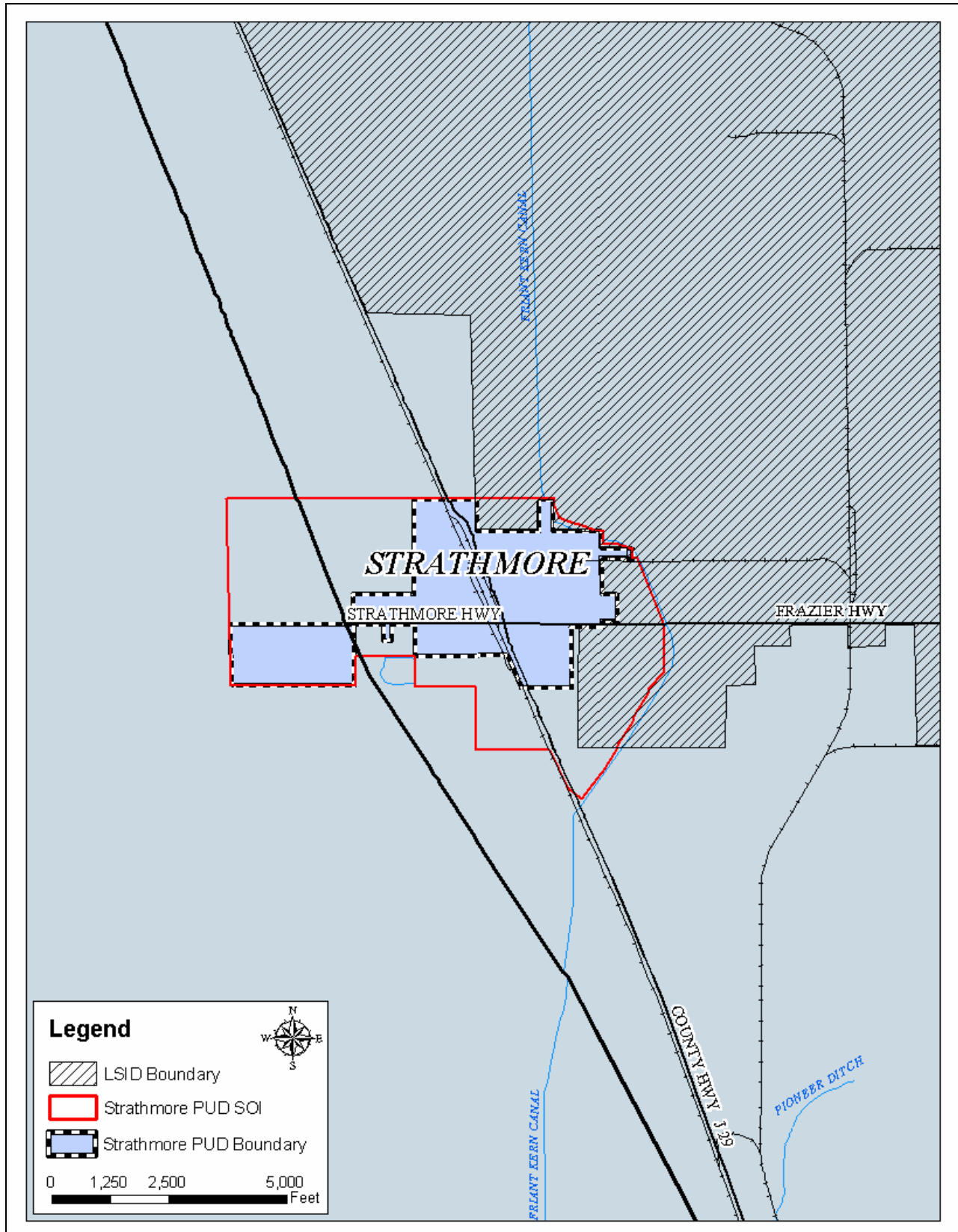
Source: Tulare County GIS Database

FIGURE 4-3 AREAS OF OVERLAP BETWEEN LINDSAY UDB/SOI AND LSID SOI



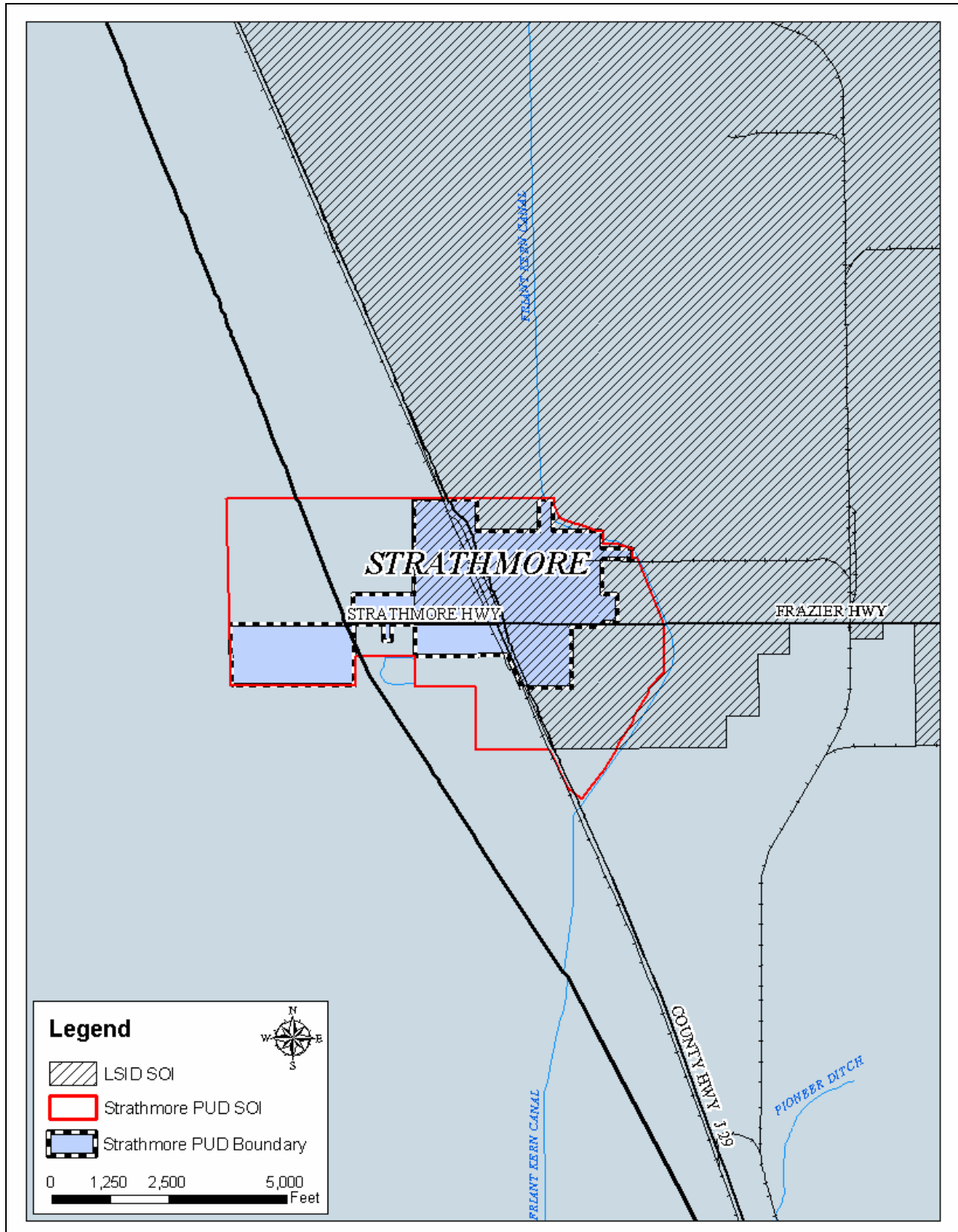
Source: Tulare County GIS Database

FIGURE 4-4 AREAS OF OVERLAP BETWEEN STRATHMORE PUD BOUNDARY/SOI AND LSID BOUNDARY



Source: Tulare County GIS Database

FIGURE 4-5 AREAS OF OVERLAP BETWEEN STRATHMORE PUD BOUNDARY/SOI AND LSID SOI



Source: Tulare County GIS Database

The LSID boundary overlaps with the City of Lindsay UDB in northeast and southeast areas of the City. The LSID SOI covers large areas within the Lindsay City Limits, UDB, and SOI, generally located east of the Southern Pacific Railroad Tracks, as shown on Figure 4-3. In some instances, streets contain water lines from both the City of Lindsay and the LSID. Due to continued difficulties with the LSID meeting Federal drinking water standards (in areas served by non-treated water), the City should consider ultimately becoming the sole provider of domestic water in these areas of overlapping boundaries, as long as it is feasible to do so. Where necessary, the LSID should provide for irrigation water only in these areas of overlapping boundaries. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is no longer needed, and it is feasible for the City to become the primary domestic water service provider. Ultimately, overlapping boundaries with the City of Lindsay should be resolved between the City of Lindsay, the LSID, and Tulare County LAFCO.

The LSID boundary is located adjacent to the District boundary of the Strathmore PUD, but the boundaries do not overlap anywhere. The LSID SOI does however overlap with the Strathmore PUD boundary, as shown on Figure 4-5. In addition, the LSID boundary and SOI both overlap with the SOI of the Strathmore PUD. Due to continued difficulties with the LSID meeting Federal drinking water standards (in areas served by non-treated water), the Strathmore PUD should consider ultimately becoming the sole provider of domestic water in these areas of overlapping boundaries, as long as it is feasible to do so. Where necessary, the LSID should provide for irrigation water only in these areas of overlapping boundaries. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is no longer needed, and it is feasible for the Strathmore PUD to become the primary domestic water service provider. Ultimately, overlapping boundaries with the Strathmore PUD should be resolved between the Strathmore PUD, the LSID, and Tulare County LAFCO.

4.7.2 Written Determinations

1. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals. SOI amendments and other changes in organization shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.
2. Prior to development within its SOI area, the LSID should work closely with the City of Lindsay and the Strathmore PUD to determine which agency can most efficiently provide domestic water service. Currently, the LSID is referring all new requests for domestic water service to either the City of Lindsay or the Strathmore PUD. For this reason, it is likely that the annexation of SOI areas into the District would be related to the provision of agricultural irrigation services.
3. The boundaries of the LSID overlap with the boundaries of the City of Lindsay and the Strathmore PUD, which are empowered to provide domestic water service within their respective boundaries.
4. Where necessary, the LSID should provide for irrigation water only in these areas of overlapping boundaries. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is no longer needed, and it is feasible for the City of Lindsay or the Strathmore PUD to provide domestic water services. Ultimately, overlapping boundaries should be resolved between the LSID, the City of Lindsay, the Strathmore PUD, and Tulare County LAFCO.

4.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the jurisdiction.

4.8.1 Organizational Structure

Based upon a review of information provided by the Lindsay-Strathmore Irrigation District, it appears that the provision of domestic and irrigation water services are managed in an efficient manner, meeting the needs of the community and ratepayers. The District undergoes annual audits in compliance with auditing standards.

The Lindsay-Strathmore Irrigation District is governed by a five-member Board of Directors elected by District from within its boundaries that is responsible for setting policy and general administrative procedures. The District office is open Monday through Friday, from 8 a.m. to 5 p.m. The District operates with both part time and full time staff, currently with 16 employees. The District contracts out for engineering and legal counsel services.

Regularly scheduled Board meetings are held at the District office located at 23260 Round Valley Road in Lindsay on the first Tuesday of each month at 1:30 p.m. District representatives can be contacted by phone during non-office hours to respond to emergency situations.

4.8.2 Written Determinations

1. The Lindsay-Strathmore Irrigation District is governed by a five member Board of Directors elected by District from within its boundaries, that is responsible for setting policy and general administrative procedures.
2. The District currently operates with part time and full time staff members, and is currently staffed with sixteen employees. The District contracts out for engineering and legal counsel services.
3. Regularly scheduled Board meetings are held at the District office located at 23260 Round Valley Road in Lindsay on the first Tuesday of each month at 1:30 p.m. District representatives can be contacted by phone during non-office hours to respond to emergency situations.

4.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the Lindsay-Strathmore Irrigation District's decision-making processes.

4.9.1 Public Access and Information Methods

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure against the ability to provide adequate services to the SOI and annexation areas.

The Lindsay-Strathmore Irrigation District has a five member Board of Directors elected by voters residing within the Districts Boundary. Regularly scheduled Board meetings are held on the first Tuesday of each month at 1:30 pm, located at 23260 Round Valley Road in Lindsay. Agendas for Board meetings are posted and notices provided consistent with public meeting requirements (i.e., the Brown Act) including posting on-site.

The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

The internet is a relatively low-cost yet powerful method of involving the general public/customers/ratepayers in District affairs. Greater dissemination of information can lead to greater interest in attending Board meetings and participating in elections. It also allows the public, some of whom are not physically able to attend Board meetings, to follow District activities remotely from their home or business.

4.9.2 Written Determinations

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the first Tuesday of each month at 1:30 p.m. at 23260 Round Valley Road in Lindsay.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

CHAPTER 5 – POPLAR CSD MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations of the Poplar Community Service District (CSD) Municipal Service Review (MSR). As part of its review of municipal services, the Tulare County Local Agency Formation Commission (LAFCO) is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Poplar CSD MSR identifies the following written determinations.

Written Determinations

1) Growth and Population

1. Although Poplar experienced a negative growth rate from 1990 to 2000 (-2.4% annually), it is anticipated that this trend will not continue. Similar to other small communities in Tulare County, a growth rate between 1% and 2% over the next twenty years would be more realistic to gauge impacts on public services, and other growth related impacts.
2. Assuming no development constraints (and that there is adequate land zoned for development), it is likely that the Poplar community will experience growth at an average annual rate between 1% and 2% over the next twenty years. Using an average annual growth rate between 1% and 2%, the Poplar community would reach a year 2025 population between 1,900 and 2,450 residents.
3. More recently, the Poplar community has experienced a spike in development proposals, both within and outside of the current Boundary of the Poplar CSD. This recent trend, which is expected to result in a spike in the population for the community, could cause the year 2025 population projections to be significantly higher than indicated.
4. The Poplar-Cotton Center UDB is, with minor exceptions, coterminous with the SOI boundary of the District. The District Boundary and SOI incorporate small areas that extend beyond the Poplar-Cotton Center UDB to the east and south. Since these areas are already a part of the existing District Boundary and SOI, the District should work with Tulare County to have these areas included within the UDB.

2) Infrastructure Needs & Deficiencies

Domestic Water

1. The Poplar CSD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.

2. Poplar CSD staff has indicated that there are approximately 640 connections to the District's water system, which consists of three active wells with a total maximum production efficiency of 2,280 gpm, and a 300,000 gallon storage tank.
3. The District's water supply is chlorinated, but has no permanently installed treatment. Based upon the District's 2004 Annual Drinking Water Quality Report, there is no evidence suggesting that the District's water supply does not meet Federal drinking water standards.
4. Assuming 650 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Poplar CSD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,250 GPM (500 gpm fire flow, and 750 gpm domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served; The District's water system is capable of delivering a combined source flow of 3,530 gpm (approximately 1,250 gpm could be delivered for two hours from a 300,000 gallon storage tank), indicating that the District's water system meets the requirements of the Tulare County Improvement Standards. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.
5. The District's water system is in good operating condition, and has available capacity to connect additional users however additional capacity would likely be needed to accommodate build-out of the District's SOI. A complete assessment by the District Engineer should be completed prior to the approval of additional connections to ensure that adequate distribution system pressures can be achieved.

Sanitary Sewer

1. The Poplar CSD is also responsible for providing sanitary sewer service to residents within its Boundary. Poplar CSD staff has indicated that there are approximately 640 connections to their sewer system.
2. The District owns and operates a WWTF southwest of the community, which is operated under the provisions of Waste Discharge Requirements Order No. 98-214, issued by the RWQCB. The District's WWTF is currently operating in full compliance with the requirements of Order No. 98-214.
3. Order No. 98-214 prescribes that the monthly average discharge flow shall not exceed 0.31 MGD. Available data indicates that current average dry weather flow at the WWTF is 0.22 MGD, indicating that the WWTF is currently operating at about 71% of its capacity.
4. Based upon information provided by the District's Engineer, developments which have recently been approved within the existing District Boundary will use the remaining capacity at the WWTF. Based upon this realization, the District would need to expand its WWTF to support any additional development projects proposed within its District Boundary and/or SOI.
5. The Poplar CSD recycles its wastewater by irrigating 41-acres of alfalfa owned by the District. The land used for wastewater reclamation will increase in the near future, as the District recently purchased additional acreage for this purpose. The District's wastewater

reclamation activities promote water conservation, groundwater recharge, and demonstrate the District's desire to conserve its potable water sources.

3) Financing Constraints and Opportunities

1. The District prepares an operating budget on an annual basis, which is segregated into several individual funds for each District activity. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.
2. The District's primary revenue sources come from water and sewer user fees, and capacity rights fees. The District generates approximately \$316,500 annually from current water and sewer user fees. This revenue is used for the ongoing operations of the District's utilities, including salaries and employee benefits, services and supplies, repayment of long term debts, and capital equipment replacement.
3. Reviewing the information provided by the District indicates that the District is financially stable with regard to its water and sewer operations, and continues to meet its long term debt obligations.
4. It is likely that development within the SOI will rely on infrastructure available from the District. To increase its preparedness when such development is proposed, it is recommended that the District prepare and implement water and sewer system master plans.
5. District staff should work with Tulare County on zoning related issues within the community, specifically on County's General Plan Update, in an effort to enhance economic growth opportunities within Poplar as a way of improving the District's economy of scale.
6. It can be expected that the District would have opportunities to work with the development community to help finance infrastructure improvements that would increase the District's infrastructure capacities in order to accommodate new development projects within its current District Boundary or SOI.

4) Cost Avoidance Opportunities

1. The District avoids excessive overhead costs by operating with a part-time and full-time staff, which provides adequate levels of service to the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
2. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.
3. A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

4. Master planning could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.
5. The District could also avoid unnecessary costs associated with the maintenance of capital infrastructure by promoting development in infill areas, and areas where infrastructure is already in place.

5) Opportunities for Rate Restructuring

1. Based upon a comparison to other domestic water and sanitary sewer service providers in Tulare County, it is concluded that the District's fees for water and sewer service are reasonable in comparison.
2. The District charges monthly flat rates, currently set at \$25.00 each, for water and sewer service. The District also charges capacity rights fees to new development, currently set at \$3,650 per unit for domestic water, and \$5,450 per unit for sanitary sewer.
3. The District should periodically review its monthly user fees and capacity rights fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems. User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.
5. The District has opportunities to implement a metered billing rate structure for domestic water service. The District should complete a cost/benefit analysis to determine the feasibility of implementing a metered billing structure for domestic water, and to determine proper metered water rates.

6) Opportunities for Shared Facilities

1. Since the location of the Poplar CSD Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist.

7) Government Structure Options

1. Prior to development within its SOI area the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.
3. The District should continually expand and improve its domestic water and sanitary sewer infrastructure to accommodate development within its current District Boundary and SOI areas with developer assistance.

4. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure.

8) Evaluation of Management Efficiencies

1. Based upon information made available, it appears that the provision of sanitary sewer and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers.
2. The Poplar CSD is governed by a five member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures.
3. District representatives can be contacted by phone. District staff should be available to respond to emergency situations during non-business hours.

9) Local Accountability and Governance

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the first Thursday at 6:00 p.m. of each month at the District office located at 14656 Road 192 in Poplar.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

5.0 POPLAR COMMUNITY SERVICE DISTRICT

5.0.1 Background

The requirement for LAFCO to conduct reviews of local municipal services was established with the passage of AB 2838 known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill passed the legislature, and was signed into law by Governor Davis on September 26, 2000. MSRs provide LAFCO with an additional tool to fulfill their statutory responsibilities of promoting orderly growth and development, preserving the State's finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all Californians in the most efficient and effective manner. MSRs are a requirement of State annexation law and are required to be completed before the consideration of a Sphere of Influence (SOI) amendment or once every five years when a SOI amendment is not being considered.

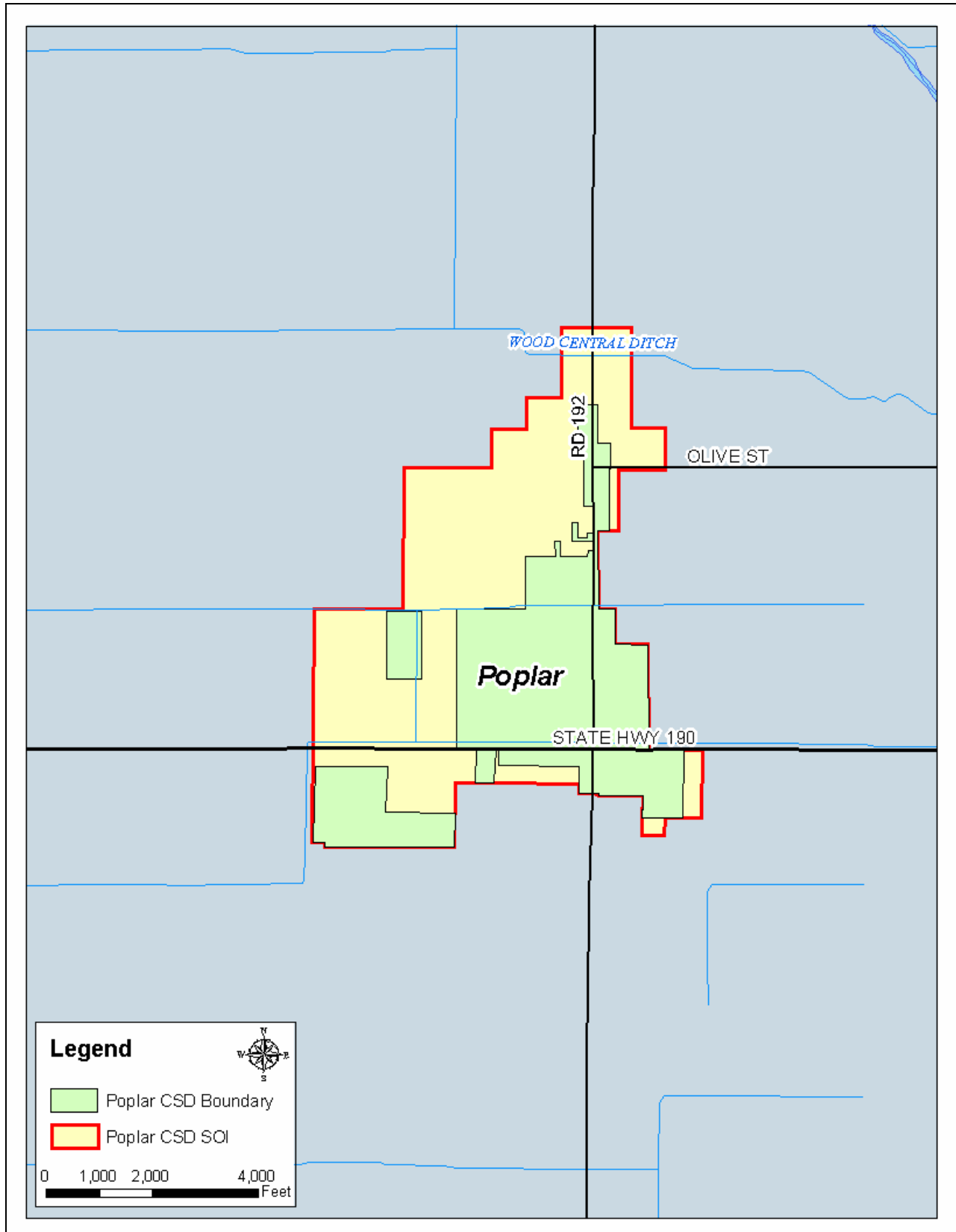
In July 2003 Tulare County LAFCO adopted an MSR exemption policy that identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from an MSR study. The Poplar CSD is subject to a full comprehensive study. The policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

Poplar, an unincorporated community in Tulare County, is located in the southern portion of the County, approximately eight miles west of Porterville and eleven miles southwest of Lindsay. The Poplar CSD, which was formed in December 1959, has a primary function of providing sanitary sewer and domestic water service for the community. Sanitary sewer and domestic water are the primary services provided by the Poplar CSD that are subject to an MSR. The Poplar CSD also provides parks and recreation services, an active power of the District, to the community. Parks and recreation services are not subject to an MSR. Other services listed above are provided by Tulare County, or private utility companies.

Poplar is an agriculturally oriented service community surrounded on all sides by lands in agricultural production, vacant lands, and scattered rural residential homes. Cities and communities surrounding Poplar include Porterville to the east, Lindsay to the northeast, Tulare to the northwest, Woodville to the northwest, Cotton Center to the north, and Tipton to the east. The Tulare County/Kern County Line is located approximately 18 miles south of Poplar. The current District Boundary and the currently adopted SOI for the Poplar CSD are illustrated on Figure 5-1.

FIGURE 5-1 – POPLAR CSD BOUNDARY & SPHERE OF INFLUENCE



Source: Tulare County GIS Database

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act; 1) Growth and population; 2) Infrastructure needs and deficiencies; 3) Financial constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance.

5.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of the service needs of Poplar.

5.1.1 Historical Data

The Census Bureau, on a decennial basis, identifies and provides detailed information on all incorporated Cities along with several smaller unincorporated communities (termed Census Designated Places – CDPs). In each Census, community profiles are developed and provide a wide range of information pertaining to population, demographics, housing information, household data, education and employment, income and poverty, and historical trends.

Census 2000 data indicates that Poplar had a population of 1,496 as of January 2000. *Census 1990* data indicates that Poplar had a population of 1,901 indicating that a decrease in population between 1990 and 2000 occurred at an annual rate of 2.4%. The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. The District indicated that they provided services to an estimated population of 1,986 as of 2004. The discrepancy in the population that the District serves, and the Census population may be attributed to the fact that the District boundary covers a larger area than does the Census boundary for the Poplar community.

Although Poplar experienced a negative growth rate from 1990 to 2000, it is anticipated that this trend will not continue. Similar to other small communities in Tulare County, a growth rate between 1% and 2% over the next twenty years would be more realistic to gauge impacts on public services, and other growth related impacts. Assuming no development constraints, it is likely that the Poplar community will experience growth at an average annual rate between 1% and 2% over the next twenty years. Using an average annual growth rate between 1% and 2% (and using 1,986 as the year 2005 base population as indicated by the District), the District would reach a year 2025 population between 2,425 and 2,950 residents.

More recently, the Poplar community has experienced a spike in development proposals, both within and outside of the current Boundary of the Poplar CSD. Some of the recently proposed developments would require annexation of land into the District for provision of public services provided by the District. This recent trend, which is expected to result in a spike in the population for the community, could cause the year 2025 population projections to be significantly higher than indicated.

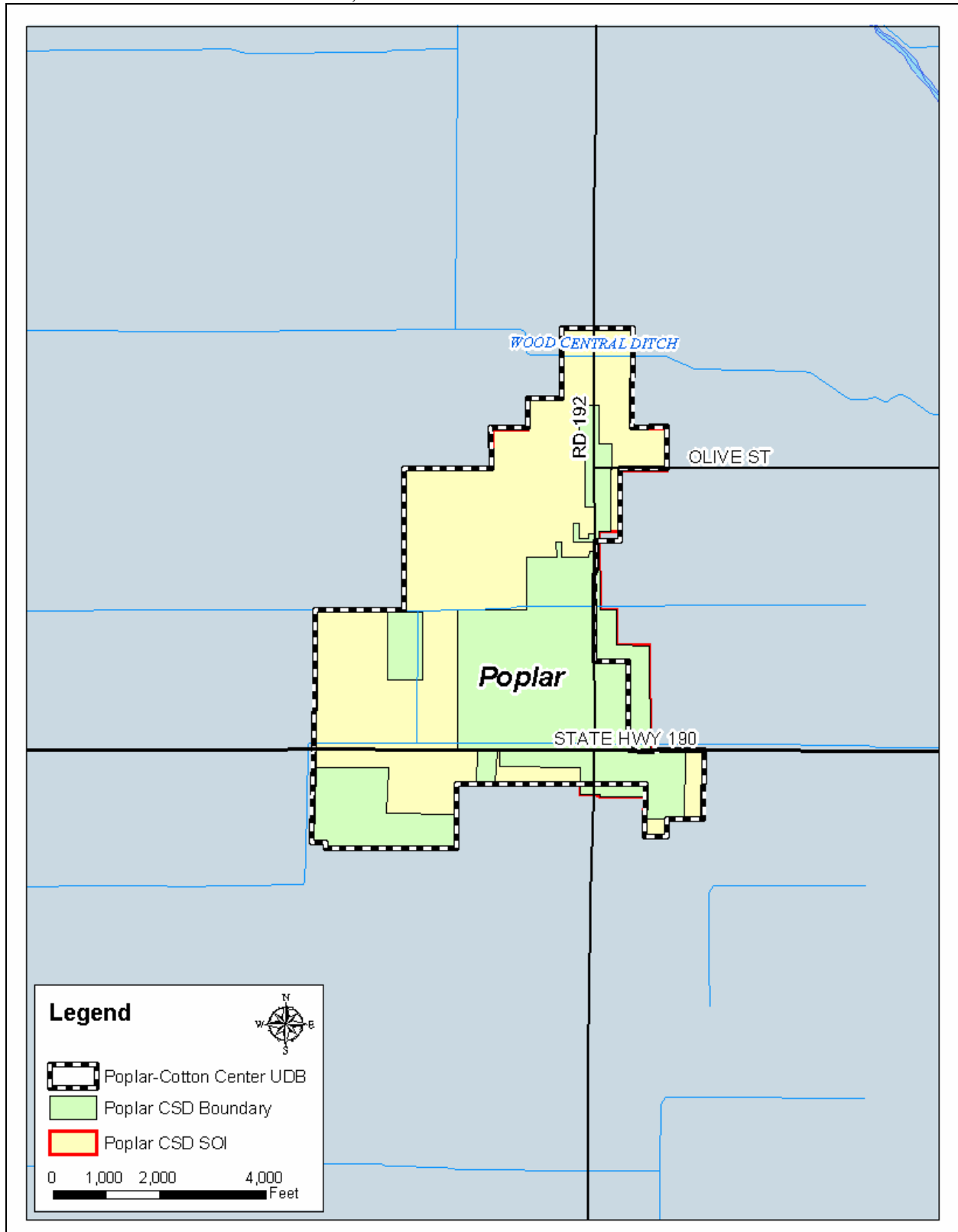
5.1.2 Planning Boundaries

In addition to a SOI, which is defined by LAFCO as the “...physical boundary and service area that a local government agency is expected to serve...” an urban development boundary (UDB) has been established and designates the Poplar-Cotton Center urban expansion area. Figure 5-2 shows the District Boundary and SOI in comparison to the community’s UDB.

The Tulare County General Plan contains an Urban Boundaries Element which establishes goals for designating realistic planning areas around cities and unincorporated communities which could be used to help determine boundaries for community service districts and County service areas, in areas where differing levels of service are required, and within which corporate annexations may take place. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1UB.C.1 – Unincorporated Communities Policies.

“Urban Development Boundaries are established around the following unincorporated communities in the County to serve as official urban planning areas for these communities: Cutler-Orosi, Ducor, Earlimart, East Orosi, Goshen, Ivanhoe, Lemon Cove, London, Pixley, Plainview, Poplar-Cotton Center, Richgrove, Strathmore, Terra Bella, Tipton, Traver, Woodville, Alpaugh, and Springville.”

FIGURE 5-2 – POPLAR CSD BOUNDARY, SOI & UDB



Source: Tulare County GIS Database

“A land use plan is to be developed for each community with an Urban Development Boundary, specifying desired densities and land use categories, with particular attention to defining suitable areas for the full range of urban development and rural residential development. Such plans shall include the entire area within the Boundary and shall recognize the short and long term ability of each community to provide necessary urban services within its Urban Development Boundary.”

Furthermore, the County of Tulare General Plan Policy Summary Sections 1UB.F.1. and 1UB.F.2. set forth policies with regard to “Boundary Consistency”, and “Review and Revision of Boundaries.” Excerpts from these sections of the County General Plan Policy Summary relating to special districts are reiterated below.

“In areas where special districts provide rural as well as urban services, LAFCo should distinguish between “urban” and “rural” service areas for the purpose of establishing Spheres of Influence for such districts. If an unincorporated community is served by a special district, the Urban Development Boundary should be consistent with the district’s “urban” Sphere of Influence.”

“County census boundaries should be as consistent as possible with Urban Development Boundaries.”

“Urban Area Boundaries and Urban Development Boundaries shall be reviewed at least once every five years to determine if boundary changes are justified, or if additional boundaries are needed for communities not included herein. However, a review may be conducted at any time on request of the affected city or agency.”

As indicated on Figure 5-2, the Poplar-Cotton Center UDB is, with minor exceptions, coterminous with the SOI boundary of the District. The District Boundary and SOI incorporate small areas that extend beyond the Poplar-Cotton Center UDB to the east and south. Since these areas are already a part of the existing District Boundary and SOI, the District should work with Tulare County to have these areas included within the UDB.

5.1.3 Written Determinations

1. Although Poplar experienced a negative growth rate from 1990 to 2000 (-2.4% annually), it is anticipated that this trend will not continue. Similar to other small communities in Tulare County, a growth rate between 1% and 2% over the next twenty years would be more realistic to gauge impacts on public services, and other growth related impacts.
2. Assuming no development constraints (and that there is adequate land zoned for development), it is likely that the Poplar community will experience growth at an average annual rate between 1% and 2% over the next twenty years. Using an average annual growth rate between 1% and 2%, the Poplar community would reach a year 2025 population between 1,900 and 2,450 residents.
3. More recently, the Poplar community has experienced a spike in development proposals, both within and outside of the current Boundary of the Poplar CSD. This recent trend, which is expected to result in a spike in the population for the community, could cause the year 2025 population projections to be significantly higher than indicated.

4. The Poplar-Cotton Center UDB is, with minor exceptions, coterminous with the SOI boundary of the District. The District Boundary and SOI incorporate small areas that extend beyond the Poplar-Cotton Center UDB to the east and south. Since these areas are already a part of the existing District Boundary and SOI, the District should work with Tulare County to have these areas included within the UDB.

5.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the Poplar CSD in terms of availability of resources, capacity to deliver services, condition of facilities, service quality, and levels of service.

5.2.1 Domestic Water

The Poplar CSD is responsible for providing domestic water service within the District's Boundary. The water system is regulated by the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections. Based upon information provided by Poplar CSD staff, there are approximately 640 connections to the District's water system.

Poplar's water supply, which is chlorinated but not treated, is derived from three active underground wells, with a total maximum production efficiency of 2,280 gallons per minute (gpm), or about 3.3 million gallons per day (MGD). The District also has a water storage tank with a capacity of 300,000 gallons.

Water meters were installed in 1979, but the District has indicated that they need to be serviced before being put back into use. For this reason, the District uses a flat rate structure to bill its customers. A flat rate billing structure does not promote water conservation, and does not provide incentives for customers to reduce water usage. The District should consider implementing a metered billing structure to help encourage water conservation, and minimize over usage and/or wasting of water. Reductions in water usage also have the potential of reducing operation and maintenance costs.

Based upon the District's 2004 Annual Drinking Water Quality Report, there are no indications that the District's water supply has contaminant levels exceeding the maximum contaminant levels. There is no evidence suggesting that the District's water supply does not meet Federal drinking water standards.

Tulare County Improvement Standards require that the construction of water source facilities shall comply with the requirements of Bulletin No. 74, "Water Well Standards" prepared by the State of California Department of Water Resources. The Tulare County Improvement Standards also establish specific requirements for quantity and quality of water to be delivered to a system. Some of these requirements are summarized below.

- The quantity of water delivered to the distribution system within a subdivision from all source and storage facilities for a period of two hours shall be the maximum domestic demand plus a fire flow quantity of not less than 500 GPM for single family residential, 1,500 GPM for multi-family residential, commercial, and light manufacturing, and 2,500 GPM for heavy manufacturing.
- For systems up to 625 customer units (equivalent dwelling units) the domestic quantity shall not be less than $Q = 100 + 25 * \sqrt{N}$, and $Q = 100 + N$ for more than 625 customer units at sufficient pressure to provide a minimum pressure of 25 PSI to each lot served; where Q equals the rate of flow in GPM delivered from the combined source facilities to the distribution system, and N equals the total number of customer units where each customer unit is equivalent to one for a single family dwelling on a normal subdivision lot. Other types of development shall be assigned appropriate customer unit values by the Engineer as experience with the distribution system or locality indicates.

- The minimum source and domestic demand storage design requirements shall be in accordance with Plate No. WS-11 of Section IV of the Tulare County Improvement Standards.
- The quality of water supplied for human consumption shall conform to Sections 3, 4 and 5 of the latest United States Public Health Service Drinking Water Standards. Samples will be taken and tests made by the County Department of Health Services for bacteriological determination of potability.
- Chemical and physical tests for potability shall be performed by a commercial laboratory certified by the State Department of Health Services for performance of chemical and physical analysis and the costs thereof shall be borne by the sub-divider.

Assuming 650 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Poplar CSD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,250 GPM (500 gpm fire flow, and 750 gpm domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served; The District's water system is capable of delivering a combined source flow of 3,530 gpm (approximately 1,250 gpm could be delivered for two hours from the 300,000 gallon storage tank), indicating that the District's water system meets the requirements of the Tulare County Improvement Standards. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.

An estimate of water system capacity can be calculated by using General Order 103, published by the California Public Utilities Commission. For the estimated water system capacity, the total supply source available is compared to a calculated total supply source required. Other factors that may affect the capacity of water systems, including but not limited to, water quality, low pressures, required storage, age of system, and pipeline restrictions, are not considered. The estimated supply source required is calculated using the following equation,

$$Q_{\text{Required}} = (N) * (C) * (F) \text{ where,}$$

N = Number of customers served

C = Gallon per minute constant: 5 to 9 for flat rate systems, 2 to 5 for metered systems

F = Factor to reflect diversity (inversely proportional to the number of customers)

Using an N value of 650, a C factor of 7.0, and an F factor of 0.33, the estimated total supply source required is calculated to be 1,500 GPM for the Poplar CSD. With a total supply source available of 3,530 gpm (for two hours, assuming the 300,000 gallon storage tank is full), it is estimated that the District's water system could support an additional 850 equivalent dwelling units. Not including the District's 300,000 gallon storage capacity (a total well supply source of 2,280), the District's water system would be able to support an estimated 325 additional equivalent dwelling units. It should be noted that there could be special circumstances, i.e. distribution system pressure constraints, that could significantly affect this result, and a complete assessment should be completed by the District Engineer prior to the approval of additional connections. The water system would need to be tested at actual system pressure to determine the actual amount of available capacity for domestic and fire flow.

5.2.2 Sanitary Sewer

The Poplar CSD is also responsible for providing sanitary sewer service to residents within its Boundary. Poplar CSD staff has indicated that there are approximately 640 connections to the District's sewer system. Raw sewage is collected and transported to a wastewater treatment and disposal facility (WWTF) located southwest of the community.

The District's WWTF is operated under the provisions of Waste Discharge Requirements Order No. 98-214 issued by the California Regional Water Quality Control Board (RWQCB), Central Valley Region. Order No. 98-214 prescribes that the monthly average discharge flow shall not exceed 0.31 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is approximately 0.22 MGD. Based upon available information, it is concluded that the District's WWTF is currently operating at approximately 71% of its capacity. The District's WWTF is currently operating in full compliance with Order No. 98-214, issued by the RWQCB.

Using the ratio of the current number of connections to the current flow, and assuming 90% of permitted flow to be "at capacity", it is estimated that the District's WWTF could support a total of 800 connections (in terms of equivalent dwelling units), or a total population of about 2,500. Based upon information provided by the District's Engineer, developments which have recently been approved within the existing District Boundary will use the remaining capacity at the WWTF. Based upon this realization, the District would need to expand its WWTF to support any additional development projects proposed within its District Boundary and/or SOI.

Capacity estimates are for wastewater treatment only, and do not consider individual collection pipe capacity constraints. Capacity deficiencies in the collection system can often be corrected with assistance from developers that wish to connect to the District's sewer system.

The Poplar CSD recycles its wastewater by irrigating 41-acres of alfalfa owned by the District. The land used for wastewater reclamation will increase in the near future, as the District recently purchased additional acreage for this purpose. The District's wastewater reclamation activities promote water conservation, groundwater recharge, and demonstrate the District's desire to conserve its potable water sources.

As funding allows, the District should begin implementing improvements to its WWTF, to increase the capacity in order to allow economic growth and development within the community to occur, including meeting affordable housing objectives.

5.2.3 Written Determinations

Domestic Water

1. The Poplar CSD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. Poplar CSD staff has indicated that there are approximately 640 connections to the District's water system, which consists of three active wells with a total maximum production efficiency of 2,280 gpm, and a 300,000 gallon storage tank.

3. The District's water supply is chlorinated, but has no permanently installed treatment. Based upon the District's 2004 Annual Drinking Water Quality Report, there is no evidence suggesting that the District's water supply does not meet Federal drinking water standards.
4. Assuming 650 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Poplar CSD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,250 GPM (500 gpm fire flow, and 750 gpm domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served; The District's water system is capable of delivering a combined source flow of 3,530 gpm (approximately 1,250 gpm could be delivered for two hours from a 300,000 gallon storage tank), indicating that the District's water system meets the requirements of the Tulare County Improvement Standards. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.
5. The District's water system is in good operating condition, and has available capacity to connect additional users however additional capacity would likely be needed to accommodate build-out of the District's SOI. A complete assessment by the District Engineer should be completed prior to the approval of additional connections to ensure that adequate distribution system pressures can be achieved.

Sanitary Sewer

1. The Poplar CSD is also responsible for providing sanitary sewer service to residents within its Boundary. Poplar CSD staff has indicated that there are approximately 640 connections to their sewer system.
2. The District owns and operates a WWTF southwest of the community, which is operated under the provisions of Waste Discharge Requirements Order No. 98-214, issued by the RWQCB. The District's WWTF is currently operating in full compliance with the requirements of Order No. 98-214.
3. Order No. 98-214 prescribes that the monthly average discharge flow shall not exceed 0.31 MGD. Available data indicates that current average dry weather flow at the WWTF is 0.22 MGD, indicating that the WWTF is currently operating at about 71% of its capacity.
4. Based upon information provided by the District's Engineer, developments which have recently been approved within the existing District Boundary will use the remaining capacity at the WWTF. Based upon this realization, the District would need to expand its WWTF to support any additional development projects proposed within its District Boundary and/or SOI.
5. The Poplar CSD recycles its wastewater by irrigating 41-acres of alfalfa owned by the District. The land used for wastewater reclamation will increase in the near future, as the District recently purchased additional acreage for this purpose. The District's wastewater reclamation activities promote water conservation, groundwater recharge, and demonstrate the District's desire to conserve its potable water sources.

5.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate the jurisdictions capability to finance needed improvements and services.

5.3.1 Annual Budget

The District prepares an operating budget on an annual basis, which is segregated into several individual funds for each District activity. The District's budget for fiscal year 2004-05 identifies the following funds:

- Water Operating Fund
- Sewer Operating Fund
- Parks and Recreation Fund
- Vineyard Fund
- Sewer Connection Fund
- Water Connection Fund
- Sewer Bond Fund
- Water Bond Fund

The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.

The District's primary revenue sources come from water and sewer user fees, and capacity rights fees. The District generates approximately \$316,500 annually from current water and sewer user fees. This revenue is used for the ongoing operations of the District's utilities, including salaries and employee benefits, services and supplies, repayment of long term debts, and capital equipment replacement. The District's expenditures for water and sewer operations totaled \$454,600, including appropriations for contingencies, fixed asset depreciation (equipment replacement), and new equipment.

Reviewing the information provided by the District indicates that the District is financially stable with regard to its water and sewer operations, and continues to meet its long term debt obligations. The District's annual revenues and cash resources available cover the annual operating expenses of the District including reserve allocations, contingency appropriations, and long term debt obligations.

It is likely that development within the SOI will rely on infrastructure available from the District. For this reason, the District should be prepared to accommodate such growth. The preparation and implementation of water and sewer master plans would increase the District's preparedness when development within its SOI is proposed. The District could potentially obtain funding assistance by applying for available State and/or Federal grants to prepare, and potentially implement, master plans.

District staff has indicated that there is limited land zoned for development within the Poplar community, and has thus resulted in slow economic growth in the area. Promoting economic growth and increasing job opportunities within the community would improve the economy of scale, and could result in additional financial resources for the District. District staff should work with Tulare County on zoning related issues within the community, specifically on County's General Plan Update, in an effort to enhance economic growth opportunities within Poplar.

It can be expected that the District would have opportunities to work with the development community to help finance infrastructure improvements that would increase the District's infrastructure capacities in order to accommodate new development projects within its current District Boundary or SOI.

5.3.2 Written Determinations

1. The District prepares an operating budget on an annual basis, which is segregated into several individual funds for each District activity. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.
2. The District's primary revenue sources come from water and sewer user fees, and capacity rights fees. The District generates approximately \$316,500 annually from current water and sewer user fees. This revenue is used for the ongoing operations of the District's utilities, including salaries and employee benefits, services and supplies, repayment of long term debts, and capital equipment replacement.
3. Reviewing the information provided by the District indicates that the District is financially stable with regard to its water and sewer operations, and continues to meet its long term debt obligations.
4. It is likely that development within the SOI will rely on infrastructure available from the District. To increase its preparedness when such development is proposed, it is recommended that the District prepare and implement water and sewer system master plans.
5. District staff should work with Tulare County on zoning related issues within the community, specifically on County's General Plan Update, in an effort to enhance economic growth opportunities within Poplar as a way of improving the District's economy of scale.
6. It can be expected that the District would have opportunities to work with the development community to help finance infrastructure improvements that would increase the District's infrastructure capacities in order to accommodate new development projects within its current District Boundary or SOI.

5.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

5.4.1 Fiscal Structure

The District has adequate staff resources and administrative capabilities to provide the needed level of services to the residents within its boundaries. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service to the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.

The District requires new development projects to pay capacity rights fees in order to mitigate impacts to the District's infrastructure, currently set at \$3,650 per equivalent dwelling unit (EDU) for water connections, and \$5,450 for sewer connections. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

The preparation of water and sewer system master plans could help the District avoid unnecessary costs associated with the construction of emergency system improvements to meet demands. Master plans identify infrastructure improvements that will be needed in the future, including an improvement timeline that would allow the District adequate time to set aside and/or obtain funding for those future improvements before the absence of such improvements begins to delay or halt proposed development. Master plans typically identify funding sources for their implementation.

If the SOI were expanded in the future, the District would assume fiscal responsibilities to construct or maintain the sewer and domestic water infrastructure associated with the SOI and any territories that were annexed. LAFCO should consider the relative financial and operational burden of new annexations to the District when it comes to its ability to provide water and sewer service, as well as capital maintenance and replacements required as a result of expanding the District Boundary. Opportunities exist at the time of annexation and development to introduce alternative methods of construction and maintenance of public or semi-public infrastructure to serve the future SOI/annexation areas.

5.4.2 Written Determinations

1. The District avoids excessive overhead costs by operating with a part-time and full-time staff, which provides adequate levels of service to the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
2. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

3. A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.
4. Master planning could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.
5. The District could also avoid unnecessary costs associated with the maintenance of capital infrastructure by promoting development in infill areas, and areas where infrastructure is already in place.

5.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels.

5.5.1 Fee Structure

The Poplar CSD currently charges a monthly flat rate for water and sewer service, currently set at \$25.00 per service for a typical single family residence. Tables 5-1 and 5-2 show a comparison of water and sewer rates and connection fees (termed capacity rights fees by the Poplar CSD), respectively, for all applicable service providers being reviewed. The tables also show the relationship between monthly service charges and average household incomes within the respective communities. Since some of the service providers charge a metered rate for water, it is necessary to calculate an average monthly bill based upon a specific amount of usage taken as 2,005 cubic feet, or approximately 15,000 gallons, per month for this analysis.

**TABLE 5-1
POPLAR CSD COMPARISON OF WATER RATES**

Service Provider	Sample Monthly Bill	Connection Fee	Average Household Income	Rate/Income Ratio
Earlimart PUD	\$12.50	\$1,500	\$1,775/mo.	0.70%
Ivanhoe PUD	\$9.50	\$1,700	\$2,171/mo.	0.44%
Pixley PUD	\$20.00	\$2,000	\$1,942/mo.	1.03%
Teviston CSD	\$30.00	\$800	\$2,014/mo.	1.49%
Tipton CSD	\$24.00	\$2,800	\$2,198/mo.	1.09%
Alpaugh JPA	\$55.00	\$1,500	\$1,974/mo.	2.79%
Cutler PUD	\$18.00	\$1,500	\$2,028/mo.	0.89%
Orosi PUD	\$19.08	\$2,400	\$2,533/mo.	0.75%
Lemon Cove SD	\$10.01	\$500	\$2,361/mo.	0.42%
London CSD	\$18.00	\$1,400	\$1,807/mo.	1.00%
Lindsay-Strathmore ID	\$14.18 ⁷	T&M	\$2,096/mo.	0.68%
Poplar CSD	\$25.00	\$3,650	\$2,043/mo.	1.22%
Richgrove CSD	\$23.00	NA	\$1,907/mo.	1.21%
Springville PUD	\$44.16	\$3,020	\$2,023/mo.	2.18%
Strathmore PUD	\$43.30	\$1,150	\$2,096/mo.	2.06%
Terra Bella ID	\$25.38 ⁸	\$2,908	\$2,109/mo.	1.20%
Woodville PUD	\$27.28	\$3,350	\$2,123/mo.	1.28%
Average	\$25.26	\$2,012	\$2,080/mo.	1.21%

Notes: 1) Fee information obtained from service providers

2) Average household income based upon Census 2000 data

3) Rate/Income ratio calculated by dividing sample monthly bill by average household income

4) Sample monthly bill is calculated for a typical single family dwelling

5) NA=Not Available

6) T&M=Time and Material basis

7) Based on an average of four separate rates charged by the Lindsay-Strathmore Irrigation District

8) Based on potable water service provided by the Terra Bella Irrigation District

9) Lindsay-Strathmore ID rates/fees omitted from the average calculations

As indicated in Table 5-1, the Poplar CSD charges \$25.00 for water service, which is slightly below the average of surrounding service providers. The Poplar CSD capacity rights fee for domestic water service is above average compared to surrounding providers. The cost of domestic water service within Poplar equates to approximately 1.22% of the average household income within the community, slightly above the average of 1.21%. This comparison shows that the District is able to provide domestic water service at costs comparable to those charged by similar service providers within the County, and that the fees are reasonable for providing domestic water service.

**TABLE 5-2
POPLAR CSD COMPARISON OF SEWER RATES**

Service Provider	Monthly Sewer User Fee (1 EDU)¹	Connection Fee¹	Average Household Income²	Rate/Income Ratio
Goshen CSD	\$32.00	\$975	\$2,359/mo.	1.36%
Earlimart PUD	\$7.50	\$1,000	\$1,775/mo.	0.42%
Ivanhoe PUD	\$9.50	\$1,890	\$2,171/mo.	0.44%
Pixley PUD	\$15.00	\$1,800	\$1,942/mo.	0.77%
Tipton CSD	\$8.00	\$1,050	\$2,198/mo.	0.36%
Cutler PUD	\$22.00	\$3,520	\$2,028/mo.	1.08%
Orosi PUD	\$22.97	\$1,745	\$2,533/mo.	0.91%
Lemon Cove SD	\$4.50	\$500	\$2,361/mo.	0.19%
London CSD	\$21.00	\$1,990	\$1,807/mo.	1.16%
Poplar CSD	\$25.00	\$5,450	\$2,043/mo.	1.22%
Richgrove CSD	\$18.00	\$750	\$1,907/mo.	0.94%
Springville PUD	\$43.60	\$3,900	\$2,023/mo.	2.16%
Strathmore PUD	\$14.70	\$500	\$2,096/mo.	0.70%
Terra Bella SMD	\$21.00	\$500	\$2,109/mo.	1.00%
Woodville PUD	\$19.25	\$4,200	\$2,123/mo.	0.91%
Average	\$18.93	\$1,985	\$2,098/mo.	0.90%

1) Source: Wastewater User Charge Survey Report FY 2004-05 (Cal EPA – SWRCB, May 2005)

2) Source: Census 2000

As indicated in Table 5-2, the monthly sewer rate charged by the Poplar CSD is above average compared to other sanitary sewer service providers in the County. The Poplar CSD capacity rights fee for sanitary sewer service is the highest among surrounding providers. The cost of sanitary sewer service within Poplar equates to approximately 1.22% of the average household income within the community, which is above the average of 0.90%. The high sanitary sewer capacity rights fee charged by the District can likely be attributed to needed capital WWTF improvements, which are costly. It is expected that other Districts will increase capacity rights fees as well, in order to keep up with increasing demand, and higher construction costs. This comparison shows that the District is able to provide sanitary sewer service at costs comparable to those charged by similar service providers within the County, and that the fees are reasonable for providing sanitary sewer service. The District installed its sewer system in 1994, and is currently repaying bond issuances that were used to finance the construction of the system.

The District should periodically review its monthly user fees and capacity rights fees to ensure that quality service will continually be provided to existing and future residents. Often it is necessary to increase user fees and/or capacity rights fees to keep pace with cost of living increases and rising material

and construction costs. Any rate increases should be substantiated and adopted through a public hearing process.

The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems. User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

The District has opportunities to implement a metered billing rate structure for domestic water service. A flat rate billing structure does not promote water conservation, and does not provide incentives for customers to reduce water usage. The District should consider implementing a metered billing structure to help encourage water conservation, and minimize over usage and/or wasting of water. Reductions in water usage also have the potential of reducing operation and maintenance costs, including utility costs to run water pumps. The District should complete a cost/benefit analysis to determine the feasibility of implementing a metered billing structure for domestic water, and to determine proper metered water rates.

5.5.2 Written Determinations

1. Based upon a comparison to other domestic water and sanitary sewer service providers in Tulare County, it is concluded that the District's fees for water and sewer service are reasonable in comparison.
2. The District charges monthly flat rates, currently set at \$25.00 each, for water and sewer service. The District also charges capacity rights fees to new development, currently set at \$3,650 per unit for domestic water, and \$5,450 per unit for sanitary sewer.
3. The District should periodically review its monthly user fees and capacity rights fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems. User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.
5. The District has opportunities to implement a metered billing rate structure for domestic water service. The District should complete a cost/benefit analysis to determine the feasibility of implementing a metered billing structure for domestic water, and to determine proper metered water rates.

5.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for a jurisdiction to share facilities and resources, thereby increasing efficiency.

5.6.1 Shared Facilities

Since the location of the Poplar CSD Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist. Currently, the Poplar CSD is the only water and sewer service provider in the immediate area.

5.6.2 Written Determinations

1. Since the location of the Poplar CSD Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist.

5.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services.

5.7.1 Development within SOI Areas

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. According to the LAFCO Municipal Service Review Guidelines, elimination of overlapping boundaries that confuse the public and cause service inefficiencies should be considered to avoid unnecessary increases in the cost of infrastructure. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation.

Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (county, city or special district). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Prior to development within its SOI area, the District should complete infrastructure planning – including master plans – to address the infrastructure needs of affected areas and funding mechanisms to meet those needs. The District and/or County could also require developers to prepare specific plans prior to approving development within the District's SOI. The District should continually expand and improve its water and sewer infrastructure to accommodate development within its current District Boundary and SOI areas with developer assistance.

5.7.2 Written Determinations

1. Prior to development within its SOI area the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.
3. The District should continually expand and improve its domestic water and sanitary sewer infrastructure to accommodate development within its current District Boundary and SOI areas with developer assistance.
4. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure.

5.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the jurisdiction.

5.8.1 Organizational Structure

Based upon a review of information provided by the Poplar CSD, it appears that the provisions of sanitary sewer and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers. The District undergoes annual audits in compliance with auditing standards.

The Poplar CSD is governed by a five-member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures. Board meetings are held on the first Thursday of each month at the District office located at 14656 Road 192 in Poplar.

District staff includes a secretary, water/sewer manager, and water/wastewater operator. The District contracts out for professional services including engineering, and legal counsel. There is no evidence suggesting that the current management structure of the District would not be able to continue to provide services within the District's boundaries.

District representatives can be contacted by phone. District staff should be available to respond to emergency situations during non-business hours.

5.8.2 Written Determinations

1. Based upon information made available, it appears that the provision of sanitary sewer and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers.
2. The Poplar CSD is governed by a five member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures.
3. District representatives can be contacted by phone. District staff should be available to respond to emergency situations during non-business hours.

5.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the Poplar CSD's decision-making processes.

5.9.1 Public Access and Information Methods

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure against the ability to provide adequate services to the SOI and annexation areas.

The Poplar CSD has a five member Board of Directors elected by voters residing within the Districts Boundary. Regularly scheduled Board meetings are held on the first Thursday of each month at 6:00 p.m. at the District office located at 14656 Road 192 in Poplar.

The Poplar CSD constantly strives to improve its operations, the services that it provides to its customers and its relations with its employees. District staff is encouraged to bring suggestions for improvement to the attention of the District Manager or the Board of Directors of the Poplar CSD. Policies such as these create a stable and more enjoyable work environment for employees of the District.

Poplar-Cotton Center is designated as a redevelopment area in Tulare County. The Tulare County Resource Management Agency Community Development and Redevelopment Branch (CD&R) provides services to implement Redevelopment plans in the communities of Cutler-Orosi, Earlimart, Goshen, Ivanhoe, Pixley, Poplar-Cotton Center, Richgrove, and Traver. The scope of activities includes capital improvement projects, general community improvements and economic development. Focus of implementation is through coordination with special purpose districts, outside agencies and other County departments. CD&R is committed to collaborative efforts in order to fulfill goals in the most effective, efficient and economical way.

The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website. It would make sense to post information regarding District affairs on the County websites, since Poplar is an unincorporated community within Tulare County, and there is a mutual interest in the community.

The internet is a relatively low-cost yet powerful method of involving the general public/customers/ratepayers in District affairs. Greater dissemination of information can lead to greater interest in attending Board meetings and participating in elections. It also allows the public, some of whom are not physically able to attend Board meetings, to follow District activities remotely from their home or business.

5.9.2 Written Determinations

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the first Thursday at 6:00 p.m. of each month at the District office located at 14656 Road 192 in Poplar.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the

Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

CHAPTER 6 – RICHGROVE CSD MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations of the Richgrove Community Services District Municipal Service Review (MSR). As part of its review of municipal services, the Tulare County Local Agency Formation Commission (LAFCO) is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Richgrove CSD MSR identifies the following written determinations:

Written Determinations

1) Growth and Population

1. Between 1990 and 2000, Richgrove experienced an average annual population growth rate of approximately 3.7%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Richgrove will experience growth at an average annual rate between 3% and 4%, indicating the community would reach a year 2025 population between 5,700 and 7,250 residents.
3. The Richgrove UDB is consistent with the District's SOI with the exception of an area located southeast of the community, which is included within the District's SOI, but outside of the community's UDB. The Richgrove CSD should work with Tulare County LAFCO and the Tulare County Resource Management Agency to resolve differences between the community's UDB, and the District's SOI.
4. Based upon the population projections estimated from historical growth rates, it is possible that the community's population could more than double over the next twenty years. Based upon the realization of potential population growth of the community, it is recognized that the District would need to incorporate additional land within its UDB and/or SOI in order to sustain historical growth trends, as there is limited undeveloped land within the District's existing UDB.

2) Infrastructure Needs & Deficiencies

Domestic Water

1. The Richgrove CSD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. Richgrove CSD staff has indicated that there are 523 connections to the District's water system, which consists of two active wells and a third well which is currently not operational.

The District relies solely on groundwater for its water supply. The District's water is chlorinated at the well sites, and will likely have permanent chlorination installed in the future.

3. The Richgrove CSD received a water meter retrofit grant from the Department of Water Resources, and is currently working to install water meters throughout the community.
4. Assuming 550 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Richgrove CSD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,200 GPM (500 GPM fire flow, and 700 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served.
5. The total supply source available for the District's water system is unknown. Prior to granting any SOI amendments that would increase demand for water services provided the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.
6. There is a project planned to install treatment on the well that is currently not in operation. It potentially will add capacity to the District's water system, and could also serve as a backup well should one of the existing wells be out of service.

Sanitary Sewer

1. The Richgrove CSD is also responsible for providing sanitary sewer service to residents within its Boundary. Richgrove CSD staff has indicated that there are 523 connections to the District's sewer system.
2. The District owns and operates a WWTF located northeast of the community, which is operated under the provisions of Waste Discharge Requirements Order No. 83-088, issued by the California Regional Water Quality Control Board, Central Valley Region.
3. Order No. 83-088 prescribes that the monthly average discharge flow shall not exceed 0.22 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.25 MGD. Based upon this information, it is determined that the District's WWTF is currently operating above its permitted capacity, indicating that additional connections to the District's sewer system cannot be support at this time.
4. Treated effluent from the District's WWTF is recycled through irrigation of alfalfa, which is indicative of the District's efforts to conserve its potable water sources.
5. The District recently completed a "*Wastewater Treatment Facility Performance and Capacity Study*" (Provost & Pritchard, September 2005) in order to evaluate wastewater treatment options to bring the plant into compliance regarding flow to the plant, and to address other WWTF related issues.
6. The "*Wastewater Treatment Facility Performance and Capacity Study*" identifies potential grant sources for the implementation of the proposed improvements, planned to occur in three phases. The potential grant sources identified in the study are small community wastewater

grants, community development block grants, and grant assistance provided by the economic development administration.

7. Without increasing the capacity of its WWTF, the District will be unable to support any additional connections to its sewer system. Expansion of the District's UDB and/or SOI should not occur until adequate capacity is made available at the District's WWTF.

3) Financing Constraints and Opportunities

1. The District prepares an operating budget on an annual basis, which is segregated into several individual funds for each District activity. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.
2. The District's primary revenue sources are derived from water and sewer user fees, and modest levels of property tax income. The District generates approximately \$327,600 annually from current water and sewer user fees. This revenue is used for the ongoing operations of the District's utilities, including salaries and employee benefits, services and supplies, repayment of long term debts, and capital equipment replacement (through depreciation of assets).
3. Reviewing the information provided by the District indicates that the District is financially stable with regard to its water and sewer operations, and continues to meet its long term debt obligations. The District's annual revenues cover the annual operating expenses of the District.
4. Although the District continues to meet its annual operation and maintenance requirements, including long term debt obligations, the District's reserve funds are not sufficient to meet capital improvement needs for the District's water and sewer systems. For example, the District has approximately \$150,000 available for capital sewer system improvements, while the actual cost of increasing the capacity of the District's WWTF could be upwards of \$600,000 according to the "*Wastewater Treatment Facility Performance and Capacity Study*". This is an indication that the District would need to seek additional outside funding to upgrade and increase the capacity of its WWTF.
5. Since Richgrove is within a Tulare County Redevelopment Area, the District should work with the Tulare County Redevelopment Agency to secure additional funding to implement needed capital infrastructure improvements. Other potential outside funding could come from available state and/or federal grant/loan programs, and/or the development community.

4) Cost Avoidance Opportunities

1. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service to the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
2. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

3. Continuing to master plan its infrastructure could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.
4. A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

5) Opportunities for Rate Restructuring

1. The Richgrove CSD charges monthly user fees and connection fees for domestic water and sanitary sewer services. The District currently bills its customers under a flat rate system for both water and sewer service. It should be noted that the District is currently in the process of installing water meters throughout the community, and when complete, the District will convert to a metered water rate structure.
2. The monthly user fees charged by the Richgrove CSD for water and sewer service are below average compared to other domestic water service providers in the County, and the District's sanitary sewer connection fee is significantly below average in comparison.
3. The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems. User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

6) Opportunities for Shared Facilities

1. Since the location of the Richgrove CSD Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist

7) Government Structure Options

1. Prior to development within its SOI area the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.
3. The District should continually expand and improve its domestic water and sanitary sewer infrastructure to accommodate development within its current District Boundary and SOI areas with developer assistance.

4. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure.

8) Evaluation of Management Efficiencies

1. Based upon information made available, it appears that the provision of domestic water service and sanitary sewer service are managed in an efficient manner and meets the needs of the community and ratepayers.
2. The Richgrove CSD is governed by a five member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures.
3. District representatives can be contacted by phone, and are available in person at the District Office. District personnel should be available to respond to emergencies during non office hours.

9) Local Accountability and Governance

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the last Wednesday of each month at 6:00 p.m. at the District office located at 20986 Grove Drive in Richgrove.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

6.0 RICHGROVE COMMUNITY SERVICE DISTRICT

6.0.1 Background

The requirement for LAFCO to conduct reviews of local municipal services was established with the passage of AB 2838 known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill passed the legislature, and was signed into law by Governor Davis on September 26, 2000. MSRs provide LAFCO with an additional tool to fulfill their statutory responsibilities of promoting orderly growth and development, preserving the States finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all Californians in the most efficient and effective manner. MSRs are a requirement of State annexation law and are required to be completed before the consideration of a Sphere of Influence (SOI) amendment or once every five years when a SOI amendment is not being considered.

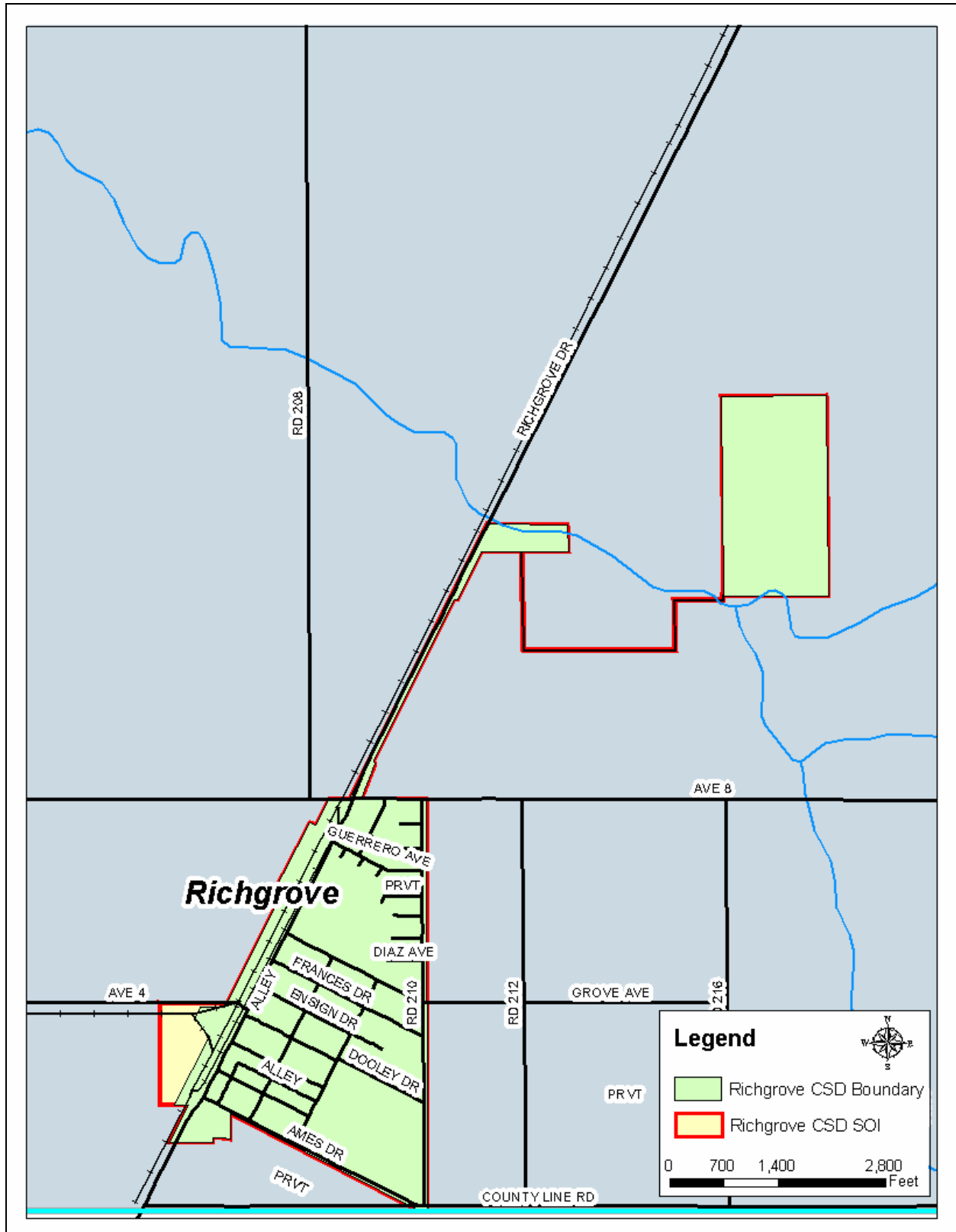
In July 2003 Tulare County LAFCO adopted an MSR exemption policy that identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from an MSR study. The Richgrove CSD is subject to a full comprehensive study. The policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

Richgrove, an unincorporated community in Tulare County, is located in the southern portion of the County, just north of the Tulare County/Kern County line. Nearby cities and communities include Ducor approximately 8 miles to the northeast, Delano approximately 10 miles to the west, Terra Bella approximately 12 miles to the northeast, Poplar-Cotton Center approximately 18 miles to the north, and Porterville approximately 20 miles to the northeast. The Richgrove CSD, which was formed in March 1977, has a primary function of providing domestic water and sanitary sewer service for the community. Domestic water and sanitary sewer service are the primary services provided by the Richgrove CSD that are subject to an MSR. Other services within the Richgrove community are provided by either Tulare County, or privately owned and operated utility companies.

Richgrove is an agriculturally oriented service community surrounded on all sides by lands in agricultural production, and vacant lands. Richgrove is a vibrant Hispanic community with a strong agricultural industry including many grape vineyards, citrus orchards, and row crops. The Richgrove CSD provides residents and businesses within the community with domestic water and sanitary sewer service. The current District Boundary and the currently adopted SOI for the Richgrove CSD are illustrated on Figure 6-1.

FIGURE 6-1 – RICHGROVE CSD BOUNDARY & SPHERE OF INFLUENCE



Source: Tulare County GIS Database

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act; 1) Growth and population; 2) Infrastructure needs and deficiencies; 3) Financial constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance.

6.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of the service needs of Richgrove.

6.1.1 Historical Data

The Census Bureau, on a decennial basis, identifies and provides detailed information on all incorporated Cities along with several smaller unincorporated communities (termed Census Designated Places – CDPs). In each Census, community profiles are developed and provide a wide range of information pertaining to population, demographics, housing information, household data, education and employment, income and poverty, and historical trends.

Census 2000 data indicates that Richgrove had a population of 2,723 as of January 2000. *Census 1990* data indicates that Richgrove had a population of 1,899 corresponding to an average annual growth rate between 1990 and 2000 of approximately 3.7%. The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. Assuming no development constraints, it is likely that the Richgrove community will continue to grow at an average annual rate between 3% and 4%. Using an average annual growth rate between 3% and 4%, the Richgrove community would reach a year 2025 population between 5,700 and 7,250 residents.

6.1.2 Planning Boundaries

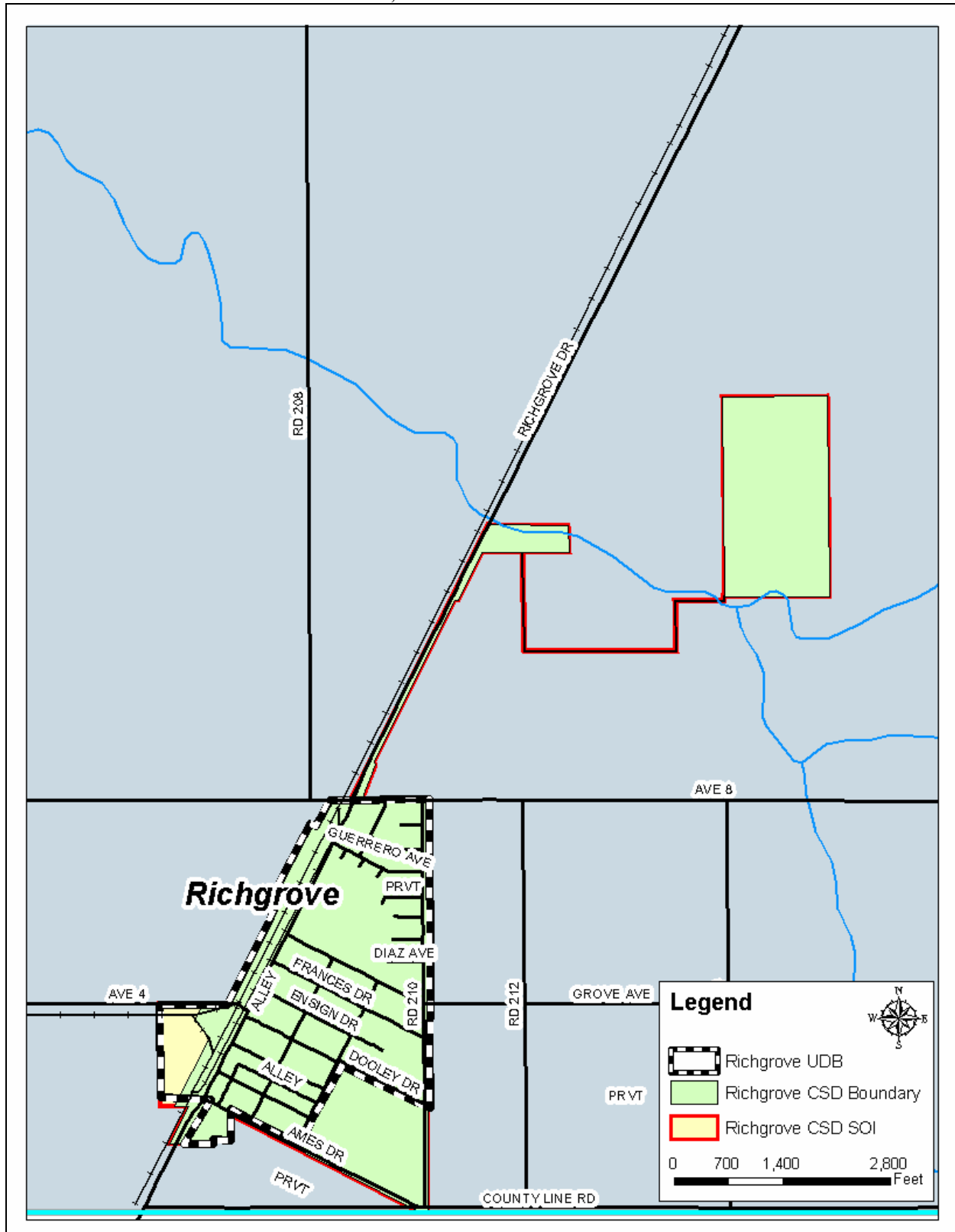
In addition to a SOI, which is defined by LAFCO as the “...physical boundary and service area that a local government agency is expected to serve...” an urban development boundary (UDB) has been established and designates the Richgrove urban expansion area. Figure 6-2 shows the District Boundary and SOI in comparison to the community’s UDB.

The Tulare County General Plan contains an Urban Boundaries Element which establishes goals for designating realistic planning areas around cities and unincorporated communities which could be used to help determine boundaries for community service districts and County service areas, in areas where differing levels of service are required, and within which corporate annexations may take place. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1UB.C.1 – Unincorporated Communities Policies.

“Urban Development Boundaries are established around the following unincorporated communities in the County to serve as official urban planning areas for these communities: Cutler-Orosi, Ducor, Earlimart, East Orosi, Goshen, Ivanhoe, Lemon Cove, London, Pixley, Plainview, Poplar-Cotton Center, Richgrove, Strathmore, Terra Bella, Tipton, Traver, Woodville, Alpaugh, and Springville.”

“A land use plan is to be developed for each community with an Urban Development Boundary, specifying desired densities and land use categories, with particular attention to defining suitable areas for the full range of urban development and rural residential development. Such plans shall include the entire area within the Boundary and shall recognize the short and long term ability of each community to provide necessary urban services within its Urban Development Boundary.”

FIGURE 6-2 – RICHGROVE CSD BOUNDARY, SOI & UDB



Source: Tulare County GIS Database

Furthermore, the County of Tulare General Plan Policy Summary Sections 1UB.F.1. and 1UB.F.2. set forth policies with regard to “Boundary Consistency”, and “Review and Revision of Boundaries.” Excerpts from these sections of the County General Plan Policy Summary relating to special districts are reiterated below.

“In areas where special districts provide rural as well as urban services, LAFCo should distinguish between “urban” and “rural” service areas for the purpose of establishing Spheres of Influence for such districts. If an unincorporated community is served by a special district, the Urban Development Boundary should be consistent with the district’s “urban” Sphere of Influence.”

“County census boundaries should be as consistent as possible with Urban Development Boundaries.”

“Urban Area Boundaries and Urban Development Boundaries shall be reviewed at least once every five years to determine if boundary changes are justified, or if additional boundaries are needed for communities not included herein. However, a review may be conducted at any time on request of the affected city or agency.”

As indicated on Figure 6-2, the Richgrove UDB is consistent with the District’s SOI with the exception of an area located southeast of the community, which is included within the District’s SOI, but outside of the community’s UDB. This area is bounded by Vineyard Drive to the west, Ames Drive to the south, Dooley Drive to the north, and Road 210 to the east. The Richgrove CSD should work with Tulare County LAFCO and the Tulare County Resource Management Agency to resolve differences between the community’s UDB, and the District’s SOI.

In addition, the Richgrove District Boundary and SOI extend north along Richgrove Drive and encompass areas east of Richgrove Drive in which the District’s WWTF is located. It is logical that this area remain included within the District’s Boundary and SOI, but outside of the community’s UDB.

Based upon the population projections estimated from historical growth rates, it is possible that the community’s population could more than double over the next twenty years. There is limited undeveloped land within the community’s existing UDB, particularly, small pockets of undeveloped land within the southeast and northwest areas of the community. Based upon the realization of potential population growth of the community, it is recognized that the District would need to incorporate additional land within its UDB and/or SOI in order to sustain historical growth trends.

6.1.3 Written Determinations

1. Between 1990 and 2000, Richgrove experienced an average annual population growth rate of approximately 3.7%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Richgrove will experience growth at an average annual rate between 3% and 4%, indicating the community would reach a year 2025 population between 5,700 and 7,250 residents.
3. The Richgrove UDB is consistent with the District’s SOI with the exception of an area located southeast of the community, which is included within the District’s SOI, but outside of the community’s UDB. The Richgrove CSD should work with Tulare County LAFCO and

the Tulare County Resource Management Agency to resolve differences between the community's UDB, and the District's SOI.

4. Based upon the population projections estimated from historical growth rates, it is possible that the community's population could more than double over the next twenty years. Based upon the realization of potential population growth of the community, it is recognized that the District would need to incorporate additional land within its UDB and/or SOI in order to sustain historical growth trends, as there is limited undeveloped land within the District's existing UDB.

6.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the Richgrove CSD in terms of availability of resources, capacity to deliver services, condition of facilities, service quality, and levels of service.

6.2.1 Domestic Water

The Richgrove CSD is responsible for providing domestic water service within the District's Boundary. The water system is regulated by the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections. Richgrove CSD staff has indicated that there are 523 connections to the Richgrove CSD water system.

The District's water system consists of two active wells and a third well which is currently not operational. The District's water is chlorinated at the well sites, and will likely have permanent chlorination installed in the future. There are nineteen (19) commercial customers which receive metered water from the District. Residential connections are currently un-metered however the District received a water meter retrofit grant in the amount of \$119,000 from the Department of Water Resources, and is currently working to install meters throughout the community. A fully metered water system will help with water conservation, and minimize over usage and/or wasting of water. Decreases in the amount of water usage have the potential of reducing operation and maintenance costs including utility costs to run well pumps.

Tulare County Improvement Standards require that the construction of water source facilities shall comply with the requirements of Bulletin No. 74, "Water Well Standards" prepared by the State of California Department of Water Resources. The Tulare County Improvement Standards also establish specific requirements for quantity and quality of water to be delivered to a system. Some of these requirements are summarized below.

- The quantity of water delivered to the distribution system within a subdivision from all source and storage facilities for a period of two hours shall be the maximum domestic demand plus a fire flow quantity of not less than 500 GPM for single family residential, 1,500 GPM for multi-family residential, commercial, and light manufacturing, and 2,500 GPM for heavy manufacturing.
- For systems up to 625 customer units (equivalent dwelling units) the domestic quantity shall not be less than $Q = 100 + 25 * \sqrt{N}$, and $Q = 100 + N$ for more than 625 customer units at sufficient pressure to provide a minimum pressure of 25 PSI to each lot served; where Q equals the rate of flow in GPM delivered from the combined source facilities to the distribution system, and N equals the total number of customer units where each customer unit is equivalent to one for a single family dwelling on a normal subdivision lot. Other types of development shall be assigned appropriate customer unit values by the Engineer as experience with the distribution system or locality indicates.
- The minimum source and domestic demand storage design requirements shall be in accordance with Plate No. WS-11 of Section IV of the Tulare County Improvement Standards.
- The quality of water supplied for human consumption shall conform to Sections 3, 4 and 5 of the latest United States Public Health Service Drinking Water Standards. Samples will be

taken and tests made by the County Department of Health Services for bacteriological determination of potability.

- Chemical and physical tests for potability shall be performed by a commercial laboratory certified by the State Department of Health Services for performance of chemical and physical analysis and the costs thereof shall be borne by the sub-divider.

Assuming 550 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Richgrove CSD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,200 GPM (500 GPM fire flow, and 700 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served; The total supply source available for the District's water system is unknown. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.

An estimate of water system capacity can be calculated by using General Order 103, published by the California Public Utilities Commission. For the estimated water system capacity, the total supply source available is compared to a calculated total supply source required. Other factors that may affect the capacity of water systems, including but not limited to, water quality, low pressures, required storage, age of system, and pipeline restrictions, are not considered. For the Richgrove CSD, the total supply source available is not known, and therefore only the total supply source required is calculated. The estimated supply source required is calculated using the following equation,

$$Q_{\text{Required}} = (N) * (C) * (F) \text{ where,}$$

N = Number of customers served

C = Gallon per minute constant: 5 to 9 for flat rate systems, 2 to 5 for metered systems

F = Factor to reflect diversity (inversely proportional to the number of customers)

Using an N value of 523, a C factor of 5.0 (assuming the entire system will be metered in the near term), and an F factor of 0.34, the estimated total supply source required is calculated to be 900 GPM for the Richgrove CSD. There is a project planned to install treatment on the well that is currently not in operation. It potentially will add capacity to the District's water system, and could also serve as a backup well should one of the existing wells be out of service.

6.2.2 Sanitary Sewer

The Richgrove CSD is also responsible for providing sanitary sewer service to residents within its Boundary. Richgrove CSD staff has indicated that there are 523 connections to the District's sewer system. Raw sewage is collected and transported to a wastewater treatment and disposal facility (WWTF) located northeast of the community.

The District's WWTF is operated under the provisions of Waste Discharge Requirements Order No. 83-088 issued by the California Regional Water Quality Control Board (RWQCB), Central Valley Region. Order No. 83-088 prescribes that the average daily dry weather discharge shall not exceed 0.22 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.25 MGD. Based upon this information, it is determined that the District's WWTF is currently operating above its permitted capacity, indicating that additional connections to the District's sewer system cannot be supported at this time.

The District's wastewater collection and treatment facilities were constructed in 1984 and were funded by a USDA loan and grant package. The loan has been restructured and has several years remaining to pay. The sanitary sewer collection and treatment facilities were built in order to correct sewage problems that were causing groundwater pollution and threatened health hazards. Since the District's collection system was constructed in 1984, it is most likely that the system remains in good operating condition.

The District's WWTF is a typical aerated pond system that provides secondary treatment. The system consists of a primary pond and a finishing pond with two mechanical aerators in each. Treated water is pumped from the two treatment ponds to a reservoir located approximately ½ mile to the east for storage prior to being recycled for the irrigation of alfalfa. The District recently completed a *“Wastewater Treatment Facility Performance and Capacity Study”* (Provost & Pritchard, September 2005) in order to evaluate wastewater treatment options to bring the plant into compliance regarding flow to the plant, and to address other WWTF related issues.

Based upon recommendations provided in the *“Wastewater Treatment Facility Performance and Capacity Study”*, three phases have been planned for improving/expanding the WWTF. The first phase, to occur immediately, includes improvements to bring the plant into DO compliance; the second phase to occur immediately upon obtaining additional funding includes expansions to provide capacity through year 2014; and the third phase to occur around year 2014, includes improvements/expansions to meet expected treatment regulations and future capacity needs through year 2024.

The *“Wastewater Treatment Facility Performance and Capacity Study”* identifies potential grant sources for the implementation of the proposed improvements. The potential grant sources identified in the study are small community wastewater grants, community development block grants, and grant assistance provided by the economic development administration.

It is recommended that the District immediately begin to apply for funding as recommended in the *“Wastewater Treatment Facility Performance and Capacity Study”* in order to begin implementing capital improvements to increase the capacity of its WWTF. Without increasing the capacity of its WWTF, the District will be unable to support any additional connections to its sewer system. Expansion of the District's UDB and/or SOI should not occur until adequate capacity is made available at the District's WWTF.

6.2.3 Written Determinations

Domestic Water

1. The Richgrove CSD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. Richgrove CSD staff has indicated that there are 523 connections to the District's water system, which consists of two active wells and a third well which is currently not operational. The District relies solely on groundwater for its water supply. The District's water is chlorinated at the well sites, and will likely have permanent chlorination installed in the future.
3. The Richgrove CSD received a water meter retrofit grant from the Department of Water Resources, and is currently working to install water meters throughout the community.

4. Assuming 550 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Richgrove CSD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,200 GPM (500 GPM fire flow, and 700 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served.
5. The total supply source available for the District's water system is unknown. Prior to granting any SOI amendments that would increase demand for water services provided the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.
6. There is a project planned to install treatment on the well that is currently not in operation. It potentially will add capacity to the District's water system, and could also serve as a backup well should one of the existing wells be out of service.

Sanitary Sewer

1. The Richgrove CSD is also responsible for providing sanitary sewer service to residents within its Boundary. Richgrove CSD staff has indicated that there are 523 connections to the District's sewer system.
2. The District owns and operates a WWTF located northeast of the community, which is operated under the provisions of Waste Discharge Requirements Order No. 83-088, issued by the California Regional Water Quality Control Board, Central Valley Region.
3. Order No. 83-088 prescribes that the monthly average discharge flow shall not exceed 0.22 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.25 MGD. Based upon this information, it is determined that the District's WWTF is currently operating above its permitted capacity, indicating that additional connections to the District's sewer system cannot be support at this time.
4. Treated effluent from the District's WWTF is recycled through irrigation of alfalfa, which is indicative of the District's efforts to conserve its potable water sources.
5. The District recently completed a "*Wastewater Treatment Facility Performance and Capacity Study*" (Provost & Pritchard, September 2005) in order to evaluate wastewater treatment options to bring the plant into compliance regarding flow to the plant, and to address other WWTF related issues.
6. The "*Wastewater Treatment Facility Performance and Capacity Study*" identifies potential grant sources for the implementation of the proposed improvements, planned to occur in three phases. The potential grant sources identified in the study are small community wastewater grants, community development block grants, and grant assistance provided by the economic development administration.
7. Without increasing the capacity of its WWTF, the District will be unable to support any additional connections to its sewer system. Expansion of the District's UDB and/or SOI should not occur until adequate capacity is made available at the District's WWTF.

6.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate the jurisdictions capability to finance needed improvements and services.

6.3.1 Annual Budget

The District prepares an operating budget on an annual basis, which is segregated into several individual funds for each District activity. The District's budget for fiscal year 2005-06 identifies the following funds:

- Water General
- Water Construction
- Sewer General
- Sewer Bond
- Sewer Reserve
- Landscaping & Lighting District

The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.

The District's primary revenue sources are derived from water and sewer user fees, and modest levels of property tax income. Table 6-1 summarizes the District revenues and expenditures for each fund as identified in the District's fiscal year 2005-06 budget.

TABLE 6-1
SUMMARY OF REVENUES & EXPENDITURES

Fund	Beginning Balance ((07-01-05))	Revenues	Expenses (Not including Depreciation)	Ending Balance (06-30-06)
Water General	\$68,500	\$209,200	\$204,463	\$73,237
Water Construction	\$80,493	\$0	\$0	\$80,493
Sewer General	\$161,195	\$193,100	\$188,585	\$165,710
Sewer Bond	\$46,587	\$0	\$0	\$46,587
Sewer Reserve	\$104,020	\$0	\$0	\$104,020
Landscaping & Lighting District	\$61,257	\$0	\$0	\$61,257

Source: Richgrove Community Service District Budget (FY 2005-06)

As indicated in Table 6-1, the District's revenues cover the annual operation and maintenance costs of the District's water and sewer systems, however, District revenues do not completely cover the depreciation of District assets, which was estimated at about \$75,000 for fiscal year 2005-06. District expenditures allow for \$20,000 in annual repairs and maintenance of District infrastructure, and \$12,500 for supplies. A major expense of the District is \$103,000 for annual utility costs.

Reviewing the information provided by the District indicates that the District is financially stable with regard to its water and sewer operations, and continues to meet its long term debt obligations. The District's annual revenues cover the annual operating expenses of the District.

Although the District continues to meet its annual operation and maintenance requirements, including long term debt obligations, the District's reserve funds are not sufficient to meet capital improvement needs for the District's water and sewer systems. For example, the District has approximately \$150,000

available for capital sewer system improvements, while the actual cost of increasing the capacity of the District's WWTF could be upwards of \$600,000 according to the "*Wastewater Treatment Facility Performance and Capacity Study*". This is an indication that the District would need to seek additional outside funding to upgrade and increase the capacity of its WWTF. Since Richgrove is within a Tulare County Redevelopment Area, the District should work with the Tulare County Redevelopment Agency to secure additional funding to implement needed capital infrastructure improvements. Other potential outside funding could come from available state and/or federal grant/loan programs, and/or the development community.

It can be expected that the District would have opportunities to work with the development community to help finance infrastructure improvements that would increase the District's infrastructure capacities in order to accommodate new development projects within its current District Boundary and/or UDB/SOI. As previously noted, any significant development proposals would require expansion of the District's existing UDB and/or SOI, as there is limited undeveloped land within the District's existing boundaries.

6.3.2 Written Determinations

1. The District prepares an operating budget on an annual basis, which is segregated into several individual funds for each District activity. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.
2. The District's primary revenue sources are derived from water and sewer user fees, and modest levels of property tax income. The District generates approximately \$327,600 annually from current water and sewer user fees. This revenue is used for the ongoing operations of the District's utilities, including salaries and employee benefits, services and supplies, repayment of long term debts, and capital equipment replacement (through depreciation of assets).
3. Reviewing the information provided by the District indicates that the District is financially stable with regard to its water and sewer operations, and continues to meet its long term debt obligations. The District's annual revenues cover the annual operating expenses of the District.
4. Although the District continues to meet its annual operation and maintenance requirements, including long term debt obligations, the District's reserve funds are not sufficient to meet capital improvement needs for the District's water and sewer systems. For example, the District has approximately \$150,000 available for capital sewer system improvements, while the actual cost of increasing the capacity of the District's WWTF could be upwards of \$600,000 according to the "*Wastewater Treatment Facility Performance and Capacity Study*". This is an indication that the District would need to seek additional outside funding to upgrade and increase the capacity of its WWTF.
5. Since Richgrove is within a Tulare County Redevelopment Area, the District should work with the Tulare County Redevelopment Agency to secure additional funding to implement needed capital infrastructure improvements. Other potential outside funding could come from available state and/or federal grant/loan programs, and/or the development community.

6.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

6.4.1 Fiscal Structure

The District has adequate staff resources and administrative capabilities to provide the needed level of services to the residents within its boundaries. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service to the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.

The District requires new development projects to pay connection fees in order to mitigate impacts to the District's infrastructure, currently set at \$750 for new sanitary sewer connections. The District's connection fee charged for a new domestic water connection is unknown. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

The preparation of water and sewer system master plans could help the District avoid unnecessary costs associated with the construction of emergency system improvements to meet demands. Master plans identify infrastructure improvements that will be needed in the future, including an improvement timeline that would allow the District adequate time to set aside and/or obtain funding for those future improvements before the absence of such improvements begins to delay or halt proposed development. Master plans typically identify funding sources for their implementation. The District recently prepared a *"Wastewater Treatment Facility Performance and Capacity Study"* which if implemented, will provide for adequate capacity to accommodate projected growth through year 2024. The District should consider preparing a similar plan for its domestic water system.

A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

If the SOI were expanded in the future, the District would assume fiscal responsibilities to construct or maintain the sewer and domestic water infrastructure associated with the SOI and any territories that were annexed. LAFCO should consider the relative financial and operational burden of new annexations to the District when it comes to its ability to provide water and sewer service, as well as capital maintenance and replacements required as a result of expanding the District Boundary. Opportunities exist at the time of annexation and development to introduce alternative methods of construction and maintenance of public or semi-public infrastructure to serve the future SOI/annexation areas.

6.4.2 Written Determinations

1. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service to the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
2. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

3. Continuing to master plan its infrastructure could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.
4. A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

6.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels.

6.5.1 Fee Structure

The Richgrove CSD currently charges a monthly flat for water and sewer service, currently set at \$23.00 and \$18.00, respectively for a typical single family dwelling. It should be noted that the District is currently in the process of installing water meters throughout the community, and when complete, the District will convert to a metered water rate structure. Tables 6-1 and 6-2 show a comparison of water and sewer rates and connection fees, respectively, for all applicable service providers being reviewed. The tables also show the relationship between monthly service charges and average household incomes within the respective communities. Since some of the service providers charge a metered rate for water, it is necessary to calculate an average monthly bill based upon a specific amount of usage taken as 2,005 cubic feet, or approximately 15,000 gallons, per month for this analysis.

**TABLE 6-2
RICHGROVE CSD COMPARISON OF WATER RATES**

Service Provider	Sample Monthly Bill	Connection Fee	Average Household Income	Rate/Income Ratio
Earlimart PUD	\$12.50	\$1,500	\$1,775/mo.	0.70%
Ivanhoe PUD	\$9.50	\$1,700	\$2,171/mo.	0.44%
Pixley PUD	\$20.00	\$2,000	\$1,942/mo.	1.03%
Teviston CSD	\$30.00	\$800	\$2,014/mo.	1.49%
Tipton CSD	\$24.00	\$2,800	\$2,198/mo.	1.09%
Alpaugh JPA	\$55.00	\$1,500	\$1,974/mo.	2.79%
Cutler PUD	\$18.00	\$1,500	\$2,028/mo.	0.89%
Orosi PUD	\$19.08	\$2,400	\$2,533/mo.	0.75%
Lemon Cove SD	\$10.01	\$500	\$2,361/mo.	0.42%
London CSD	\$18.00	\$1,400	\$1,807/mo.	1.00%
Lindsay-Strathmore ID	\$14.18 ⁷	T&M	\$2,096/mo.	0.68%
Poplar CSD	\$25.00	\$3,650	\$2,043/mo.	1.22%
Richgrove CSD	\$23.00	NA	\$1,907/mo.	1.21%
Springville PUD	\$44.16	\$3,020	\$2,023/mo.	2.18%
Strathmore PUD	\$43.30	\$1,150	\$2,096/mo.	2.06%
Terra Bella ID	\$25.38 ⁸	\$2,908	\$2,109/mo.	1.20%
Woodville PUD	\$27.28	\$3,350	\$2,123/mo.	1.28%
Average	\$25.26	\$2,012	\$2,080/mo.	1.21%

Notes: 1) Fee information obtained from service providers

2) Average household income based upon Census 2000 data

3) Rate/Income ratio calculated by dividing sample monthly bill by average household income

4) Sample monthly bill is calculated for a typical single family dwelling

5) NA=Not Available

6) T&M=Time and Material basis

7) Based on an average of four separate rates charged by the Lindsay-Strathmore Irrigation District

8) Based on potable water service provided by the Terra Bella Irrigation District

9) Lindsay-Strathmore ID rates/fees omitted from the average calculations

As indicated in Table 6-1, the Richgrove CSD charges monthly rates that are below average compared to other domestic water service providers in Tulare County. The cost of domestic water service within Richgrove equates to approximately 1.21% of the average household income within the community, which is representative of the average rate/income ratio.

**TABLE 6-3
RICHGROVE CSD COMPARISON OF SEWER RATES**

Service Provider	Monthly Sewer User Fee (1 EDU)¹	Connection Fee¹	Average Household Income²	Rate/Income Ratio
Goshen CSD	\$32.00	\$975	\$2,359/mo.	1.36%
Earlimart PUD	\$7.50	\$1,000	\$1,775/mo.	0.42%
Ivanhoe PUD	\$9.50	\$1,890	\$2,171/mo.	0.44%
Pixley PUD	\$15.00	\$1,800	\$1,942/mo.	0.77%
Tipton CSD	\$8.00	\$1,050	\$2,198/mo.	0.36%
Cutler PUD	\$22.00	\$3,520	\$2,028/mo.	1.08%
Orosi PUD	\$22.97	\$1,745	\$2,533/mo.	0.91%
Lemon Cove SD	\$4.50	\$500	\$2,361/mo.	0.19%
London CSD	\$21.00	\$1,990	\$1,807/mo.	1.16%
Poplar CSD	\$25.00	\$5,450	\$2,043/mo.	1.22%
Richgrove CSD	\$18.00	\$750	\$1,907/mo.	0.94%
Springville PUD	\$43.60	\$3,900	\$2,023/mo.	2.16%
Strathmore PUD	\$14.70	\$500	\$2,096/mo.	0.70%
Terra Bella SMD	\$21.00	\$500	\$2,109/mo.	1.00%
Woodville PUD	\$19.25	\$4,200	\$2,123/mo.	0.91%
Average	\$18.93	\$1,985	\$2,098/mo.	0.90%

1) Source: Wastewater User Charge Survey Report FY 2005-06 (Cal EPA – SWRCB, May 2006)

2) Source: Census 2000

As indicated in Table 6-2, the Richgrove CSD charges monthly sewer rates that are slightly below average compared to other sewer service providers within Tulare County. The District's connection fee for new sanitary sewer connections is significantly below the average compared to surrounding sanitary sewer service providers. The cost of sanitary sewer service within Richgrove equates to approximately 0.94% of the average household income within the community, which is slightly above the average of 0.90%.

The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Often it is necessary to increase user fees and/or connection fees to keep pace with cost of living increases and rising material and construction costs. Any rate increases should be substantiated and adopted through a public hearing process. In the near future, the District will be converting to a metered rate structure for domestic water service, which promotes water conservation.

The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the

District's water and sewer systems. User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

6.5.2 Written Determinations

1. The Richgrove CSD charges monthly user fees and connection fees for domestic water and sanitary sewer services. The District currently bills its customers under a flat rate system for both water and sewer service. It should be noted that the District is currently in the process of installing water meters throughout the community, and when complete, the District will convert to a metered water rate structure.
2. The monthly user fees charged by the Richgrove CSD for water and sewer service are below average compared to other domestic water service providers in the County, and the District's sanitary sewer connection fee is significantly below average in comparison.
3. The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems. User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

6.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for a jurisdiction to share facilities and resources, thereby increasing efficiency.

6.6.1 Shared Facilities

Since the location of the Richgrove CSD Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist. Currently, the Richgrove CSD is the only water and sewer service provider in the immediate area.

6.6.2 Written Determinations

1. Since the location of the Richgrove CSD Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist.

6.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services.

6.7.1 Development within SOI Areas

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. According to the LAFCO Municipal Service Review Guidelines, elimination of overlapping boundaries that confuse the public and cause service inefficiencies should be considered to avoid unnecessary increases in the cost of infrastructure. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation.

Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (county, city or special district). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Prior to development within its SOI area, the District should complete infrastructure planning – including master plans – to address the infrastructure needs of affected areas and funding mechanisms to meet those needs. The District and/or County could also require developers to prepare specific plans prior to approving development within the District's SOI. The District should continually expand and improve its water and sewer infrastructure to accommodate development within its current District Boundary and SOI areas with developer assistance.

6.7.2 Written Determinations

1. Prior to development within its SOI area the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.
3. The District should continually expand and improve its domestic water and sanitary sewer infrastructure to accommodate development within its current District Boundary and SOI areas with developer assistance.
4. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure.

6.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the jurisdiction.

6.8.1 Organizational Structure

Based upon a review of information provided by the Richgrove CSD, it appears that the provisions of sanitary sewer and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers. The District undergoes annual audits in compliance with auditing standards.

The Richgrove CSD is governed by a five-member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures. Board meetings are held at the District office located at 20986 Grove Drive in Richgrove.

District representatives can be contacted by phone, and are available in person at the District Office. The District employs certified operators that operate the District's water and sewer systems. District personnel should be available to respond to emergencies during non business hours.

6.8.2 Written Determinations

1. Based upon information made available, it appears that the provision of domestic water service and sanitary sewer service are managed in an efficient manner and meets the needs of the community and ratepayers.
2. The Richgrove CSD is governed by a five member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures.
3. District representatives can be contacted by phone, and are available in person at the District Office. District personnel should be available to respond to emergencies during non office hours.

6.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the Richgrove CSD's decision-making processes.

6.9.1 Public Access and Information Methods

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure against the ability to provide adequate services to the SOI and annexation areas.

The Richgrove CSD has a five member Board of Directors elected by voters residing within the Districts Boundary. Regularly scheduled Board meetings are held on the last Wednesday of each month at 6:00 p.m. at the District office located at 20986 Grove Drive in Richgrove.

Richgrove is designated as a redevelopment area in Tulare County. The Tulare County Resource Management Agency Community Development and Redevelopment Branch (CD&R) provides services to implement Redevelopment plans in the communities of Cutler-Orosi, Earlimart, Goshen, Ivanhoe, Pixley, Poplar-Cotton Center, Richgrove, and Traver. The scope of activities includes capital improvement projects, general community improvements and economic development. Focus of implementation is through coordination with special purpose districts, outside agencies and other County departments. CD&R is committed to collaborative efforts in order to fulfill goals in the most effective, efficient and economical way.

The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website. It would make sense to post information regarding District affairs on the County websites, since Richgrove is an unincorporated community within Tulare County, and there is a mutual interest in the community.

The internet is a relatively low-cost yet powerful method of involving the general public/customers/ratepayers in District affairs. Greater dissemination of information can lead to greater interest in attending Board meetings and participating in elections. It also allows the public, some of whom are not physically able to attend Board meetings, to follow District activities remotely from their home or business.

6.9.2 Written Determinations

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the last Wednesday of each month at 6:00 p.m. at the District office located at 20986 Grove Drive in Richgrove.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

CHAPTER 7 – SPRINGVILLE PUD MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations of the Springville Public Utility District (PUD) Municipal Service Review (MSR). As part of its review of municipal services, the Tulare County Local Agency Formation Commission (LAFCO) is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Springville PUD MSR identifies the following written determinations:

Written Determinations

1) Growth and Population

1. *Census 2000* data indicates that Springville had a population of 1,109 as of January 2000. *Census 1990* data indicates that Springville had a population of 1,113 in 1990, indicating that no growth occurred between 1990 and 2000. The reason for this no growth trend can partially be attributed to the fact the Springville PUD imposed a sewer connection moratorium back in 1980, effectively ending most new development within its boundaries which include the commercial and residential town center of Springville along the Highway 190 corridor. The moratorium is still in effect as of September 2006.
2. Based upon information provided by the Springville PUD, the District provides service to a population of approximately 1,500. Although development has not occurred within the community of Springville, there has been growth around the community (that is not within the Boundary of the Springville PUD) that has occurred under County control.
3. Assuming no development constraints, it can be expected the Springville community will experience growth at an average annual rate between 1% and 2%. Using an average annual growth rate between 1% and 2% (and assuming a year 2005 service population of 1,500) the Springville community would reach a year 2025 population between 1,850 and 2,200 residents.
4. The Springville UAB covers a significantly larger area than does the District's Boundary and SOI. There are some inconsistencies between the Springville UAB in areas immediately adjacent to the District's Boundary/SOI to the north, northwest, and southeast. The Springville PUD should work with Tulare County LAFCO and the Tulare County Resource Management Agency to resolve these boundary inconsistencies in areas immediately adjacent to the District's Boundary/SOI.
5. It is unlikely that the Springville PUD would be capable of providing services to the entire urban expansion area to the west and south of the current District Boundary/SOI without significant infrastructure improvements. The District will need to evaluate whether it will provide services, or pursue, as a joint venture, the provision of public services, to a pending large development proposal located at Sequoia Ranch.

2) Infrastructure Needs & Deficiencies

Domestic Water

1. The Springville PUD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. Springville's water supply is derived from surface water obtained from the Tule River. The Springville PUD operates and maintains a domestic water treatment facility that processes the surface water before entering the District's distribution system. The District's water system also includes two storage tanks with capacities of 150,000 and 200,000 gallons.
3. The District's water system supports about 410 total connections (about 390 are currently active), all of which are metered.
4. Assuming 410 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Springville PUD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,110 GPM (500 GPM fire flow, and 610 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served; The District's water system is capable of delivering a combined source flow of 3,940 GPM (approximately 2,900 GPM could be delivered for two hours from two storage tanks totaling 350,000 gallons), indicating that the District's water system meets the requirements of the Tulare County Improvement Standards.
5. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.
6. Based upon the requirements of the Tulare County Improvement Standards, it is estimated that the District's water system is operating at approximately 30% of its capacity, and is capable of supporting about 950 additional equivalent dwelling units. It should be noted that there could be special circumstances, i.e. distribution system pressure constraints, that could significantly affect this result, and a complete assessment should be completed by the District Engineer prior to the approval of additional connections. The water system would need to be tested at actual system pressure to determine the actual amount of available capacity for domestic and fire flow.
7. Based upon information provided by the District Engineer, the District is currently pursuing the addition of more storage to its water system in an effort to optimize the water rights capabilities of the District.

Sanitary Sewer

1. The Springville PUD is also responsible for providing sanitary sewer collection, treatment, and disposal services to residents within its Boundary. The District has indicated that there are approximately 400 total connections to its sewer system, 375 of which are currently active.

2. The District owns and operates a WWTF located southeast of the community adjacent to and west of the Tule River, which is operated under the provisions of Waste Discharge Requirements Order No. 96-195 issued by the California Regional Water Quality Control Board, Central Valley Region.
3. Order No. 96-195 prescribes that the monthly average dry weather discharge shall not exceed 0.06 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.056 MGD.
4. The District imposed a sewer connection moratorium back in 1980 due to the limited capacity of its WWTF, effectively ending most new development within its boundaries which include the commercial and residential town center of Springville along Highway 190.
5. In 1996, the RWQCB issued Cease and Desist Order No. 96-196 requiring the Springville PUD to complete improvements to provide additional capacity at its WWTF. A compliance date of October 1, 1998 was established by the RWQCB. To date, the Springville PUD has been unable to comply with the requirements of the Cease and Desist Order due to funding shortfalls, and other setbacks. The Cease and Desist Order is still in effect as of September 2006. The District is in partial compliance with the RWQCB; non-compliance is related to the disposal of wastewater.
6. The District has plans to add disposal capacity to its WWTF by constructing a wastewater reclamation line over two miles in length to a property near Highway 190 and Globe Drive. The treated effluent would be stored on the property, and reused for agricultural irrigation purposes.
7. Based upon correspondence from the District, it is estimated that the currently proposed project could support an additional 185 connections with allocations being based on capacity. District staff has indicated that there is currently a waiting list with 131 requests for sewer connections. This is an indication that additional capacity, above and beyond the currently proposed project would likely be needed in order to accommodate projected growth through year 2025.
8. The District has issued permits to a few residents within the District Boundary to place septic tanks on the property with the provision that they would connect to the District's sewer system once additional capacity becomes available.
9. Other residences will be allowed to stay with septic tanks as the Springville PUD does not have sewer lines available in all areas of the District, such as Rio Vista Drive.
10. Once additional capacity is made available at the District's WWTF, it is recommended that the District work to provide sanitary sewer pipelines in areas of the District where the infrastructure does not currently exist. Priority should be given to residents within the existing Boundary of the District, prior to expanding the District's Boundary for additional service provisions.

3) Financing Constraints and Opportunities

1. The District prepares an operating budget on an annual basis, which is segregated into two funds, one for domestic water, and one for sanitary sewer. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.
2. While the District's budget generally covers the annual operation and maintenance costs of the District's infrastructure, and required staffing, including depreciation and fixed assets, the District has little resources available to dedicate towards capital infrastructure improvements that would increase capacities, i.e., WWTF capacity improvements.
3. Due to funding constraints, the District is forced to seek alternative means to finance needed capital improvements, for example, state and/or federal grants, which can often be a long and tedious process.
4. To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. At the same time, existing customers should not be responsible for costs associated with capacity improvements needed to accommodate new development.
5. Small Districts such as the Springville PUD are often forced to enter into long term debt obligations to finance needed infrastructure improvements. The Springville PUD is currently repaying two long term debts via its domestic water revenues, an R.D.S. Loan, and a Safe Drinking Water Loan. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District.

4) Cost Avoidance Opportunities

1. Each year, the District's budget is reviewed with the Board of Directors, District Engineer, and General Manager to ensure that the District continues to operate within the limits of its financial resources.
2. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
3. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.
4. Master planning its infrastructure could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.
5. A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

6. In the case of the Springville PUD, it is recommended that the District work to build out infrastructure within its current District Boundary and SOI prior to entertaining any proposals to expand its Boundaries as a way of avoiding unnecessary costs.

5) Opportunities for Rate Restructuring

1. The Springville PUD charges monthly user fees and connection fees for domestic water and sanitary sewer services. The District currently bills its customers on a metered basis for domestic water and a flat rate basis for sanitary sewer.
2. The District's monthly domestic water service rates are among the highest compared to other special district domestic water providers in Tulare County. The District's monthly sewer rates and new connection fees for domestic water and sanitary sewer are also among the highest compared to other service providers in the County.
3. Since the District's fees are currently among the highest in comparison to other service providers in Tulare County, justifying further rate increases to its customers could be construed as being unreasonable.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems (often these fees are not sufficient to cover expensive capital improvement costs, as indicated by the District's experience with capacity improvements to its WWTF). User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

6) Opportunities for Shared Facilities

1. The Springville PUD continues to seek opportunities to form public and private partnerships that would lead to more efficient public services.
2. The Springville PUD will need to evaluate whether it will provide services, or pursue, as a joint venture, the provision of public services, to a pending large development proposal located at Sequoia Ranch.
3. The Springville PUD is also pursuing a partnership with the River Island Water Company for joint management and operations of public services.

7) Government Structure Options

1. Prior to approving expansions to its SOI area, the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.

3. The District should continually expand and improve its domestic water and sanitary sewer infrastructure to accommodate development within its current District Boundary/SOI areas with developer assistance.
4. The District's SOI is coterminous with the District Boundary. The District should work to build out its infrastructure within its existing District Boundary/SOI prior to entertaining proposals to expand its Boundaries.
5. Currently there are no foreseeable conditions indicating that development within the District's Boundary/SOI would result in a change in government structure.

8) Evaluation of Management Efficiencies

1. Based upon information made available, it appears as if the provisions of sanitary sewer and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers.
2. The Springville PUD is governed by a five member Board of Directors elected at large from within its boundaries and is responsible for setting policy and general administrative procedures. The Springville PUD has adopted comprehensive personnel regulations, which are provided to all employees of the District.
3. District representatives can be contacted by phone, and are available in person at the District Office. The District employs certified operators that operate the District's water and sewer systems. District personnel should be available to respond to emergencies during non business hours.

9) Local Accountability and Governance

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the second Monday of each month at 7:00 p.m. at the District office located at 35140 Tule River Drive in Springville. Agendas for Board meetings are posted on-site at the District office.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

7.0 SPRINGVILLE PUBLIC UTILITY DISTRICT

7.0.1 Background

The requirement for Local Agency Formation Commissions (LAFCO) to conduct reviews of local municipal services was established with the passage of AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill passed the legislature and was signed into law by Governor Davis on September 26, 2000. Municipal Service Reviews (MSR) provide LAFCOs with an additional tool to fulfill their statutory responsibilities of promoting orderly growth and development, preserving the States finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all Californians in the most efficient and effective manner. MSRs are a requirement of State annexation law and are required to be completed before the consideration of a Sphere of Influence (SOI) amendment or once every five years when a SOI amendment is not being considered.

In July 2003 the Tulare County Local Agency Formation Commission (LAFCO) Board adopted a MSR exemption policy, which identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from a MSR study. The Springville Public Utility District (PUD) is subject to a full comprehensive study. The policy further identifies that the services subject to review shall be:

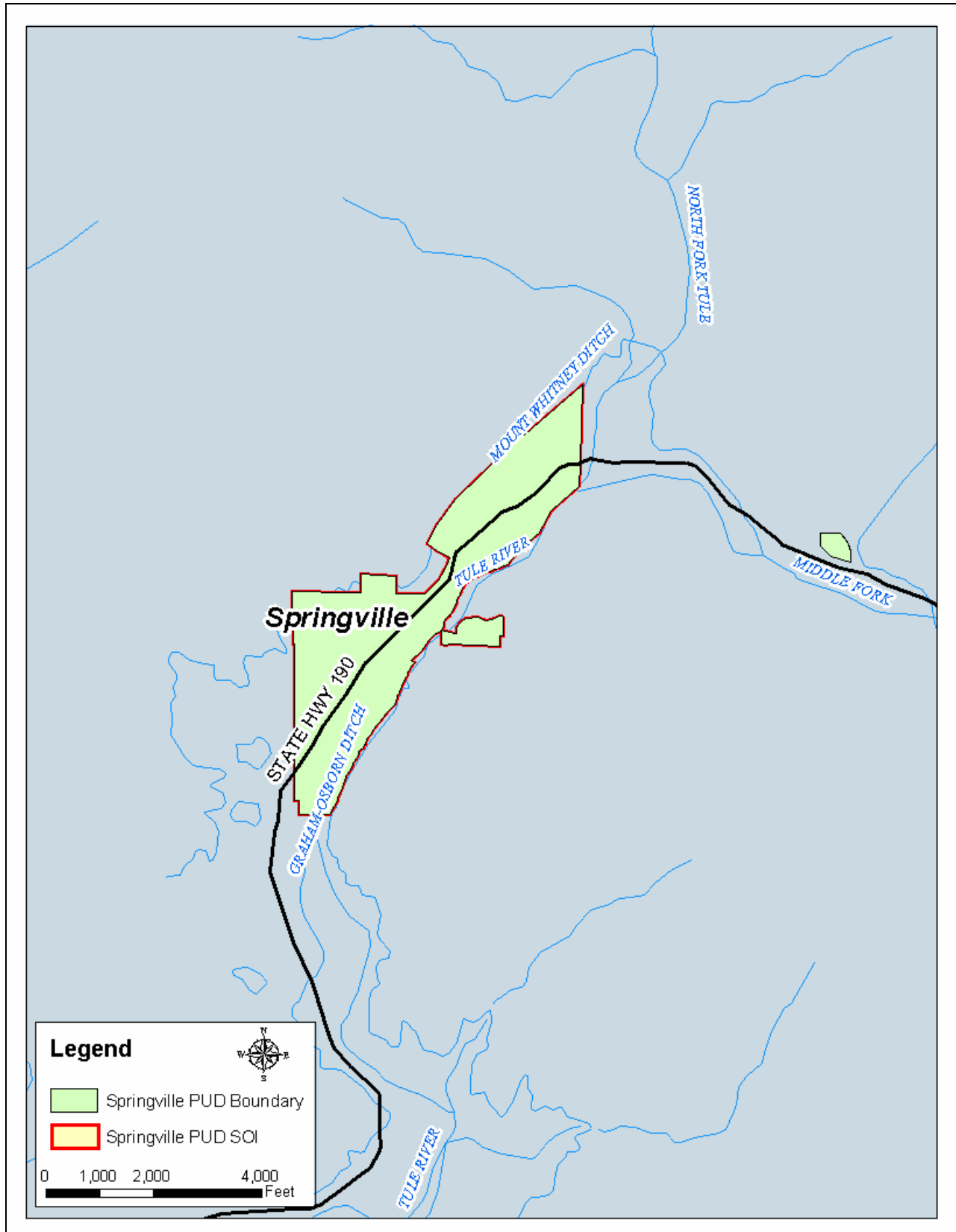
- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

Springville, an unincorporated community in Tulare County, is located in the eastern portion of the County, northeast of Porterville. The Springville PUD, formed in December 1924, has a primary function of providing domestic water and sanitary sewer service to residents within the community. Domestic water and sanitary sewer collection, treatment, and disposal are the primary services provided by the Springville PUD that are subject to a MSR. With the passage of Measure X in the November 2006 election the Springville Memorial District now owns, operates and maintains the Springville Park previously owned and operated by the Springville PUD. Other services within the Springville community are provided by either Tulare County, or privately owned and operated utility companies.

Springville is located in the Sierra Foothills along State Route (SR) 190 approximately 15 miles east of Porterville. Springville is a small town rural and suburban community that prides itself on a variety of local attractions including antique shops, road and mountain bike trails, boating and fishing at the Lake Success Recreational Area, hiking and backpacking throughout the Giant Sequoia National Monument & Sequoia National Forest, and golfing at the River Island Country Club.

Cities and communities surrounding Springville include Porterville approximately 15 miles to the northwest, Strathmore 17 miles to the west, Terra Bella 19 miles to the southwest and Lindsay 19 miles to the northwest. The current District Boundary and the currently adopted SOI for the Springville PUD are illustrated on Figure 7-1.

FIGURE 7-1 – SPRINGVILLE PUD BOUNDARY & SPHERE OF INFLUENCE



Source: Tulare County GIS Database

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

As indicated on Figure 7-1, the Springville PUD SOI is coterminous with the current District Boundary, indicating that no annexations into the District would be possible without expansion of the District’s SOI.

The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act; 1) Growth and population, 2) Infrastructure needs and deficiencies, 3) Financial constraints and opportunities, 4) Cost avoidance opportunities, 5) Opportunities for rate restructuring, 6) Opportunities for shared facilities, 7) Government structure options, 8) Evaluation of management efficiencies, and 9) Local accountability and governance.

7.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of the service needs of Springville.

7.1.1 Historical Data

The Census Bureau, on a decennial basis, identifies and provides detailed information on all incorporated Cities along with several smaller unincorporated communities (termed Census Designated Places – CDPs). Each census, community profiles are developed and provide a wide range of information pertaining to population, demographics, housing information, household data, education and employment, income and poverty, and historical trends.

Census 2000 data indicates that Springville had a population of 1,109 as of January 2000. *Census 1990* data indicates that Springville had a population of 1,113 in 1990, indicating that no growth occurred between 1990 and 2000. The reason for this no growth trend can partially be attributed to the fact the Springville PUD imposed a sewer connection moratorium back in 1980, effectively ending most new development within its boundaries which include the commercial and residential town center of Springville along the Highway 190 corridor. The moratorium is still in effect as of September 2006. Based upon information provided by the Springville PUD, the District provides service to a population of approximately 1,500. Although development has not occurred within the community of Springville, there has been growth around the community (that is not within the Boundary of the Springville PUD) that has occurred under County control.

The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. Assuming no development constraints, it can be expected the Springville community will experience growth at an average annual rate between 1% and 2%. Using an average annual growth rate between 1% and 2% (and assuming a year 2005 service population of 1,500) the Springville community would reach a year 2025 population between 1,850 and 2,200 residents.

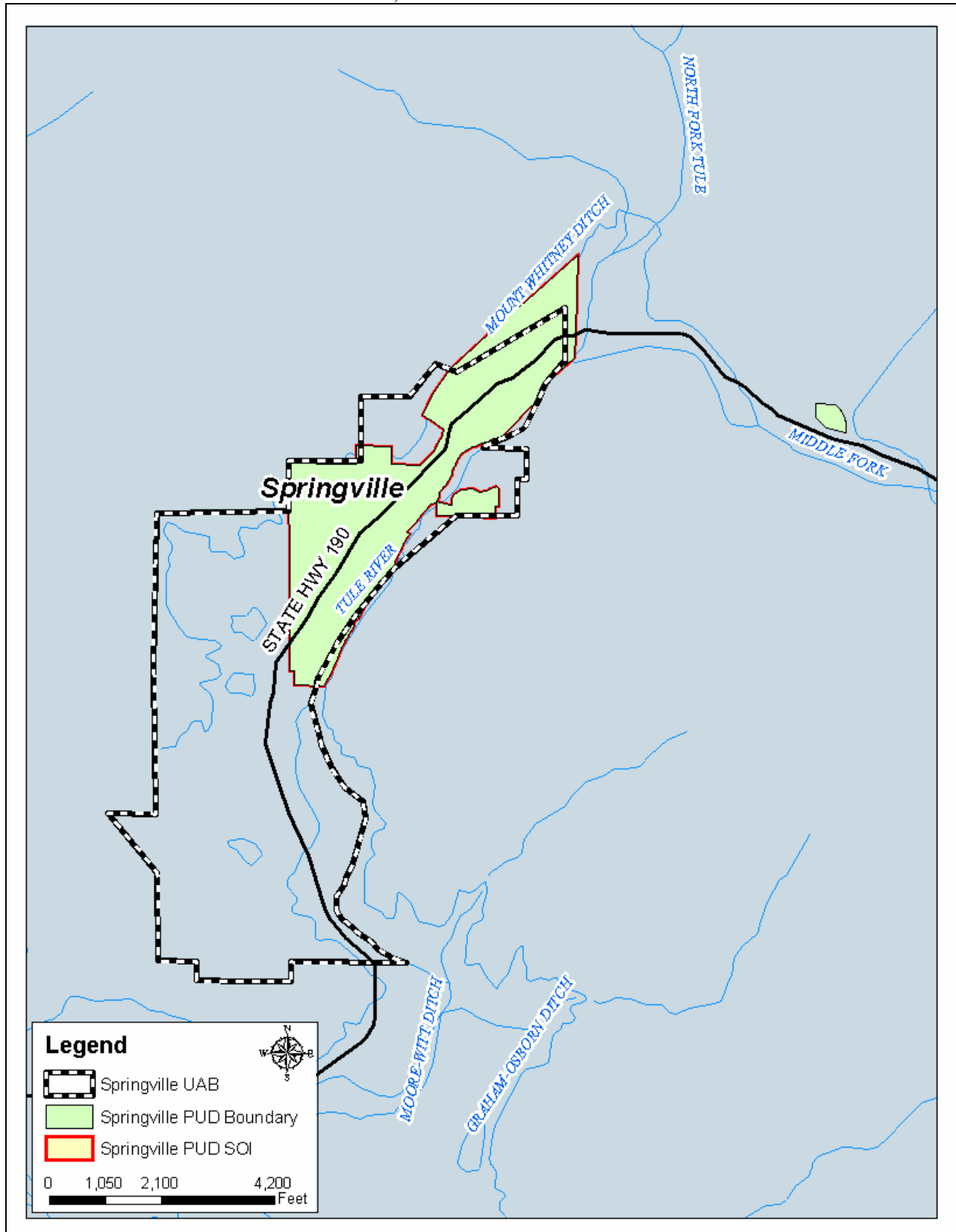
7.1.2 Planning Boundaries

In addition to a SOI, which is defined by LAFCO as the "...physical boundary and service area that a local government agency is expected to serve..." an urban area boundary (UAB) has been established and designates the Springville urban expansion area. Figure 7-2 shows the District Boundary and SOI in comparison to the community's UAB.

The Tulare County General Plan contains an Urban Boundaries Element which establishes goals for designating realistic planning areas around cities and unincorporated communities which could be used to help determine boundaries for community service districts and County service areas, in areas where differing levels of service are required, and within which corporate annexations may take place. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1UB.C.1 – Unincorporated Communities Policies.

"Urban Development Boundaries are established around the following unincorporated communities in the County to serve as official urban planning areas for these communities: Cutler-Orosi, Ducor, Earlimart, East Orosi, Goshen, Ivanhoe, Lemon Cove, London, Pixley, Plainview, Poplar-Cotton Center, Richgrove, Strathmore, Terra Bella, Tipton, Traver, Woodville, Alpaugh, and Springville."

FIGURE 7-2 – SPRINGVILLE PUD BOUNDARY, SOI & UAB



Source: Tulare County GIS Database

“A land use plan is to be developed for each community with an Urban Development Boundary, specifying desired densities and land use categories, with particular attention to defining suitable areas for the full range of urban development and rural residential development. Such plans shall include the entire area within the Boundary and shall recognize the short and long term ability of each community to provide necessary urban services within its Urban Development Boundary.”

Furthermore, the County of Tulare General Plan Policy Summary Sections 1UB.F.1. and 1UB.F.2. set forth policies with regard to “Boundary Consistency”, and “Review and Revision of Boundaries.” Excerpts from these sections of the County General Plan Policy Summary relating to special districts are reiterated below.

“In areas where special districts provide rural as well as urban services, LAFCo should distinguish between “urban” and “rural” service areas for the purpose of establishing Spheres of Influence for such districts. If an unincorporated community is served by a special district, the Urban Development Boundary should be consistent with the district’s “urban” Sphere of Influence.”

“County census boundaries should be as consistent as possible with Urban Development Boundaries.”

“Urban Area Boundaries and Urban Development Boundaries shall be reviewed at least once every five years to determine if boundary changes are justified, or if additional boundaries are needed for communities not included herein. However, a review may be conducted at any time on request of the affected city or agency.”

As indicated on Figure 7-2, the Springville UAB covers a significantly larger area than does the District’s Boundary and SOI. There are some inconsistencies between the Springville UAB in areas immediately adjacent to the District’s Boundary/SOI to the north, northwest, and southeast. To the north, the District’s SOI extends beyond the community’s UAB, while to the northwest and southeast, the community’s UAB extends beyond the District’s Boundary/SOI. The Springville PUD should work with Tulare County LAFCO and the Tulare County Resource Management Agency to resolve these boundary inconsistencies in areas immediately adjacent to the District’s Boundary/SOI.

It is unlikely that the Springville PUD would be capable of providing services to the entire urban expansion area to the west and south of the current District Boundary/SOI. For this reason, development in this area would most likely be served by alternative, agency approved, water and wastewater services. It should be noted that is considering whether it will provide services, or pursue, as a joint venture, the provision of public services, to a pending large development proposal located at Sequoia Ranch.

7.1.3 Written Determinations

1. *Census 2000* data indicates that Springville had a population of 1,109 as of January 2000. *Census 1990* data indicates that Springville had a population of 1,113 in 1990, indicating that no growth occurred between 1990 and 2000. The reason for this no growth trend can partially be attributed to the fact the Springville PUD imposed a sewer connection moratorium back in 1980, effectively ending most new development within its boundaries which include the commercial and residential town center of Springville along the Highway 190 corridor. The moratorium is still in effect as of September 2006.

2. Based upon information provided by the Springville PUD, the District provides service to a population of approximately 1,500. Although development has not occurred within the community of Springville, there has been growth around the community (that is not within the Boundary of the Springville PUD) that has occurred under County control.
3. Assuming no development constraints, it can be expected the Springville community will experience growth at an average annual rate between 1% and 2%. Using an average annual growth rate between 1% and 2% (and assuming a year 2005 service population of 1,500) the Springville community would reach a year 2025 population between 1,850 and 2,200 residents.
4. The Springville UAB covers a significantly larger area than does the District's Boundary and SOI. There are some inconsistencies between the Springville UAB in areas immediately adjacent to the District's Boundary/SOI to the north, northwest, and southeast. The Springville PUD should work with Tulare County LAFCO and the Tulare County Resource Management Agency to resolve these boundary inconsistencies in areas immediately adjacent to the District's Boundary/SOI.
5. It is unlikely that the Springville PUD would be capable of providing services to the entire urban expansion area to the west and south of the current District Boundary/SOI without significant infrastructure improvements. The District will need to evaluate whether it will provide services, or pursue, as a joint venture, the provision of public services, to a pending large development proposal located at Sequoia Ranch.

7.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the Springville PUD in terms of availability of resources, capacity to deliver services, condition of facilities, service quality, and levels of service.

7.2.1 Domestic Water

The Springville PUD is responsible for providing domestic water service within the District's Boundary. The water system is regulated by the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.

Springville's water supply is derived from surface water obtained from the Tule River. The Springville PUD operates and maintains a domestic water treatment facility that processes the surface water before entering the District's distribution system. The District's water system supports about 410 total connections (about 390 are currently active), all of which are metered.

Based upon information provided by the Springville PUD, current water system demands average approximately 0.30 million gallons per day (MGD) or 210 gallons per minute (GPM). The District estimates its current water system capacity at 1.5 MGD, or 1,040 GPM, indicating that there is excess capacity available for additional connections. The District's water system also includes two storage tanks with capacities of 150,000, and 200,000 gallons.

The Tulare County Improvement Standards establish specific requirements for quantity and quality of water to be delivered to a system. Some of these requirements are summarized below.

- The quantity of water delivered to the distribution system within a subdivision from all source and storage facilities for a period of two hours shall be the maximum domestic demand plus a fire flow quantity of not less than 500 GPM for single family residential, 1,500 GPM for multi-family residential, commercial, and light manufacturing, and 2,500 GPM for heavy manufacturing.
- For systems up to 625 customer units (equivalent dwelling units) the domestic quantity shall not be less than $Q = 100 + 25 * \sqrt{N}$, and $Q = 100 + N$ for more than 625 customer units at sufficient pressure to provide a minimum pressure of 25 PSI to each lot served; where Q equals the rate of flow in GPM delivered from the combined source facilities to the distribution system, and N equals the total number of customer units where each customer unit is equivalent to one for a single family dwelling on a normal subdivision lot. Other types of development shall be assigned appropriate customer unit values by the Engineer as experience with the distribution system or locality indicates.
- The minimum source and domestic demand storage design requirements shall be in accordance with Plate No. WS-11 of Section IV of the Tulare County Improvement Standards.
- The quality of water supplied for human consumption shall conform to Sections 3, 4 and 5 of the latest United States Public Health Service Drinking Water Standards. Samples will be taken and tests made by the County Department of Health Services for bacteriological determination of potability.

- Chemical and physical tests for potability shall be performed by a commercial laboratory certified by the State Department of Health Services for performance of chemical and physical analysis and the costs thereof shall be borne by the sub-divider.

Assuming 410 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Springville PUD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,110 GPM (500 GPM fire flow, and 610 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served; The District's water system is capable of delivering a combined source flow of 3,940 GPM (approximately 2,900 GPM could be delivered for two hours from two storage tanks totaling 350,000 gallons), indicating that the District's water system meets the requirements of the Tulare County Improvement Standards. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.

An estimate of water system capacity can be calculated by using General Order 103, published by the California Public Utilities Commission. For the estimated water system capacity, the total supply source available is compared to a calculated total supply source required. Other factors that may affect the capacity of water systems, including but not limited to, water quality, low pressures, required storage, age of system, and pipeline restrictions, are not considered. The estimated supply source required is calculated using the following equation,

$$Q_{\text{Required}} = (N) * (C) * (F) \text{ where,}$$

N = Number of customers served

C = Gallon per minute constant: 5 to 9 for flat rate systems, 2 to 5 for metered systems

F = Factor to reflect diversity (inversely proportional to the number of customers)

Using an N value of 410, a C factor of 5.0, and an F factor of 0.34, the estimated total supply source required is calculated to be 760 GPM for the Springville PUD. The total supply source required as calculated in accordance with the Tulare County Improvement Standards is 1,110 GPM, indicating that the District's water system is currently operating at approximately 30% of its capacity. Based upon these calculations, the District's water supply would be capable of supporting about 950 additional equivalent dwelling units. It should be noted that there could be special circumstances, i.e. distribution system pressure constraints, that could significantly affect this result, and a complete assessment should be completed by the District Engineer prior to the approval of additional connections. The water system would need to be tested at actual system pressure to determine the actual amount of available capacity for domestic and fire flow. Based upon information provided by the District Engineer, the District is currently pursuing the addition of more storage to its water system in an effort to optimize the water rights capabilities of the District.

7.2.2 Sanitary Sewer

The Springville PUD is also responsible for providing sanitary sewer collection, treatment, and disposal services to residents within its Boundary. The District has indicated that there are approximately 400 total connections to its sewer system, 375 of which are currently active. Raw sewage is collected and transported to a wastewater treatment facility (WWTF) located southeast of the community adjacent to and west of the Tule River.

The District's WWTF is operated under the provisions of Waste Discharge Requirements Order No. 96-195 issued by the California Regional Water Quality Control Board (RWQCB), Central Valley Region.

Order No. 96-195 prescribes that the monthly average dry weather discharge shall not exceed 0.06 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.056 MGD. The RWQCB issued a Cease and Desist Order to the Springville PUD in 1996, and required the District to find a way to reclaim treated effluent from its WWTF.

The District imposed a sewer connection moratorium back in 1980 due to the limited capacity of its WWTF, effectively ending most new development within its boundaries that include the commercial and residential town center of Springville along Highway 190. Although the District's treatment provides effluent of higher quality than that running in the Tule River adjacent to town, it uses evaporative ponds to dispose of the water. Instead, the water quality control board wanted the District to find a way to have the water used for agricultural purposes or return it to the river. Springville PUD directors are reluctant to take on liability associated with pumping the treated effluent into the river and worked for several years on a solution to their problem.

Cease and Desist Order 96-196, issued by the RWQCB required that the Springville PUD comply with the following time schedule to provide adequate capacity at the WWTF.

Interim Disposal Capacity

- Complete construction of two additional ponds to a capacity of at least 0.06 MGD; Compliance Date established by RWQCB December 1, 1996.

Long Term Disposal Capacity

- Conduct a study and submit a report on projected flows at the WWTF for the next 10-year period. Public participation shall be included during the study; Compliance Date established by RWQCB February 15, 1997.
- Submit a Report of Waste Discharge along with technical information on plans to increase capacity for flows projected for the next 10-years, as established in the above requirement. The technical report shall include design details of the treatment and disposal units and shall include a water balance for the disposal; Compliance Date established by RWQCB June 15, 1997.
- Begin Construction; Compliance Date established by RWQCB October 1, 1997.
- Complete Construction; Compliance Date established by RWQCB October 1, 1998.

To date, the Springville PUD has been unable to comply with the requirements of the Cease and Desist Order due to funding shortfalls, and other setbacks. The Cease and Desist Order is still in effect as of September 2006.

In June 1998, the District developed a project that relied on irrigation as the primary means of effluent disposal. The District customers approved, through a Proposition 218 process, increased sewer fees to address United States Department of Agriculture – Rural Development (USDA-RD) loan repayment and increased maintenance cost requirements associated with the project. In March 1999, the intended recipient of the recycled water terminated its participation in the project, leaving the District without a mechanism for disposal of the treated effluent.

Currently, a new proponent has been retained to accept the treated effluent that will be used for agricultural irrigation purposes. The current project cost reflects a significant increase that is primarily

due to the increase in pipeline length and additional costs for the storage of a portion of the effluent. The pipeline that is required to deliver the effluent to the disposal property is about three times the length of the previously proposed transmission pipeline. The District had secured approximately \$1.18 million in USDA-RD funding that was to be used for the 1998 project. The District intends on securing additional USDA-RD funding that will satisfy the increased construction costs of the new project. Construction of the proposed project is estimated to take about one year from start to finish.

Based upon correspondence from the District, it is estimated that the currently proposed project could support an additional 185 connections with allocations being based on capacity. District staff has indicated that there is currently a waiting list with 131 requests for sewer connections. This is an indication that additional capacity, above and beyond the currently proposed project would likely be needed in order to accommodate projected growth through year 2025.

The District has issued permits to a few residents within the District Boundary to place septic tanks on the property with the provision that they would connect to the District's sewer system once additional capacity becomes available. Other residences will be allowed to stay with septic tanks, as the Springville PUD does not have sewer lines available in all areas of the District, such as Rio Vista Drive. Once additional capacity is made available at the District's WWTF, it is recommended that the District work to provide sanitary sewer pipelines in areas of the District where the infrastructure does not currently exist. Priority should be given to residents within the existing Boundary of the District, prior to expanding the District's Boundary for additional service provisions.

7.2.3 Written Determinations

Domestic Water

1. The Springville PUD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. Springville's water supply is derived from surface water obtained from the Tule River. The Springville PUD operates and maintains a domestic water treatment facility that processes the surface water before entering the District's distribution system. The District's water system also includes two storage tanks with capacities of 150,000 and 200,000 gallons.
3. The District's water system supports about 410 total connections (about 390 are currently active), all of which are metered.
4. Assuming 410 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Springville PUD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,110 GPM (500 GPM fire flow, and 610 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served; The District's water system is capable of delivering a combined source flow of 3,940 GPM (approximately 2,900 GPM could be delivered for two hours from two storage tanks totaling 350,000 gallons), indicating that the District's water system meets the requirements of the Tulare County Improvement Standards.
5. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in

demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.

6. Based upon the requirements of the Tulare County Improvement Standards, it is estimated that the District's water system is operating at approximately 30% of its capacity, and is capable of supporting about 950 additional equivalent dwelling units. It should be noted that there could be special circumstances, i.e. distribution system pressure constraints, that could significantly affect this result, and a complete assessment should be completed by the District Engineer prior to the approval of additional connections. The water system would need to be tested at actual system pressure to determine the actual amount of available capacity for domestic and fire flow.
7. Based upon information provided by the District Engineer, the District is currently pursuing the addition of more storage to its water system in an effort to optimize the water rights capabilities of the District.

Sanitary Sewer

1. The Springville PUD is also responsible for providing sanitary sewer collection, treatment, and disposal services to residents within its Boundary. The District has indicated that are approximately 400 total connections to its sewer system, 375 of which are currently active.
2. The District owns and operates a WWTF located southeast of the community adjacent to and west of the Tule River, which is operated under the provisions of Waste Discharge Requirements Order No. 96-195 issued by the California Regional Water Quality Control Board, Central Valley Region.
3. Order No. 96-195 prescribes that the monthly average dry weather discharge shall not exceed 0.06 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.056 MGD.
4. The District imposed a sewer connection moratorium back in 1980 due to the limited capacity of its WWTF, effectively ending most new development within its boundaries which include the commercial and residential town center of Springville along Highway 190.
5. In 1996, the RWQCB issued Cease and Desist Order No. 96-196 requiring the Springville PUD to complete improvements to provide additional capacity at its WWTF. A compliance date of October 1, 1998 was established by the RWQCB. To date, the Springville PUD has been unable to comply with the requirements of the Cease and Desist Order due to funding shortfalls, and other setbacks. The Cease and Desist Order is still in effect as of September 2006. The District is in partial compliance with the RWQCB; non-compliance is related to the disposal of wastewater.
6. The District has plans to add disposal capacity to its WWTF by constructing a wastewater reclamation line over two miles in length to a property near Highway 190 and Globe Drive. The treated effluent would be stored on the property, and reused for agricultural irrigation purposes.
7. Based upon correspondence from the District, it is estimated that the currently proposed project could support an additional 185 connections with allocations being based on capacity.

District staff has indicated that there is currently a waiting list with 131 requests for sewer connections. This is an indication that additional capacity, above and beyond the currently proposed project would likely be needed in order to accommodate projected growth through year 2025.

8. The District has issued permits to a few residents within the District Boundary to place septic tanks on the property with the provision that they would connect to the District's sewer system once additional capacity becomes available.
9. Other residences will be allowed to stay with septic tanks as the Springville PUD does not have sewer lines available in all areas of the District, such as Rio Vista Drive.
10. Once additional capacity is made available at the District's WWTF, it is recommended that the District work to provide sanitary sewer pipelines in areas of the District where the infrastructure does not currently exist. Priority should be given to residents within the existing Boundary of the District, prior to expanding the District's Boundary for additional service provisions.

7.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate the capability of the Springville PUD to finance needed improvements and services.

7.3.1 Annual Budget

LAFCO should consider the ability of the District to pay for improvements or services associated with annexed sites. This planning can begin at the SOI stage by identifying what opportunities there are to identify infrastructure and maintenance needs associated with future annexation and development, and identifying limitations on financing such improvements, as well as the opportunities that exist to construct and maintain those improvements.

The fiscal year 2004-05 budget for the Springville PUD is organized into two separate funds: one for sanitary sewer and the other for domestic water. The District's budget is well organized, thorough, and clearly articulates the District's upcoming fiscal year financial obligations. The District prepares a traditional line item budget for each fund (sewer and water) that is divided into the following categories.

- Fund Balances
- Revenues
- Reserve Funds
- Expenses
 - Salaries and Employee Benefits
 - Services and Supplies
 - Other Charges
 - Fixed Assets
 - Contingencies

The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, and rates and fees. While the District's budget generally covers the annual operation and maintenance costs of the District's infrastructure, and required staffing, including depreciation and fixed assets, the District has little resources available to dedicate towards capital infrastructure improvements that would increase capacities, i.e., WWTF capacity improvements. For this reason, the District is forced to seek alternative means to finance needed capital improvements, for example, state and/or federal grants, which can often be a long and tedious process.

To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. Small District's such as the Springville PUD are often forced to enter into long term debt obligations to finance needed infrastructure improvements. The Springville PUD is currently repaying two long term debts via its domestic water revenues, an R.D.S. Loan, and a Safe Drinking Water Loan. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District.

The District's primary revenue sources are derived from customer sales, and modest levels of property tax income. The District's revenue also includes income from a USDA-RD grant. Table 7-1 summarizes the District's annual revenues and operating expenditures for fiscal year 2004-05.

**TABLE 7-1
DISTRICT REVENUE'S VS. EXPENDITURES FISCAL YEAR 2004-05**

Water Budget	
Beginning Fund Balance	\$268,742
Revenues	\$248,476
Reserves	\$214,353
Total Available Funds	\$302,865
Salaries & Employee Benefits	\$90,377
Services & Supplies	\$63,251
Other Charges	\$72,624
Fixed Assets	\$76,613
Contingencies	\$0
Total Expenditures	\$302,865
Sewer Budget	
Beginning Fund Balance	\$130,174
Revenues	\$375,351
Reserves	\$207,381
Total Available Funds	\$298,144
Salaries & Employee Benefits	\$90,377
Services & Supplies	\$84,285
Other Charges	\$10,000
Fixed Assets	\$113,021
Contingencies	\$461
Total Expenditures	\$298,144

Source: Springville PUD Fiscal Year 2004-05 Budget

Water budget reserve funds include depreciation of the water treatment plant, F.M.H.A reserve, and well site fencing reserve. Other charges associated with the water budget include principal and interest payments on an R.D.S. loan, and a Safe Drinking Water loan, and depreciation. Fixed assets associated with the water budget include ERS Industrial/Re-pack filters at the water treatment plant, park grant expenditures, upgrades for 2005 compliance, pick-up, watershed sanitary survey, and equipment.

Sewer budget reserve funds include depreciation of the WWTF, service deposits, service line machine depreciation, and rural development/sewer project reimbursement reserve. Other charges associated with the sewer budget include additional depreciation. Fixed assets associated with the sewer budget include repair works at WWTF, sewer line problems, effluent disposal, pick-up and equipment.

The District generally requires new development projects to construct the necessary infrastructure to serve their development. A program of developer obligated infrastructure improvements provides for the installation of physical infrastructure to serve development sites and therefore relieves the financial obligation of the District. Developers are also required to pay fees for rights to water and sewer capacity, which are ultimately used by the District for capital capacity improvements including, but not limited to, additional wells, storage facilities, or capital WWTF improvements. These fees are set by the Board of Directors by resolution, and are allocated to a restricted reserve account.

The District's financial constraints involve the governmental structure and the desires of the people in the community to fund certain activities by establishing assessment districts or fees. The laws under which a Public Utility District is governed provide the structure for funding activities. Key revenue sources for the Springville PUD include property taxes, monthly sewer and water fees, connection fees, interest on reserves, and pass through monies. One-time revenues, that are pass-through funds, account for the increases and decreases in revenue from year to year.

On the expenditures side, the District budgets for the services paid for by residents and provides for other expenses using property tax, and if appropriate, restricted reserve accounts. Key expenditures include personnel, services and supplies, pass through revenues for projects, and principal and interest payments for long term debt.

7.3.2 Written Determinations

1. The District prepares an operating budget on an annual basis, which is segregated into two funds, one for domestic water, and one for sanitary sewer. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long-term debts.
2. While the District's budget generally covers the annual operation and maintenance costs of the District's infrastructure, and required staffing, including depreciation and fixed assets, the District has little resources available to dedicate towards capital infrastructure improvements that would increase capacities, i.e., WWTF capacity improvements.
3. Due to funding constraints, the District is forced to seek alternative means to finance needed capital improvements, for example, state and/or federal grants, which can often be a long and tedious process.
4. To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. At the same time, existing customers should not be responsible for costs associated with capacity improvements needed to accommodate new development.
5. Small Districts such as the Springville PUD are often forced to enter into long term debt obligations to finance needed infrastructure improvements. The Springville PUD is currently repaying two long term debts via its domestic water revenues, an R.D.S. Loan, and a Safe Drinking Water Loan. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District.

7.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

7.4.1 Fiscal Structure

The Districts budget process is designed to screen out unnecessary costs. A base budget is completed by the General Manager for review and discussion by the Board of Directors. Each year, the District's budget is reviewed with the District Board, District Engineer, and General Manager to ensure that the District continues to operate within the limits of its financial resources.

The District has adequate staff resources and administrative capabilities to provide the needed level of services to the residents within its boundaries. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.

The District requires new development projects to pay connection fees in order to mitigate impacts to the District's infrastructure, currently set at \$3,020 and \$3,900 per equivalent dwelling unit (EDU) for domestic water and sanitary sewer connections, respectively. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

The preparation of water and sewer system master plans could help the District avoid unnecessary costs associated with the construction of emergency system improvements to meet demands. Master plans identify infrastructure improvements that will be needed in the future, including an improvement timeline that would allow the District adequate time to set aside and/or obtain funding for those future improvements before the absence of such improvements begins to delay or halt proposed development. Master plans also identify funding sources for their implementation.

A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

If the SOI were expanded in the future, the District would assume fiscal responsibilities to construct or maintain the water and sewer infrastructure associated with the SOI and any territories that were annexed. LAFCO should consider the relative burden of new annexations to the District when it comes to its ability to provide water and sewer service, as well as capital maintenance and replacements required as a result of expanding the District Boundary. Opportunities exist at the time of annexation and development to introduce alternative methods of construction and maintenance of public or semi-public infrastructure to serve the future SOI/annexation areas. In the case of the Springville PUD, it is recommended that the District work to build out infrastructure within its current District Boundary and SOI prior to entertaining any proposals to expand its Boundaries.

7.4.2 Written Determinations

1. Each year, the District's budget is reviewed with the Board of Directors, District Engineer, and General Manager to ensure that the District continues to operate within the limits of its financial resources.

2. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
3. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.
4. Master planning its infrastructure could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.
5. A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long-term costs by working with the power company utility to identify strategies that could reduce energy costs.
6. In the case of the Springville PUD, it is recommended that the District work to build out infrastructure within its current District Boundary and SOI prior to entertaining any proposals to expand its Boundaries as a way of avoiding unnecessary costs.

7.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels.

7.5.1 Fee Structure

The Springville PUD currently bills its customers on a metered basis for domestic water and charges a monthly flat rate for sewer service for a typical single-family dwelling. Tables 7-2 and 7-3 show a comparison of water and sewer rates and connection fees, respectively, for all applicable service providers being reviewed. The tables also show the relationship between monthly service charges and average household incomes within the respective communities. Since some of the service providers charge a metered rate for water, it is necessary to calculate an average monthly bill based upon a specific amount of usage taken as 2,005 cubic feet, or approximately 15,000 gallons, per month for this analysis.

TABLE 7-2
SPRINGVILLE PUD COMPARISON OF WATER RATES

Service Provider	Sample Monthly Bill	Connection Fee	Average Household Income	Rate/Income Ratio
Earlimart PUD	\$12.50	\$1,500	\$1,775/mo.	0.70%
Ivanhoe PUD	\$9.50	\$1,700	\$2,171/mo.	0.44%
Pixley PUD	\$20.00	\$2,000	\$1,942/mo.	1.03%
Teviston CSD	\$30.00	\$800	\$2,014/mo.	1.49%
Tipton CSD	\$24.00	\$2,800	\$2,198/mo.	1.09%
Alpaugh JPA	\$55.00	\$1,500	\$1,974/mo.	2.79%
Cutler PUD	\$18.00	\$1,500	\$2,028/mo.	0.89%
Orosi PUD	\$19.08	\$2,400	\$2,533/mo.	0.75%
Lemon Cove SD	\$10.01	\$500	\$2,361/mo.	0.42%
London CSD	\$18.00	\$1,400	\$1,807/mo.	1.00%
Lindsay-Strathmore ID	\$14.18 ⁷	T&M	\$2,096/mo.	0.68%
Poplar CSD	\$25.00	\$3,650	\$2,043/mo.	1.22%
Richgrove CSD	\$23.00	NA	\$1,907/mo.	1.21%
Springville PUD	\$44.16	\$3,020	\$2,023/mo.	2.18%
Strathmore PUD	\$43.30	\$1,150	\$2,096/mo.	2.06%
Terra Bella ID	\$25.38 ⁸	\$2,908	\$2,109/mo.	1.20%
Woodville PUD	\$27.28	\$3,350	\$2,123/mo.	1.28%
Average	\$25.26	\$2,012	\$2,080/mo.	1.21%

Notes: 1) Fee information obtained from service providers

2) Average household income based upon Census 2000 data

3) Rate/Income ratio calculated by dividing sample monthly bill by average household income

4) Sample monthly bill is calculated for a typical single-family dwelling

5) NA=Not Available

6) T&M=Time and Material basis

7) Based on an average of four separate rates charged by the Lindsay-Strathmore Irrigation District

8) Based on potable water service provided by the Terra Bella Irrigation District

9) Lindsay-Strathmore ID rates/fees omitted from the average calculations

As indicated in Table 7-2, the Springville PUD charges monthly rates that are among the highest compared to other domestic water service providers in Tulare County. The cost of domestic water service within Springville equates to approximately 2.18% of the average household income within the community, which is above the average of 1.21%. The Springville PUD water connection fee of \$3,020 is also among the highest compared to other special district domestic water service providers throughout the County. Monthly water rates charged by domestic water service providers are influenced by how the water is acquired, the type of treatment required, the capacity of the system, and the financial resources of the provider.

TABLE 7-3
SPRINGVILLE PUD COMPARISON OF SEWER RATES

Service Provider	Monthly Sewer User Fee (1 EDU)¹	Connection Fee¹	Average Household Income²	Rate/Income Ratio³
Goshen CSD	\$32.00	\$975	\$2,359/mo.	1.36%
Earlimart PUD	\$7.50	\$1,000	\$1,775/mo.	0.42%
Ivanhoe PUD	\$9.50	\$1,890	\$2,171/mo.	0.44%
Pixley PUD	\$15.00	\$1,800	\$1,942/mo.	0.77%
Tipton CSD	\$8.00	\$1,050	\$2,198/mo.	0.36%
Cutler PUD	\$22.00	\$3,520	\$2,028/mo.	1.08%
Orosi PUD	\$22.97	\$1,745	\$2,533/mo.	0.91%
Lemon Cove SD	\$4.50	\$500	\$2,361/mo.	0.19%
London CSD	\$21.00	\$1,990	\$1,807/mo.	1.16%
Poplar CSD	\$25.00	\$5,450	\$2,043/mo.	1.22%
Richgrove CSD	\$18.00	\$750	\$1,907/mo.	0.94%
Springville PUD	\$43.60	\$3,900	\$2,023/mo.	2.16%
Strathmore PUD	\$14.70	\$500	\$2,096/mo.	0.70%
Terra Bella SMD	\$21.00	\$500	\$2,109/mo.	1.00%
Woodville PUD	\$19.25	\$4,200	\$2,123/mo.	0.91%
Average	\$18.93	\$1,985	\$2,098/mo.	0.90%

1) Source: Wastewater User Charge Survey Report FY 2004-05 (CalEPA – SWRCB, May 2005)

2) Source: Census 2000

As indicated in Table 7-3, the Springville PUD charges monthly sewer rates that are among the highest compared to other sewer service providers within Tulare County. In addition, the District's connection fee for new sanitary sewer connections is nearly twice the average compared to surrounding sanitary sewer service providers. The cost of sanitary sewer service within Springville equates to approximately 2.16% of the average household income within the community, which is more than twice the average of 0.90%. Since the District's fees are currently among the highest in comparison to other water and sewer service providers in Tulare County, justifying further rate increases to its customers could be construed as being unreasonable.

The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems (often these fees are not sufficient to cover expensive capital improvement costs, as indicated by the District's experience with capacity improvements to its WWTF).

User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs. Although sewer fees have increased over time, the fees will not generate any additional income until the sewer connection moratorium is removed.

7.5.2 Written Determinations

1. The Springville PUD charges monthly user fees and connection fees for domestic water and sanitary sewer services. The District currently bills its customers on a metered basis for domestic water and a flat rate basis for sanitary sewer.
2. The District's monthly domestic water service rates are among the highest compared to other special district domestic water providers in Tulare County. The District's monthly sewer rates and new connection fees for domestic water and sanitary sewer are also among the highest compared to other service providers in the County.
3. Since the District's fees are currently among the highest in comparison to other service providers in Tulare County, justifying further rate increases to its customers could be construed as being unreasonable.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems (often these fees are not sufficient to cover expensive capital improvement costs, as indicated by the District's experience with capacity improvements to its WWTF). User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

7.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for the Springville PUD to share facilities and resources, thereby increasing efficiency.

7.6.1 Shared Facilities

The Springville PUD continues to seek opportunities to form public and private partnerships that would lead to more efficient public services.

The Springville PUD will need to evaluate whether it will provide services, or pursue, as a joint venture, the provision of public services, to a pending large development proposal located at Sequoia Ranch.

The Springville PUD is also pursuing a partnership with the River Island Water Company for joint management and operations of public services. The District is also working with a local farmer on a joint venture to implement a wastewater reclamation project that would in turn increase the disposal capacity of the District's WWTF.

7.6.2 Written Determinations

1. The Springville PUD continues to seek opportunities to form public and private partnerships that would lead to more efficient public services.
2. The Springville PUD will need to evaluate whether it will provide services, or pursue, as a joint venture, the provision of public services, to a pending large development proposal located at Sequoia Ranch.
3. The Springville PUD is also pursuing a partnership with the River Island Water Company for joint management and operations of public services.

7.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services.

7.7.1 Development within SOI Area

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. According to the LAFCO Municipal Service Review Guidelines, elimination of overlapping boundaries that confuse the public and cause service inefficiencies should be considered to avoid unnecessary increases in the cost of infrastructure. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure. The District's SOI is coterminous with the District Boundary. The District should work to build out its infrastructure within its existing District Boundary/SOI prior to entertaining proposals to expand its Boundaries.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation.

Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (county, city or special district). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Prior to approving expansions to its SOI area, the District should complete infrastructure planning – including master plans – to address the infrastructure needs of affected areas and funding mechanisms to meet those needs. The District and/or County could also require developers to prepare specific plans prior to approving development that would require expansion of the District's SOI. The District should continually expand and improve its water and sewer infrastructure to accommodate development within its current District Boundary/SOI areas with developer assistance.

7.7.3 Written Determinations

1. Prior to approving expansions to its SOI area, the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.
3. The District should continually expand and improve its domestic water and sanitary sewer infrastructure to accommodate development within its current District Boundary/SOI areas with developer assistance.

4. The District's SOI is coterminous with the District Boundary. The District should work to build out its infrastructure within its existing District Boundary/SOI prior to entertaining proposals to expand its Boundaries.
5. Currently there are no foreseeable conditions indicating that development within the District's Boundary/SOI would result in a change in government structure.

7.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the Springville PUD.

7.8.1 Organizational Structure

Based upon a review of information provided by the Springville PUD, it appears as if the provisions of sanitary sewer service and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers. The Springville PUD has accounting and finance functions, current personnel regulations and resolutions. The District undergoes annual audits in compliance with auditing standards.

The Springville PUD has adopted comprehensive personnel regulations, which are provided to all employees of the District. Responsibility for the proper supervision of District policies, procedures and employee relations resides with the Board of Directors. The Board of Directors has determined that the most effective manner by which their policies can be implemented and monitored is through the utilization of supervisory capabilities of their various employees. It is the intent of the Board that the following reporting and supervisory steps are implemented:

- The District Chief of Operations & Maintenance shall report to and respond to requests made by the Board of Directors.
- The District maintenance personnel shall report to and respond to requests made by the District Chief of Operations & Maintenance.
- The District Office Manager shall report to and respond to requests made by the Board of Directors.
- The District clerk/cashier personnel shall report to and respond to requests made by the District Office Manager.

The Springville PUD is governed by a five-member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures. The District currently operates with a part-time and full time staff and contracts out for other services, including engineering, legal counsel, accounting, and other consulting services. The District holds regularly scheduled board meetings at the District office located at 35140 Tule River Drive in Springville.

District representatives can be contacted by phone, and are available in person at the District Office. The District employs certified operators that operate the District's water and sewer systems. District personnel should be available to respond to emergencies during non business hours.

7.8.2 Written Determinations

1. Based upon information made available, it appears as if the provisions of sanitary sewer and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers.
2. The Springville PUD is governed by a five member Board of Directors elected at large from within its boundaries and is responsible for setting policy and general administrative procedures. The Springville PUD has adopted comprehensive personnel regulations, which are provided to all employees of the District.

3. District representatives can be contacted by phone, and are available in person at the District Office. The District employs certified operators that operate the District's water and sewer systems. District personnel should be available to respond to emergencies during non business hours.

7.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the agency's decision-making processes.

7.9.1 Public Access and Information Methods

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure against the ability to provide adequate services to the SOI and annexation areas.

The Springville PUD has a five member Board of Directors elected by voters residing within the District Boundary. Regularly scheduled Board meetings, which are open to the public, are held on the second Monday of each month at 7:00 p.m. at the District office located at 35140 Tule River Drive in Springville. Agendas for Board meetings are posted and notices provided consistent with public meeting requirements (i.e., the Brown Act) including posting on-site. The District adopts budgets and rate changes at hearings where the public is notified and invited.

Special meetings may be called at the request of the President with the concurrence of at least one other member of the Board, or the request of any three members of the Board, at any time or place within the boundaries of the District. All special meetings are considered public meetings, except those involving strictly personnel matters. Anyone having or desiring water and/or sewer service within the boundaries of the District, or anyone having any legitimate business with the Board, can request a hearing at any regular meeting of the Board. Special meetings are normally held to consider only special items as listed on the Agenda, but, if time permits, the Board will hear other matters as pertaining to District affairs.

The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website. It would make sense to post information regarding District affairs on the County websites, since Springville is an unincorporated community within Tulare County, and there is a mutual interest in the community.

The internet is a relatively low-cost yet powerful method of involving the general public/customers/ratepayers in District affairs. Greater dissemination of information can lead to greater interest in attending Board meetings and participating in elections. It also allows the public, some of whom are not physically able to attend Board meetings, to follow District activities remotely from their home or business.

7.9.2 Written Determinations

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the second Monday of each month at 7:00 p.m. at the District office located at 35140 Tule River Drive in Springville. Agendas for Board meetings are posted on-site at the District office.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming

projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

CHAPTER 8 – STRATHMORE PUD MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations of the Strathmore Public Utility District (PUD) Municipal Service Review (MSR). As part of its review of municipal services, the Tulare County Local Agency Formation Commission (LAFCO) is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Strathmore PUD MSR identifies the following written determinations:

Written Determinations

1) Growth and Population

1. Between 1990 and 2000, Strathmore experienced an average annual population growth rate of approximately 0.9%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Strathmore will experience growth at an average annual rate between 1% and 2%, indicating that the community would reach a year 2025 population between 3,300 and 4,200 residents.
3. Consistent with the Urban Boundaries element of the Tulare County General Plan, the Strathmore UDB is, for the most part, consistent with the SOI of the Strathmore PUD. The Strathmore District Boundary and SOI encompass an area located near the southwest quadrant of the S.R. 65 and Avenue 196 in which the District's WWTF is located. It is logical that this area remain included within the District's Boundary and SOI, but outside of the community's UDB.
4. There appears to be sufficient undeveloped land within the community's UDB to accommodate growth through year 2025, however a significant portion of the land is currently in agricultural production. The Tulare County General Plan should provide policies for allowing urban development within designated urban expansion areas.
5. Recently, annexation requests that have been submitted to the District include a new housing subdivision, and a new high school. Based upon information provided by the District Engineer, the District intends to provide services to the pending development projects.

2) Infrastructure Needs & Deficiencies

Domestic Water

1. The Strathmore PUD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.

2. Strathmore's water supply is derived from a sub-contract through Tulare County for water made available from the Cross Valley Canal through an exchange with the Arvin Edison Water District. A water filtration plant was constructed in Strathmore as a joint venture between the Strathmore PUD and the Lindsay-Strathmore Irrigation District. The LSID has 22.8% ownership of the plant, and the Strathmore PUD has the remaining ownership.
3. The Strathmore PUD also has an underground water well that is used to supplement the District's surface water supply, and as a back-up water supply.
4. Based upon information provided by the District, during the peak month, the District's metered water deliveries total about 0.62 million gallons per day (MGD), or 430 gallons per minute (GPM).
5. The District's water system supports about 455 total connections, all of which are metered.
6. Assuming 475 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Strathmore PUD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,150 GPM (500 GPM fire flow, and 650 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served. The Strathmore PUD has surface water rights of 400 acre-feet per year.
7. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.
8. As indicated by the District's Engineer, pending developments near Avenue 196 and S.R. 65 would max out the District's water system capacity, and further expansion of water service would require the District to acquire additional water rights.

Sanitary Sewer

1. The District also provides sanitary sewer collection, treatment, and disposal services to residents within its Boundary. Based upon information provided by District staff, the District's sewer system supports approximately 480 connections.
2. The District owns and operates a WWTF located southwest of the community near the southwest quadrant of the S.R. 65/Avenue 196 intersection that provides primary treatment of wastewater. The WWTF is operated under the provisions of Order No. 85-024 issued by the California RWQCB, which prescribes that the monthly average daily discharge shall not exceed 0.40 MGD.
3. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.15 MGD, indicating that the WWTF is operating at approximately 40% of its permitted capacity.
4. Based upon a ratio of the current number of connections (480) to the current flow, it is estimated that the District's WWTF has available capacity for an additional 720 equivalent

dwelling units. This is an indication that there is sufficient treatment capacity to accommodate projected growth through year 2025.

5. Approximately six acres of eucalyptus trees and orange groves owned by the District are flood irrigated with treated effluent from the WWTF.
6. An assessment of the District's collection system identifying any potential constraints should be completed by the District engineer prior to approving any proposed SOI amendments.

3) Financing Constraints and Opportunities

1. The District prepares an operating budget on an annual basis, which is segregated into three funds, one for domestic water, one for sanitary sewer, and one for the water treatment plant. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.
2. While the District's budget generally covers the annual operation and maintenance costs of the District's infrastructure, and required staffing, including depreciation and fixed assets, the District has little resources available to dedicate towards capital infrastructure improvements that would increase capacities, i.e., WWTF capacity improvements.
3. Due to funding constraints, the District is forced to seek alternative means to finance needed capital improvements, for example, state and/or federal grants, which can often be a long and tedious process.
4. To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. At the same time, existing customers should not be responsible for costs associated with capacity improvements needed to accommodate new development.
5. The Strathmore PUD is currently servicing two long-term debts via its domestic water revenues, a Davis-Grunsky Loan, and a Safe Drinking Water Loan. The District recently received a State Revolving Fund (SRF) Loan in order to implement a major water pipeline improvement project. The District's annual debt service is currently about \$81,000 and will increase when the District begins to repay the SRF Loan. The District recently took on additional debt in the amount of \$84,000 that was used to implement a canal storage project. The Lindsay-Strathmore Irrigation District also participated in the project, and shared the associated debt with the Strathmore PUD. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District.

4) Cost Avoidance Opportunities

1. Each year, the District's budget is reviewed with the Board of Directors, District Engineer, and General Manager to ensure that the District continues to operate within the limits of its financial resources.

2. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
3. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.
4. Master planning its infrastructure could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.
5. A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

5) Opportunities for Rate Restructuring

1. The Strathmore PUD charges monthly user fees and connection fees for domestic water and sanitary sewer services. The District currently bills its customers on a metered basis for domestic water and a flat rate basis for sanitary sewer.
2. The District's monthly domestic water service rates are significantly above average compared to other special district domestic water service providers in Tulare County. The District's monthly sewer rates and new connection fees for domestic water and sanitary sewer are below average compared to other service providers in the County.
3. The high cost of domestic water service is most likely attributable to the District's long term debt obligations, and the cost of operating and maintaining the District's water treatment plant.
4. Since the District's monthly water rates are currently among the highest in comparison to other domestic water service providers in Tulare County, justifying further rate increases to its customers could be construed as being unreasonable.
5. The Strathmore PUD sanitary sewer connection fee of \$500 is significantly below average compared to other service providers throughout the County, indicating that adjustments may be warranted. Assembly Bill 1600 requires that a "nexus" be established between new connection fees and the required improvements that the fees would be used for. District staff has indicated that its capacity rights fees (connection fees) are currently being evaluated and will likely increase in the near future.
6. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems (often these fees are not sufficient to cover expensive capital improvement costs). User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

6) Opportunities for Shared Facilities

1. The Strathmore PUD has demonstrated its ability to work with other entities by entering into several joint ventures including investments, infrastructure projects, domestic water agreements, and leasing property, among other ventures.
2. The Strathmore PUD has continued to work with the LSID on various domestic water projects. The Strathmore PUD has emergency connections to the LSID water system at two locations that can be used in emergency water supply situations or fire fighting purposes.
3. The Strathmore PUD should continue its partnership with the LSID, as this partnership has continued to be beneficial for the Strathmore PUD.

7) Government Structure Options

1. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals. SOI amendments and other changes in organization shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.
2. Prior to development within its SOI area, the Strathmore PUD should work closely with the LSID to determine which agency can most efficiently provide domestic water service. Currently, the LSID is referring all new requests for domestic water service to either the City of Lindsay or the Strathmore PUD. For this reason, it is likely that any development proposed within the Boundary or SOI of the Strathmore PUD would be served by domestic water service available from the Strathmore PUD. Agricultural related water service within these areas would likely be provided by the LSID.
3. The boundaries of the Strathmore PUD overlap with the boundaries of the LSID, both of which are empowered to provide domestic water service within their respective boundaries.
4. The LSID should consider phasing out domestic water service within these areas of overlapping boundaries, and possibly relinquish these services to the Strathmore PUD, as feasible. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is no longer needed, and it is feasible for the Strathmore PUD to become the primary domestic water service provider. Ultimately, overlapping boundaries with the Strathmore PUD should be resolved between the Strathmore PUD, the LSID, and Tulare County LAFCO.
5. As indicated by the District's Engineer, pending developments near Avenue 196 and S.R. 65 would max out the District's water system capacity, and further expansion of water service would require the District to acquire additional water rights.

8) Evaluation of Management Efficiencies

1. Based upon information made available, it appears as if the provisions of sanitary sewer and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers.

2. The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.
3. The Strathmore PUD is well managed, and has demonstrated its ability to work with other agencies to maximize its efficiency. The District continues to be actively involved in the Strathmore community and supports community growth and prosperity through working with the Strathmore Improvement District and actively participating in the Tulare County General Plan Update process.
4. The Strathmore PUD is governed by a three member Board of Directors elected at large from within its boundaries and is responsible for setting policy and general administrative procedures.

9) Local Accountability and Governance

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the second Thursday of each month at 5:30 p.m. at the Water Treatment Plant office located at 19630 Wallace Road in Strathmore. Agendas for Board meetings are posted on-site at the District office.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

8.0 STRATHMORE PUBLIC UTILITY DISTRICT

8.0.1 Background

The requirement for Local Agency Formation Commissions (LAFCO) to conduct reviews of local municipal services was established with the passage of AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill passed the legislature and was signed into law by Governor Davis on September 26, 2000. Municipal Service Reviews (MSR) provide LAFCOs with an additional tool to fulfill their statutory responsibilities of promoting orderly growth and development, preserving the States finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all Californians in the most efficient and effective manner. MSRs are a requirement of State annexation law and are required to be completed before the consideration of a Sphere of Influence (SOI) amendment or once every five years when a SOI amendment is not being considered.

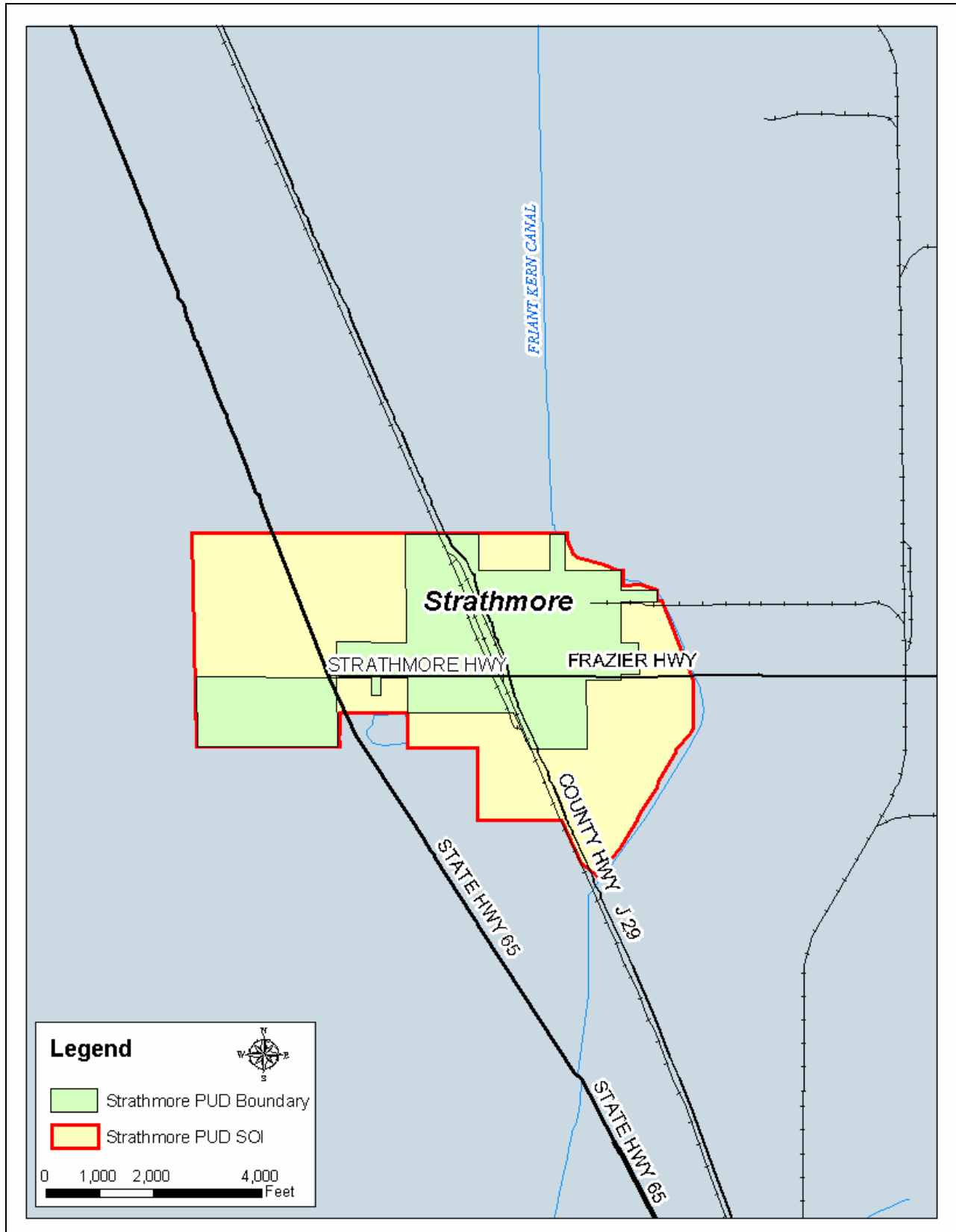
In July 2003 the Tulare County Local Agency Formation Commission (LAFCO) Board adopted a MSR exemption policy, which identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from a MSR study. The Strathmore Public Utility District (PUD) is subject to a full comprehensive study. The policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

Strathmore, an unincorporated community in Tulare County, is located in the southern portion of the County along State Route 65, and is situated approximately midway between Lindsay and Porterville. The Strathmore PUD, formed in January 1925, performs the following functions; provision of water for domestic, industrial and fire protection uses, sanitary sewer service, and mosquito abatement. Domestic water and sanitary sewer collection, treatment, and disposal are the primary services provided by the Strathmore PUD that are subject to a MSR.

Strathmore is located along State Route (SR) 65 approximately six miles north of Porterville, and five miles south of Lindsay. Strathmore is an agriculturally oriented service community surrounded on all sides by lands in agricultural production, scattered rural residential uses and vacant land. Other cities and communities near Strathmore include Poplar-Cotton Center to the southwest, Woodville to the west, Exeter to the north, and Terra Bella to the south. The current District Boundary and the currently adopted SOI for the Strathmore PUD are illustrated on Figure 8-1.

FIGURE 8-1 – STRATHMORE PUD BOUNDARY AND SPHERE OF INFLUENCE



Source: Tulare County GIS Database

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act; 1) Growth and population, 2) Infrastructure needs and deficiencies, 3) Financial constraints and opportunities, 4) Cost avoidance opportunities, 5) Opportunities for rate restructuring, 6) Opportunities for shared facilities, 7) Government structure options, 8) Evaluation of management efficiencies, and 9) Local accountability and governance.

8.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of the service needs of Strathmore.

8.1.1 Historical Data

The Census Bureau, on a decennial basis, identifies and provides detailed information on all incorporated Cities along with several smaller unincorporated communities (termed Census Designated Places – CDPs). Each census, community profiles are developed and provide a wide range of information pertaining to population, demographics, housing information, household data, education and employment, income and poverty, and historical trends.

Census 2000 data indicates that Strathmore had a population of 2,584 as of January 2000. *Census 1990* data indicates that Strathmore had a population of 2,353 in 1990, corresponding to an annual average growth rate between 1990 and 2000 of approximately 0.9%. The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. It is likely that the Strathmore community will continue to grow at an average annual rate between 1% and 2% depending upon land use zoning, and other policies established by the Tulare County General Plan and other factors. Using an average annual growth rate between 1% and 2%, the Strathmore community would reach a year 2025 population between 3,300 and 4,200 residents.

8.1.2 Planning Boundaries

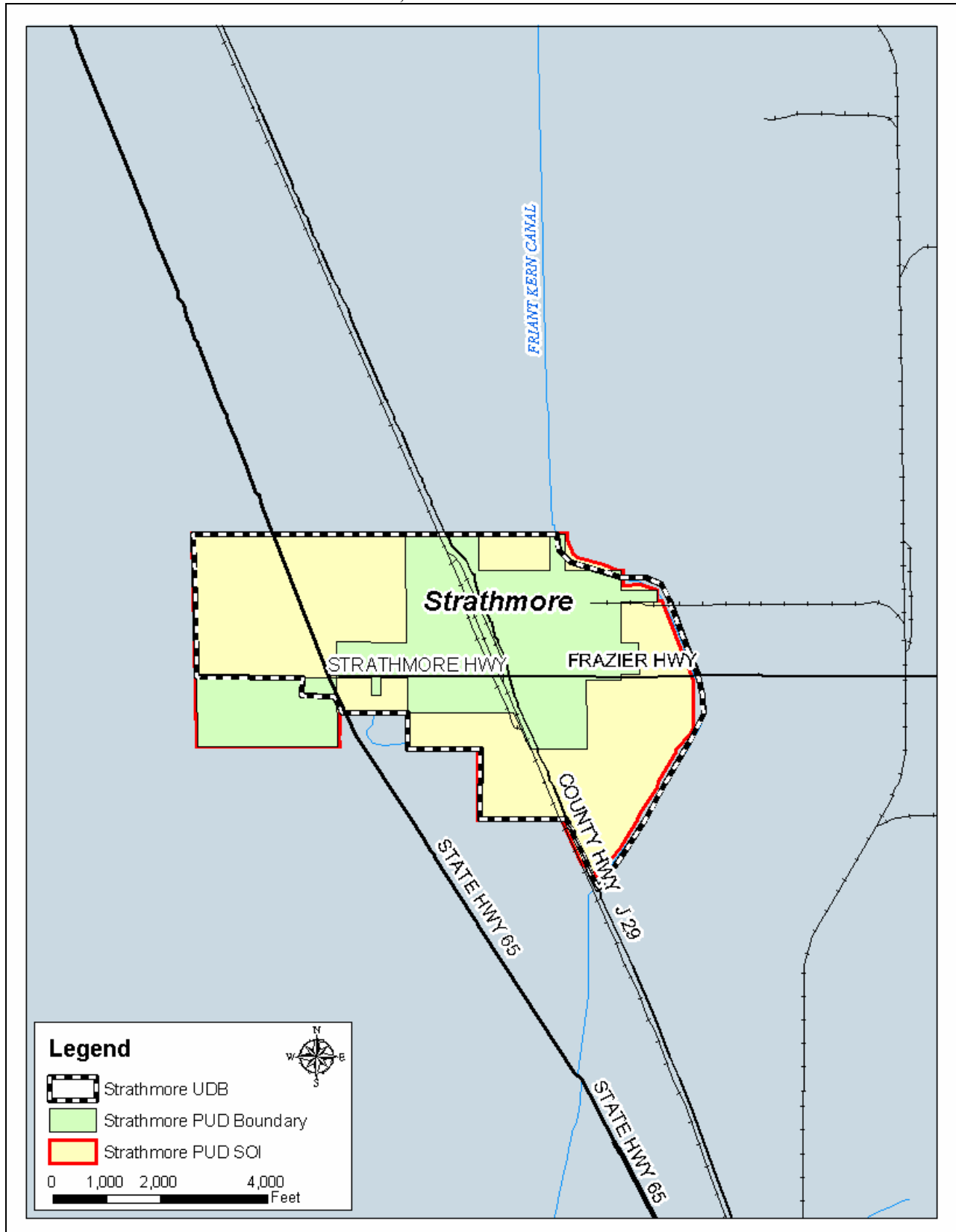
In addition to a SOI, which is defined by LAFCO as the "...physical boundary and service area that a local government agency is expected to serve..." an urban development boundary (UDB) has been established and designates the Strathmore urban expansion area. Figure 8-2 shows the District Boundary and SOI in comparison to the community's UDB.

The Tulare County General Plan contains an Urban Boundaries Element which establishes goals for designating realistic planning areas around cities and unincorporated communities which could be used to help determine boundaries for community service districts and County service areas, in areas where differing levels of service are required, and within which corporate annexations may take place. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1UB.C.1 – Unincorporated Communities Policies.

"Urban Development Boundaries are established around the following unincorporated communities in the County to serve as official urban planning areas for these communities: Cutler-Orosi, Ducor, Earlimart, East Orosi, Goshen, Ivanhoe, Lemon Cove, London, Pixley, Plainview, Poplar-Cotton Center, Richgrove, Strathmore, Terra Bella, Tipton, Traver, Woodville, Alpaugh, and Springville."

"A land use plan is to be developed for each community with an Urban Development Boundary, specifying desired densities and land use categories, with particular attention to defining suitable areas for the full range of urban development and rural residential development. Such plans shall include the entire area within the Boundary and shall recognize the short and long term ability of each community to provide necessary urban services within its Urban Development Boundary."

FIGURE 8-2 – STRATHMORE PUD BOUNDARY, SOI & UDB



Source: Tulare County GIS Database

Furthermore, the County of Tulare General Plan Policy Summary Sections 1UB.F.1. and 1UB.F.2. set forth policies with regard to “Boundary Consistency”, and “Review and Revision of Boundaries.” Excerpts from these sections of the County General Plan Policy Summary relating to special districts are reiterated below.

“In areas where special districts provide rural as well as urban services, LAFCo should distinguish between “urban” and “rural” service areas for the purpose of establishing Spheres of Influence for such districts. If an unincorporated community is served by a special district, the Urban Development Boundary should be consistent with the district’s “urban” Sphere of Influence.”

“County census boundaries should be as consistent as possible with Urban Development Boundaries.”

“Urban Area Boundaries and Urban Development Boundaries shall be reviewed at least once every five years to determine if boundary changes are justified, or if additional boundaries are needed for communities not included herein. However, a review may be conducted at any time on request of the affected city or agency.”

As indicated on Figure 8-2, the Strathmore UDB is, for the most part, consistent with the SOI of the Strathmore PUD. The Strathmore District Boundary and SOI encompass an area located near the southwest quadrant of the S.R. 65 and Avenue 196 in which the District’s WWTF is located. It is logical that this area remain included within the District’s Boundary and SOI, but outside of the community’s UDB.

Recently, annexation requests that have been submitted to the District include a new housing subdivision, and a new high school. Based upon information provided by the District Engineer, the District intends to provide services to the pending development projects.

8.1.3 Written Determinations

1. Between 1990 and 2000, Strathmore experienced an average annual population growth rate of approximately 0.9%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Strathmore will experience growth at an average annual rate between 1% and 2%, indicating that the community would reach a year 2025 population between 3,300 and 4,200 residents.
3. Consistent with the Urban Boundaries element of the Tulare County General Plan, the Strathmore UDB is, for the most part, consistent with the SOI of the Strathmore PUD. The Strathmore District Boundary and SOI encompass an area located near the southwest quadrant of the S.R. 65 and Avenue 196 in which the District’s WWTF is located. It is logical that this area remain included within the District’s Boundary and SOI, but outside of the community’s UDB.
4. There appears to be sufficient undeveloped land within the community’s UDB to accommodate growth through year 2025, however a significant portion of the land is currently in agricultural production. The Tulare County General Plan should provide policies for allowing urban development within designated urban expansion areas.

5. Recently, annexation requests that have been submitted to the District include a new housing subdivision, and a new high school. Based upon information provided by the District Engineer, the District intends to provide services to the pending development projects.

8.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the Strathmore PUD in terms of availability of resources, capacity to deliver services, condition of facilities, service quality, and levels of service.

8.2.1 Domestic Water

The Strathmore PUD is responsible for providing domestic water service within the District's Boundary. The water system is regulated by the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections. Based upon information provided by District staff, the Strathmore PUD water system supports about 455 connections, and a total population of approximately 1,905.

Strathmore's water supply is derived from a sub-contract through Tulare County for water made available from the Cross Valley Canal through an exchange with the Arvin Edison Water District. A water filtration plant was constructed in Strathmore for treatment of the surface water from the Cross Valley Canal. The Strathmore PUD constructed the plant in a joint venture with the Lindsay-Strathmore Irrigation District (LSID). The LSID has 22.8% ownership of the plant, and the Strathmore PUD has the remaining ownership. The Strathmore PUD also has an underground water well that is used to supplement the District's surface water supply, and as a back-up water supply. Based upon information provided by the District, during the peak month, the District's metered water deliveries total about 0.62 million gallons per day (MGD), or 430 gallons per minute (GPM). The District's water system extends approximately 3½ miles west of S.R. 65 along Avenue 196 to provide service to Sunnyside Union Elementary School, located outside of the District Boundary and SOI.

Tulare County Improvement Standards require that the construction of water source facilities shall comply with the requirements of Bulletin No. 74, "Water Well Standards" prepared by the State of California Department of Water Resources. The Tulare County Improvement Standards also establish specific requirements for quantity and quality of water to be delivered to a system. Some of these requirements are summarized below.

- The quantity of water delivered to the distribution system within a subdivision from all source and storage facilities for a period of two hours shall be the maximum domestic demand plus a fire flow quantity of not less than 500 GPM for single family residential, 1,500 GPM for multi-family residential, commercial, and light manufacturing, and 2,500 GPM for heavy manufacturing.
- For systems up to 625 customer units (equivalent dwelling units) the domestic quantity shall not be less than $Q = 100 + 25 * \sqrt{N}$, and $Q = 100 + N$ for more than 625 customer units at sufficient pressure to provide a minimum pressure of 25 PSI to each lot served; where Q equals the rate of flow in GPM delivered from the combined source facilities to the distribution system, and N equals the total number of customer units where each customer unit is equivalent to one for a single family dwelling on a normal subdivision lot. Other types of development shall be assigned appropriate customer unit values by the Engineer as experience with the distribution system or locality indicates.
- The minimum source and domestic demand storage design requirements shall be in accordance with Plate No. WS-11 of Section IV of the Tulare County Improvement Standards.

- The quality of water supplied for human consumption shall conform to Sections 3, 4 and 5 of the latest United States Public Health Service Drinking Water Standards. Samples will be taken and tests made by the County Department of Health Services for bacteriological determination of potability.
- Chemical and physical tests for potability shall be performed by a commercial laboratory certified by the State Department of Health Services for performance of chemical and physical analysis and the costs thereof shall be borne by the sub-divider.

Assuming 475 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Strathmore PUD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,150 GPM (500 GPM fire flow, and 650 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.

An estimate of water system capacity can be calculated by using General Order 103, published by the California Public Utilities Commission. For the estimated water system capacity, the total supply source available is compared to a calculated total supply source required. Other factors that may affect the capacity of water systems, including but not limited to, water quality, low pressures, required storage, age of system, and pipeline restrictions, are not considered. For the Strathmore PUD the total supply source available is not known, and therefore only the total supply source required is calculated. The estimated supply source required is calculated using the following equation,

$$Q_{\text{Required}} = (N) * (C) * (F) \text{ where,}$$

N = Number of customers served

C = Gallon per minute constant: 5 to 9 for flat rate systems, 2 to 5 for metered systems

F = Factor to reflect diversity (inversely proportional to the number of customers)

Using an N value of 475, a C factor of 5.0, and an F factor of 0.35, the estimated total supply source required is calculated to be 850 GPM, which is less than that required by the Tulare County Improvement Standards. All public water systems within the County, shall at a minimum, meet the requirements of the Tulare County Improvement Standards.

As indicated by the District's Engineer, pending developments near Avenue 196 and S.R. 65 would max out the District's water system capacity, and further expansion of water service would require the District to acquire additional water rights.

8.2.2 Sanitary Sewer

The Strathmore PUD is also responsible for providing sanitary sewer collection, treatment, and disposal services to residents within its Boundary. According to District staff, the District's sewer system supports approximately 480 connections. Raw sewage is collected in a series of collection pipes ranging in size from 6 to 12 inches (including Vitrified Clay Pipe and Cast Iron Pipe) and then transported to a WWTF that is owned and operated by the Strathmore PUD.

The District operates a WWTF located southwest of the community near the southwest quadrant of the S.R. 65, Avenue 196 intersection. The District's WWTF is operated under the provisions of Waste

Discharge Requirements Order No. 85-024 issued by the California Regional Water Quality Control Board (RWQCB), Central Valley Region. Order No. 85-024 prescribes that the 30-day average daily dry weather discharge shall not exceed 0.40 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.15 MGD, indicating that the WWTF is operating at approximately 40% of its permitted capacity.

The District's WWTF provides primary treatment via a clarigester followed by two oxidation ponds. Discharge is to six percolation/evaporation ponds. Approximately six acres of eucalyptus trees and orange groves owned by the District are flood irrigated with the treated effluent.

Based upon a ratio of the current number of connections (480) to the current flow, it is estimated that the District's WWTF has available capacity for an additional 720 equivalent dwelling units. This is an indication that there is sufficient treatment capacity to accommodate projected growth through year 2025.

The District's sewer collection system includes a 10" crossing of railroad tracks, and a 12" crossing of S.R. 65. These crossings could be considered as constraints to the District's sewer system. Additional crossings of these major facilities could be warranted in the future to accommodate projected growth. An assessment of the District's collection system should be completed by the District engineer prior to any proposed SOI amendments.

8.2.3 Written Determinations

Domestic Water

1. The Strathmore PUD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. Strathmore's water supply is derived from a sub-contract through Tulare County for water made available from the Cross Valley Canal through an exchange with the Arvin Edison Water District. A water filtration plant was constructed in Strathmore as a joint venture between the Strathmore PUD and the Lindsay-Strathmore Irrigation District. The LSID has 22.8% ownership of the plant, and the Strathmore PUD has the remaining ownership.
3. The Strathmore PUD also has an underground water well that is used to supplement the District's surface water supply, and as a back-up water supply.
4. Based upon information provided by the District, during the peak month, the District's metered water deliveries total about 0.62 million gallons per day (MGD), or 430 gallons per minute (GPM).
5. The District's water system supports about 455 total connections, all of which are metered.
6. Assuming 475 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Strathmore PUD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,150 GPM (500 GPM fire flow, and 650 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served. The Strathmore PUD has surface water rights of 400 acre-feet per year.

7. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.
8. As indicated by the District's Engineer, pending developments near Avenue 196 and S.R. 65 would max out the District's water system capacity, and further expansion of water service would require the District to acquire additional water rights.

Sanitary Sewer

1. The District also provides sanitary sewer collection, treatment, and disposal services to residents within its Boundary. Based upon information provided by District staff, the District's sewer system supports approximately 480 connections.
2. The District owns and operates a WWTF located southwest of the community near the southwest quadrant of the S.R. 65/Avenue 196 intersection that provides primary treatment of wastewater. The WWTF is operated under the provisions of Order No. 85-024 issued by the California RWQCB, which prescribes that the monthly average daily discharge shall not exceed 0.40 MGD.
3. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.15 MGD, indicating that the WWTF is operating at approximately 40% of its permitted capacity.
4. Based upon a ratio of the current number of connections (480) to the current flow, it is estimated that the District's WWTF has available capacity for an additional 720 equivalent dwelling units. This is an indication that there is sufficient treatment capacity to accommodate projected growth through year 2025.
5. Approximately six acres of eucalyptus trees and orange groves owned by the District are flood irrigated with treated effluent from the WWTF.
6. An assessment of the District's collection system identifying any potential constraints should be completed by the District engineer prior to approving any proposed SOI amendments.

8.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate the capability of the Strathmore PUD to finance needed improvements and services.

8.3.1 Annual Budget

LAFCO should consider the ability of the District to pay for improvements or services associated with annexed sites. This planning can begin at the SOI stage by identifying what opportunities there are to identify infrastructure and maintenance needs associated with future annexation and development, and identifying limitations on financing such improvements, as well as the opportunities that exist to construct and maintain those improvements.

The budget for the Strathmore PUD is organized into three separate funds: one for domestic water, one for sanitary sewer and the other for the water treatment plant. The District's budget is well organized, thorough, and clearly articulates the District's upcoming fiscal year financial obligations. The District prepares a traditional line item budget for each fund (water, sewer, and water treatment plant) that is divided into the following categories.

- Fund Balances
- Revenues
- Reserve Funds
- Expenses
 - Salaries and Employee Benefits
 - Services and Supplies
 - Other Charges
 - Fixed Assets
 - Contingencies

The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, and rates and fees. While the District's budget generally covers the annual operation and maintenance costs of the District's infrastructure, and required staffing, including depreciation and fixed assets, the District has little resources available to dedicate towards capital infrastructure improvements. For this reason, the District is forced to seek alternative means to finance needed capital improvements, for example, state and/or federal grants, which can often be a long and tedious process.

To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development; however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. Small District's such as the Strathmore PUD are often forced to enter into long term debt obligations to finance needed infrastructure improvements. The Strathmore PUD is currently servicing two long-term debts via its domestic water revenues, a Davis-Grunsky Loan, and a Safe Drinking Water Loan. The District recently received a State Revolving Fund (SRF) Loan in order to implement a major water pipeline improvement project. The District's annual debt service is currently about \$81,000 and will increase when the District begins to repay the SRF Loan. The District recently took on additional debt in the amount of \$84,000 that was used to implement a canal storage project. The Lindsay-Strathmore Irrigation District also participated in the project, and shared the associated debt with the Strathmore PUD. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District.

The District's primary revenue sources are derived from customer sales, and modest levels of property tax income. The District Engineer noted that rates are going to increase in the near future as a result of Proposition 218. The District's revenue (as identified in its fiscal year 2005-06 budget) also includes income from State Revolving Fund Loan Contract #00C413 (for water system improvements) and a grant/loan for sewer system improvements. Table 8-1 summarizes the District's annual revenues and operating expenditures for fiscal year 2005-06.

**TABLE 8-1
DISTRICT REVENUE'S VS. EXPENDITURES FISCAL YEAR 2005-06**

Water Budget	
Beginning Fund Balance	\$88,779
Revenues	\$1,525,623
Reserves	\$86,459
Total Available Funds	\$1,527,943
Salaries & Employee Benefits	\$74,200
Services & Supplies	\$173,820
Other Charges	\$104,700
Fixed Assets	\$1,175,223
Contingencies	\$0
Total Expenditures	\$1,527,943
Sewer Budget	
Beginning Fund Balance	\$0
Revenues	\$283,876
Reserves	\$0
Total Available Funds	\$283,876
Salaries & Employee Benefits	\$87,984
Services & Supplies	\$188,592
Other Charges	\$7,300
Fixed Assets	\$0
Contingencies	\$0
Total Expenditures	\$283,876
Water Treatment Plant Budget	
Beginning Fund Balance	\$258,224
Revenues	\$190,231
Reserves	\$258,224
Total Available Funds	\$190,231
Salaries & Employee Benefits	\$74,469
Services & Supplies	\$94,262
Other Charges	\$500
Fixed Assets	\$11,000
Contingencies	\$10,000
Total Expenditures	\$190,231

Source: Strathmore PUD Fiscal Year 2005-06 Budget

Water budget reserve funds include Davis/Grunsky reserve funds, connection fees, customer deposits, and State Loan (Safe Drinking Water) reserve funds. Other charges associated with the water budget include debt service, purchase of surface water, and membership dues. Fixed assets associated with the water budget include a State Revolving Fund Loan for a water line improvement project.

No reserves or fixed assets are identified in the District's sewer budget. Other charges associated with the sewer budget include CVC capacity permits, and membership dues.

Water treatment plant budget reserve funds include a depreciation reserve. Other charges associated with the water treatment plant budget include membership dues. Fixed assets associated with the water treatment plant budget include resealing chemical floor room and inspection/painting of storage tank.

The District generally requires new development projects to construct the necessary infrastructure to serve their development. A program of developer obligated infrastructure improvements provides for the installation of physical infrastructure to serve development sites and therefore relieves the financial obligation of the District. Developers are also required to pay connection fees for rights to water and sewer capacity, which are ultimately used by the District for capital capacity improvements including, but not limited to, additional wells, storage facilities, or capital WWTF improvements. These fees are set by the Board of Directors by resolution, and are allocated to a restricted reserve account.

The District's financial constraints involve the governmental structure and the desires of the people in the community to fund certain activities by establishing assessment districts or fees. The laws under which a Public Utility District is governed provide the structure for funding activities. Key revenue sources for the Strathmore PUD include property taxes, monthly sewer and water fees, connection fees, interest on reserves, and pass through monies. One-time revenues, that are pass-through funds, account for the increases and decreases in revenue from year to year.

On the expenditures side, the District budgets for the services paid for by residents and provides for other expenses using property tax, and if appropriate, restricted reserve accounts. Key expenditures include personnel, services and supplies, pass through revenues for projects, and principal and interest payments for long term debt.

8.3.2 Written Determinations

1. The District prepares an operating budget on an annual basis, which is segregated into three funds, one for domestic water, one for sanitary sewer, and one for the water treatment plant. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long-term debts.
2. While the District's budget generally covers the annual operation and maintenance costs of the District's infrastructure, and required staffing, including depreciation and fixed assets, the District has little resources available to dedicate towards capital infrastructure improvements that would increase capacities, i.e., WWTF capacity improvements.
3. Due to funding constraints, the District is forced to seek alternative means to finance needed capital improvements, for example, state and/or federal grants, which can often be a long and tedious process.
4. To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. At the same time, existing customers should not be responsible for costs associated with capacity improvements needed to accommodate new development.

5. The Strathmore PUD is currently servicing two long-term debts via its domestic water revenues, a Davis-Grunsky Loan, and a Safe Drinking Water Loan. The District recently received a State Revolving Fund (SRF) Loan in order to implement a major water pipeline improvement project. The District's annual debt service is currently about \$81,000 and will increase when the District begins to repay the SRF Loan. The District recently took on additional debt in the amount of \$84,000 that was used to implement a canal storage project. The Lindsay-Strathmore Irrigation District also participated in the project, and shared the associated debt with the Strathmore PUD. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District.

8.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

8.4.1 Fiscal Structure

The Districts budget process is designed to screen out unnecessary costs. A base budget is completed by the General Manager for review and discussion by the Board of Directors. Each year, the District's budget is reviewed with the District Board, District Engineer, and General Manager to ensure that the District continues to operate within the limits of its financial resources.

The District has adequate staff resources and administrative capabilities to provide the needed level of services to the residents within its boundaries. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service to the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.

The District requires new development projects to pay connection fees in order to mitigate impacts to the District's infrastructure, currently set at \$1,150 and \$500 per equivalent dwelling unit (EDU) for domestic water and sanitary sewer connections, respectively. District staff has indicated that its capacity rights fees (connection fees) are currently being evaluated and will likely increase in the near future. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

The preparation of water and sewer system master plans could help the District avoid unnecessary costs associated with the construction of emergency system improvements to meet demands. Master plans identify infrastructure improvements that will be needed in the future, including an improvement timeline that would allow the District adequate time to set aside and/or obtain funding for those future improvements before the absence of such improvements begins to delay or halt proposed development. Master plans also identify funding sources for their implementation.

A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

If the SOI were expanded in the future, the District would assume fiscal responsibilities to construct or maintain the water and sewer infrastructure associated with the SOI and any territories that were annexed. LAFCO should consider the relative financial and operational burden of new annexations to the District when it comes to its ability to provide water and sewer service, as well as capital maintenance and replacements required as a result of expanding the District Boundary. Opportunities exist at the time of annexation and development to introduce alternative methods of construction and maintenance of public or semi-public infrastructure to serve the future SOI/annexation areas. In the case of the Strathmore PUD, it is recommended that the District work to build out infrastructure within its current District Boundary and SOI prior to entertaining any proposals to expand its Boundaries.

8.4.2 Written Determinations

1. Each year, the District's budget is reviewed with the Board of Directors, District Engineer, and General Manager to ensure that the District continues to operate within the limits of its financial resources.
2. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
3. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.
4. Master planning its infrastructure could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.
5. A major expense of the District is the energy costs associated with the operation of its water and sewer systems. The District could avoid ongoing long-term costs by working with the power company utility to identify strategies that could reduce energy costs.

8.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels.

8.5.1 Fee Structure

The Strathmore PUD currently bills its customers on a metered basis for domestic water and charges a monthly flat rate for sewer service for a typical single family dwelling. Tables 8-2 and 8-3 show a comparison of water and sewer rates and connection fees, respectively, for surrounding service providers. The tables also show the relationship between monthly service charges and average household incomes within the respective communities. Since some of the service providers charge a metered rate for water, it is necessary to calculate an average monthly bill based upon a specific amount of usage taken as 2,005 cubic feet, or approximately 15,000 gallons, per month for this analysis.

TABLE 8-2
STRATHMORE PUD COMPARISON OF WATER RATES

Service Provider	Sample Monthly Bill	Connection Fee	Average Household Income	Rate/Income Ratio
Earlimart PUD	\$12.50	\$1,500	\$1,775/mo.	0.70%
Ivanhoe PUD	\$9.50	\$1,700	\$2,171/mo.	0.44%
Pixley PUD	\$20.00	\$2,000	\$1,942/mo.	1.03%
Teviston CSD	\$30.00	\$800	\$2,014/mo.	1.49%
Tipton CSD	\$24.00	\$2,800	\$2,198/mo.	1.09%
Alpaugh JPA	\$55.00	\$1,500	\$1,974/mo.	2.79%
Cutler PUD	\$18.00	\$1,500	\$2,028/mo.	0.89%
Orosi PUD	\$19.08	\$2,400	\$2,533/mo.	0.75%
Lemon Cove SD	\$10.01	\$500	\$2,361/mo.	0.42%
London CSD	\$18.00	\$1,400	\$1,807/mo.	1.00%
Lindsay-Strathmore ID	\$14.18 ⁷	T&M	\$2,096/mo.	0.68%
Poplar CSD	\$25.00	\$3,650	\$2,043/mo.	1.22%
Richgrove CSD	\$23.00	NA	\$1,907/mo.	1.21%
Springville PUD	\$44.16	\$3,020	\$2,023/mo.	2.18%
Strathmore PUD	\$43.30	\$1,150	\$2,096/mo.	2.06%
Terra Bella ID	\$25.38 ⁸	\$2,908	\$2,109/mo.	1.20%
Woodville PUD	\$27.28	\$3,350	\$2,123/mo.	1.28%
Average	\$25.26	\$2,012	\$2,080/mo.	1.21%

Notes: 1) Fee information obtained from service providers

2) Average household income based upon Census 2000 data

3) Rate/Income ratio calculated by dividing sample monthly bill by average household income

4) Sample monthly bill is calculated for a typical single family dwelling

5) NA=Not Available

6) T&M=Time and Material basis

7) Based on an average of four separate rates charged by the Lindsay-Strathmore Irrigation District

8) Based on potable water service provided by the Terra Bella Irrigation District

9) Lindsay-Strathmore ID rates/fees omitted from the average calculations

As indicated in Table 8-2, the Strathmore PUD charges among the highest monthly rates for domestic water service, currently \$43.30, and significantly above the average of \$25.26 compared to other service providers throughout the County. The cost of domestic water service with Strathmore equates to approximately 2.06% of the average household income within the community, which is above the average of 1.21% for surrounding domestic water service providers. The high cost of domestic water service is most likely attributable to the District's long term debt obligations, and the cost of operating and maintaining the District's water treatment plant. The water connection fee charged by the Strathmore PUD is among the lowest compared to other domestic water service providers throughout the County.

**TABLE 8-3
STRATHMORE PUD COMPARISON OF SEWER RATES**

Service Provider	Monthly Sewer User Fee (1 EDU)¹	Connection Fee¹	Average Household Income²	Rate/Income Ratio³
Goshen CSD	\$32.00	\$975	\$2,359/mo.	1.36%
Earlimart PUD	\$7.50	\$1,000	\$1,775/mo.	0.42%
Ivanhoe PUD	\$9.50	\$1,890	\$2,171/mo.	0.44%
Pixley PUD	\$15.00	\$1,800	\$1,942/mo.	0.77%
Tipton CSD	\$8.00	\$1,050	\$2,198/mo.	0.36%
Cutler PUD	\$22.00	\$3,520	\$2,028/mo.	1.08%
Orosi PUD	\$22.97	\$1,745	\$2,533/mo.	0.91%
Lemon Cove SD	\$4.50	\$500	\$2,361/mo.	0.19%
London CSD	\$21.00	\$1,990	\$1,807/mo.	1.16%
Poplar CSD	\$25.00	\$5,450	\$2,043/mo.	1.22%
Richgrove CSD	\$18.00	\$750	\$1,907/mo.	0.94%
Springville PUD	\$43.60	\$3,900	\$2,023/mo.	2.16%
Strathmore PUD	\$14.70	\$500	\$2,096/mo.	0.70%
Terra Bella SMD	\$21.00	\$500	\$2,109/mo.	1.00%
Woodville PUD	\$19.25	\$4,200	\$2,123/mo.	0.91%
Average	\$18.93	\$1,985	\$2,098/mo.	0.90%

1) Source: Wastewater User Charge Survey Report FY 2004-05 (CalEPA – SWRCB, May 2005)

2) Source: Census 2000

As indicated in Table 8-3, the Strathmore PUD charges below average monthly rates for sanitary sewer service compared to other sewer service providers throughout the County. The cost of sanitary sewer service within Strathmore equates to approximately 0.70% of the average household income within the community, which is below the average of 0.90%. The Strathmore PUD sanitary sewer connection fee of \$500 is significantly below average compared to other service providers throughout the County, indicating that adjustments may be warranted. Assembly Bill 1600 requires that a “nexus” be established between new connection fees and the required improvements that the fees would be used for. The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents.

The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems (often these fees are not sufficient to cover expensive capital

improvement costs). User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

8.5.2 Written Determinations

1. The Strathmore PUD charges monthly user fees and connection fees for domestic water and sanitary sewer services. The District currently bills its customers on a metered basis for domestic water and a flat rate basis for sanitary sewer.
2. The District's monthly domestic water service rates are significantly above average compared to other special district domestic water service providers in Tulare County. The District's monthly sewer rates and new connection fees for domestic water and sanitary sewer are below average compared to other service providers in the County.
3. The high cost of domestic water service is most likely attributable to the District's long term debt obligations, and the cost of operating and maintaining the District's water treatment plant.
4. Since the District's monthly water rates are currently among the highest in comparison to other domestic water service providers in Tulare County, justifying further rate increases to its customers could be construed as being unreasonable.
5. The Strathmore PUD sanitary sewer connection fee of \$500 is significantly below average compared to other service providers throughout the County, indicating that adjustments may be warranted. Assembly Bill 1600 requires that a "nexus" be established between new connection fees and the required improvements that the fees would be used for. District staff has indicated that its capacity rights fees (connection fees) are currently being evaluated and will likely increase in the near future.
6. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems (often these fees are not sufficient to cover expensive capital improvement costs). User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

8.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for the Strathmore PUD to share facilities and resources, thereby increasing efficiency.

8.6.1 Shared Facilities

The Strathmore PUD has demonstrated its ability to work with other entities by entering into several joint ventures including investments, infrastructure projects, domestic water agreements, and leasing property, among other ventures. The Strathmore PUD has entered into a joint water filtration treatment project with the LSID for the purpose of operating a water treatment facility. Under the terms of the agreement the LSID owns 28.2% of the property, plant, and equipment related to the project and is charged its share of the costs of the project based upon its ownership percentage. The Strathmore PUD has the remaining ownership.

The Strathmore PUD has continued to work with the LSID on various domestic water projects. The Strathmore PUD has emergency connections to the LSID water system at two locations that can be used in emergency water supply situations or fire fighting purposes. As previously noted, the Strathmore PUD also operates a joint water treatment facility in cooperation with the LSID.

The Strathmore PUD should continue its partnership with the LSID, as this partnership has continued to be beneficial for the Strathmore PUD.

8.6.2 Written Determinations

1. The Strathmore PUD has demonstrated its ability to work with other entities by entering into several joint ventures including investments, infrastructure projects, domestic water agreements, and leasing property, among other ventures.
2. The Strathmore PUD has continued to work with the LSID on various domestic water projects. The Strathmore PUD has emergency connections to the LSID water system at two locations that can be used in emergency water supply situations or fire fighting purposes.
3. The Strathmore PUD should continue its partnership with the LSID, as this partnership has continued to be beneficial for the Strathmore PUD.

8.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services.

8.7.1 Development within SOI Area

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. According to the LAFCO Municipal Service Review Guidelines, elimination of overlapping boundaries that confuse the public and cause service inefficiencies should be considered to avoid unnecessary increases in the cost of infrastructure.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation.

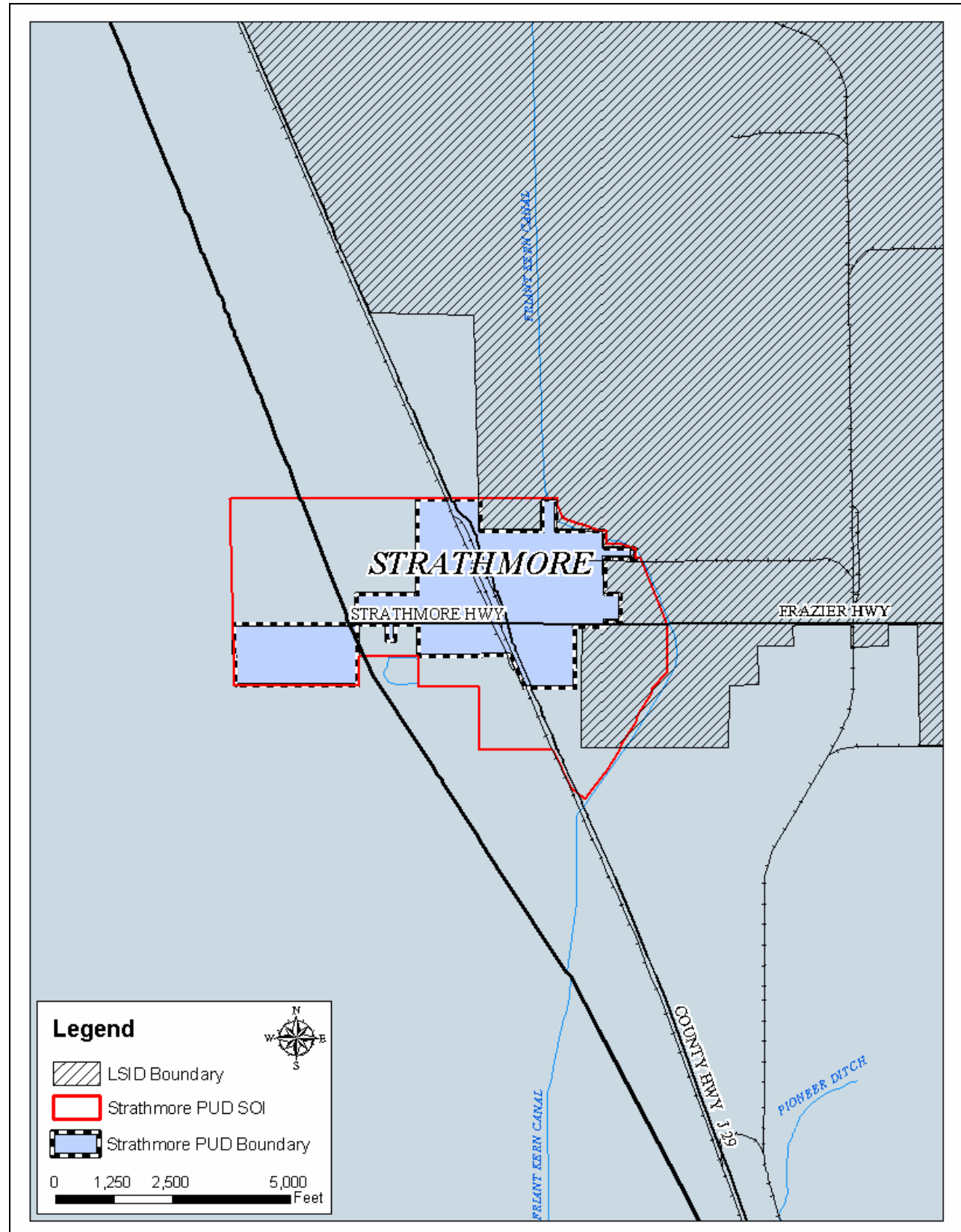
Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (county, city or special district). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Prior to development within its SOI area, the Strathmore PUD should work closely with the LSID to determine which agency can most efficiently provide domestic water service. Currently, the LSID is referring all new requests for domestic water service to either the City of Lindsay or the Strathmore PUD. For this reason, it is likely that any development proposed within the Boundary or SOI of the Strathmore PUD would be served by domestic water service available from the Strathmore PUD. Agricultural related water service within these areas would likely be provided by the LSID.

8.7.2 Adjacent Service Providers

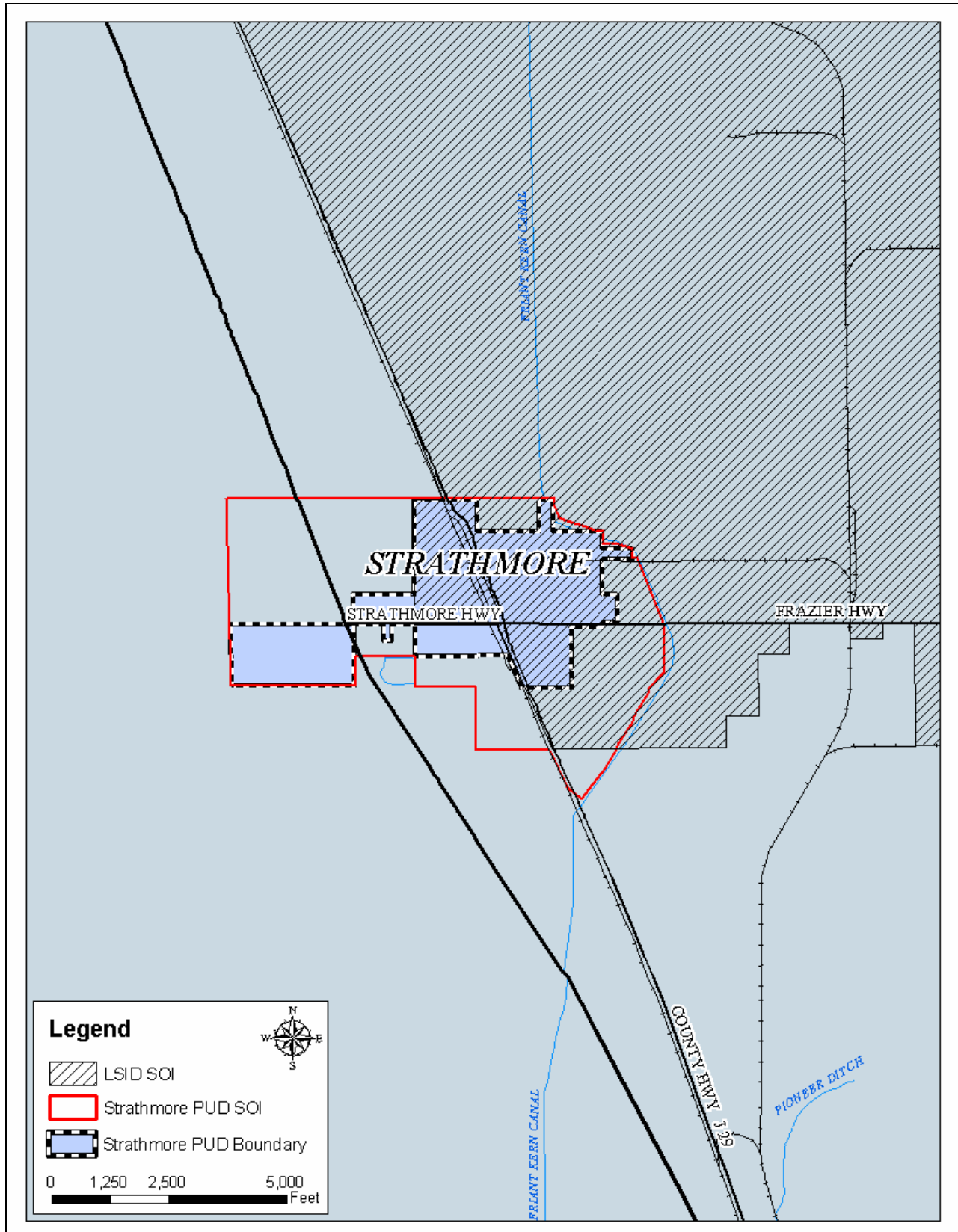
The boundaries of the Strathmore PUD overlap with the boundaries of the LSID, both of which are empowered to provide domestic water service within their respective boundaries. Figures 8-3 and 8-4 illustrate the areas of overlapping boundaries between the Strathmore PUD boundary/SOI and the LSID boundary, and SOI, respectively.

FIGURE 8-3 AREAS OF OVERLAP BETWEEN STRATHMORE PUD BOUNDARY/SOI AND LSID BOUNDARY



Source: Tulare County GIS Database

FIGURE 8-4 AREAS OF OVERLAP BETWEEN STRATHMORE PUD BOUNDARY/SOI AND LSID SOI



Source: Tulare County GIS Database

The LSID boundary is located adjacent to the District boundary of the Strathmore PUD, but the boundaries do not overlap anywhere. The LSID SOI does however overlap with the Strathmore PUD boundary, as shown on Figure 8-4. In addition, the LSID boundary and SOI both overlap with the SOI of the Strathmore PUD. Due to continued difficulties with the LSID meeting Federal drinking water standards (in areas served by non-treated water), the Strathmore PUD should consider ultimately becoming the sole provider of domestic water in these areas of overlapping boundaries, as long as it is feasible to do so. As indicated by the District's Engineer, pending developments near Avenue 196 and S.R. 65 would max out the District's water system capacity, and further expansion of water service would require the District to acquire additional water rights. Where necessary, the LSID should provide for irrigation water only in these areas of overlapping boundaries. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is no longer needed, and it is feasible for the Strathmore PUD to become the primary domestic water service provider. Ultimately, overlapping boundaries with the Strathmore PUD should be resolved between the Strathmore PUD, the LSID, and Tulare County LAFCO.

8.7.3 Written Determinations

1. Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO, including annexations, and SOI amendment proposals. SOI amendments and other changes in organization shall be processed in accordance with the policies and procedures set forth by Tulare County LAFCO.
2. Prior to development within its SOI area, the Strathmore PUD should work closely with the LSID to determine which agency can most efficiently provide domestic water service. Currently, the LSID is referring all new requests for domestic water service to either the City of Lindsay or the Strathmore PUD. For this reason, it is likely that any development proposed within the Boundary or SOI of the Strathmore PUD would be served by domestic water service available from the Strathmore PUD. Agricultural related water service within these areas would likely be provided by the LSID.
3. The boundaries of the Strathmore PUD overlap with the boundaries of the LSID, both of which are empowered to provide domestic water service within their respective boundaries.
4. The LSID should consider phasing out domestic water service within these areas of overlapping boundaries, and possibly relinquish these services to the Strathmore PUD, as feasible. As these areas of overlapping boundaries continue to urbanize, it may be beneficial to reduce the boundaries of the LSID where irrigation water is no longer needed, and it is feasible for the Strathmore PUD to become the primary domestic water service provider. Ultimately, overlapping boundaries with the Strathmore PUD should be resolved between the Strathmore PUD, the LSID, and Tulare County LAFCO.
5. As indicated by the District's Engineer, pending developments near Avenue 196 and S.R. 65 would max out the District's water system capacity, and further expansion of water service would require the District to acquire additional water rights.

8.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the Strathmore PUD.

8.8.1 Organizational Structure

Based upon a review of information provided by the Strathmore PUD, it appears as if the provisions of sanitary sewer service and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers. The Strathmore PUD has continued to be successful in obtaining outside funding through State and Federal Grant/Loan programs for the implementation of capital infrastructure improvement projects. The Strathmore PUD has adopted accounting and finance functions, current personnel regulations and resolutions. The District undergoes annual audits in compliance with auditing standards.

The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.

The Strathmore PUD is well managed, and has demonstrated its ability to work with other agencies to maximize its efficiency. The District continues to be actively involved in the Strathmore community and supports community growth and prosperity through working with the Strathmore Improvement District and actively participating in the Tulare County General Plan Update process.

The Strathmore PUD is governed by a three member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures. The District holds regularly scheduled board meetings at the Water Treatment Plant Building located at 19630 Wallace Road in Strathmore. The site is ADA accessible.

8.8.2 Written Determinations

1. Based upon information made available, it appears as if the provisions of sanitary sewer and domestic water service are managed in an efficient manner, meeting the needs of the community and ratepayers.
2. The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.
3. The Strathmore PUD is well managed, and has demonstrated its ability to work with other agencies to maximize its efficiency. The District continues to be actively involved in the Strathmore community and supports community growth and prosperity through working with the Strathmore Improvement District and actively participating in the Tulare County General Plan Update process.
4. The Strathmore PUD is governed by a three member Board of Directors elected at large from within its boundaries and is responsible for setting policy and general administrative procedures.

8.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the agency's decision-making processes.

8.9.1 Public Access and Information Methods

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure against the ability to provide adequate services to the SOI and annexation areas.

The Strathmore PUD has a three member Board of Directors elected by voters residing within the District Boundary. Regularly scheduled Board meetings, which are open to the public, are held on the second Thursday of each month at 5:30 p.m. at the Water Treatment Plant Office located at 19630 Wallace Road in Strathmore. Agendas for Board meetings are posted and notices provided consistent with public meeting requirements (i.e., the Brown Act) including posting on-site. The District adopts budgets and rate changes at hearings where the public is notified and invited.

The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website. It would make sense to post information regarding District affairs on the County websites, since Strathmore is an unincorporated community within Tulare County, and there is a mutual interest in the community.

The internet is a relatively low-cost yet powerful method of involving the general public/customers/ratepayers in District affairs. Greater dissemination of information can lead to greater interest in attending Board meetings and participating in elections. It also allows the public, some of whom are not physically able to attend Board meetings, to follow District activities remotely from their home or business.

8.9.2 Written Determinations

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the second Thursday of each month at 5:30 p.m. at the Water Treatment Plant office located at 19630 Wallace Road in Strathmore. Agendas for Board meetings are posted on-site at the District office.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

CHAPTER 9 – TERRA BELLA IRRIGATION DISTRICT MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations of the Terra Bella Irrigation District Municipal Service Review (MSR). As part of its review of municipal services, the Tulare County Local Agency Formation Commission (LAFCO) is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Terra Bella Irrigation District MSR identifies the following written determinations:

Written Determinations

1) Growth and Population

1. Between 1990 and 2000, Terra Bella experienced an average annual population growth rate of approximately 2.4%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Terra Bella will continue to experience growth at an average annual rate between 2% and 3%, indicating the community would reach a year 2025 population between 5,700 and 7,250 residents.
3. The Terra Bella Irrigation District provides rural (irrigation water) as well as urban (domestic water) services, to the Terra Bella community and surrounding area. Based upon a comparison of the Terra Bella UAB to the District's Boundary and SOI, it can be concluded that the District's Boundary and SOI are representative of the District's rural service area.
4. Based upon discussions with District staff, the District has established an urban service boundary (Water Quality Improvement Boundary) for the purpose of providing urban (domestic water) services to the community, and designated growth areas. An exhibit showing the District's Water Quality Improvement Boundary has not been provided for this review.
5. It is recommended that LAFCO consider adopting an "urban" SOI for the purpose of distinguishing between urban and rural service areas for the Terra Bella Irrigation District, consistent with County General Plan policies.
6. Establishment of an "urban" SOI should be a collaborative effort between the Terra Bella Irrigation District (which has an established Water Quality Improvement Boundary identifying the domestic water service area), the Tulare County Resource Management Agency (which has an adopted UAB or UDB for the Terra Bella community), and Tulare County LAFCO (which would adopt an "urban" SOI), to ensure boundary consistency and consistency between County goals and policies, and the needs of the community and District.

2) Infrastructure Needs & Deficiencies

1. The Terra Bella Irrigation District operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. The Terra Bella Irrigation District operates two separate water systems, one system which receives surface water from the Friant Kern Canal, which is treated before entering the distribution system. This system is the primary source for domestic water service within the urban area of the District.
3. Based upon information provided by District staff, there are approximately 700 connections which receive treated surface water. The District's water treatment plant was constructed in 1998, and was constructed to allow for additional capacity above and beyond the expected 1998 demands.
4. The District has a water contract with the U.S. Bureau of Reclamation to receive 29,000 acre feet of water per year from the Friant Kern Canal (water which is used for both domestic and irrigation purposes). The District's treated domestic water system is in good operating condition, and could be expanded to support 600 to 700 additional connections, according to District staff.
5. The District operates a separate water system that has a primary function of providing irrigation water to the outlying rural areas of the community. This water is untreated. There are also domestic water connections to the District's rural (irrigation) water system that primarily serve rural residential homes related to agricultural. The water supplied by this system does not meet Federal drinking water standards, and is therefore considered to be non-potable.
6. The District sends out a quarterly letter to all residents which receive untreated tap water indicating that the water does not meet Federal drinking water standards, is considered to be non-potable, and shall not be used for drinking or cooking. The potable water source for such connections is considered to be bottled water.

3) Financing Constraints and Opportunities

1. The Terra Bella Irrigation District adopts a budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address reserves, revenues, expenditures, investments, outstanding debts and contingency appropriations.
2. Without accounting for depreciation in its entirety, the District operates within the limits of its financial resources. The District's revenues include proceeds from its participation in the Friant Power Authority, as a member of the Friant Water Users Authority. Revenue from the Friant Power Authority continues to be financially beneficial for the District.
3. The District has a comprehensive Capital Improvement Project Budget which is prepared annually in conjunction with the District's budget. In 2005, the District implemented about

\$340,000 worth of capital improvements, and budgeted for over \$400,000 in capital improvements for 2006. The District uses standby charges and connection fees to fund capital improvements.

4. The two most significant revenue sources of the District come from power sales and from irrigation water sales. For this reason, it can be concluded that additional irrigation demand resulting from increased farming operations within the District could result in more affordable irrigation water supplied by the District. On the other hand, it can be concluded that a decrease in irrigation water demand resulting from the loss of farmland could result in higher costs for irrigation water supplied by the District, and therefore, can be viewed as a potential financial constraint.
5. The District should continue to encourage agricultural related industries within its boundaries (outside the designated urban expansion area), and discourage urban development that would result in the loss of agricultural land as a way of increasing its financial opportunities, and eliminating potential financial constraints. The District should continue to expand and improve its treated domestic water system within the Terra Bella urban expansion area.

4) Cost Avoidance Opportunities

1. The District has demonstrated its ability to avoid unnecessary costs by teaming with other entities in order accomplish goals relating to infrastructure development, maintenance, and operations.
2. The District should continue to encourage agricultural related land uses within its boundaries, and work with the County to discourage urban development that would result in the loss of farmland as a way of avoiding unnecessary costs. The District should continue expand and improve its treated domestic water system within the community's designated urban expansion area to maintain a tight service area as a way of avoiding unnecessary costs.
3. Additional domestic connections within the rural areas of the District would only further increase the District's financial responsibility of improving its domestic water supply to meet current State and Federal drinking water standards, and should be approved only when absolutely necessary.
4. A multi year capital improvement plan is critical to providing efficient public services. It identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and costs, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. The Terra Bella Irrigation District should consider preparing a long term capital plan.
5. The District can avoid unnecessary costs by implementing smart growth practices by continuing to allow urban development only within the designated Terra Bella urban expansion area, and by discouraging urban development that would result in the loss of farmland or "leap frog" development. It can be expected that the District will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.

5) Opportunities for Rate Restructuring

1. The Terra Bella Irrigation District currently bills its customers under a metered rate structure for domestic water. User fees include a base rate of \$13.20 per month which is used for loan repayment and billing processes.
2. The District's monthly domestic water service rates are slightly above average compared to other special district domestic water providers in Tulare County. The District's water connection fee is also above average compared to other domestic water service providers.
3. The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process. The District currently bills under a metered rate structure for domestic water service, which helps promote water conservation.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital improvements to the District's water system. User fees are typically used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

6) Opportunities for Shared Facilities

1. The Terra Bella Irrigation District has demonstrated its ability to work with other entities by entering into several joint ventures including investments, infrastructure projects, domestic and irrigation water agreements, and leasing property, among other ventures.
2. The District has executed a renewal contract with the U.S. Bureau of Reclamation to purchase substantially all of its water from the Bureau. The District is economically dependent upon the Bureau of Reclamation's ability to supply water to the District.
3. The Terra Bella Irrigation District should continue its involvement in the Friant Water Users Authority, Friant Power Authority, the U.S. Bureau of Reclamation, and other District's involved in the Friant Power Authority, as these partnerships have continued to be beneficial for the District.

7) Government Structure Options

1. Any change in organization should be completed in accordance with the Tulare County LAFCO policies and procedures.
2. Any urban development within Terra Bella should occur within the community's designated UAB. Outside of the UAB, it is likely that the annexation of SOI areas into the District would be related to the provision of agricultural irrigation services.
3. Currently there are no foreseeable conditions that would indicate that development within the District's UAB/SOI would result in a change in government structure.

8) Evaluation of Management Efficiencies

1. Based upon information made available, it appears as if the provisions of domestic and irrigation water service are managed in an efficient manner, meeting the needs of the community and ratepayers.
2. The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.
3. The Terra Bella Irrigation District is well managed, and has demonstrated its ability to work with other agencies to maximize its efficiency.
4. The Terra Bella Irrigation District is governed by a five member Board of Directors elected at large from within its boundaries and is responsible for setting policy and general administrative procedures.

9) Local Accountability and Governance

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the second Wednesday of each month at the District office located at 24790 Avenue 95 in Terra Bella. Agendas for Board meetings are posted on-site at the District office.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

9.0 TERRA BELLA IRRIGATION DISTRICT

9.0.1 Background

The requirement for LAFCO to conduct reviews of local municipal services was established with the passage of AB 2838 known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill passed the legislature, and was signed into law by Governor Davis on September 26, 2000. MSRs provide LAFCO with an additional tool to fulfill their statutory responsibilities of promoting orderly growth and development, preserving the States finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all Californians in the most efficient and effective manner. MSRs are a requirement of State annexation law and are required to be completed before the consideration of a Sphere of Influence (SOI) amendment or once every five years when a SOI amendment is not being considered.

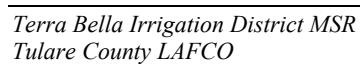
In July 2003 Tulare County LAFCO adopted an MSR exemption policy that identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from an MSR study. The Terra Bella Irrigation District is subject to a full comprehensive study. The policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

Terra Bella, an unincorporated community in Tulare County, is located in the southern portion of the County along State Route 65, approximately 7½ miles south of Porterville. The Terra Bella Irrigation District, formed in January 1915, performs the following functions; provision of irrigation and domestic water. Domestic water is the primary service provided by the Terra Bella Irrigation District that is subject to a MSR.

Terra Bella is an industrial and agriculturally oriented service community surrounded by lands in agricultural production, vacant lands, and scattered rural residential homes. Cities and communities surrounding Terra Bella include Porterville to the north, Ducor to the south and Poplar-Cotton Center to the northwest. Regional access to and from the community of Terra Bella is provided by S.R. 65. The Tulare County/Kern County Line is located approximately 12 miles south of Terra Bella. The current District Boundary and the currently adopted SOI for the Terra Bella Irrigation District are illustrated on Figure 9-1.

Source: Tulare County GIS Database



The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act; 1) Growth and population, 2) Infrastructure needs and deficiencies, 3) Financial constraints and opportunities, 4) Cost avoidance opportunities, 5) Opportunities for rate restructuring, 6) Opportunities for shared facilities, 7) Government structure options, 8) Evaluation of management efficiencies, and 9) Local accountability and governance.

9.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of the service needs of Terra Bella.

9.1.1 Historical Data

The Census Bureau, on a decennial basis, identifies and provides detailed information on all incorporated Cities along with several smaller unincorporated communities (termed Census Designated Places – CDPs). In each Census, community profiles are developed and provide a wide range of information pertaining to population, demographics, housing information, household data, education and employment, income and poverty, and historical trends.

Census 2000 data indicates that Terra Bella had a population of 3,466 as of January 2000. *Census 1990* data indicates that Terra Bella had a population of 2,740 corresponding to an average annual growth rate between 1990 and 2000 of approximately 2.4%. The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. Assuming no development constraints, it is likely that the Terra Bella community will continue to grow at an average annual rate between 2% and 3%. Using an average annual growth rate between 2% and 3%, the Terra Bella community would reach a year 2025 population between 5,700 and 7,250 residents.

9.1.2 Planning Boundaries

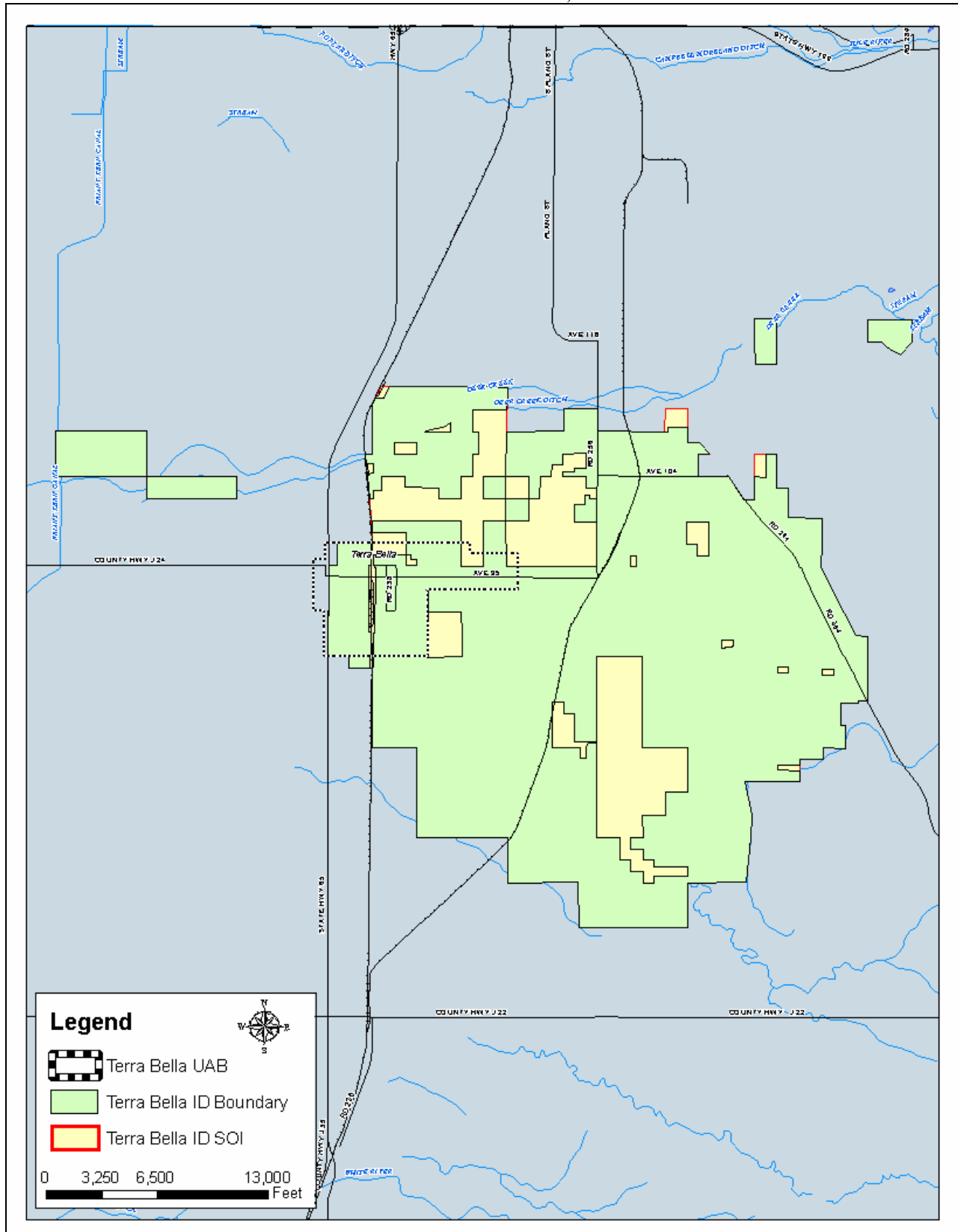
In addition to a SOI, which is defined by LAFCO as the "...physical boundary and service area that a local government agency is expected to serve..." an urban area boundary (UAB) has been established and designates the Terra Bella urban expansion area. Figure 9-2 shows the District Boundary and SOI in comparison to the community's UAB.

The Tulare County General Plan contains an Urban Boundaries Element which establishes goals for designating realistic planning areas around cities and unincorporated communities which could be used to help determine boundaries for community service districts and County service areas, in areas where differing levels of service are required, and within which corporate annexations may take place. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1UB.C.1 – Unincorporated Communities Policies.

"Urban Development Boundaries are established around the following unincorporated communities in the County to serve as official urban planning areas for these communities: Cutler-Orosi, Ducor, Earlimart, East Orosi, Goshen, Ivanhoe, Lemon Cove, London, Pixley, Plainview, Poplar-Cotton Center, Richgrove, Strathmore, Terra Bella, Tipton, Traver, Woodville, Alpaugh, and Springville."

"A land use plan is to be developed for each community with an Urban Development Boundary, specifying desired densities and land use categories, with particular attention to defining suitable areas for the full range of urban development and rural residential development. Such plans shall include the entire area within the Boundary and shall recognize the short and long term ability of each community to provide necessary urban services within its Urban Development Boundary."

FIGURE 9-2 – TERRA BELLA IRRIGATION DISTRICT BOUNDARY, SOI & UAB



Source: Tulare County GIS Database

Furthermore, the County of Tulare General Plan Policy Summary Sections 1UB.F.1. and 1UB.F.2. set forth policies with regard to “Boundary Consistency”, and “Review and Revision of Boundaries.” Excerpts from these sections of the County General Plan Policy Summary relating to special districts are reiterated below.

“In areas where special districts provide rural as well as urban services, LAFCo should distinguish between “urban” and “rural” service areas for the purpose of establishing Spheres of Influence for such districts. If an unincorporated community is served by a special district, the Urban Development Boundary should be consistent with the district’s “urban” Sphere of Influence.”

“County census boundaries should be as consistent as possible with Urban Development Boundaries.”

“Urban Area Boundaries and Urban Development Boundaries shall be reviewed at least once every five years to determine if boundary changes are justified, or if additional boundaries are needed for communities not included herein. However, a review may be conducted at any time on request of the affected city or agency.”

The Terra Bella Irrigation District provides rural (irrigation water) as well as urban (domestic water) services, to the Terra Bella community and surrounding area. Based upon a comparison of the Terra Bella UAB to the District’s Boundary and SOI, it can be concluded that the District’s Boundary and SOI are representative of the District’s rural service area.

Based upon discussions with District staff, the District has established an urban service boundary (Water Quality Improvement Boundary) for the purpose of providing urban (domestic water) services to the community, and designated growth areas. An exhibit showing the Districts Water Quality Improvement Boundary has not been provided for this review. It is recommended that LAFCO consider adopting an “urban” SOI for the purpose of distinguishing between urban and rural service areas for the Terra Bella Irrigation District. If pursued, the “urban” SOI for the Terra Bella Irrigation District should be as consistent as possible with the community’s UAB/UDB (designated urban expansion area) and the District’s established Water Quality Improvement Boundary. Establishment of an “urban” SOI should be a collaborative effort between the Terra Bella Irrigation District (which has an established Water Quality Improvement Boundary identifying the domestic water service area), the Tulare County Resource Management Agency (which has an adopted UAB or UDB for the Terra Bella community), and Tulare County LAFCO (which would adopt an “urban” SOI), to ensure boundary consistency and consistency between County goals and policies, and the needs of the community and District.

9.1.3 Written Determinations

1. Between 1990 and 2000, Terra Bella experienced an average annual population growth rate of approximately 2.4%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Terra Bella will continue to experience growth at an average annual rate between 2% and 3%, indicating the community would reach a year 2025 population between 5,700 and 7,250 residents.
3. The Terra Bella Irrigation District provides rural (irrigation water) as well as urban (domestic water) services, to the Terra Bella community and surrounding area. Based upon a comparison of the Terra Bella UAB to the District’s Boundary and SOI, it can be concluded that the District’s Boundary and SOI are representative of the District’s rural service area.

4. Based upon discussions with District staff, the District has established an urban service boundary (Water Quality Improvement Boundary) for the purpose of providing urban (domestic water) services to the community, and designated growth areas. An exhibit showing the District's Water Quality Improvement Boundary has not been provided for this review.
5. It is recommended that LAFCO consider adopting an "urban" SOI for the purpose of distinguishing between urban and rural service areas for the Terra Bella Irrigation District, consistent with County General Plan policies.
6. Establishment of an "urban" SOI should be a collaborative effort between the Terra Bella Irrigation District (which has an established Water Quality Improvement Boundary identifying the domestic water service area), the Tulare County Resource Management Agency (which has an adopted UAB or UDB for the Terra Bella community), and Tulare County LAFCO (which would adopt an "urban" SOI), to ensure boundary consistency and consistency between County goals and policies, and the needs of the community and District.

9.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the Terra Bella Irrigation District in terms of availability of resources, capacity to deliver services, condition of facilities, service quality, and levels of service.

9.2.1 Domestic Water

The Terra Bella Irrigation District is responsible for providing domestic and irrigation water services within the District's designated Boundaries. The District's water system is regulated by the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.

The Terra Bella Irrigation District operates two separate water systems, one system which receives surface water from the Friant Kern Canal, which is treated before entering the distribution system. This system is the primary source for domestic water service within the urban area of the District. This system has two standby wells that are used as backup supplies. Based upon information provided by District staff, there are approximately 700 connections which receive treated surface water. The District's water treatment plant was constructed in 1998, and was constructed to allow for additional capacity (approximately double according to District staff) above and beyond what the expected 1998 demands would be. The District has a water contract with the U.S. Bureau of Reclamation to receive 29,000 acre feet of water per year from the Friant Kern Canal (water which is used for both domestic and irrigation purposes). The District's treated domestic water system is in good operating condition, and could be expanded to support 600 to 700 additional connections, according to District staff.

The District also operates a second water system that has a primary function of providing irrigation water to the outlying rural areas of the community. Water for this rural water system is supplied from a series of underground wells and surface water from the Friant Kern Canal. This water is untreated. There are also domestic water connections to the District's rural (irrigation) water system that primarily serve rural residential homes related to agricultural. The water supplied by this system does not meet Federal drinking water standards, and is therefore considered to be non-potable. The District sends out a quarterly letter to all residents which receive tap water from this system indicating that the water does not meet Federal drinking water standards, is considered to be non-potable, and shall not be used for drinking or cooking. The potable water source for such connections is considered to be bottled water.

9.2.2 Written Determinations

1. The Terra Bella Irrigation District operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. The Terra Bella Irrigation District operates two separate water systems, one system which receives surface water from the Friant Kern Canal, which is treated before entering the distribution system. This system is the primary source for domestic water service within the urban area of the District.
3. Based upon information provided by District staff, there are approximately 700 connections which receive treated surface water. The District's water treatment plant was constructed in

1998, and was constructed to allow for additional capacity above and beyond the expected 1998 demands.

4. The District has a water contract with the U.S. Bureau of Reclamation to receive 29,000 acre feet of water per year from the Friant Kern Canal (water which is used for both domestic and irrigation purposes). The District's treated domestic water system is in good operating condition, and could be expanded to support 600 to 700 additional connections, according to District staff.
5. The District operates a separate water system that has a primary function of providing irrigation water to the outlying rural areas of the community. This water is untreated. There are also domestic water connections to the District's rural (irrigation) water system that primarily serve rural residential homes related to agricultural. The water supplied by this system does not meet Federal drinking water standards, and is therefore considered to be non-potable.
6. The District sends out a quarterly letter to all residents which receive untreated tap water indicating that the water does not meet Federal drinking water standards, is considered to be non-potable, and shall not be used for drinking or cooking. The potable water source for such connections is considered to be bottled water.

9.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate the jurisdictions capability to finance needed improvements and services.

9.3.1 Annual Budget

LAFCO should consider the ability of the District to pay for improvements or services associated with annexed sites. This planning can begin at the SOI stage by identifying what opportunities there are to identify infrastructure and maintenance needs associated with future annexation and development, and identifying limitations on financing such improvements, as well as the opportunities that exist to construct and maintain those improvements. In the case of the Terra Bella Irrigation District, LAFCO should distinguish between urban and rural services provided by the District and establish an “urban” SOI that designates which areas can be provided with treated domestic water services from the District.

The District adopts a budget each year (on a calendar year cycle opposed to a fiscal year cycle) and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, outstanding debts and contingency appropriations.

The District’s budget is well organized and thorough and specifically identifies all incomes and expenses of the District for the upcoming calendar year. The District’s 2005 budget provides an overview of District incomes and expenditures, in addition to a detailed description of expenditures for each department of the District; Administration, Operations, Water Quality Improvement Project, and Restricted Reserves. The District also has a comprehensive Capital Improvement Project Budget that is prepared on an annual basis in conjunction with the District’s budget. Table 9-1 provides a summary of the District’s revenues and expenditures for the 2005 calendar year.

TABLE 9-1
TERRA BELLA IRRIGATION DISTRICT
2005 REVENUES VS EXPENDITURES SUMMARY

Summary (All Departments)	2005 Budgeted	2005 Actual
Total Income	\$5,094,255	\$5,066,063
Total Expenses	\$5,147,530	\$4,994,526
Net Income (Loss)	-	\$71,537
Departmental	2005 Budgeted	2005 Actual
Administration		
Income	\$1,218,714	\$1,517,238
Expenses	\$1,767,300	\$1,774,934
Net Income (Loss)		(\$257,696)
Operations		
Income	\$3,230,251	\$3,027,383
Expenses	\$3,190,875	\$3,045,555
Net Income (Loss)		(\$18,172)
Water Quality Imp. Project		
Income	\$312,790	\$313,107
Expenses	\$189,355	\$164,939
Annual Loan Payment	\$116,027	\$116,125
Net Income (Loss)		\$32,043
Capital Imp. Project Budget		
Income	\$320,000	\$334,797
Expenses	\$411,111	\$337,995
Net Income (Loss)		(\$3,198)
Restricted Reserves		\$18,671

Source: Terra Bella Irrigation District 2005/2006 Budgets

It should be noted that the District's administrative budget accounts for estimated depreciation of over \$308,000. Without accounting for this depreciation in its entirety, the District operates within the limits of its financial resources. The District's revenues include proceeds from its participation in the Friant Power Authority, as a member of the Friant Water Users Authority. Revenue from the Friant Power Authority continues to be financially beneficial for the District.

The District has a comprehensive Capital Improvement Project Budget which is prepared annually in conjunction with the District's budget. In 2005, the District implemented about \$340,000 worth of capital improvements, and budgeted for over \$400,000 in capital improvements for 2006. The District uses standby charges and connection fees to fund capital improvements. Capital expenditures of the District include the following.

- Pipeline Replacement Program
- Meter Replacement Program
- Pump Station Remodels/Improvements
- Office Furniture/Computers
- Vehicle Replacement
- Backhoe Overhaul
- Water Quality Improvement Project

The two most significant revenue sources of the District come from power sales and from irrigation water sales. For this reason, it can be concluded that additional irrigation demand resulting from increased farming operations within the District could result in more affordable irrigation water supplied by the District. On the other hand, it can be concluded that a decrease in irrigation water demand resulting from the loss of farmland could result in higher costs for irrigation water supplied by the District, and therefore, can be viewed as a potential financial constraint.

Financial opportunities of the District could include, but may not be limited to, available State and Federal funding related to the agricultural irrigation, and power supply industries. The District could also apply for State and/or Federal funding relating to the Clean Water Act in order to improve its domestic water operations, and water supplies.

The District should continue to encourage agricultural related industries within its boundaries (outside the designated urban expansion area), and discourage urban development that would result in the loss of agricultural land as a way of increasing its financial opportunities, and eliminating potential financial constraints. The District should continue to expand and improve its treated domestic water system within the Terra Bella urban expansion area.

9.3.2 Written Determinations

1. The Terra Bella Irrigation District adopts a budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address reserves, revenues, expenditures, investments, outstanding debts and contingency appropriations.
2. Without accounting for depreciation in its entirety, the District operates within the limits of its financial resources. The District's revenues include proceeds from its participation in the Friant Power Authority, as a member of the Friant Water Users Authority. Revenue from the Friant Power Authority continues to be financially beneficial for the District.
3. The District has a comprehensive Capital Improvement Project Budget which is prepared annually in conjunction with the District's budget. In 2005, the District implemented about

\$340,000 worth of capital improvements, and budgeted for over \$400,000 in capital improvements for 2006. The District uses standby charges and connection fees to fund capital improvements.

4. The two most significant revenue sources of the District come from power sales and from irrigation water sales. For this reason, it can be concluded that additional irrigation demand resulting from increased farming operations within the District could result in more affordable irrigation water supplied by the District. On the other hand, it can be concluded that a decrease in irrigation water demand resulting from the loss of farmland could result in higher costs for irrigation water supplied by the District, and therefore, can be viewed as a potential financial constraint.
5. The District should continue to encourage agricultural related industries within its boundaries (outside the designated urban expansion area), and discourage urban development that would result in the loss of agricultural land as a way of increasing its financial opportunities, and eliminating potential financial constraints. The District should continue to expand and improve its treated domestic water system within the Terra Bella urban expansion area.

9.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

9.4.1 Cost Avoidance Strategies

The District has demonstrated its ability to avoid unnecessary costs by teaming with other entities in order to accomplish goals relating to infrastructure development, maintenance, and operations. Examples include working with the U.S. Bureau of Reclamation to obtain water rights from the Friant-Kern Canal, and the District's involvement in the Friant Power Authority.

The District should continue to encourage agricultural related land uses within its boundaries, and work with the County to discourage urban development that would result in the loss of farmland as a way of avoiding unnecessary costs. The District should continue to expand and improve its treated domestic water system within the community's designated urban expansion area to maintain a tight service area as a way of avoiding unnecessary costs. The District delivers domestic water which is considered to be "non-potable" by current standards to rural areas within the District's Boundary. Additional domestic connections within the rural areas of the District would only further increase the District's financial responsibility of improving its domestic water supply to meet current State and Federal drinking water standards.

Capital planning is critical to water, sewer, transportation, sanitation, and other essential public services. It is also an important component of a community's economic development program and strategic plan. It is difficult for governments to address the current and long term needs of their constituents without a sound multi year capital plan that clearly identifies capital and major equipment needs, maintenance requirements, funding options, and operating budget impacts. A properly prepared capital plan is essential to the future financial health of an organization and continued delivery of services to citizens and businesses. The Government Finance Officers Association recommends that state and local governments prepare and adopt comprehensive multi year capital plans to ensure effective management of capital assets. A prudent multi year capital plan identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. A capital plan should cover a period of at least three years, preferably five or more. The Terra Bella Irrigation District should consider preparing a long term capital plan.

The District can avoid unnecessary costs by implementing smart growth practices by continuing to allow urban development only within the designated Terra Bella urban expansion area, and by discouraging urban development that would result in the loss of farmland or "leap frog" development. It can be expected that the District will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas. The Terra Bella Irrigation District should continue to work with the County to preserve farmland within the rural areas District, outside of the designated urban expansion area (UAB).

If the SOI were expanded in the future, the District would assume fiscal responsibilities to construct or maintain domestic water infrastructure associated with the SOI and any territories that were annexed. LAFCO should consider the relative financial and operational burden of new annexations to the District when it comes to its ability to provide water service, as well as capital maintenance and replacements required as a result of expanding the District Boundary. Opportunities exist at the time of annexation and development to introduce alternative methods of construction and maintenance of public or semi-public infrastructure to serve the future SOI/annexation areas.

9.4.2 Written Determinations

1. The District has demonstrated its ability to avoid unnecessary costs by teaming with other entities in order accomplish goals relating to infrastructure development, maintenance, and operations.
2. The District should continue to encourage agricultural related land uses within its boundaries, and work with the County to discourage urban development that would result in the loss of farmland as a way of avoiding unnecessary costs. The District should continue expand and improve its treated domestic water system within the community's designated urban expansion area to maintain a tight service area as a way of avoiding unnecessary costs.
3. Additional domestic connections within the rural areas of the District would only further increase the District's financial responsibility of improving its domestic water supply to meet current State and Federal drinking water standards, and should be approved only when absolutely necessary.
4. A multi year capital improvement plan is critical to providing efficient public services. It identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and costs, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. The Terra Bella Irrigation District should consider preparing a long term capital plan.
5. The District can avoid unnecessary costs by implementing smart growth practices by continuing to allow urban development only within the designated Terra Bella urban expansion area, and by discouraging urban development that would result in the loss of farmland or "leap frog" development. It can be expected that the District will avoid unnecessary costs that may be caused by the annexation of proposed SOI areas through comprehensive analysis of the costs and benefits of a proposed development in those areas.

9.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels.

9.5.1 Fee Structure

The Terra Bella Irrigation District currently bills its customers under a metered rate structure for domestic water. Table 9-2 shows a comparison of water rates and connection fees for all applicable service providers being reviewed. The table also shows the relationship between monthly service charges and average household incomes within the respective communities. Since some of the service providers charge a metered rate for water, it is necessary to calculate an average monthly bill based upon a specific amount of usage taken as 2,005 cubic feet, or approximately 15,000 gallons, per month for this analysis.

**TABLE 9-2
TERRA BELLA ID COMPARISON OF WATER RATES**

Service Provider	Sample Monthly Bill	Connection Fee	Average Household Income	Rate/Income Ratio
Earlimart PUD	\$12.50	\$1,500	\$1,775/mo.	0.70%
Ivanhoe PUD	\$9.50	\$1,700	\$2,171/mo.	0.44%
Pixley PUD	\$20.00	\$2,000	\$1,942/mo.	1.03%
Teviston CSD	\$30.00	\$800	\$2,014/mo.	1.49%
Tipton CSD	\$24.00	\$2,800	\$2,198/mo.	1.09%
Alpaugh JPA	\$55.00	\$1,500	\$1,974/mo.	2.79%
Cutler PUD	\$18.00	\$1,500	\$2,028/mo.	0.89%
Orosi PUD	\$19.08	\$2,400	\$2,533/mo.	0.75%
Lemon Cove SD	\$10.01	\$500	\$2,361/mo.	0.42%
London CSD	\$18.00	\$1,400	\$1,807/mo.	1.00%
Lindsay-Strathmore ID	\$14.18 ⁷	T&M	\$2,096/mo.	0.68%
Poplar CSD	\$25.00	\$3,650	\$2,043/mo.	1.22%
Richgrove CSD	\$23.00	NA	\$1,907/mo.	1.21%
Springville PUD	\$44.16	\$3,020	\$2,023/mo.	2.18%
Strathmore PUD	\$43.30	\$1,150	\$2,096/mo.	2.06%
Terra Bella ID	\$25.38⁸	\$2,908	\$2,109/mo.	1.20%
Woodville PUD	\$27.28	\$3,350	\$2,123/mo.	1.28%
Average	\$25.26	\$2,012	\$2,080/mo.	1.21%

Notes: 1) Fee information obtained from service providers

2) Average household income based upon Census 2000 data

3) Rate/Income ratio calculated by dividing sample monthly bill by average household income

4) Sample monthly bill is calculated for a typical single family dwelling

5) NA=Not Available

6) T&M=Time and Material basis

7) Based on an average of four separate rates charged by the Lindsay-Strathmore Irrigation District

8) Based on potable water service provided by the Terra Bella Irrigation District

9) Lindsay-Strathmore ID rates/fees omitted from the average calculations

As indicated in Table 9-2, the Terra Bella Irrigation District charges a monthly rate for domestic water service that is slightly above average compared to surrounding domestic water service providers. The

cost of domestic water service within Terra Bella equates to approximately 1.20% of the average household income within the community, which is slightly below the average of 1.21%. The District also charges a new connection fee in order to hook up to the District's treated water system, which is currently set at \$2,908 for a typical single family dwelling. The District's water connection fee is among the above average compared to other domestic water service providers throughout Tulare County.

The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Often it is necessary to increase fees to keep pace with cost of living increases and rising material and construction costs. Any rate increases for domestic water service should be substantiated and adopted through a public hearing process. The District currently bills its customers under a metered rate structure for domestic water service, which helps promote water conservation.

The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital improvements to the District's water system. User fees are typically used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

9.5.2 Written Determinations

1. The Terra Bella Irrigation District currently bills its customers under a metered rate structure for domestic water. User fees include a base rate of \$13.20 per month which is used for loan repayment and billing processes.
2. The District's monthly domestic water service rates are slightly above average compared to other special district domestic water providers in Tulare County. The District's water connection fee is also above average compared to other domestic water service providers.
3. The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process. The District currently bills under a metered rate structure for domestic water service, which helps promote water conservation.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital improvements to the District's water system. User fees are typically used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

9.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for a jurisdiction to share facilities and resources, thereby increasing efficiency.

9.6.1 Shared Facilities/Resources

The Terra Bella Irrigation District has demonstrated its ability to work with other entities by entering into several joint ventures including investments, infrastructure projects, domestic and irrigation water agreements, and leasing property, among other ventures.

The District has executed a renewal contract with the U.S. Bureau of Reclamation to purchase substantially all of its water from the Bureau. If the Bureau is unable to deliver the water needed by the District it could result in reductions of revenues and funds available to the District. Therefore the District is economically dependent upon the Bureau of Reclamation's ability to supply water to the District.

The Terra Bella Irrigation District should continue its involvement in the Friant Water Users Authority, Friant Power Authority, the U.S. Bureau of Reclamation, and other District's involved in the Friant Power Authority, as these partnerships have continued to be beneficial for the District.

9.6.2 Written Determinations

1. The Terra Bella Irrigation District has demonstrated its ability to work with other entities by entering into several joint ventures including investments, infrastructure projects, domestic and irrigation water agreements, and leasing property, among other ventures.
2. The District has executed a renewal contract with the U.S. Bureau of Reclamation to purchase substantially all of its water from the Bureau. The District is economically dependent upon the Bureau of Reclamation's ability to supply water to the District.
3. The Terra Bella Irrigation District should continue its involvement in the Friant Water Users Authority, Friant Power Authority, the U.S. Bureau of Reclamation, and other District's involved in the Friant Power Authority, as these partnerships have continued to be beneficial for the District.

9.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services.

9.7.1 Development within SOI Areas

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. According to the LAFCO Municipal Service Review Guidelines, elimination of overlapping boundaries that confuse the public and cause service inefficiencies should be considered to avoid unnecessary increases in the cost of infrastructure. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation.

Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (county, city or special district). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Any urban development within Terra Bella should occur within the community's designated UAB. Outside of the UAB, it is likely that the annexation of SOI areas into the District would be related to the provision of agricultural irrigation services. Prior to development within its SOI area, the District should complete infrastructure planning – including master plans – to address the infrastructure needs of affected areas and funding mechanisms to meet those needs. The District and/or County could also require developers to prepare specific plans prior to approving development within the District's SOI. The District should continue to expand and improve its treated domestic water system to accommodate development within its designated urban expansion area (UAB) with developer assistance.

9.7.2 Written Determinations

1. Any change in organization should be completed in accordance with the Tulare County LAFCO policies and procedures.
2. Any urban development within Terra Bella should occur within the community's designated UAB. Outside of the UAB, it is likely that the annexation of SOI areas into the District would be related to the provision of agricultural irrigation services.
3. Currently there are no foreseeable conditions that would indicate that development within the District's UAB/SOI would result in a change in government structure.

9.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the jurisdiction.

9.8.1 Organizational Structure

Based upon a review of information provided by the Terra Bella Irrigation District, it appears as if the provisions of domestic and irrigation water service are managed in an efficient manner, meeting the needs of the community and ratepayers. The Terra Bella Irrigation District has continued to be successful in obtaining outside funding through State and Federal Grant/Loan programs for the implementation of capital infrastructure improvement projects. The Terra Bella Irrigation District has adopted accounting and finance functions, current personnel regulations and resolutions. The District undergoes annual audits in compliance with auditing standards.

The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.

The Terra Bella Irrigation District is well managed, and has demonstrated its ability to work with other agencies to maximize its efficiency. The Terra Bella Irrigation District is governed by a five-member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures. The District holds regularly scheduled board meetings at the District Office located at 24790 Avenue 95 in Terra Bella.

9.8.2 Written Determinations

1. Based upon information made available, it appears as if the provisions of domestic and irrigation water service are managed in an efficient manner, meeting the needs of the community and ratepayers.
2. The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.
3. The Terra Bella Irrigation District is well managed, and has demonstrated its ability to work with other agencies to maximize its efficiency.
4. The Terra Bella Irrigation District is governed by a five member Board of Directors elected at large from within its boundaries and is responsible for setting policy and general administrative procedures.

9.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the Terra Bella Irrigation District's decision-making processes.

9.9.1 Public Access and Information Methods

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure against the ability to provide adequate services to the SOI and annexation areas.

The Terra Bella Irrigation District has a five member Board of Directors elected by voters residing within the Districts Boundary. Regularly scheduled Board meetings are held on the second Wednesday of each month, located at 24790 Avenue 95 in Terra Bella.

The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website. It would make sense to post information regarding District affairs on the County websites, since Terra Bella is an unincorporated community within Tulare County, and there is a mutual interest in the community.

The internet is a relatively low-cost yet powerful method of involving the general public/customers/ratepayers in District affairs. Greater dissemination of information can lead to greater interest in attending Board meetings and participating in elections. It also allows the public, some of whom are not physically able to attend Board meetings, to follow District activities remotely from their home or business.

9.9.2 Written Determinations

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the second Wednesday of each month at the District office located at 24790 Avenue 95 in Terra Bella. Agendas for Board meetings are posted on-site at the District office.
2. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

CHAPTER 10 – TERRA BELLA SEWER MAINTENANCE DISTRICT MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations of the Terra Bella Sewer Maintenance District Municipal Service Review (MSR). As part of its review of municipal services, the Tulare County Local Agency Formation Commission (LAFCO) is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Terra Bella Sewer Maintenance District MSR identifies the following written determinations:

Written Determinations

1) Growth and Population

1. Between 1990 and 2000, Terra Bella experienced an average annual population growth rate of approximately 2.4%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Terra Bella will continue to experience growth at an average annual rate between 2% and 3%, indicating the community would reach a year 2025 population between 5,700 and 7,250 residents.
3. Consistent with the Urban Boundaries element of the Tulare County General Plan, the Terra Bella UAB is consistent with the SOI established for the Terra Bella Sewer Maintenance District.

2) Infrastructure Needs & Deficiencies

1. The District provides sanitary sewer collection, treatment, and disposal services to residents within its Boundary. The total number of connections to the District's sewer system is unknown.
2. The District owns and operates a WWTF located north of the community. The WWTF is operated under the provisions of Order No. 95-029 issued by the California RWQCB, which prescribes that the monthly average dry weather discharge shall not exceed 0.30 MGD.
3. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.28 MGD, indicating that the WWTF is operating at approximately 93% of its permitted capacity.
4. Based upon available information, at this time, there is very little capacity available for additional connections to the District's sewer system. Additional capacity will be needed in order to accommodate projected growth through year 2025.

5. Without significant improvements to its WWTF to increase capacity, it is unlikely that the District would be able to provide sewer service to any significant development projects proposed within its current SOI, or any proposed SOI expansion areas.
6. The District should begin planning for expansions to its WWTF, as current flows are above 90% of the plant's capacity. Ideally, capital improvement planning should begin when actual flows reach 75% of available capacity. This allows District's time to secure funding for and implement capital improvements to WWTFs before reaching capacity.

3) Financing Constraints and Opportunities

1. The District's method of financing is from taxes, special assessments, assessment bonds, user fees, and new connection fees. During fiscal year 2004, the District's expenditures totaled approximately \$253,000.
2. While the District's budget generally covers the annual operation and maintenance costs of the District's infrastructure, and required staffing, including depreciation and fixed assets, the District has little resources available to dedicate towards capital infrastructure improvements. For this reason, the District is forced to seek alternative means to finance needed capital improvements, for example, state and/or federal grants, which can often be a long and tedious process.
3. To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development.
4. The Terra Bella Sewer Maintenance District is currently servicing a long term debt that is part of a loan and grant received from the Farmers Home Administration (FHA). Debt service is currently being accomplished through customer user fees. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District.
5. It is likely that development within the SOI will rely on infrastructure available from the District. For this reason the District should be prepared to accommodate such growth. The preparation and implementation of a sewer system master plan would increase the District's preparedness when development within its SOI is proposed.

4) Cost Avoidance Opportunities

1. The District avoids unnecessary costs by operating with part-time and full-time staffing. The District is governed by the Tulare County Board of Directors, and uses County Counsel and the Tulare County Resource Management Agency (RMA) for legal counsel, and engineering services, respectively, on an as needed basis. The District also contracts out for consulting engineering services that cannot be handled in house by the Tulare County Resource Management Agency.
2. The District requires new development projects to pay connection fees in order to mitigate impacts to the District's infrastructure, currently set at \$500 per equivalent dwelling unit (EDU) for sewer connections. It is recommended that the District continue to work with the

development community to fund the construction of sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

3. Master planning could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capital improvements that would allow for development within the community.
4. The District could also avoid unnecessary costs associated with the construction and maintenance of capital infrastructure by promoting development in infill areas, and areas where infrastructure is already in place.

5) Opportunities for Rate Restructuring

1. The Terra Bella Sewer Maintenance District charges a monthly rate for sewer service that is above average compared to other special district sewer service providers in Tulare County.
2. The new connection fee charged by the Terra Bella Sewer Maintenance District is significantly below average compared to other sewer service providers in the County. This is an indication that an evaluation of the District's current connection fee may be warranted. Connection fees should be evaluated and established in accordance with Assembly Bill 1600, which requires that a "nexus" be established between development impact fees, and the necessary improvements tied to that fee.
3. The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process.
4. Generally, user fees should be used for the operation and maintenance of existing infrastructure (including capital replacement costs) while connection fees should be used for the construction of new infrastructure to accommodate new development.

6) Opportunities for Shared Facilities

1. Since the location of the Terra Bella Sewer Maintenance District Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist.

7) Government Structure Options

1. Prior to approving expansions to its SOI area, the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.
3. The District should continually expand and improve its sanitary sewer infrastructure to accommodate development within its current District Boundary/SOI areas with developer assistance.

4. The District's SOI is coterminous with the community's UAB. The District should work to build out its infrastructure within its existing District Boundary and SOI/UAB prior to entertaining proposals to expand its SOI/UAB.
5. Currently there are no foreseeable conditions indicating that development within the District's Boundary/SOI would result in a change in government structure.

8) Evaluation of Management Efficiencies

1. The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.
2. The Terra Bella Sewer Maintenance District is governed by the Tulare County Board of Supervisors, which is made up five members which are responsible for setting policy and general administrative procedures. Tulare County Board of Supervisors meetings are held every Tuesday at 9:00 a.m. at the Board of Supervisors Chambers located at 2800 W. Burrel Avenue in Visalia. The Board convenes as the Terra Bella Sewer Maintenance District as needed.
3. District representatives can be contacted by phone, and are available in person at the Tulare County Resource Management Agency in Visalia. The District employs a certified operator that operates the District's sewer system. District personnel should be available to respond to emergencies during non business hours.

9) Local Accountability and Governance

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled Board meetings are held every Tuesday at 9:00 a.m. at the Board of Supervisors Chambers located at 2800 W. Burrel Avenue in Visalia. The Board convenes as the Terra Bella Sewer Maintenance District as needed.
2. Public participation could be significantly improved if the governing body of the District were to meet at a location within the Terra Bella community. In addition, it is possible that community interests would be better represented by a localized governing body.
3. The Tulare County Resource Management Agency should work with Tulare County LAFCO to have information regarding Terra Bella Sewer Maintenance District affairs posted on the Tulare County RMA and/or LAFCO website. The County could post information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs.

10.0 TERRA BELLA SEWER MAINTENANCE DISTRICT

10.0.1 Background

The requirement for LAFCO to conduct reviews of local municipal services was established with the passage of AB 2838 known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill passed the legislature, and was signed into law by Governor Davis on September 26, 2000. MSRs provide LAFCO with an additional tool to fulfill their statutory responsibilities of promoting orderly growth and development, preserving the States finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all Californians in the most efficient and effective manner. MSRs are a requirement of State annexation law and are required to be completed before the consideration of a Sphere of Influence (SOI) amendment or once every five years when a SOI amendment is not being considered.

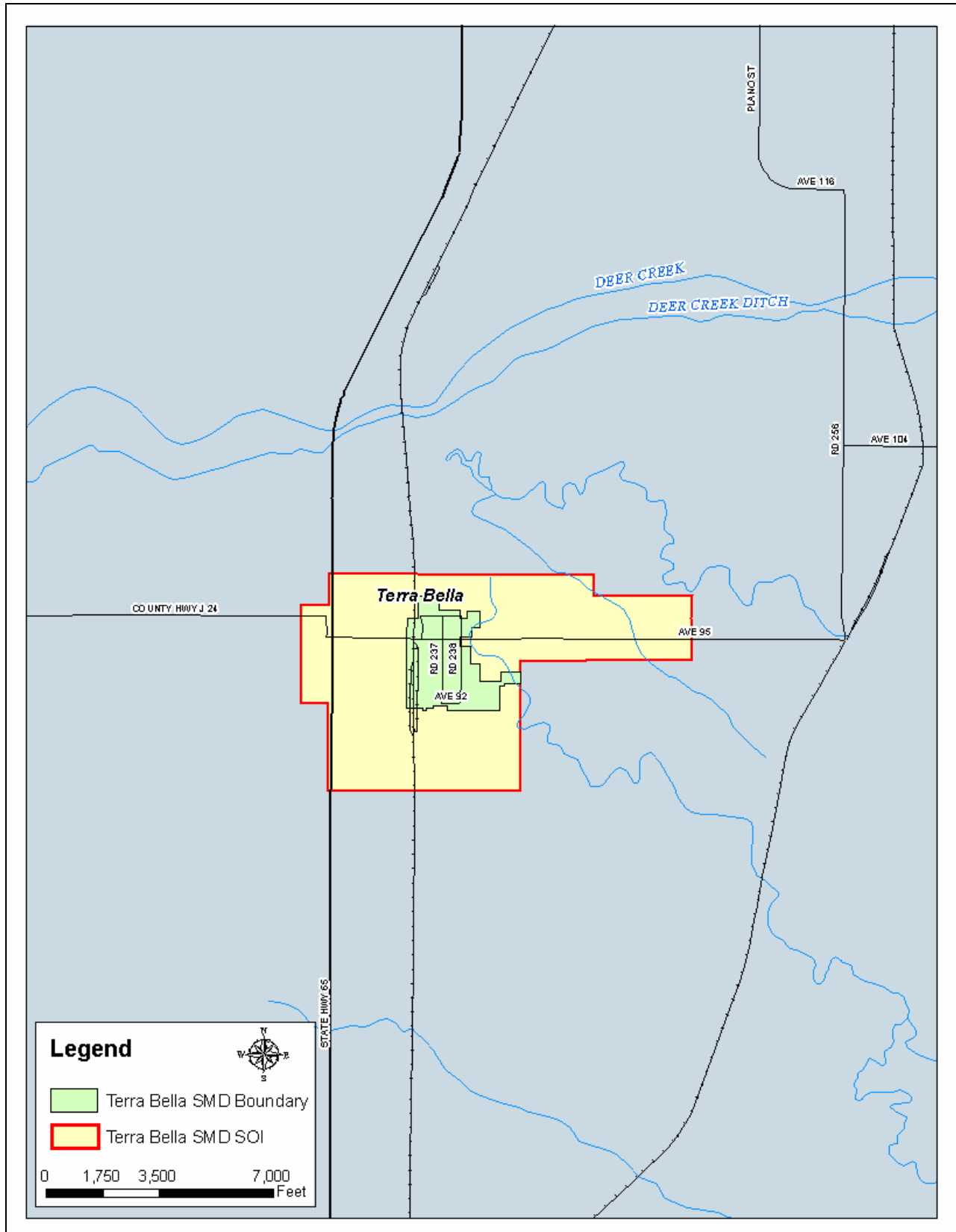
In July 2003 Tulare County LAFCO adopted an MSR exemption policy that identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from an MSR study. The Terra Bella Sewer Maintenance District is subject to a full comprehensive study. The policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

Terra Bella, an unincorporated community in Tulare County, is located in the southern portion of the County along State Route 65, approximately 7½ miles south of Porterville. The Terra Bella Sewer Maintenance District, formed in January 1942, has a primary function of providing sewage disposal services to the community. Sanitary sewer is the primary service provided by the Terra Bella Sewer Maintenance District that is subject to a MSR.

Terra Bella is an industrial and agriculturally oriented service community surrounded by lands in agricultural production, vacant lands, and scattered rural residential homes. Cities and communities surrounding Terra Bella include Porterville to the north, Ducor to the south and Poplar-Cotton Center to the northwest. Regional access to and from the community of Terra Bella is provided by S.R. 65. The Tulare County/Kern County Line is located approximately 12 miles south of Terra Bella. The current District Boundary and the currently adopted SOI for the Terra Bella Sewer Maintenance District are illustrated on Figure 10-1.

FIGURE 10-1 – TERRA BELLA SEWER MAINTENANCE DISTRICT BOUNDARY AND SOI



Source: Tulare County GIS Database

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act; 1) Growth and population, 2) Infrastructure needs and deficiencies, 3) Financial constraints and opportunities, 4) Cost avoidance opportunities, 5) Opportunities for rate restructuring, 6) Opportunities for shared facilities, 7) Government structure options, 8) Evaluation of management efficiencies, and 9) Local accountability and governance.

10.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of the service needs of Terra Bella.

10.1.1 Historical Data

The Census Bureau, on a decennial basis, identifies and provides detailed information on all incorporated Cities along with several smaller unincorporated communities (termed Census Designated Places – CDPs). In each Census, community profiles are developed and provide a wide range of information pertaining to population, demographics, housing information, household data, education and employment, income and poverty, and historical trends.

Census 2000 data indicates that Terra Bella had a population of 3,466 as of January 2000. *Census 1990* data indicates that Terra Bella had a population of 2,740 corresponding to an average annual growth rate between 1990 and 2000 of approximately 2.4%. The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. Assuming no development constraints, it is likely that the Terra Bella community will continue to grow at an average annual rate between 2% and 3%. Using an average annual growth rate between 2% and 3%, the Terra Bella community would reach a year 2025 population between 5,700 and 7,250 residents.

10.1.2 Planning Boundaries

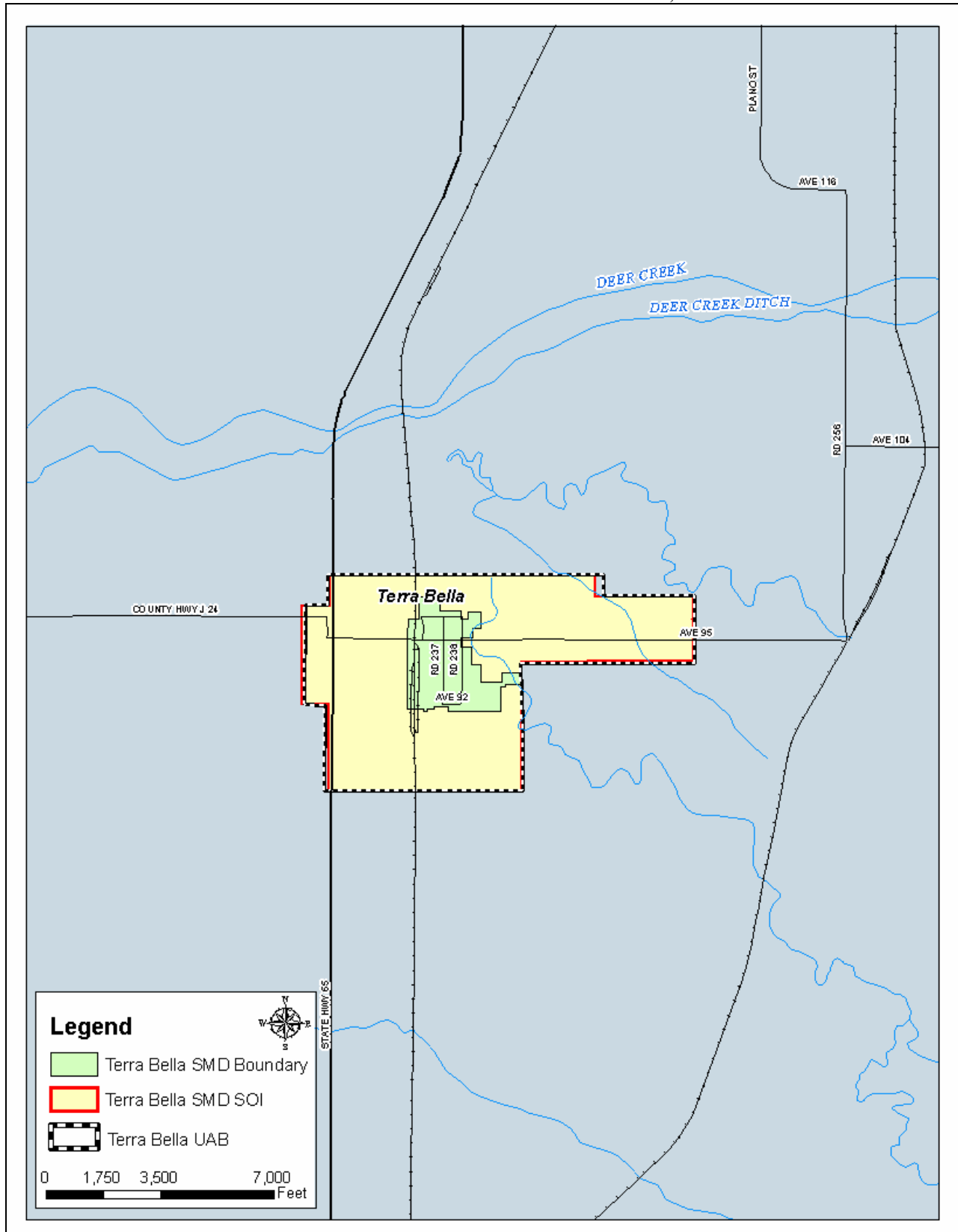
In addition to a SOI, which is defined by LAFCO as the "...physical boundary and service area that a local government agency is expected to serve..." an urban area boundary (UAB) has been established and designates the Terra Bella urban expansion area. Figure 10-2 shows the District Boundary and SOI in comparison to the community's UAB.

The Tulare County General Plan contains an Urban Boundaries Element which establishes goals for designating realistic planning areas around cities and unincorporated communities which could be used to help determine boundaries for community service districts and County service areas, in areas where differing levels of service are required, and within which corporate annexations may take place. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1UB.C.1 – Unincorporated Communities Policies.

"Urban Development Boundaries are established around the following unincorporated communities in the County to serve as official urban planning areas for these communities: Cutler-Orosi, Ducor, Earlimart, East Orosi, Goshen, Ivanhoe, Lemon Cove, London, Pixley, Plainview, Poplar-Cotton Center, Richgrove, Strathmore, Terra Bella, Tipton, Traver, Woodville, Alpaugh, and Springville."

"A land use plan is to be developed for each community with an Urban Development Boundary, specifying desired densities and land use categories, with particular attention to defining suitable areas for the full range of urban development and rural residential development. Such plans shall include the entire area within the Boundary and shall recognize the short and long term ability of each community to provide necessary urban services within its Urban Development Boundary."

FIGURE 10-2 – TERRA BELLA SEWER MAINTENANCE DISTRICT BOUNDARY, SOI & TERRA BELLA UAB



Source: Tulare County GIS Database

Furthermore, the County of Tulare General Plan Policy Summary Sections 1UB.F.1. and 1UB.F.2. set forth policies with regard to “Boundary Consistency”, and “Review and Revision of Boundaries.” Excerpts from these sections of the County General Plan Policy Summary relating to special districts are reiterated below.

“In areas where special districts provide rural as well as urban services, LAFCo should distinguish between “urban” and “rural” service areas for the purpose of establishing Spheres of Influence for such districts. If an unincorporated community is served by a special district, the Urban Development Boundary should be consistent with the district’s “urban” Sphere of Influence.”

“County census boundaries should be as consistent as possible with Urban Development Boundaries.”

“Urban Area Boundaries and Urban Development Boundaries shall be reviewed at least once every five years to determine if boundary changes are justified, or if additional boundaries are needed for communities not included herein. However, a review may be conducted at any time on request of the affected city or agency.”

As indicated on Figure 10-2, the Terra Bella UAB is consistent with the SOI established for the Terra Bella Sewer Maintenance District, which is consistent with County General Plan policies.

10.1.3 Written Determinations

1. Between 1990 and 2000, Terra Bella experienced an average annual population growth rate of approximately 2.4%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Terra Bella will continue to experience growth at an average annual rate between 2% and 3%, indicating the community would reach a year 2025 population between 5,700 and 7,250 residents.
3. Consistent with the Urban Boundaries element of the Tulare County General Plan, the Terra Bella UAB is consistent with the SOI established for the Terra Bella Sewer Maintenance District.

10.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the Terra Bella Sewer Maintenance District in terms of availability of resources, capacity to deliver services, condition of facilities, service quality, and levels of service.

10.2.1 Sanitary Sewer

The Terra Bella Sewer Maintenance District is responsible for providing sanitary sewer service to residents within its Boundary. The total number of connections to the District's sewer system is unknown. Raw sewage is collected and transported to a wastewater treatment and disposal facility (WWTF) located north of the community.

The District's WWTF is operated under the provisions of Waste Discharge Requirements Order No. 95-029 issued by the California Regional Water Quality Control Board (RWQCB), Central Valley Region. Order No. 95-029 prescribes that the monthly average discharge flow shall not exceed 0.30 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is approximately 0.28 MGD. Based upon available information, it can be concluded that the District's WWTF is currently operating at approximately 93% of its permitted capacity. This indicates that, at this time, there is very little capacity available for additional connections to the District's sewer system. Additional capacity will be needed in order to accommodate projected growth through year 2025. The District's WWTF is currently operating in full compliance with Order No. 95-029, issued by the RWQCB.

Without significant improvements to its WWTF to increase capacity, it is unlikely that the District would be able to provide sewer service to any significant development projects proposed with its current SOI, or any proposed SOI expansion areas.

The Terra Bella Sewer Maintenance District recycles its wastewater by irrigating adjacent olive orchards. The District's wastewater reclamation activities promote water conservation, groundwater recharge, and demonstrate the District's desire to conserve its potable water sources.

The District should begin planning for expansions to its WWTF, as current flows are above 90% of the plant's capacity. Ideally, capital improvement planning should begin when actual flows reach 75% of available capacity. This allows District's time to secure funding for and implement capital improvements to WWTFs before reaching capacity.

10.2.2 Written Determinations

1. The District provides sanitary sewer collection, treatment, and disposal services to residents within its Boundary. The total number of connections to the District's sewer system is unknown.
2. The District owns and operates a WWTF located north of the community. The WWTF is operated under the provisions of Order No. 95-029 issued by the California RWQCB, which prescribes that the monthly average dry weather discharge shall not exceed 0.30 MGD.
3. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is 0.28 MGD, indicating that the WWTF is operating at approximately 93% of its permitted capacity.

4. Based upon available information, at this time, there is very little capacity available for additional connections to the District's sewer system. Additional capacity will be needed in order to accommodate projected growth through year 2025.
5. Without significant improvements to its WWTF to increase capacity, it is unlikely that the District would be able to provide sewer service to any significant development projects proposed with its current SOI, or any proposed SOI expansion areas.
6. The District should begin planning for expansions to its WWTF, as current flows are above 90% of the plant's capacity. Ideally, capital improvement planning should begin when actual flows reach 75% of available capacity. This allows District's time to secure funding for and implement capital improvements to WWTFs before reaching capacity.

10.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate the jurisdictions capability to finance needed improvements and services.

10.3.1 Annual Budget

LAFCO should consider the ability of the District to pay for improvements or services associated with annexed sites. This planning can begin at the SOI stage by identifying what opportunities there are to identify infrastructure and maintenance needs associated with future annexation and development, and identifying limitations on financing such improvements, as well as the opportunities that exist to construct and maintain those improvements.

The Terra Bella SMD provided data regarding estimated expenditures for fiscal year 2003-04. However, no data was provided related to available resources or estimated revenues. Therefore a comprehensive evaluation of the District's financial stability cannot be made at this time. During fiscal year 2004, the District's expenditures totaled approximately \$253,000. The District's method of financing is from taxes, special assessments, assessment bonds, user fees, and new connection fees.

The District adopts a budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, and rates and fees. While the District's budget generally covers the annual operation and maintenance costs of the District's infrastructure, and required staffing, including depreciation and fixed assets, the District has little resources available to dedicate towards capital infrastructure improvements. For this reason, the District is forced to seek alternative means to finance needed capital improvements, for example, state and/or federal grants, which can often be a long and tedious process.

To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. Small District's such as the Terra Bella Sewer Maintenance District are often forced to enter into long term debt obligations to finance needed infrastructure improvements. The Terra Bella Sewer Maintenance District is currently servicing a long term debt that is part of a loan and grant received from the Farmers Home Administration (FHA). Debt service is currently being accomplished through customer user fees. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District.

The District generally requires new development projects to construct the necessary infrastructure to serve their development. A program of developer obligated infrastructure improvements provides for the installation of physical infrastructure to serve development sites and therefore relieves the financial obligation of the District. Developers are also required to pay new connection fees for rights to sewer capacity, which are ultimately used by the District for capital capacity improvements. These fees are set by the Board of Directors by resolution, and are allocated to a restricted reserve account. The District should periodically review these new connection fees to ensure that they are adequate to cover expensive capital improvements that are needed in order to accommodate new development.

It is likely that development within the SOI will rely on infrastructure available from the District. For this reason the District should be prepared to accommodate such growth. The preparation and implementation of a sewer system master plan would increase the District's preparedness when development within its

SOI is proposed. The District could potentially obtain funding assistance by applying for available State and/or Federal grants to prepare, and potentially implement, master plans.

Due to the District's limited financial resources, it is recommended that the District work with the development community to construct infrastructure improvements that would increase the capacity of the District's sewer system, and WWTF. Master planning infrastructure out to the District's SOI Boundary would provide a baseline for the infrastructure needs within its SOI, in addition to identifying any existing deficiencies.

10.3.2 Written Determinations

1. The District's method of financing is from taxes, special assessments, assessment bonds, user fees, and new connection fees. During fiscal year 2004, the District's expenditures totaled approximately \$253,000.
2. While the District's budget generally covers the annual operation and maintenance costs of the District's infrastructure, and required staffing, including depreciation and fixed assets, the District has little resources available to dedicate towards capital infrastructure improvements. For this reason, the District is forced to seek alternative means to finance needed capital improvements, for example, state and/or federal grants, which can often be a long and tedious process.
3. To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development.
4. The Terra Bella Sewer Maintenance District is currently servicing a long term debt that is part of a loan and grant received from the Farmers Home Administration (FHA). Debt service is currently being accomplished through customer user fees. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District.
5. It is likely that development within the SOI will rely on infrastructure available from the District. For this reason the District should be prepared to accommodate such growth. The preparation and implementation of a sewer system master plan would increase the District's preparedness when development within its SOI is proposed.

10.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

10.4.1 Fiscal Structure

The District has adequate staff resources and administrative capabilities to provide the needed level of services to the residents within its boundaries. The District avoids unnecessary costs by operating with part-time and full-time staffing. The District is governed by the Tulare County Board of Directors, and uses County Counsel and the Tulare County Resource Management Agency (RMA) for legal counsel, and engineering services, respectively, on an as needed basis. The District also contracts out for consulting engineering services that cannot be handled in house by the Tulare County Resource Management Agency.

The District requires new development projects to pay connection fees in order to mitigate impacts to the District's infrastructure, currently set at \$500 per equivalent dwelling unit (EDU) for sewer connections. The District should periodically review these new connection fees to ensure that they are adequate to cover expensive capital improvements that are needed in order to accommodate new development. It is recommended that the District continue to work with the development community to fund the construction of sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

The preparation of a sewer system master plan could help the District avoid unnecessary costs associated with the construction of emergency system improvements to meet demands. Master plans identify infrastructure improvements that will be needed in the future, including an improvement timeline that would allow the District adequate time to set aside and/or obtain funding for those future improvements before the absence of such improvements begins to delay or halt proposed development. Master plans typically identify funding sources for their implementation.

If the SOI were expanded in the future, the District would assume fiscal responsibilities to construct or maintain the sewer infrastructure associated with the SOI and any territories that were annexed. LAFCO should consider the relative financial and operational burden of new annexations to the District when it comes to its ability to provide sewer service, as well as capital maintenance and replacements required as a result of expanding the District Boundary. Opportunities exist at the time of annexation and development to introduce alternative methods of construction and maintenance of public or semi-public infrastructure to serve the future SOI/annexation areas.

10.4.2 Written Determinations

1. The District avoids unnecessary costs by operating with part-time and full-time staffing. The District is governed by the Tulare County Board of Directors, and uses County Counsel and the Tulare County Resource Management Agency (RMA) for legal counsel, and engineering services, respectively, on an as needed basis. The District also contracts out for consulting engineering services that cannot be handled in house by the Tulare County Resource Management Agency.
2. The District requires new development projects to pay connection fees in order to mitigate impacts to the District's infrastructure, currently set at \$500 per equivalent dwelling unit (EDU) for sewer connections. It is recommended that the District continue to work with the

development community to fund the construction of sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

3. Master planning could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capital improvements that would allow for development within the community.
4. The District could also avoid unnecessary costs associated with the construction and maintenance of capital infrastructure by promoting development in infill areas, and areas where infrastructure is already in place.

10.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels.

10.5.1 Fee Structure

The Terra Bella Sewer Maintenance District currently charges its customers a monthly flat rate for sanitary sewer service. Table 10-1 shows a comparison of sewer rates and connection fees, respectively, for all applicable service providers being reviewed. The table also shows the relationship between monthly service charges and average household incomes within the respective communities.

**TABLE 10-1
TERRA BELLA SMD COMPARISON OF SEWER RATES**

Service Provider	Monthly Sewer User Fee (1 EDU)¹	Connection Fee¹	Average Household Income²	Rate/Income Ratio
Goshen CSD	\$32.00	\$975	\$2,359/mo.	1.36%
Earlismart PUD	\$7.50	\$1,000	\$1,775/mo.	0.42%
Ivanhoe PUD	\$9.50	\$1,890	\$2,171/mo.	0.44%
Pixley PUD	\$15.00	\$1,800	\$1,942/mo.	0.77%
Tipton CSD	\$8.00	\$1,050	\$2,198/mo.	0.36%
Cutler PUD	\$22.00	\$3,520	\$2,028/mo.	1.08%
Orosi PUD	\$22.97	\$1,745	\$2,533/mo.	0.91%
Lemon Cove SD	\$4.50	\$500	\$2,361/mo.	0.19%
London CSD	\$21.00	\$1,990	\$1,807/mo.	1.16%
Poplar CSD	\$25.00	\$1,300	\$2,043/mo.	1.22%
Richgrove CSD	\$18.00	\$750	\$1,907/mo.	0.94%
Springville PUD	\$35.06	\$3,900	\$2,023/mo.	2.16%
Strathmore PUD	\$14.70	\$500	\$2,096/mo.	0.70%
Terra Bella SMD	\$21.00	\$500	\$2,109/mo.	1.00%
Woodville PUD	\$19.25	\$4,200	\$2,123/mo.	0.91%
Average	\$18.93	\$1,985	\$2,098/mo.	0.90%

1) Source: Wastewater User Charge Survey Report FY 2005-06 (Cal EPA – SWRCB, May 2006)

2) Source: Census 2000

As indicated in Table 10-1, the Terra Bella Sewer Maintenance District charges monthly rates for sewer service that are above average compared to surrounding sewer service providers. The cost of sanitary sewer service within Terra Bella equates to approximately 1.00% of the average household income within the community, which is slightly above the average of 0.90%. However, the Terra Bella Sewer Maintenance District connection fee is significantly below average compared to other sanitary sewer service providers throughout the County, currently at \$500. This is an indication that an evaluation of the District's current connection fee may be warranted. Connection fees should be evaluated and established in accordance with Assembly Bill 1600, which requires that a "nexus" be established between development impact fees, and the necessary improvements tied to that fee.

The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Often it is necessary to increase user fees and/or connection fees to keep pace with cost of living increases and rising material and construction costs. Any rate increases should be substantiated and adopted through a public hearing process.

Generally, user fees should be used for the operation and maintenance of existing infrastructure (including capital replacement costs) while connection fees should be used for the construction of new infrastructure to accommodate new development.

10.5.2 Written Determinations

1. The Terra Bella Sewer Maintenance District charges a monthly rate for sewer service that is above average compared to other special district sewer service providers in Tulare County.
2. The new connection fee charged by the Terra Bella Sewer Maintenance District is significantly below average compared to other sewer service providers in the County. This is an indication that an evaluation of the District's current connection fee may be warranted. Connection fees should be evaluated and established in accordance with Assembly Bill 1600, which requires that a "nexus" be established between development impact fees, and the necessary improvements tied to that fee.
3. The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process.
4. Generally, user fees should be used for the operation and maintenance of existing infrastructure (including capital replacement costs) while connection fees should be used for the construction of new infrastructure to accommodate new development.

10.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for a jurisdiction to share facilities and resources, thereby increasing efficiency.

10.6.1 Shared Facilities

Since the location of the Terra Bella Sewer Maintenance District Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist. Currently the Terra Bella Sewer Maintenance District is the only sewer service provider in the immediate area.

10.6.2 Written Determinations

1. Since the location of the Terra Bella Sewer Maintenance District Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist.

10.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services.

10.7.1 Development within SOI Areas

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. According to the LAFCO Municipal Service Review Guidelines, elimination of overlapping boundaries that confuse the public and cause service inefficiencies should be considered to avoid unnecessary increases in the cost of infrastructure. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation.

Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (county, city or special district). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Prior to development within its SOI area, the District should complete infrastructure planning – including master plans – to address the infrastructure needs of affected areas and funding mechanisms to meet those needs. The District could also require developers to prepare specific plans prior to approving development within the District's SOI. The District should continually expand and improve its sewer infrastructure to accommodate development within its current District Boundary and SOI areas with developer assistance.

Any urban development within Terra Bella should occur within the community's designated UAB. The District should continue to expand and improve its sanitary sewer system to accommodate development within its designated urban expansion area (UAB) with developer assistance. The District should work to build out its infrastructure within its existing District Boundary and SOI/UAB prior to entertaining proposals to expand its SOI/UAB.

10.7.2 Written Determinations

1. Prior to approving expansions to its SOI area, the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.

3. The District should continually expand and improve its sanitary sewer infrastructure to accommodate development within its current District Boundary/SOI areas with developer assistance.
4. The District's SOI is coterminous with the community's UAB. The District should work to build out its infrastructure within its existing District Boundary and SOI/UAB prior to entertaining proposals to expand its SOI/UAB.
5. Currently there are no foreseeable conditions indicating that development within the District's Boundary/SOI would result in a change in government structure.

10.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the jurisdiction.

10.8.1 Organizational Structure

Based upon a review of information provided by the Terra Bella Sewer Maintenance District, it appears that the provision of sanitary sewer service is managed in an efficient manner, meeting the needs of the community and ratepayers. The Terra Bella Sewer Maintenance District has adopted accounting and finance functions, current personnel regulations and resolutions. The District undergoes annual audits in compliance with auditing standards.

The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.

The Terra Bella Sewer Maintenance District is governed by the Tulare County Board of Supervisors, which is made up five members which are responsible for setting policy and general administrative procedures. Tulare County Board of Supervisors meetings are held every Tuesday at 9:00 a.m. at the Board of Supervisors Chambers located at 2800 W. Burrel Avenue in Visalia. The Board convenes as the Terra Bella Sewer Maintenance District as needed.

District representatives can be contacted by phone, and are available in person at the Tulare County Resource Management Agency in Visalia. The District employs a certified operator that operates the District's sewer system. District personnel should be available to respond to emergencies during non business hours.

10.8.2 Written Determinations

1. The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.
2. The Terra Bella Sewer Maintenance District is governed by the Tulare County Board of Supervisors, which is made up five members which are responsible for setting policy and general administrative procedures. Tulare County Board of Supervisors meetings are held every Tuesday at 9:00 a.m. at the Board of Supervisors Chambers located at 2800 W. Burrel Avenue in Visalia. The Board convenes as the Terra Bella Sewer Maintenance District as needed.
3. District representatives can be contacted by phone, and are available in person at the Tulare County Resource Management Agency in Visalia. The District employs a certified operator that operates the District's sewer system. District personnel should be available to respond to emergencies during non business hours.

10.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the Terra Bella Sewer Maintenance District's decision-making processes.

10.9.1 Public Access and Information Methods

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure against the ability to provide adequate services to the SOI and annexation areas.

The Terra Bella Sewer Maintenance District is governed by the Tulare County Board of Supervisors. Regularly scheduled Board meetings are held every Tuesday at 9:00 a.m. at the Board of Supervisors Chambers located at 2800 W. Burrel Avenue in Visalia. The Board convenes as the Terra Bella Sewer Maintenance District as needed. Public participation could be significantly improved if the governing body of the District were to meet at a location within the Terra Bella community. In addition, it is possible that community interests would be better represented by a localized governing body.

The Tulare County Resource Management Agency should work with Tulare County LAFCO to have information regarding Terra Bella Sewer Maintenance District affairs posted on the Tulare County RMA and/or LAFCO website. The County could post information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs. It would make sense to post information regarding District affairs on the County websites, since Terra Bella is an unincorporated community within Tulare County, and there is a mutual interest in the community.

The internet is a relatively low-cost yet powerful method of involving the general public/customers/ratepayers in District affairs. Greater dissemination of information can lead to greater interest in attending Board meetings and participating in elections. It also allows the public, some of whom are not physically able to attend Board meetings, to follow District activities remotely from their home or business.

10.9.2 Written Determinations

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled Board meetings are held every Tuesday at 9:00 a.m. at the Board of Supervisors Chambers located at 2800 W. Burrel Avenue in Visalia. The Board convenes as the Terra Bella Sewer Maintenance District as needed.
2. Public participation could be significantly improved if the governing body of the District were to meet at a location within the Terra Bella community. In addition, it is possible that community interests would be better represented by a localized governing body.
3. The Tulare County Resource Management Agency should work with Tulare County LAFCO to have information regarding Terra Bella Sewer Maintenance District affairs posted on the Tulare County RMA and/or LAFCO website. The County could post information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs.

CHAPTER 11 – WOODVILLE PUD MUNICIPAL SERVICE REVIEW

EXECUTIVE SUMMARY

This section provides an overview of the written determinations of the Woodville Public Utility District (PUD) Municipal Service Review (MSR). As part of its review of municipal services, the Tulare County Local Agency Formation Commission (LAFCO) is required to prepare a written statement of its determination with respect to each of the following: 1) Growth and population projections for the affected area; 2) Infrastructure needs and deficiencies; 3) Financing constraints and opportunities; 4) Cost avoidance opportunities; 5) Opportunities for rate restructuring; 6) Opportunities for shared facilities; 7) Government structure options; 8) Evaluation of management efficiencies; and 9) Local accountability and governance. These requirements are established by AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Woodville PUD MSR identifies the following written determinations:

Written Determinations

1) Growth and Population

1. Between 1990 and 2000, Woodville experienced an average annual population growth rate of less than 1%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Woodville will experience population growth at an average annual rate between 1% and 2%, indicating the community would reach a year 2025 population between 2,150 and 2,750 residents.
3. The Woodville PUD has recently issued a “will serve” letter to provide water and sewer service to a proposed 110 lot subdivision located on the west side of Road 168, between Avenue 168 and Avenue 172.
4. The Woodville UAB is, with minor exceptions, consistent with the Woodville PUD SOI. There is an area in the northern area of the community, between Avenue 176 and Cloverdale, which is included within the District’s SOI, but outside of the community’s UAB.

2) Infrastructure Needs & Deficiencies

Domestic Water

1. The Woodville PUD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. Woodville PUD staff has indicated that there are approximately 480 connections to the District’s water system, which consists of two active wells with a total maximum production efficiency of 1,500 gpm, and hydro-pneumatic pressure tanks.
3. The District’s water supply is chlorinated, but has no permanently installed treatment. Based upon the District’s 2004 Consumer Confidence Report, there is no evidence suggesting that the District’s water supply does not meet Federal drinking water standards.

4. Assuming 500 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Woodville PUD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,160 GPM (500 gpm fire flow, and 660 gpm domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served; The District's water system is capable of delivering a combined source flow of 1,500 gpm, indicating that the District's water system meets the requirements of the Tulare County Improvement Standards. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.
5. Based upon a calculation performed in accordance with General Order 103, published by the California Public Utilities Commission, it is estimated that the District's water system is capable of supporting approximately 350 additional equivalent dwelling units. It should be noted that there could be special circumstances, i.e. distribution system pressure constraints, that could significantly affect this result, and a complete assessment should be completed by the District Engineer prior to the approval of additional connections.

Sanitary Sewer

1. The Woodville PUD is also responsible for providing sanitary sewer service to residents within its Boundary. Woodville PUD staff has indicated that there are approximately 480 connections to their sewer system.
2. The District owns and operates a WWTF southwest of the community, which is operated under the provisions of Waste Discharge Requirements Order No. 86-108, issued by the RWQCB. The District's WWTF is currently operating in full compliance with the requirements of Order No. 86-108.
3. Treatment and disposal of wastewater bio-solids are regulated by a broad and complicated body of regulations developed by the EPA, and are commonly referred to as the 503B rule. According to the Engineer for the Woodville PUD, the District is not currently in compliance with the 503B rule pertaining to sludge handling. The District has plans to construct sludge drying beds in 2007 and 2008 in order to achieve compliance with the 503B rule.
4. Order No. 86-108 prescribes that the monthly average daily dry weather discharge flow shall not exceed 0.33 MGD. Available data indicates that current average dry weather flow at the WWTF is 0.12 MGD, indicating that the WWTF is currently operating at about 36% of its capacity.
5. Using the ratio of the current number of connections to the current flow, and assuming 90% of permitted flow to be "at capacity", it is estimated that the District's WWTF could support a total of 1,160 connections (in terms of equivalent dwelling units), or a total population of about 4,100.
6. The District should begin planning for expansions to its WWTF when actual flows reach 75% of the plant capacity. This will allow the District time to secure funding for and implement capital improvements to its WWTF before reaching its capacity.

3) Financing Constraints and Opportunities

1. The District prepares an operating budget on an annual basis, which is segregated into two funds, one for domestic water, and one for sanitary sewer. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.
2. The District is in stable financial condition, as it has over \$130,000 in sewer reserve funds, and over \$550,000 in water reserve funds, which can be used to implement capital infrastructure improvements, and capital equipment replacement when needed.
3. The Woodville PUD is currently repaying one long term debt via its sewer fund, with a total annual service (including principal and interest) of about \$6,500. There are no indications that the District will be taking on additional debt in the near future, as there appears to be sufficient reserve funds at this time.
4. To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. At the same time, existing customers should not be responsible for costs associated with capacity improvements needed to accommodate new development.
5. The District generally requires new development projects to construct the necessary infrastructure to serve their development. A program of developer obligated infrastructure improvements provides for the installation of physical infrastructure to serve development sites and therefore relieves the financial obligation of the District. Developers are also required to pay fees for rights to water and sewer capacity, which are ultimately used by the District for capital capacity improvements including, but not limited to, additional wells, storage facilities, or capital WWTF improvements.

4) Cost Avoidance Opportunities

1. Each year, the District's budget is reviewed with the Board of Directors, District Engineer, and General Manager to ensure that the District continues to operate within the limits of its financial resources.
2. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service to the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
3. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.
4. Master planning its infrastructure could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.

5. A major expense of the District is the energy costs associated with the operation of its water and sewer systems (nearly \$52,000 annually). The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.
6. In the case of the Woodville PUD, it is recommended that the District work to build out infrastructure within its current District Boundary and SOI prior to entertaining any proposals to expand its Boundaries as a way of avoiding unnecessary costs.

5) Opportunities for Rate Restructuring

1. Based upon a comparison to other domestic water and sanitary sewer service providers in Tulare County, it is concluded that the District's fees for water and sewer service are reasonable in comparison.
2. The Woodville PUD bills its customers under a metered rate structure for domestic water service (\$17.25 base rate plus \$0.50 per 100 cubic feet) and charges a monthly flat rate of \$19.25 for sewer service. The District also charges connection fees to new development, currently set at \$3,350 per unit for domestic water, and \$4,200 per unit for sanitary sewer.
3. The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems. User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

6) Opportunities for Shared Facilities

1. Since the location of the Woodville District Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist.

7) Government Structure Options

1. Prior to approving expansions to its SOI area, the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.
3. The District should continually expand and improve its domestic water and sanitary sewer infrastructure to accommodate development within its current District Boundary/SOI areas with developer assistance.

4. The District's SOI is, with minor exceptions, consistent with the community's UAB. The District should work to build out its infrastructure within its existing District Boundary and SOI/UAB prior to entertaining proposals to expand its SOI/UAB.
5. Currently there are no foreseeable conditions indicating that development within the District's Boundary/SOI would result in a change in government structure.

8) Evaluation of Management Efficiencies

1. The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.
2. The Woodville PUD is governed by a five member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures.
3. District representatives can be contacted by phone, and are available in person at the District office located at 16716 Avenue 168 in Woodville. Regularly scheduled board meetings are held on the first Monday of every month at 5:00 p.m. at the District office.
4. The District employs a certified operator that operates the District's water and sewer systems.
5. Based upon information made available, it appears as if the provisions of sanitary sewer and domestic water service are managed in a cost effective, efficient manner, meeting the needs of the community and ratepayers.
6. Based upon the District's 2004-05 budget approximately \$13,000 was appropriated for contingencies, indicating that the District continues to operate within the limits of its financial resources.

9) Local Accountability and Governance

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the first Monday of each month at 5:00 p.m. at the District office. Agendas for Board meetings are posted on-site at the District office.
2. The District adopts budgets and rate changes at hearings where the public is notified and invited.
3. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

11.0 WOODVILLE PUBLIC UTILITY DISTRICT

11.0.1 Background

The requirement for Local Agency Formation Commissions (LAFCO) to conduct reviews of local municipal services was established with the passage of AB 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill passed the legislature and was signed into law by Governor Davis on September 26, 2000. Municipal Service Reviews (MSR) provide LAFCOs with an additional tool to fulfill their statutory responsibilities of promoting orderly growth and development, preserving the States finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all Californians in the most efficient and effective manner. MSRs are a requirement of State annexation law and are required to be completed before the consideration of a Sphere of Influence (SOI) amendment or once every five years when a SOI amendment is not being considered.

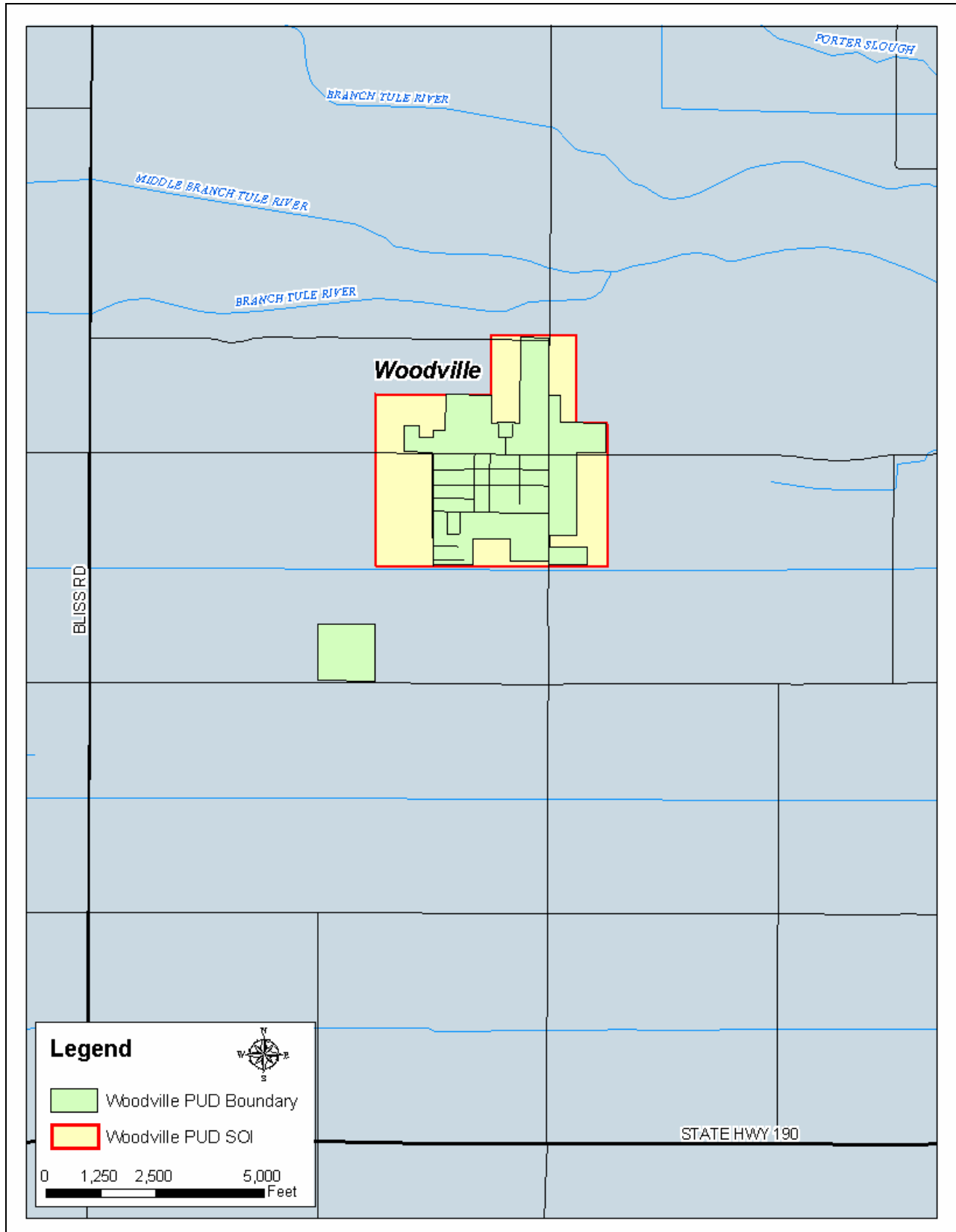
In July 2003 the Tulare County Local Agency Formation Commission (LAFCO) Board adopted a MSR exemption policy, which identifies the agencies that would be subject to a review and the extent of that review. The agencies in Tulare County were divided into three (3) categories: agencies subject to a full comprehensive study; agencies subject to a questionnaire study; and agencies exempt from a MSR study. The Woodville Public Utility District (PUD) is subject to a full comprehensive study. The policy further identifies that the services subject to review shall be:

- Police protection
- Fire protection
- Water and wastewater
- Solid waste collection and disposal
- Streets and traffic circulation
- Power generation and distribution
- Health Care

Woodville, an unincorporated community in Tulare County, is located in the southwest portion of the County, and is situated southeast of the Road 152/Avenue 168 intersection. The Woodville PUD, formed in November 1948, has a primary function of providing domestic water and sanitary sewer service to residents within the community. Domestic water and sanitary sewer collection, treatment, and disposal are the primary services provided by the Woodville PUD that are subject to an MSR.

Woodville is located approximately eight miles northeast of the State Route (S.R.) 99/Highway 190 interchange. Woodville is an agriculturally oriented service community surrounded on all sides by lands in agricultural production, scattered rural residential uses and vacant land. Cities and communities surrounding Woodville include Porterville to the east, Lindsay to the northeast, Tulare to the northwest, Tipton to the southwest, and Poplar-Cotton Center to the southeast. The current District Boundary and the currently adopted SOI for the Woodville PUD are illustrated on Figure 11-1.

FIGURE 11-1 – WOODVILLE PUD BOUNDARY AND SOI



Source: Tulare County GIS Database

The following excerpt from the Tulare County LAFCO website (www.co.tulare.ca.us/lafco/info.asp) defines a SOI and the purpose it serves.

A “Sphere of Influence” is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping of jurisdictions and duplication of services.

The following discussions address the nine legislative factors required by the Cortese-Knox-Hertzberg Act; 1) Growth and population, 2) Infrastructure needs and deficiencies, 3) Financial constraints and opportunities, 4) Cost avoidance opportunities, 5) Opportunities for rate restructuring, 6) Opportunities for shared facilities, 7) Government structure options, 8) Evaluation of management efficiencies, and 9) Local accountability and governance.

11.1 GROWTH AND POPULATION

The purpose of this section is to present historical and projected growth patterns and population projections to establish a baseline for the evaluation of the service needs of Woodville.

11.1.1 Historical Data

The Census Bureau, on a decennial basis, identifies and provides detailed information on all incorporated Cities along with several smaller unincorporated communities (termed Census Designated Places – CDPs). In each Census, community profiles are developed and provide a wide range of information pertaining to population, demographics, housing information, household data, education and employment, income and poverty, and historical trends.

Census 2000 data indicates that Woodville had a population of 1,678 as of January 2000. *Census 1990* data indicates that Woodville had a population of 1,557 corresponding to an average annual growth rate between 1990 and 2000 of less than 1%. The unincorporated areas of Tulare County grew from a population of 133,222 in 1990 to a population of 141,150 in 2000, corresponding to an average annual growth rate of approximately 0.6%. Assuming no development constraints, it is likely that the Woodville community will experience population growth at an average annual rate between 1% and 2%. Using an average annual growth rate between 1% and 2%, the Woodville community would reach a year 2025 population between 2,150 and 2,750 residents. The Woodville PUD has recently issued a “will serve” letter to provide water and sewer service to a proposed 110 lot subdivision located on the west side of Road 168, between Avenue 168 and Avenue 172.

11.1.2 Planning Boundaries

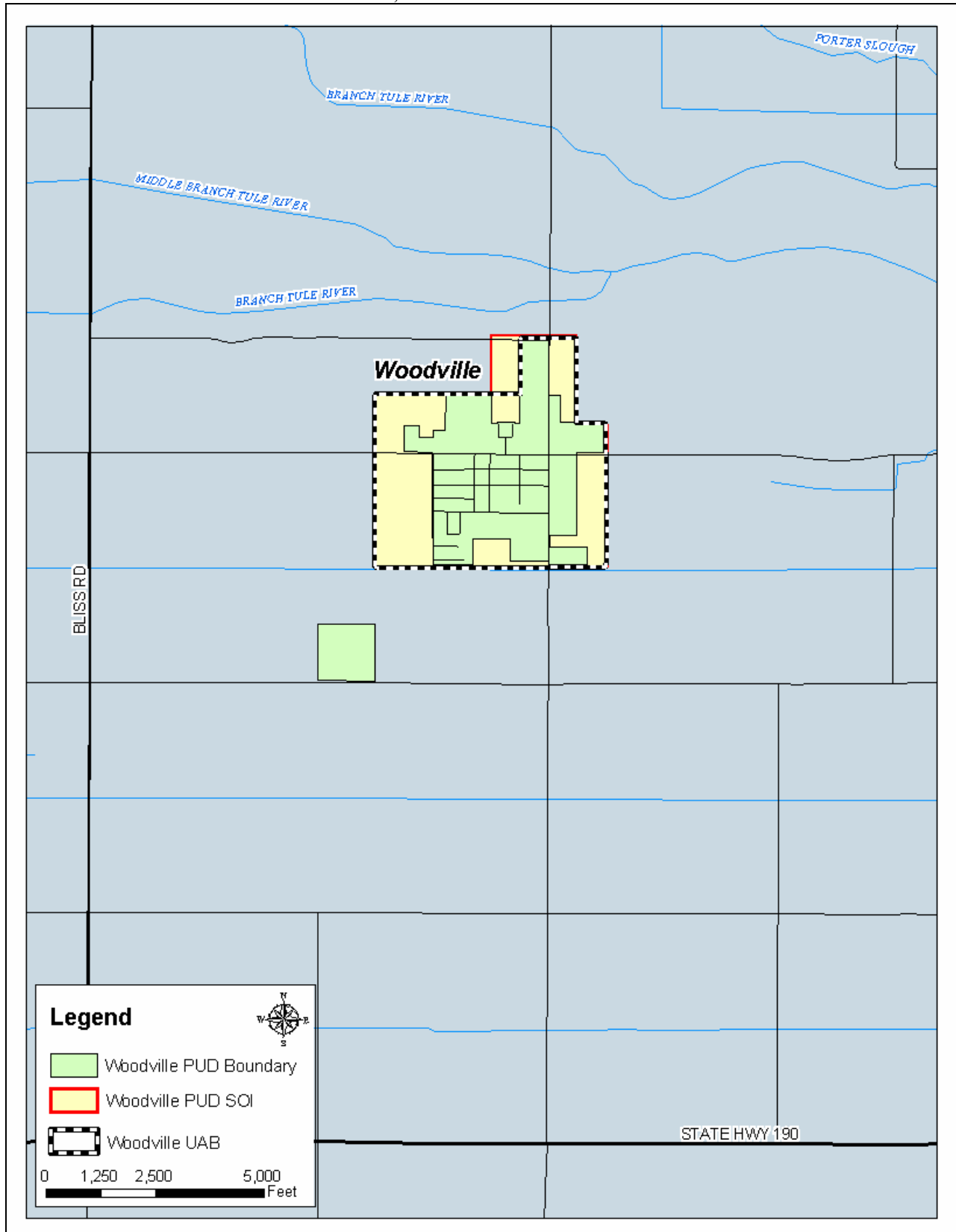
In addition to a SOI, which is defined by LAFCO as the “...physical boundary and service area that a local government agency is expected to serve...” an urban area boundary (UAB) has been established and designates the Woodville urban expansion area. Figure 11-2 shows the District Boundary and SOI in comparison to the community’s UAB.

The Tulare County General Plan contains an Urban Boundaries Element which establishes goals for designating realistic planning areas around cities and unincorporated communities which could be used to help determine boundaries for community service districts and County service areas, in areas where differing levels of service are required, and within which corporate annexations may take place. The following are excerpts from the County of Tulare General Plan Policy Summary Section 1UB.C.1 – Unincorporated Communities Policies.

“Urban Development Boundaries are established around the following unincorporated communities in the County to serve as official urban planning areas for these communities: Cutler-Orosi, Ducor, Earlimart, East Orosi, Goshen, Ivanhoe, Lemon Cove, London, Pixley, Plainview, Poplar-Cotton Center, Richgrove, Strathmore, Terra Bella, Tipton, Traver, Woodville, Alpaugh, and Springville.”

“A land use plan is to be developed for each community with an Urban Development Boundary, specifying desired densities and land use categories, with particular attention to defining suitable areas for the full range of urban development and rural residential development. Such plans shall include the entire area within the Boundary and shall recognize the short and long term ability of each community to provide necessary urban services within its Urban Development Boundary.”

FIGURE 11-2 – WOODVILLE PUD BOUNDARY, SOI & WOODVILLE UAB



Source: Tulare County GIS Database

Furthermore, the County of Tulare General Plan Policy Summary Sections 1UB.F.1. and 1UB.F.2. set forth policies with regard to “Boundary Consistency”, and “Review and Revision of Boundaries.” Excerpts from these sections of the County General Plan Policy Summary relating to special districts are reiterated below.

“In areas where special districts provide rural as well as urban services, LAFCo should distinguish between “urban” and “rural” service areas for the purpose of establishing Spheres of Influence for such districts. If an unincorporated community is served by a special district, the Urban Development Boundary should be consistent with the district’s “urban” Sphere of Influence.”

“County census boundaries should be as consistent as possible with Urban Development Boundaries.”

“Urban Area Boundaries and Urban Development Boundaries shall be reviewed at least once every five years to determine if boundary changes are justified, or if additional boundaries are needed for communities not included herein. However, a review may be conducted at any time on request of the affected city or agency.”

As indicated on Figure 11-2, the Woodville UAB is, with minor exceptions, consistent with the Woodville PUD SOI. There is an area in the northern area of the community, between Avenue 176 and Cloverdale, which is included within the District’s SOI, but outside of the community’s UAB (refer to Figure 11-2 for further clarification).

11.1.3 Written Determinations

1. Between 1990 and 2000, Woodville experienced an average annual population growth rate of less than 1%, compared to 0.6% for the unincorporated areas of Tulare County.
2. Assuming no development constraints, it can be expected that Woodville will experience population growth at an average annual rate between 1% and 2%, indicating the community would reach a year 2025 population between 2,150 and 2,750 residents.
3. The Woodville PUD has recently issued a “will serve” letter to provide water and sewer service to a proposed 110 lot subdivision located on the west side of Road 168, between Avenue 168 and Avenue 172.
4. The Woodville UAB is, with minor exceptions, consistent with the Woodville PUD SOI. There is an area in the northern area of the community, between Avenue 176 and Cloverdale, which is included within the District’s SOI, but outside of the community’s UAB.

11.2 INFRASTRUCTURE NEEDS AND DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the Woodville PUD in terms of availability of resources, capacity to deliver services, condition of facilities, service quality, and levels of service.

11.2.1 Domestic Water

The Woodville PUD is responsible for providing domestic water service within its District Boundary. The water system is regulated by the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections. Based upon information provided by District staff, the Woodville PUD water system supports about 480 connections, and a total population of approximately 1,700.

Woodville's water supply is derived from two deep underground water wells, which have a total maximum production efficiency of approximately 1,500 gallons per minute (gpm), according to information provided by the District. The District's water system is 100% metered, which helps promote water conservation. The District's water system has no elevated storage tank, and operates with hydro-pneumatic pressure tanks.

Tulare County Improvement Standards require that the construction of water source facilities shall comply with the requirements of Bulletin No. 74, "Water Well Standards" prepared by the State of California Department of Water Resources. The Tulare County Improvement Standards also establish specific requirements for quantity and quality of water to be delivered to a system. Some of these requirements are summarized below.

- The quantity of water delivered to the distribution system within a subdivision from all source and storage facilities for a period of two hours shall be the maximum domestic demand plus a fire flow quantity of not less than 500 GPM for single family residential, 1,500 GPM for multi-family residential, commercial, and light manufacturing, and 2,500 GPM for heavy manufacturing.
- For systems up to 625 customer units (equivalent dwelling units) the domestic quantity shall not be less than $Q = 100 + 25 * \sqrt{N}$, and $Q = 100 + N$ for more than 625 customer units at sufficient pressure to provide a minimum pressure of 25 PSI to each lot served; where Q equals the rate of flow in GPM delivered from the combined source facilities to the distribution system, and N equals the total number of customer units where each customer unit is equivalent to one for a single family dwelling on a normal subdivision lot. Other types of development shall be assigned appropriate customer unit values by the Engineer as experience with the distribution system or locality indicates.
- The minimum source and domestic demand storage design requirements shall be in accordance with Plate No. WS-11 of Section IV of the Tulare County Improvement Standards.
- The quality of water supplied for human consumption shall conform to Sections 3, 4 and 5 of the latest United States Public Health Service Drinking Water Standards. Samples will be taken and tests made by the County Department of Health Services for bacteriological determination of potability.

- Chemical and physical tests for potability shall be performed by a commercial laboratory certified by the State Department of Health Services for performance of chemical and physical analysis and the costs thereof shall be borne by the sub-divider.

Assuming 500 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Woodville PUD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,160 GPM (500 GPM fire flow, and 660 GPM domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served. The District's water system is capable of delivering a combined source flow of 1,500 gpm, indicating that the District's water system meets the requirements of the Tulare County Improvement Standards. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District's engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.

An estimate of water system capacity can be calculated by using General Order 103, published by the California Public Utilities Commission. For the estimated water system capacity, the total supply source available is compared to a calculated total supply source required. Other factors that may affect the capacity of water systems, including but not limited to, water quality, low pressures, required storage, age of system, and pipeline restrictions, are not considered. The estimated supply source required is calculated using the following equation,

$Q_{\text{Required}} = (N) * (C) * (F)$ where,

N = Number of customers served

C = Gallon per minute constant: 5 to 9 for flat rate systems, 2 to 5 for metered systems

F = Factor to reflect diversity (inversely proportional to the number of customers)

Using an N value of 500, a C factor of 5.0, and an F factor of 0.35, the estimated total supply source required is calculated to be 875 GPM for the Woodville PUD. With a total supply source available of 1,500 gpm, it is estimated that the District's water system could support an additional 350 equivalent dwelling units. It should be noted that there could be special circumstances, i.e. distribution system pressure constraints, that could significantly affect this result, and a complete assessment should be completed by the District Engineer prior to the approval of additional connections. The water system would need to be tested at actual system pressure to determine the actual amount of available capacity for domestic and fire flow.

11.2.2 Sanitary Sewer

The Woodville PUD is also responsible for providing sanitary sewer service to residents within its Boundary. Woodville PUD staff has indicated that there are approximately 480 connections to the District's sewer system. Raw sewage is collected and transported to a wastewater treatment and disposal facility (WWTF) located southwest of the community.

The District's WWTF is operated under the provisions of Waste Discharge Requirements Order No. 86-108 issued by the California Regional Water Quality Control Board (RWQCB), Central Valley Region. Order No. 86-108 prescribes that the monthly average daily dry weather discharge flow shall not exceed 0.33 MGD. According to the Wastewater User Charge Survey Report FY 2005-06 (Cal EPA-State Water Resources Control Board, May 2006), the average dry weather flow at the WWTF is approximately 0.12 MGD. Based upon available information, it can be concluded that the District's WWTF is currently operating at approximately 36% of its capacity. The District's WWTF is currently operating in full compliance with Order No. 86-108, issued by the RWQCB. Treatment and disposal of wastewater bio-

solids are regulated by a broad and complicated body of regulations developed by the EPA, and are commonly referred to as the 503B rule. This rule governs the treatment and monitoring requirements wastewater utilities must meet in disposing of their bio-solids. According to the Engineer for the Woodville PUD, the District is not currently in compliance with the 503B rule pertaining to sludge handling. The District has plans to construct sludge drying beds in 2007 and 2008 in order to achieve compliance with the 503B rule.

Using the ratio of the current number of connections to the current flow, and assuming 90% of permitted flow to be “at capacity”, it is estimated that the District’s WWTF could support a total of 1,160 connections (in terms of equivalent dwelling units), or a total population of about 4,100. Based upon these estimates, it is concluded that the District’s WWTF has sufficient capacity to accommodate growth beyond year 2025. It should be noted that this conclusion assumes development trends similar to what is existing (residential and light commercial), and any significant industrial development (that would connect to the District sewer system) may have significant impacts on the capacity estimates. In addition, these estimates are for wastewater treatment only, and do not consider individual collection pipe capacity constraints. Capacity deficiencies in the collection system can often be corrected with assistance from developers that wish to connect to the District’s sewer system.

The District should begin planning for expansions to its WWTF when actual flows reach 75% of the plant capacity. This will allow the District time to secure funding for and implement capital improvements to its WWTF before reaching its capacity.

11.2.3 Written Determinations

Domestic Water

1. The Woodville PUD operates a water supply and distribution system under the jurisdiction of the California Department of Health Services Division of Drinking Water and Environmental Management, which is responsible for the administration and enforcement of the Safe Drinking Water Act involving those systems in California with more than 200 connections.
2. Woodville PUD staff has indicated that there are approximately 480 connections to the District’s water system, which consists of two active wells with a total maximum production efficiency of 1,500 gpm, and hydro-pneumatic pressure tanks.
3. The District’s water supply is chlorinated, but has no permanently installed treatment. Based upon the District’s 2004 Consumer Confidence Report, there is no evidence suggesting that the District’s water supply does not meet Federal drinking water standards.
4. Assuming 500 equivalent dwelling units (EDUs), in order to meet Tulare County Improvement Standards the Woodville PUD water system would need to be capable of delivering a combined flow rate (from all source and storage facilities) of 1,160 GPM (500 gpm fire flow, and 660 gpm domestic demand) for a period of two hours while maintaining a minimum pressure of 25 PSI to each lot served; The District’s water system is capable of delivering a combined source flow of 1,500 gpm, indicating that the District’s water system meets the requirements of the Tulare County Improvement Standards. Prior to granting any SOI amendments that would increase demand for water services provided by the District, the District’s engineer should provide evidence that the increase in demand would not result in substandard pressures, or inadequate supply capacity for the remainder of the system.

5. Based upon a calculation performed in accordance with General Order 103, published by the California Public Utilities Commission, it is estimated that the District's water system is capable of supporting approximately 350 additional equivalent dwelling units. It should be noted that there could be special circumstances, i.e. distribution system pressure constraints, that could significantly affect this result, and a complete assessment should be completed by the District Engineer prior to the approval of additional connections.

Sanitary Sewer

1. The Woodville PUD is also responsible for providing sanitary sewer service to residents within its Boundary. Woodville PUD staff has indicated that there are approximately 480 connections to their sewer system.
2. The District owns and operates a WWTF southwest of the community, which is operated under the provisions of Waste Discharge Requirements Order No. 86-108, issued by the RWQCB. The District's WWTF is currently operating in full compliance with the requirements of Order No. 86-108.
3. Treatment and disposal of wastewater bio-solids are regulated by a broad and complicated body of regulations developed by the EPA, and are commonly referred to as the 503B rule. According to the Engineer for the Woodville PUD, the District is not currently in compliance with the 503B rule pertaining to sludge handling. The District has plans to construct sludge drying beds in 2007 and 2008 in order to achieve compliance with the 503B rule.
4. Order No. 86-108 prescribes that the monthly average daily dry weather discharge flow shall not exceed 0.33 MGD. Available data indicates that current average dry weather flow at the WWTF is 0.12 MGD, indicating that the WWTF is currently operating at about 36% of its capacity.
5. Using the ratio of the current number of connections to the current flow, and assuming 90% of permitted flow to be "at capacity", it is estimated that the District's WWTF could support a total of 1,160 connections (in terms of equivalent dwelling units), or a total population of about 4,100.
6. The District should begin planning for expansions to its WWTF when actual flows reach 75% of the plant capacity. This will allow the District time to secure funding for and implement capital improvements to its WWTF before reaching its capacity.

11.3 FINANCING OPPORTUNITIES AND CONSTRAINTS

The purpose of this section is to evaluate the capability of the Woodville PUD to finance needed improvements and services.

11.3.1 Annual Budget

LAFCO should consider the ability of the District to pay for improvements or services associated with annexed sites. This planning can begin at the SOI stage by identifying what opportunities there are to identify infrastructure and maintenance needs associated with future annexation and development, and identifying limitations on financing such improvements, as well as the opportunities that exist to construct and maintain those improvements.

The fiscal year 2004-05 budget for the Woodville PUD is organized into two separate funds: one for sanitary sewer and the other for domestic water. The District's budget is well organized, thorough, and clearly articulates the District's upcoming fiscal year financial obligations. The District prepares a traditional line item budget for each fund (sewer and water) that is divided into the following categories.

- Fund Balances
- Revenues
- Reserve Funds
- Expenses
 - Salaries and Employee Benefits
 - Services and Supplies
 - Other Charges
 - Fixed Assets
 - Contingencies

The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, and rates and fees. The District is in stable financial condition, as it has over \$130,000 in sewer reserve funds, and over \$550,000 in water reserve funds, which can be used to implement capital infrastructure improvements, and capital equipment replacement when needed.

To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. Small District's such as the Woodville PUD are often forced to enter into long term debt obligations to finance needed infrastructure improvements. The Woodville PUD is currently repaying one long term debt via its sewer fund, with a total annual service (including principal and interest) of about \$6,500. Taking on additional debt could potentially sacrifice the future financial stability of the District, and result in unreasonable fees for customers of the District. There are no indications that the District will be taking on additional debt in the near future, as there appears to be sufficient reserve funds at this time.

The District's primary revenue sources are derived from customer sales, connection fees, and modest levels of property tax income. Table 11-1 summarizes the District's annual revenues and operating expenditures for fiscal year 2004-05.

TABLE 11-1
DISTRICT REVENUE'S VS. EXPENDITURES FISCAL YEAR 2004-05

Water Budget	
Beginning Fund Balance	\$660,292
Revenues	\$185,540
Reserves	\$554,622
Total Available Funds	\$185,540
Salaries & Employee Benefits	\$55,260
Services & Supplies	\$78,150
Other Charges	\$31,000
Fixed Assets	\$3,000
Contingencies	\$10,000
Total Expenditures	\$177,410
Sewer Budget	
Beginning Fund Balance	\$50,485
Revenues	\$144,681
Reserves	\$131,237
Total Available Funds	\$144,681
Salaries & Employee Benefits	\$49,700
Services & Supplies	\$69,050
Other Charges	\$25,600
Fixed Assets	\$2,000
Contingencies	\$3,000
Total Expenditures	\$149,350

Source: Woodville PUD Fiscal Year 2004-05 Budget

Water budget reserve funds include well and water line replacement, pickup replacement, and connection fee reserves. Other charges associated with the water budget include depreciation. Fixed assets associated with the water budget include pick-up replacement and water meter replacements.

Sewer budget reserve funds include wastewater capital reserve funds, comminutor, pickup replacement, and connection fee reserves. Other charges associated with the sewer budget include long term debt principal and interest payments, taxes and assessments and depreciation. Fixed assets associated with the sewer budget include pick-up replacement.

The District generally requires new development projects to construct the necessary infrastructure to serve their development. A program of developer obligated infrastructure improvements provides for the installation of physical infrastructure to serve development sites and therefore relieves the financial obligation of the District. Developers are also required to pay fees for rights to water and sewer capacity, which are ultimately used by the District for capital capacity improvements including, but not limited to, additional wells, storage facilities, or capital WWTF improvements. These fees are set by the Board of Directors by resolution, and are allocated to a restricted reserve account.

The District's financial constraints involve the governmental structure and the desires of the people in the community to fund certain activities by establishing assessment districts or fees. The laws under which a Public Utility District is governed provide the structure for funding activities. Key revenue sources for the Woodville PUD include property taxes, monthly sewer and water fees, connection fees, interest on reserves, and pass through monies. One-time revenues, that are pass-through funds, account for the increases and decreases in revenue from year to year.

On the expenditures side, the District budgets for the services paid for by residents and provides for other expenses using property tax, and if appropriate, restricted reserve accounts. Key expenditures include personnel, services and supplies, pass through revenues for projects, and principal and interest payments for long term debt.

11.3.2 Written Determinations

1. The District prepares an operating budget on an annual basis, which is segregated into two funds, one for domestic water, and one for sanitary sewer. The District adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, investments, contingency appropriations, and status of long term debts.
2. The District is in stable financial condition, as it has over \$130,000 in sewer reserve funds, and over \$550,000 in water reserve funds, which can be used to implement capital infrastructure improvements, and capital equipment replacement when needed.
3. The Woodville PUD is currently repaying one long term debt via its sewer fund, with a total annual service (including principal and interest) of about \$6,500. There are no indications that the District will be taking on additional debt in the near future, as there appears to be sufficient reserve funds at this time.
4. To some degree, it can be expected that the District would look to the development community to help finance capital improvements that would accommodate new development, however, the burden of correcting existing deficiencies should not be placed on the responsibility of new development. At the same time, existing customers should not be responsible for costs associated with capacity improvements needed to accommodate new development.
5. The District generally requires new development projects to construct the necessary infrastructure to serve their development. A program of developer obligated infrastructure improvements provides for the installation of physical infrastructure to serve development sites and therefore relieves the financial obligation of the District. Developers are also required to pay fees for rights to water and sewer capacity, which are ultimately used by the District for capital capacity improvements including, but not limited to, additional wells, storage facilities, or capital WWTF improvements.

11.4 COST AVOIDANCE OPPORTUNITIES

The purpose of this section is to identify practices or opportunities that may help to eliminate unnecessary costs.

11.4.1 Fiscal Structure

The Districts budget process is designed to screen out unnecessary costs. A base budget is completed by the General Manager for review and discussion by the Board of Directors. Each year, the District's budget is reviewed with the District Board, District Engineer, and General Manager to ensure that the District continues to operate within the limits of its financial resources.

The District has adequate staff resources and administrative capabilities to provide the needed level of services to the residents within its boundaries. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.

The District requires new development projects to pay connection fees in order to mitigate impacts to the District's infrastructure, currently set at \$3,350 and \$4,200 per equivalent dwelling unit (EDU) for domestic water and sanitary sewer connections, respectively. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.

The preparation of water and sewer system master plans could help the District avoid unnecessary costs associated with the construction of emergency system improvements to meet demands. Master plans identify infrastructure improvements that will be needed in the future, including an improvement timeline that would allow the District adequate time to set aside and/or obtain funding for those future improvements before the absence of such improvements begins to delay or halt proposed development. Master plans also identify funding sources for their implementation.

A major expense of the District is the energy costs associated with the operation of its water and sewer systems (nearly \$52,000 annually). The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.

If the SOI were expanded in the future, the District would assume fiscal responsibilities to construct or maintain the water and sewer infrastructure associated with the SOI and any territories that were annexed. LAFCO should consider the relative burden of new annexations to the District when it comes to its ability to provide water and sewer service, as well as capital maintenance and replacements required as a result of expanding the District Boundary. Opportunities exist at the time of annexation and development to introduce alternative methods of construction and maintenance of public or semi-public infrastructure to serve the future SOI/annexation areas. In the case of the Woodville PUD, it is recommended that the District work to build out infrastructure within its current District Boundary and SOI prior to entertaining any proposals to expand its Boundaries.

11.4.2 Written Determinations

1. Each year, the District's budget is reviewed with the Board of Directors, District Engineer, and General Manager to ensure that the District continues to operate within the limits of its financial resources.

2. The District avoids excessive overhead costs by operating with part-time and full-time staff, which provides adequate levels of service the small community. The District also avoids unnecessary costs by contracting out professional services including engineering, legal services, and other consulting services.
3. It is recommended that the District work with the development community to fund the construction of water and sewer infrastructure improvements that would serve new development sites as a way of avoiding unnecessary costs.
4. Master planning its infrastructure could help the District avoid unnecessary costs by allowing the District sufficient time to set aside funding needed for future capacity improvements that would allow for development within the community.
5. A major expense of the District is the energy costs associated with the operation of its water and sewer systems (nearly \$52,000 annually). The District could avoid ongoing long term costs by working with the power company utility to identify strategies that could reduce energy costs.
6. In the case of the Woodville PUD, it is recommended that the District work to build out infrastructure within its current District Boundary and SOI prior to entertaining any proposals to expand its Boundaries as a way of avoiding unnecessary costs.

11.5 OPPORTUNITIES FOR RATE RESTRUCTURING

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels.

11.5.1 Fee Structure

The Woodville PUD bills its customers under a metered rate structure for domestic water service and charges a monthly flat rate for sewer service. The District's fiscal year 2004-05 budget estimates revenues of \$185,540 and \$114,881 to be generated from water and sewer customer sales, respectively. Tables 11-2 and 11-3 show a comparison of water and sewer rates and connection fees, respectively, for all other applicable service providers being reviewed. The tables also show the relationship between monthly service charges and average household incomes within the respective communities. Since some of the service providers charge a metered rate for water, it is necessary to calculate an average monthly bill based upon a specific amount of usage taken as 2,005 cubic feet, or approximately 15,000 gallons, per month for this analysis.

**TABLE 11-2
WOODVILLE PUD COMPARISON OF WATER RATES**

Service Provider	Sample Monthly Bill	Connection Fee	Average Household Income	Rate/Income Ratio
Earlimart PUD	\$12.50	\$1,500	\$1,775/mo.	0.70%
Ivanhoe PUD	\$9.50	\$1,700	\$2,171/mo.	0.44%
Pixley PUD	\$20.00	\$2,000	\$1,942/mo.	1.03%
Teviston CSD	\$30.00	\$800	\$2,014/mo.	1.49%
Tipton CSD	\$24.00	\$2,800	\$2,198/mo.	1.09%
Alpaugh JPA	\$55.00	\$1,500	\$1,974/mo.	2.79%
Cutler PUD	\$18.00	\$1,500	\$2,028/mo.	0.89%
Orosi PUD	\$19.08	\$2,400	\$2,533/mo.	0.75%
Lemon Cove SD	\$10.01	\$500	\$2,361/mo.	0.42%
London CSD	\$18.00	\$1,400	\$1,807/mo.	1.00%
Lindsay-Strathmore ID	\$14.18 ⁷	T&M	\$2,096/mo.	0.68%
Poplar CSD	\$25.00	\$3,650	\$2,043/mo.	1.22%
Richgrove CSD	\$23.00	NA	\$1,907/mo.	1.21%
Springville PUD	\$44.16	\$3,020	\$2,023/mo.	2.18%
Strathmore PUD	\$43.30	\$1,150	\$2,096/mo.	2.06%
Terra Bella ID	\$25.38 ⁸	\$2,908	\$2,109/mo.	1.20%
Woodville PUD	\$27.28	\$3,350	\$2,123/mo.	1.28%
Average	\$25.26	\$2,012	\$2,080/mo.	1.21%

Notes: 1) Fee information obtained from service providers

2) Average household income based upon Census 2000 data

3) Rate/Income ratio calculated by dividing sample monthly bill by average household income

4) Sample monthly bill is calculated for a typical single family dwelling

5) NA=Not Available

6) T&M=Time and Material basis

7) Based on an average of four separate rates charged by the Lindsay-Strathmore Irrigation District

8) Based on potable water service provided by the Terra Bella Irrigation District

9) Richgrove CSD and Lindsay-Strathmore ID were omitted from the average calculations

As indicated in Table 11-2, the Woodville PUD charges an above average monthly rate for domestic water service compared to other service providers throughout the County. Although the fee is above average, the fee is not unreasonable for providing domestic water service. The cost of domestic water service within Woodville equates to approximately 1.28% of the average household income within the community, compared to the average of 1.21%. The Woodville PUD water connection fee is also above average compared to other domestic water service providers throughout the County.

**TABLE 11-3
WOODVILLE PUD COMPARISON OF SEWER RATES**

Service Provider	Monthly Sewer User Fee (1 EDU)¹	Connection Fee¹	Average Household Income²	Rate/Income Ratio³
Goshen CSD	\$32.00	\$975	\$2,359/mo.	1.36%
Earlimart PUD	\$7.50	\$1,000	\$1,775/mo.	0.42%
Ivanhoe PUD	\$9.50	\$1,890	\$2,171/mo.	0.44%
Pixley PUD	\$15.00	\$1,800	\$1,942/mo.	0.77%
Tipton CSD	\$8.00	\$1,050	\$2,198/mo.	0.36%
Cutler PUD	\$22.00	\$3,520	\$2,028/mo.	1.08%
Orosi PUD	\$22.97	\$1,745	\$2,533/mo.	0.91%
Lemon Cove SD	\$4.50	\$500	\$2,361/mo.	0.19%
London CSD	\$21.00	\$1,990	\$1,807/mo.	1.16%
Poplar CSD	\$25.00	\$5,450	\$2,043/mo.	1.22%
Richgrove CSD	\$18.00	\$750	\$1,907/mo.	0.94%
Springville PUD	\$43.60	\$3,900	\$2,023/mo.	2.16%
Strathmore PUD	\$14.70	\$500	\$2,096/mo.	0.70%
Terra Bella SMD	\$21.00	\$500	\$2,109/mo.	1.00%
Woodville PUD	\$19.25	\$4,200	\$2,123/mo.	0.91%
Average	\$18.93	\$1,985	\$2,098/mo.	0.90%

1) Source: Wastewater User Charge Survey Report FY 2004-05 (CalEPA – SWRCB, May 2005)

2) Source: Census 2000

As indicated in Table 11-3, the Woodville PUD charges a monthly sewer rate that is slightly above average compared to other sewer service providers throughout the County. The District's sanitary sewer connection fee is among the highest compared to surrounding sewer service providers. The cost of sanitary sewer service within Woodville equates to approximately 0.91% of the average household income within the community, which is slightly above the average of 0.90%.

The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Based upon the comparison of rates, it can be concluded that the District's service fees for water and sewer are within reason, and are indicative of the District's ability to provide efficient services.

The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems. User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

11.5.2 Written Determinations

1. Based upon a comparison to other domestic water and sanitary sewer service providers in Tulare County, it is concluded that the District's fees for water and sewer service are reasonable in comparison.
2. The Woodville PUD bills its customers under a metered rate structure for domestic water service (\$17.25 base rate plus \$0.50 per 100 cubic feet) and charges a monthly flat rate of \$19.25 for sewer service. The District also charges connection fees to new development, currently set at \$3,350 per unit for domestic water, and \$4,200 per unit for sanitary sewer.
3. The District should periodically review its monthly user fees and connection fees to ensure that quality service will continually be provided to existing and future residents. Any rate increases should be substantiated and adopted through a public hearing process.
4. The District's budget is structured to segregate costs associated with the construction of infrastructure to accommodate new development. Fees paid by developers are placed into a restricted reserve account, funds which are ultimately used by the District to construct capital capacity improvements to the District's water and sewer systems. User fees are used for the operations of the District and the operation and maintenance of the District's infrastructure, including capital replacement costs.

11.6 OPPORTUNITIES FOR SHARED FACILITIES

The purpose of this section is to evaluate opportunities for the Woodville PUD to share facilities and resources, thereby increasing efficiency.

11.6.1 Shared Facilities

Since the location of the Woodville District Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist. Currently the Woodville PUD is the only water and sewer service provider in the immediate area.

11.6.2 Written Determinations

1. Since the location of the Woodville District Boundary is immediately adjacent to existing rural lands, the opportunity for sharing infrastructure does not readily exist.

11.7 GOVERNMENT STRUCTURE OPTIONS

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services.

11.7.1 Development within SOI Area

One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands. According to the LAFCO Municipal Service Review Guidelines, elimination of overlapping boundaries that confuse the public and cause service inefficiencies should be considered to avoid unnecessary increases in the cost of infrastructure. Currently there are no foreseeable conditions that would indicate that development within the District's SOI would result in a change in government structure.

Tulare County LAFCO has adopted specific policies for reviewing proposals for a change in organization, reorganization, incorporations, dissolution and other proposals processed by Tulare County LAFCO. Tulare County LAFCO policy C-1 identifies factors and standards to be considered in review proposals including additional requirements for City annexations, standards for annexation to special districts, standards for the formation of special districts, and standards for City incorporation.

Tulare County LAFCO policy C-2 outlines general procedures for changes in boundaries or organization to be processed by LAFCO. Generally, proposals for changes in boundaries, formations, or changes of organization can be submitted for the consideration of LAFCO by petition of the registered voters or affected landowners; however, prior to the circulation of any petition, a "Notice of Intent to Circulate" must be presented to the LAFCO Executive Officer. A proposal may also be initiated by a resolution adopted by the governing body of any related public body (county, city or special district). The proposal must be submitted on forms available from the LAFCO staff office, or on the LAFCO website, along with the applicable number of maps, legal descriptions, and filing fees to cover the proposal submitted.

Prior to development within its SOI area, the District should complete infrastructure planning – including master plans – to address the infrastructure needs of affected areas and funding mechanisms to meet those needs. The District and/or County could also require developers to prepare specific plans prior to approving development within the District's SOI. The District should continually expand and improve its domestic water and sewer infrastructure to accommodate development within its current District Boundary and SOI areas with developer assistance.

Any urban development within Woodville should occur within the community's designated UAB. The District should continue to expand and improve its domestic water and sanitary sewer infrastructure to accommodate development within its designated urban expansion area (UAB) with developer assistance. The District should work to build out its infrastructure within its existing District Boundary and SOI/UAB prior to entertaining proposals to expand its SOI/UAB.

11.7.3 Written Determinations

1. Prior to approving expansions to its SOI area, the District should complete master planning to address the infrastructure needs of affected areas and funding mechanisms to meet those needs.
2. Any change in organization should be completed in accordance with LAFCO policies and procedures.
3. The District should continually expand and improve its domestic water and sanitary sewer infrastructure to accommodate development within its current District Boundary/SOI areas with developer assistance.
4. The District's SOI is, with minor exceptions, consistent with the community's UAB. The District should work to build out its infrastructure within its existing District Boundary and SOI/UAB prior to entertaining proposals to expand its SOI/UAB.
5. Currently there are no foreseeable conditions indicating that development within the District's Boundary/SOI would result in a change in government structure.

11.8 EVALUATION OF MANAGEMENT EFFICIENCIES

The purpose of this section is to consider the management structure of the Woodville PUD.

11.8.1 Organizational Structure

Based upon a review of information provided by the Woodville PUD, it appears as if the provisions of sanitary sewer service and domestic water service are managed in a cost effective, efficient manner, meeting the needs of the community and ratepayers. The Woodville PUD has accounting and finance functions, current personnel regulations and resolutions. The District undergoes annual audits in compliance with auditing standards.

The Woodville PUD is governed by a five-member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures. The District currently operates with a part time and full time staff and contracts out for other services, including engineering, legal counsel, accounting, and other consulting services. The District holds regularly scheduled board meetings on the first Monday of every month at the District office located at 16716 Avenue 168 in Woodville. Also, the District's answering message provides the public with the operational hours of the District and contact information in case of emergencies. District representatives can be contacted by phone, and are available in person at the District office. The District employs a certified operator that operates the District's water and sewer systems.

The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.

Based upon the District's 2004-05 budget approximately \$13,000 was appropriated for contingencies, indicating that the District continues to operate within the limits of its financial resources. Contingency funds can be used for emergency improvements and/or unforeseen replacement or rehabilitation costs.

11.8.2 Written Determinations

1. The District could increase its efficiency through the preparation of master infrastructure plans, and a long-term (preferably five years or more) capital improvement program. This helps the District identify capital infrastructure needs, and would allow the District sufficient time to set aside funding to implement improvements.
2. The Woodville PUD is governed by a five member Board of Directors elected at large from within its boundaries that is responsible for setting policy and general administrative procedures.
3. District representatives can be contacted by phone, and are available in person at the District office located at 16716 Avenue 168 in Woodville. Regularly scheduled board meetings are held on the first Monday of every month at 5:00 p.m. at the District office.
4. The District employs a certified operator that operates the District's water and sewer systems.
5. Based upon information made available, it appears as if the provisions of sanitary sewer and domestic water service are managed in a cost effective, efficient manner, meeting the needs of the community and ratepayers.

6. Based upon the District's 2004-05 budget approximately \$13,000 was appropriated for contingencies, indicating that the District continues to operate within the limits of its financial resources.

11.9 LOCAL ACCOUNTABILITY AND GOVERNANCE

The purpose of this section is to evaluate the accessibility and levels of public participation associated with the agency's decision-making processes.

11.9.1 Public Access and Information Methods

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure against the ability to provide adequate services to the SOI and annexation areas.

The Woodville PUD has a five member Board of Directors elected by voters residing within the District Boundary. Regularly scheduled Board meetings, which are open to the public, are held on the first Monday of each month at 5:00 p.m. at the District office located at 16716 Avenue 168 in Woodville. Agendas for Board meetings are posted and notices provided consistent with public meeting requirements (i.e., the Brown Act) including posting on-site. The District adopts budgets and rate changes at hearings where the public is notified and invited.

The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website. It would make sense to post information regarding District affairs on the County websites, since Woodville is an unincorporated community within Tulare County, and there is a mutual interest in the community.

The internet is a relatively low-cost yet powerful method of involving the general public/customers/ratepayers in District affairs. Greater dissemination of information can lead to greater interest in attending Board meetings and participating in elections. It also allows the public, some of whom are not physically able to attend Board meetings, to follow District activities remotely from their home or business.

11.9.2 Written Determinations

1. The District complies with the Brown Act open meeting law by holding regularly scheduled meetings in which the public is invited. Regularly scheduled meetings are held on the first Monday of each month at 5:00 p.m. at the District office. Agendas for Board meetings are posted on-site at the District office.
2. The District adopts budgets and rate changes at hearings where the public is notified and invited.
3. The District should work with the Tulare County Resource Management Agency (RMA) and/or Tulare County LAFCO to have information regarding District affairs posted on the Tulare County RMA and/or LAFCO website. The District could provide information such as meeting times and locations, budgets, rates, ordinances, agendas, completed/upcoming projects, and other District affairs to Tulare County for posting on the County's (RMA and/or LAFCO) website.

APPENDIX A

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REFERENCES

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City of Lindsay MSR

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Springville Public Utility District MSR

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