



2018 Municipal Service Review Root Creek Water District

Adopted by the Commission on January 24, 2018

Prepared for:
Root Creek Water District
Madera County, California

Prepared by:
Provost & Pritchard Consulting Group
286 W. Cromwell Avenue
Fresno, CA 93711

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List of Preparers:



Local Agency Formation Commission of Madera County

200 West 4th Street
Madera, CA 93637
Telephone: (559) 675-7821



Root Creek Water District

370 Lodge Road South
Madera, CA 93636
Telephone: (559) 269-4776



Provost & Pritchard Consulting Group

286 W. Cromwell Avenue
Fresno, CA 93711
Telephone: (559) 449-2700

Contact:

Jeffrey O'Neal, AICP
Telephone: (559) 449-2700
Email: joneal@ppeng.com

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Abbreviations

| | |
|---------------|---|
| ADA..... | Americans with Disabilities Act |
| AF..... | Acre-foot/Acre feet <i>Note: 1 acre-foot = 325,851 gallons</i> |
| AFY..... | Acre feet of water per year |
| C&D..... | Cease-and-Desist |
| CEQA..... | California Environmental Quality Act |
| CKH..... | Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 |
| CFD..... | Communities Facility District |
| CDP..... | Census Designated Place |
| CSA (22)..... | County Service Area |
| DOF..... | California Department of Finance |
| FY..... | Fiscal Year <i>(July – June of following year)</i> |
| GPD..... | Gallons per day |
| GPM..... | gallons per minute <i>Note: 1 gpm = 1.61 AFY (assuming continuous pumping)</i> |
| GSA..... | Groundwater Sustainability Agency |
| GSP..... | Groundwater Sustainability Plan |
| HCF..... | Hundred Cubic Feet |
| LAFCO..... | Local Agency Formation Commission |
| MD..... | Maintenance District |
| MG..... | million gallons <i>Note: 1 MG = 3.07 AF</i> |
| MGD..... | Millions of gallons per day |
| MID..... | Madera Irrigation District |
| MSR..... | Municipal Service Review |
| OPR..... | California Governor’s Office of Planning and Research |
| RWQCB..... | Regional Water Quality Control Board |
| RCWD..... | Root Creek Water District |
| SB..... | Senate Bill |
| SGMA..... | Sustainable Groundwater Agency |
| SOI..... | Sphere of Influence |
| SQ FT..... | Square Feet |

Root Creek Water District
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SR(Business) State Route
USDA-RD..... United States Department of Agriculture – Rural Development
WC.....(California) Water Code
WWTF/PWastewater Treatment Facility/Plant
WNO Wonderful Nut Orchards

I. Introduction

The law governing Local Agency Formation Commissions (LAFCo) was substantially modified effective January 1, 2001 following the adoption of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). Among the changes introduced with the adoption of CKH is the requirement that each LAFCo, as necessary, review and update the sphere of influence (SOI) of each city and special district within its county every five (5) years. In August 2003, the Governor's Office of Planning and Research (OPR) adopted *Local Agency Formation Commission Municipal Service Review Guidelines* as required by the then current version of Government Code Section 56430.

In order to establish an SOI, LAFCo must make written determinations regarding the following:

- The present and planned land uses in the area, including agricultural and open space lands
- The present and probable need for public facilities and services in the area
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency
- For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection that occurs after July 1, 2012, the present and probable future need for those public facilities and services of any disadvantaged unincorporated community within the existing sphere of influence

Additionally, CKH provides that no sphere of influence (SOI) can be updated until the local LAFCo conducts a municipal service review (MSR) for the agency in accordance with Section 56430 to determine that the proposed update promotes the logical and orderly development of the city or district. In November of 2011, Section 56430 was amended by the adoption of Senate Bill (SB) 244 to provide that an MSR consist of a written statement on the LAFCo's determinations with respect to each of the following:

- Growth and population projections for the affected area
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or adjacent contiguous to the sphere of influence
- Financial ability of agencies to provide services
- Status of, and opportunities for, shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy.

Specifically, SB 244 modified LAFCo law to require that LAFCos consider effects to disadvantaged unincorporated communities when either property adjacent to one of said communities is annexed or during preparation of an MSR for an SOI amendment after July 1, 2012. The written determinations in the MSR are intended to provide LAFCo sufficient information to allow it to make the written determinations needed to establish an agency's SOI. Madera County LAFCO (LAFCO) generally follows the procedures adopted in the OPR guidelines, as amended by recent statutory changes.

II. Agency Profile – Root Creek Water District

A. Background

Root Creek Water District (District; RCWD) is a California water district formed in 1996 pursuant to the California Water District Law (California Water Code (WC) Section 34000, *et seq.*). The District was formed to provide imported surface water for agricultural irrigation to balance the water budget within the District. The initial purposes also included provision of water, sewer, reclaimed water, and flood control facilities for proposed residential, commercial, and institutional (i.e. schools) developments within the District boundaries.

WC Section 35401 provides that the District “may acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works connected therewith or incidental thereto.” Further WC Section 35500 states: “A district may acquire, construct, operate, and furnish facilities and services, within or without the district, for the collection, treatment, and disposal of sewage, waste, and stormwater...”

The District is located north of the San Joaquin River and south of Avenue 12, and abuts Highway 41 to the east (**Figure II-1**). The District boundary is coterminous with its sphere of influence (SOI). The District proposes to expand its SOI to accommodate annexation of two parcels. The SOI will remain coterminous with the District boundaries following the annexation.

The first parcel to be annexed consists of approximately 39 acres of grazing land located south of Avenue 8, west of Road 39, and north of Scout Island. It is immediately south of the southernmost Root Creek boundary and SOI. This property is under the same ownership as other lands within the District, and it is subject to a holding contract with the U.S. Bureau of Reclamation (Reclamation), ensuring that water from Friant Dam will be made available to the property for beneficial use at all times. The parcel is proposed for annexation in order to obtain the holding contract with Reclamation.

The second parcel to be annexed comprises approximately 314 acres at the northernmost end of the Riverstone Specific Plan (formerly Gateway Village).¹ The parcel is contiguous on its south boundary with the approximately 1,635 acres of the Riverstone Specific Plan that are already included in the northeast area of the District. It was not initially included within the District at its formation because it was within and served by Madera Irrigation District (MID); the intention was that it would remain as such until development was imminent. Following completion of the SOI expansion and annexation of this parcel, the entire Riverstone Specific Plan area will be within the District, ensuring effective and coordinated services to the Plan Area.

At the time of annexation to Root Creek Water District, both parcels will be removed from the Madera Irrigation District SOI and the 314-acre parcel will also be detached from Madera Irrigation District.

In addition to imported surface water and groundwater, lands within the District obtain water from private rights held by landowners within the District. Those include four signed Holding Contracts with the U.S.

¹ Originally approved as the “Gateway Village” master-planned community, ownership of and the right to develop Gateway Village came under new ownership in 2010. The name of the project was subsequently changed to “Riverstone” in 2014. All references to Riverstone include by reference all components of and approvals previously associated with Gateway Village.

Section Two: Agency Profile – Root Creek Water District Root Creek Water District, 2018 Municipal Service Review

Bureau of Reclamation² that authorize diversion of water from the San Joaquin River for use on 2,173 acres. Another landowner holds riparian rights.

The District currently provides water to agricultural customers within its boundaries, and is authorized to deliver domestic water. In 2013, LAFCO activated the latent wastewater and storm drainage powers. Significant portions of the water, wastewater, and storm drainage facilities identified in the Infrastructure Master Plan for the Riverstone development area have been installed. According to California Water Code, these are the only services that the District is allowed to provide. Any other services must be provided by the County or by another overlapping district. The Gateway Village Development Agreement assumes that these other services would be provided by CSA 22.³ The following is a list of determinations from the Greater Rio Mesa Area Municipal Service Review. The District intends to comply with these recommendations as the area is further developed and does not see the need to amend them at this time.

GENERAL DETERMINATIONS

Determination 1.1 - LAFCO has the power to determine the sphere of influence for each of the five special districts in this MSR. The two maintenance districts are not special districts and do not have spheres of influence; however, it is essential that these services and facilities be coordinated and/or consolidated with the surrounding area's services and facilities.

Determination 1.2 - A single multipurpose governmental agency would be accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Governmental services should be given to the agency or agencies that can best provide government services.

Determination 1.3 - The greater Rio Mesa area is presently served by a combination of dependent and independent special districts. These districts have been established at various points in time in response to needs for specific municipal service delivery.

Determination 1.4 - A single incorporated city is the ultimate long-range plan for the greater Rio Mesa area. Until the time that incorporation occurs, any Sphere of Influence or boundary changes to the seven districts should promote, and be consistent with, this long-term plan.

GROWTH AND POPULATION DETERMINATIONS

Determination 2.1 - Based upon the existing Madera County General Plan, the Rio Mesa Area Plan, and existing and proposed development projects, the greater Rio Mesa area is projected to have a population of 90,000 to 100,000 persons, approximately 33,000 residential units, and 10.5 to 11 million square feet of commercial space.

Determination 2.2 - The future Rio Mesa Area will require all the typical local urban services, including, but not limited to, water, sewer service, police and fire protection, parks and recreation services, street maintenance, solid waste collection, and others.

Determination 2.3 - Given the anticipated number of future residents, and the amount of land dedicated to commercial use, it is likely that at some point the area will be financially able to incorporate as a city.

² A fifth holding contract has been offered, but the Bureau of Reclamation has not executed it.

³ Greater Rio Mesa Area Municipal Service Review, Madera LAFCo. May 2010. Page 7-2.

Determination 2.4 - Prior to incorporation as a city, the most efficient government structure to effectively provide local urban services is a single, independent, multipurpose special district, such as a community service district.

Determination 2.5 - Local voters should be given the opportunity to establish an independent special district. Future consideration of an independent district in the Greater Rio Mesa Area, or a Community Services District should require the following:

1. A minimum total population of 10,000 in the Greater Rio Mesa Area, located in several of the existing neighborhoods and proposed subareas of the planning area.
2. A detailed plan of services and the cost of desired infrastructure for the entire district and any zones of benefit.
3. An analysis of the financial viability of the proposed independent district and its services plan.

COUNTY SERVICE AREA 22 (CSA 22) DETERMINATIONS

Determination 5.1 - County Service Area 22 is authorized to provide all of the municipal services that state law allows county service areas to provide. Street maintenance, street lighting and fire protection services are currently being provided to the area within Zone of Benefit B. Other services that are authorized, but not being currently provided, will remain authorized by LAFCo, and will be reviewed again during CSA 22's next municipal service review in approximately five years.

Determination 5.2 - County Service Area 22's rate structure is adequate for everyday operations of its facilities.

Determination 5.3 - As the area within County Service Area 22 develops there will be an opportunity to share facilities with adjacent existing development. The feasibility of consolidating water facilities, as well as the possible addition for sewer collection facilities, should be studied during the County approval process of development projects as a strategy for avoiding the expected service cost increases that will result from the existing aging facilities.

Determination 5.4 - To further LAFCo's goal of moving toward a single service provider for the Rio Mesa area, County Service Area 22 should be consolidated with other existing developed areas. These include CSA 16, CSA 19, MD 14, and MD 57. The first step toward consolidation would be to expand CSA 22's SOI to include this territory and all other areas planned for development in the greater Rio Mesa area. Through this change, LAFCo will be making a policy statement that its long-term plan for CSA 22 is to be the major, and possibly only, service provider in the greater Rio Mesa area.

COUNTY SERVICE AREA 22 (CSA 22) RECOMMENDATIONS

Recommendation 5.1 - Direct the Executive Officer to process and bring before the Commission an application for the amendment of the Sphere of Influence for County Service Area 22 as recommended in the Greater Rio Mesa Area Municipal Service Review.

Recommendation 5.2 - Direct the Executive Officer to encourage the governing board of County Service Area 22 to utilize the concept of zones of benefit to recognize the distinctly different service areas and/or fee structures in the developed and developing areas of County Service Area 22.

ROOT CREEK WATER DISTRICT (RCWD) DETERMINATIONS

Determination 7.1 - Root Creek Water District is authorized to provide for the provision of water. These services are currently being provided through the District via efforts to obtain and maintain water rights for the territory. Any other services, including the distribution of water, would be required to be authorized by LAFCo before they can be provided.

Section Two: Agency Profile – Root Creek Water District

Root Creek Water District, 2018 Municipal Service Review

Determination 7.2 - Root Creek Water District's rate structure is adequate for its current efforts to obtain and maintain water rights.

Determination 7.3 - Because of its status as a water district, Root Creek Water District is not able by law to provide the full range of services that will eventually be needed within its territory and in the greater Rio Mesa area.

Determination 7.4 - To further LAFCO's goal of moving toward a single service provider for the Rio Mesa area, while at the same time recognizing Root Creek Water District's current efforts to obtain and maintain water rights for the territory, LAFCO prefers that CSA 22 eventually be the single service provider, while leaving open the possibility of RCWD's potential for providing some services in the area in the short term.

Determination 7.5 - Root Creek Water District has provided a valuable service in establishing the basis of water service in the area. The Governing Board of the RCWD has declared willingness to consolidate with CSA 22 at such time as the need for urban services within the majority of the area becomes apparent through the adoption of plans for urban development.

ROOT CREEK WATER DISTRICT (RCWD) RECOMMENDATIONS

Recommendation 7.1 - Direct the Executive Officer to continue discussions with the Board of Directors of the Root Creek Water District regarding the timing of an application to consolidate RCWD with CSA 22.

In 2014, Governor Brown signed into law Senate Bills 1168 and 1319 and Assembly Bill 1739, the provisions of which are collectively known as the Sustainable Groundwater Management Act (SGMA). Effective January 1, 2015, medium- and high-priority water basins, including the Madera Sub-basin, are required to be managed by a Groundwater Sustainability Agency (GSA). SGMA further authorized any local agency with water supply, water management, or land use authority, either by itself or in collaboration with other agencies, to elect to become a GSA. As a California Water District, RCWD elected to form a GSA in 2016, with its area of influence coincident with its service area. The District is responsible for preparation of a Groundwater Sustainability Plan (GSP) to oversee the management of groundwater within its boundaries pursuant to SGMA.

B. Agency Profile

| | |
|---------------------|--|
| Contact: | Nick Bruno, President of the Board |
| Mailing Address: | P.O. Box 28548 Fresno, CA 93729 |
| Physical Address: | 370 Lodge Road South Madera, CA 93636 |
| Telephone Number: | (559) 326-2222 |
| Fax Number: | (559) 435-5552 |
| Types of Services: | Irrigation water (at present); domestic water, wastewater, and storm drainage/flood control |
| Date Formed: | 1996 |
| Board of Directors: | The Directors are elected to four-year terms in accordance with the provisions of the California Water District Law. |

Section Two: Agency Profile – Root Creek Water District
 Root Creek Water District, 2018 Municipal Service Review

As of October 2017, the Board of Directors is constituted as follows:

Table II-1. Board of Directors

| Board of Directors | | |
|--------------------------------------|------------------|------------------|
| Member | Term Began | Term Ends |
| Nick Bruno, President | January 6, 2016 | December 2, 2020 |
| Jeffrey D. Coulthard, Vice President | December 2, 2014 | December 5, 2018 |
| Toni Scarborough, Secretary | December 2, 2014 | December 5, 2018 |
| Brian Partridge, Treasurer | January 6, 2016 | December 2, 2020 |
| Lynn Hoffman, Director | December 5, 2014 | December 5, 2018 |
| Dan Hoffman, Director | December 5, 2014 | December 5, 2018 |
| Vacant | | |

Table II-2. District Information

| District Information | |
|-------------------------------|---------------------------------|
| Statistics | |
| Area in District: | 9,217 acres (14.4 square miles) |
| Area in Sphere of Influence: | 9,217 acres (14.4 square miles) |
| Number of Assessor's Parcels: | <100 (approximately) |

Section Two: Agency Profile – Root Creek Water District
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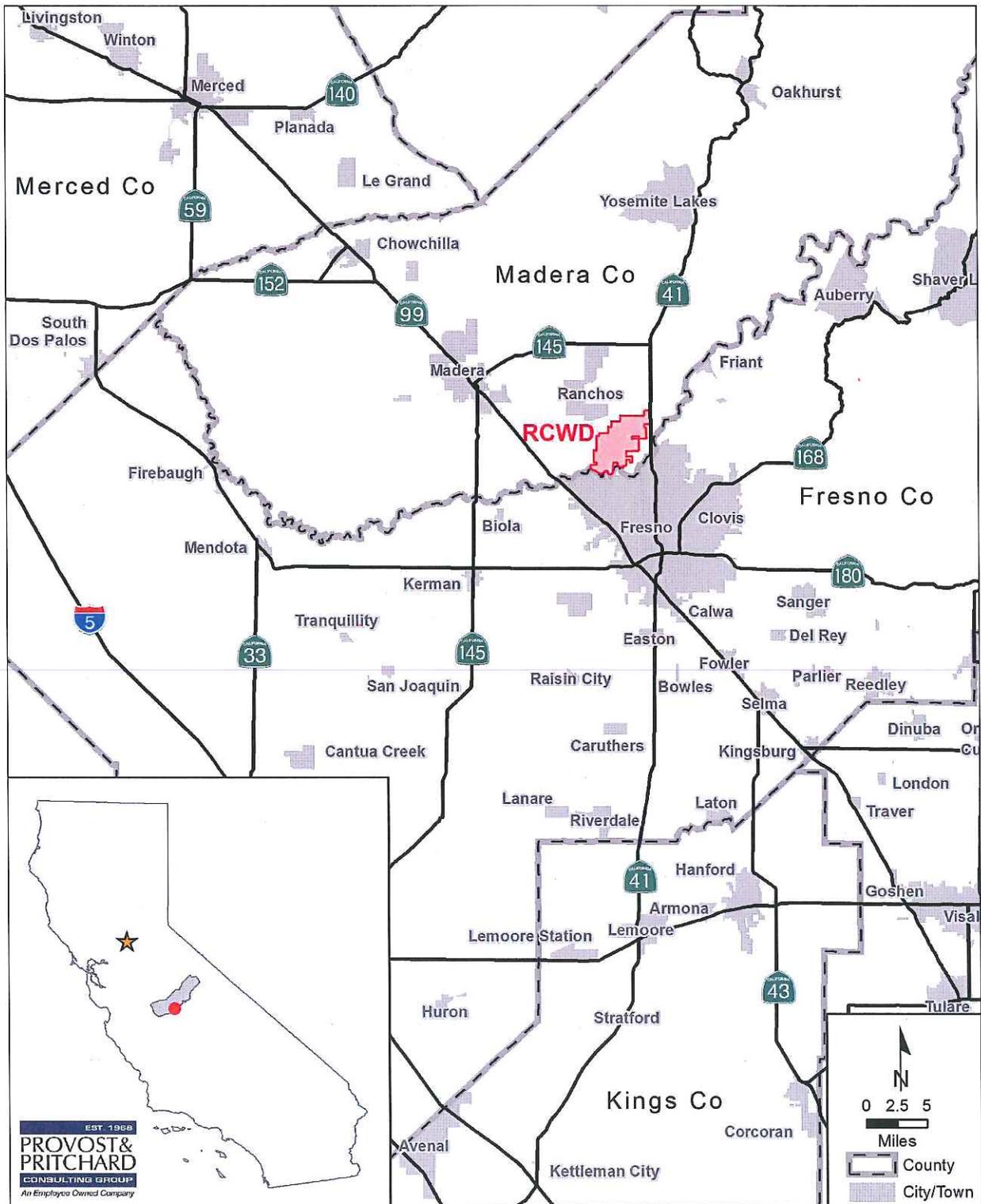
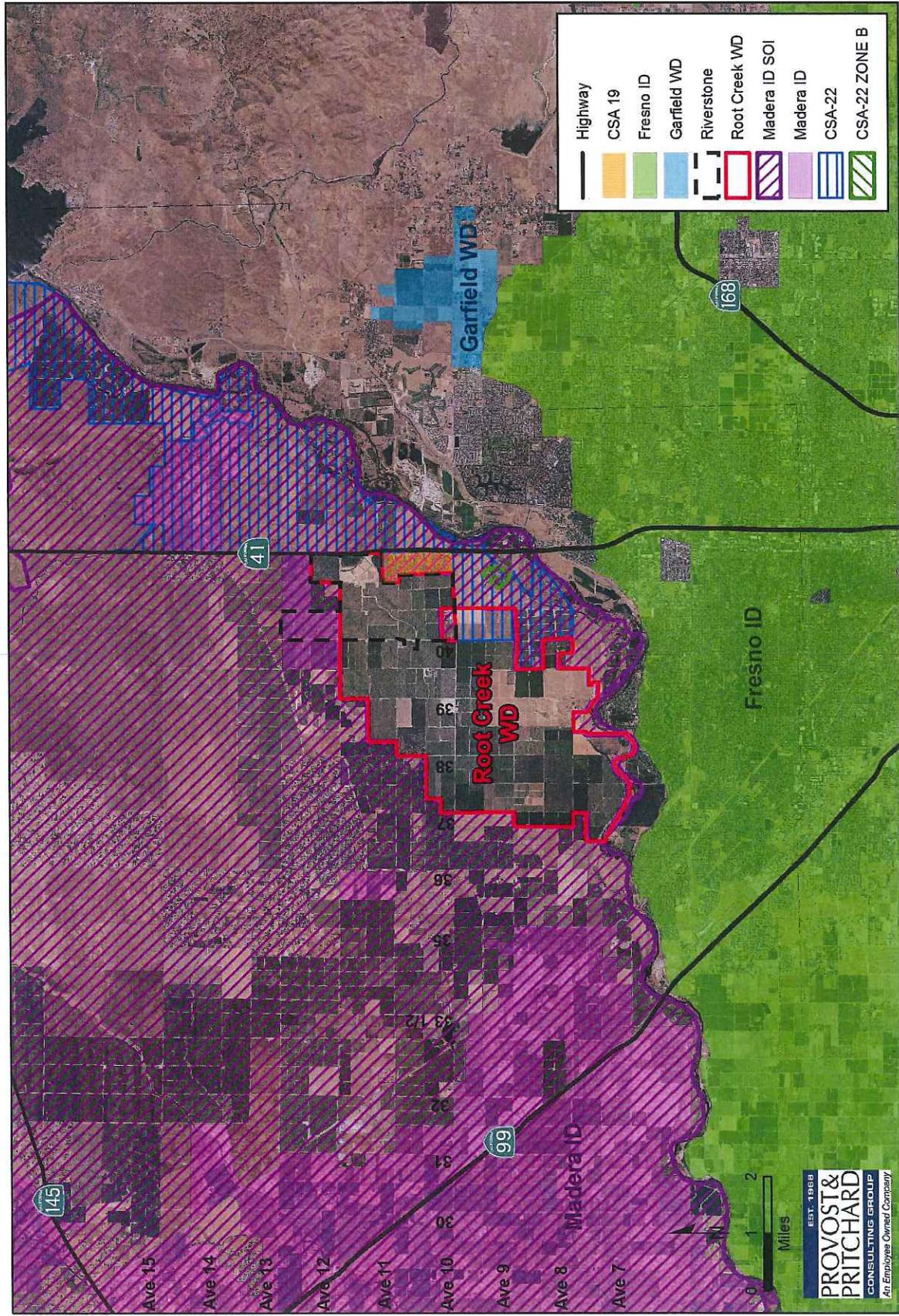


Figure II-1. Regional Location

Section Two: Agency Profile – Root Creek Water District
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9/20/2017 : G:\Root Creek WD-1249\Ongoing\900 Gateway Vill-Riverstone\908 LAFCo Applications\RCWD Annexation\MSR\GIS\MapNeighbors_CSA.mxd Aerial: NAIP 2016

Figure II-2. Boundary & Sphere of Influence

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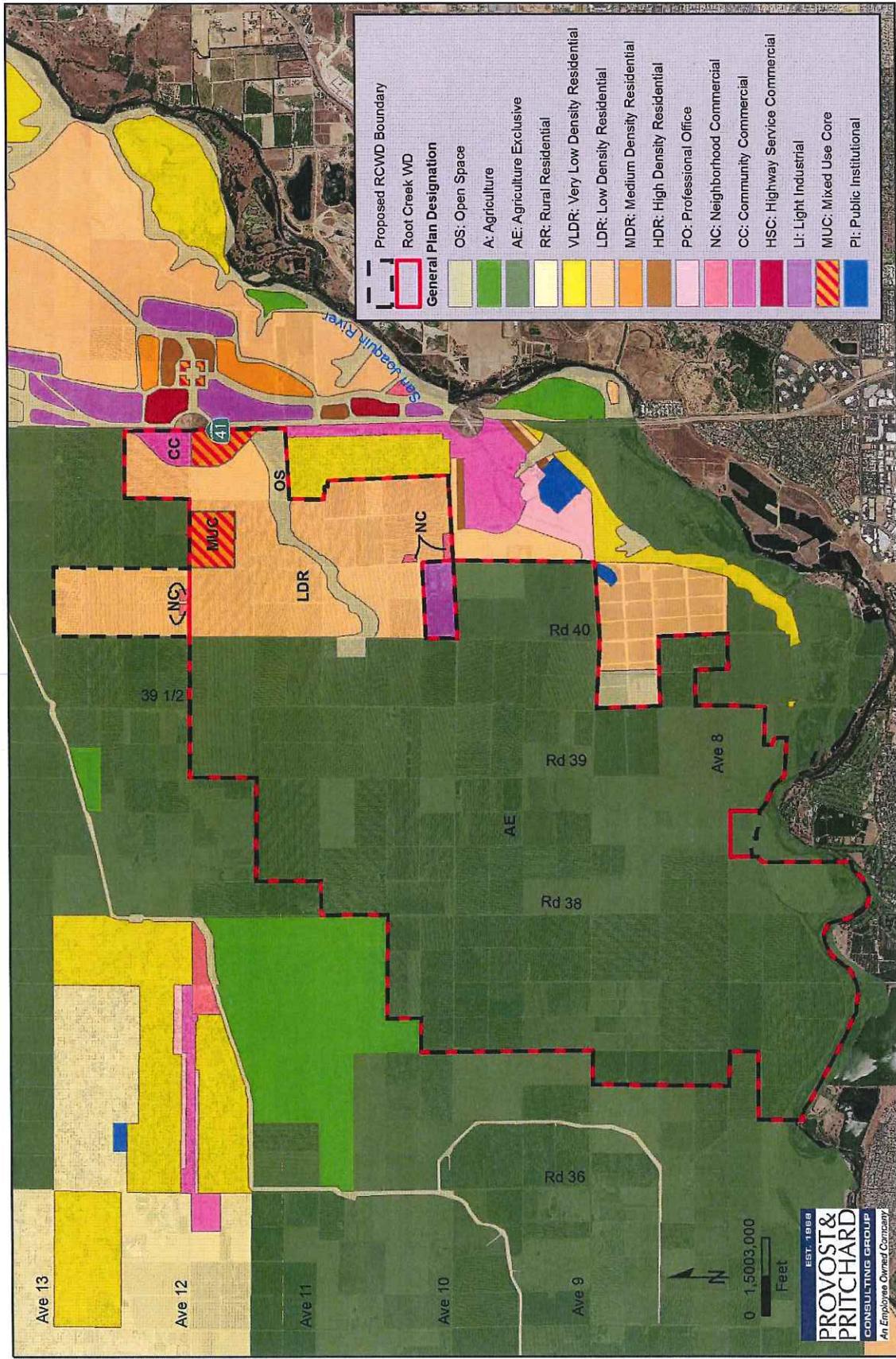


Figure II-3. General Plan Land Use

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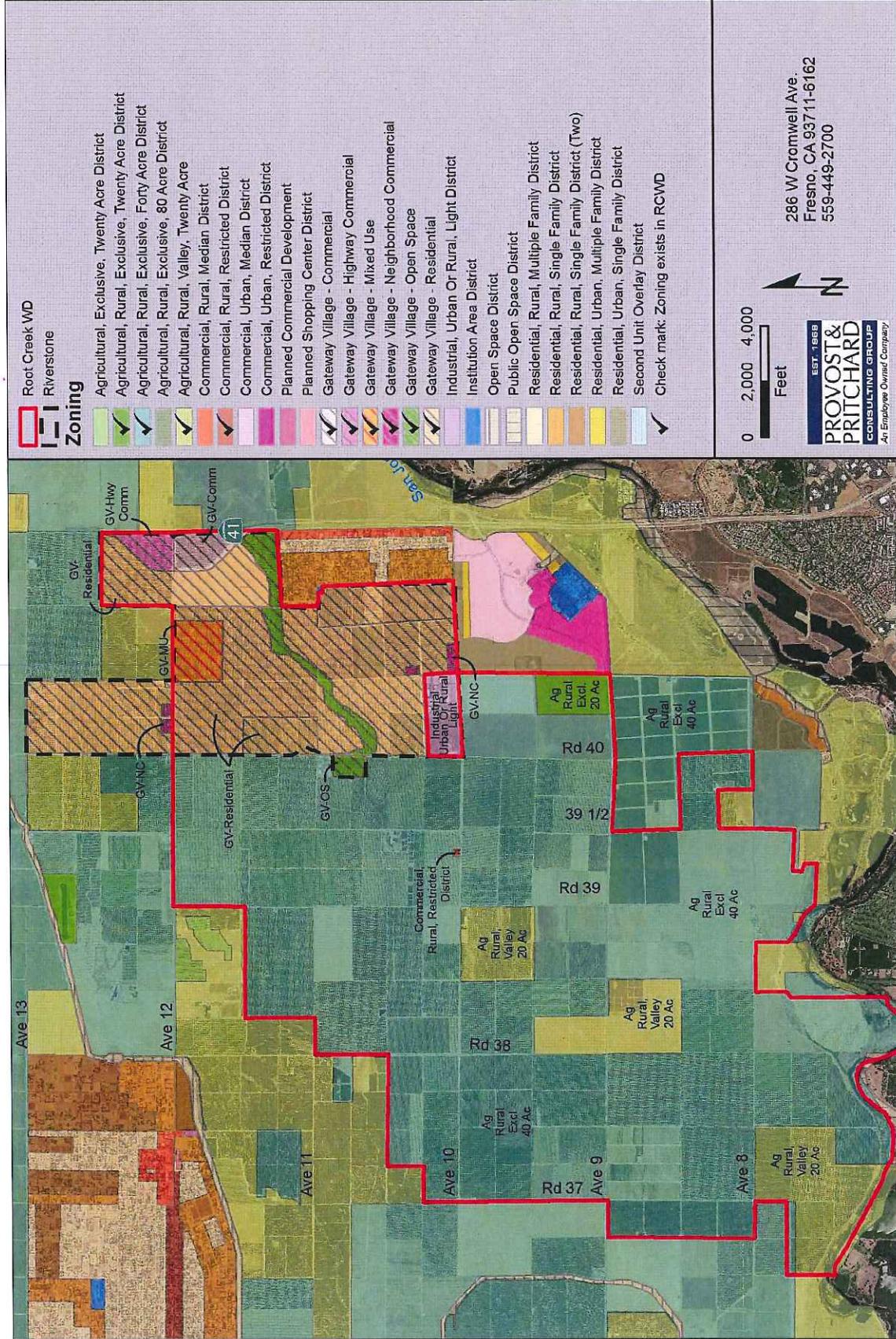


Figure II-4. Zoning

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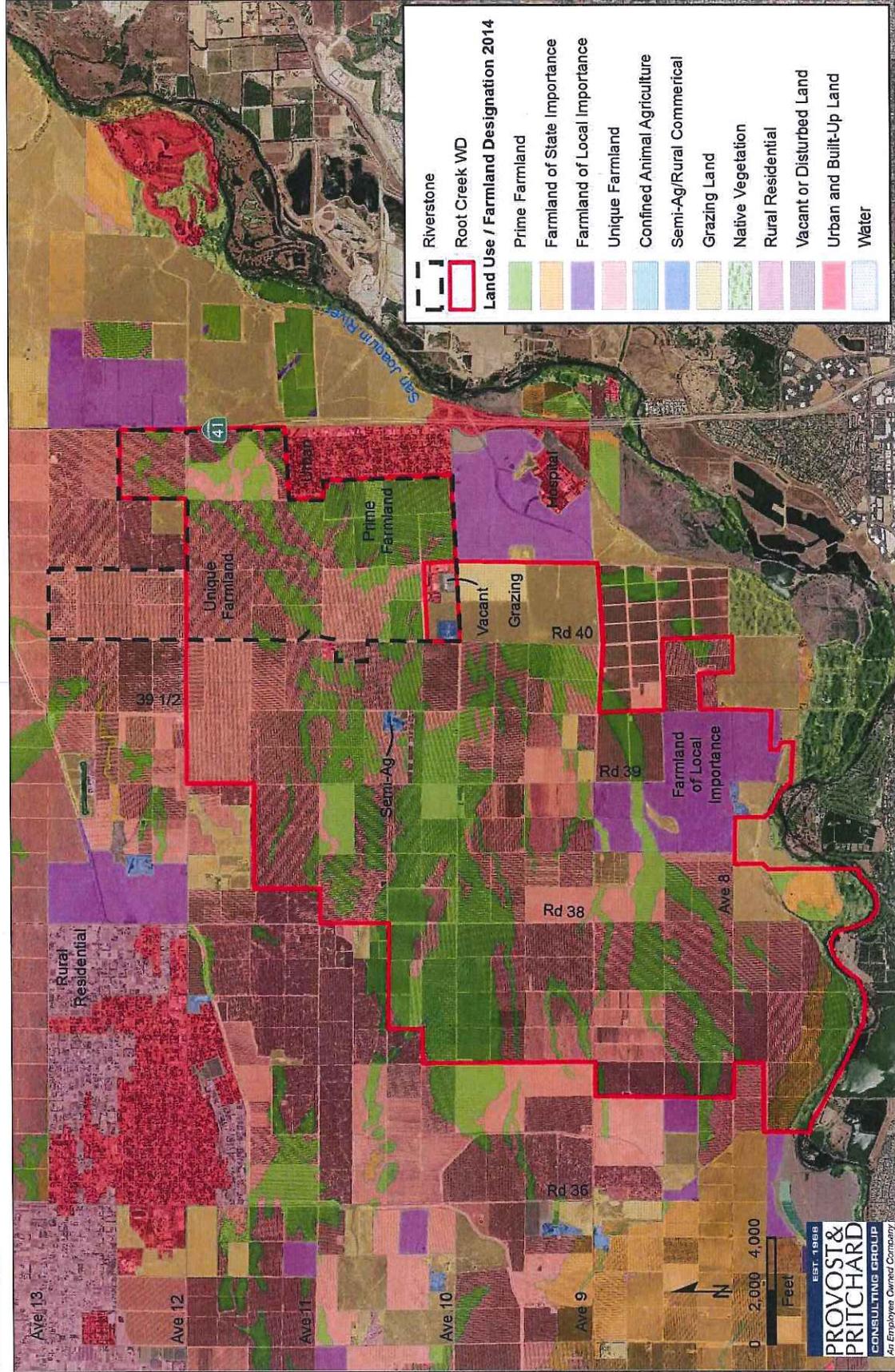


Figure II-5. Existing Land Uses

III. Municipal Service Review

A. Growth and Population

Currently, there is only a small number of rural homes within Root Creek Water District. The community of Rolling Hills abuts the District to the east, and Madera Ranchos⁴ is located approximately one mile to the northwest. The current population of Rolling Hills is estimated at 921,⁵ and the population of the Ranchos is estimated at 8,866.⁶ At full buildout, Riverstone is expected to accommodate approximately 23,000 residents.⁷

Significant municipal infrastructure has already been installed, including three wells, a one million-gallon storage tank, initial wastewater treatment plant, infrastructure for Blocks 1, 2, and 6 for initial development of Riverstone Village A, and the northeast storm drain pipeline. In addition, construction of residences within Riverstone commenced in April 2016. As the plan area develops, population within the District is expected to increase steadily until full buildout of Riverstone in 2035.

The 2,100-acre Riverstone Specific Plan provides for the eventual construction of 6,578 dwellings across a total of 1,589 acres of low-density residential and mixed-use area. Of that acreage, Mixed-Use Core accounts for 132 acres. Commercial and light industrial uses will occupy approximately 59 acres. Open Space and Parks will include the 115-acre Root Creek Park and the wastewater treatment plant site and reserve a total of 217 acres within Riverstone as permanent community open space.

Within the low-density residential areas, the Specific Plan calls for construction of four elementary schools to be operated by Golden Valley Unified School District. Each school will occupy approximately 12 acres and will be designed to accommodate 800 students. Beyond the elementary school level, students will attend Ranchos Middle School and Liberty High School, located on a shared campus at the northwest corner of Avenue 12 and Road 36, approximately two miles to the west of Riverstone. Government and public services, consisting of fire, police, postal, and service district facilities, are projected to occupy approximately 34 acres and will be incorporated within residential, mixed-use, and commercial areas.

B. Disadvantaged Unincorporated Communities

Pursuant to SB 244, a disadvantaged unincorporated community is defined as any area comprising 10 or more dwelling units in close proximity to one another; is either within a city SOI, is an island within a city boundary, or is geographically isolated and has existed for more than 50 years; has a median household income that is 80 percent or less than the statewide median household income. The primary intent of the new legislation is for LAFCOs to encourage investment in communities that often lack necessary infrastructure when considering annexation of adjacent areas by cities and special districts by requiring these agencies to include them in local planning processes.

As development is proposed within the District's boundary, the District would identify service extensions needed to serve the new area. There are several rural residences scattered throughout the District, but it does

⁴ Including, for the purposes of this report, the Bonadelle Ranchos.

⁵ 2014 American Community Survey 5-Year Estimates

⁶ Ibid.

⁷ This assumes 3.2 persons per dwelling unit. Madera County General Plan

not appear that there is any cohesive collection that would qualify as a disadvantaged unincorporated community. Through consultation between LAFCO, the District, and Madera County, nearby or adjacent areas qualifying as disadvantaged unincorporated communities would be identified as part of any annexation proposal. Although annexation of any disadvantaged unincorporated communities cannot be required as a condition of approval for the initially-proposed annexation, LAFCO would have the authority to link the two.

The community of Rolling Hills Estates, which abuts the District to the east, has a median household income of \$96,442.⁸ This exceeds the Statewide median household income of \$67,739⁹ and disqualifies Rolling Hills Estates as a potential disadvantaged unincorporated community.

C. Adequacy of Public Services and Infrastructure

III.C.1 Water

The District currently operates three potable water production wells and proposes to build two more in the same general vicinity to accommodate development of the Riverstone community. The Riverstone developer estimates that Riverstone will have an average daily demand of 3,953 gallons per minute (GPM) and maximum daily demand of 9,294 GPM.¹⁰ The District will supply groundwater to municipal water users through a District-owned distribution system. Groundwater withdrawals to provide potable water to municipal water users will be offset by a portion of the imported surface water supplied to agriculture in the District.¹¹ Due to conditions related to development, many water conservation measures were adopted through the permitting and approval process.

The potable water delivery system, illustrated in **Figure III-1**, is composed primarily of a looping system of water mains ranging between eight and twelve inches in diameter. The 30 individual water services are not shown. Overall, the District's municipal infrastructure will be developed with the express purpose of allowing expansion over time to meet growing needs, primarily within the Riverstone plan area. Developers of individual projects within Riverstone or other areas in the District will be required to install water infrastructure necessary to serve their projects. They may be required to install or extend major system components and/or pay development impact fees to fund their installation.

For rate design, half of the imported water cost is allocated to the agricultural water system and half is allocated to the M&I water system based on water demand at full build-out of the District. To encourage the use of surface water, the District proposed to price the recharge fee and the surface water charge such that the customer is indifferent to the source of supply. This blended rate structure reflects the management of water supply as a single portfolio benefiting all customers. A customer using groundwater would pay the recharge fee to the District and would also incur pumping costs to operate his or her well. It is assumed that the pumping costs add 50% to the District's recharge fee. Thus, the surface water charge (\$101/AF) is calculated as 1.5 times the recharge fee (\$67/AF).¹²

⁸ Data USA. Rolling Hills, Madera County, Ca. <https://datausa.io/profile/gco/rolling-hills-madera-county-ca/> Date Accessed November 13,2017.

⁹ U.S. Census American Fact Finder.

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_DP03&prodType=table Date Accessed November 13, 2017.

¹⁰ Riverstone Infrastructure Master Plan

¹¹ Ibid.

¹² Root Creek Water District – Financial Plan Report. 2016. Bartle Wells Associates. Page 35-36.

Section Three: Municipal Service Review
Root Creek Water District, 2018 Municipal Service Review

Table III-1. Rates, Fees, and Charges¹³

| Rates, Fees, and Charges | | |
|---|----------|-------------------------------|
| Category | Amount | Basis |
| District Wide | | |
| Special Assessment | \$30 | \$/acre |
| Agriculture | | |
| Recharge Fee | \$85 | \$/AF of groundwater |
| Surface Water Charge | \$119 | \$/AF of surface water |
| Municipal and Industrial | | |
| Community Facilities District Tax | \$0.15 | \$/sq ft of development/year |
| Connection Fee Water | \$4,447 | \$/new dwelling unit |
| Connection Fee Wastewater | \$11,344 | \$/new dwelling unit |
| Connection Fee Storm Drain | \$1,252 | \$/new dwelling unit |
| Utility Service Rate Water – Fixed Charge | \$16.00 | \$/month per meter equivalent |
| Utility Service Rate Volume Rate – Tier 1 (1-10 hcf) | \$1.30 | \$/hundred cubic feet |
| Utility Service Rate Volume Rate – Tier 2 (>10 hcf) | \$1.83 | \$/hundred cubic feet |
| Utility Service Rate Wastewater | \$25.00 | \$/month per dwelling unit |
| Utility Service Rate Storm Drain | \$3.00 | \$/month per dwelling unit |

The backbone potable water delivery system has been constructed from the western well field to Village A of Riverstone, north of Rolling Hills and southwest of the intersection of Avenue 12 and State Route 41. A 1,000,000-gallon water storage tank has been constructed on the north side of Avenue 12 approximately one mile west of State Route 41. Further development of any particular portion of the plan area will require the developer to provide an analysis of the individual project's water needs. In the event that the proposed development would cause peak consumption to exceed the production capacity of the system, the developer would be required to provide for an alternative or additional source of water.

III.C.2 Wastewater (Sewer)

The District operates a tertiary-level wastewater treatment plant (WWTP) located on approximately 20 acres west of Road 40, just south of Avenue 11. At build-out, the operational capacity of this facility will be 1.8 million gallons per day (MGD). After treatment and disinfection, effluent from the WWTP will be discharged to an Effluent Storage Pond Complex at Avenue 10 and Road 39 for use as recycled water. The two facilities will be connected via an effluent force main running south along Road 40 then west along Avenue 10. The disinfected tertiary treated wastewater will be used for irrigation of crops and landscaping and intentional groundwater recharge.

¹³ Root Creek Water District – Financial Plan Report. 2016. Bartle Wells Associates. Page 4.

The wastewater collection system (**Figure III-2**) consists of collector-size (eight- to twelve-inch) pipes. Individual sewer connections, totaling a count of 30, are not shown. The existing and planned wastewater system is designed to be easily expanded as necessary to accommodate future growth. Developers of individual projects will be required to install wastewater infrastructure necessary to serve their projects, and may be required to install or extend major system components and/or pay development impact fees to fund their installation. To facilitate development within Village A as previously described, a single sewer collection pipeline has been constructed between Village A and the WWTP.

III.C.3 Storm Drainage

The storm drainage system within Riverstone, as illustrated in **Figure III-3**, is largely designed to channel runoff to Root Creek, via a natural drainage trending northeast to southwest through the Riverstone plan area. Runoff within individual villages will generally surface flow to storm drain inlets and be routed via pipelines to detention basins. Permanent basins are indicated in the infrastructure master plan. Temporary basins will be constructed to support development of individual phases, and will be removed when their respective permanent facilities are available. The master-planned detention basins are designed to regulate the discharge of stormwater into Root Creek. Once water within a basin reaches a certain depth (varies by basin), it will either overflow into infrastructure (i.e. surface streets and/or additional inlets/pipelines) leading to a subsequent basin or overflow into the Root Creek channel. As of May 2016, one permanent basin and two temporary basins, plus inlets and interconnecting pipelines, have been constructed to address runoff within the first phase of Village A. As further development occurs, the temporary basins will be removed and additional permanent facilities will be installed.

Development of the northeastern area of Riverstone will interrupt a second naturally-occurring drainage system that historically moved runoff from the area north of Riverstone southward into the Root Creek channel. To accommodate that runoff, a 66-inch-diameter stormwater pipeline has been constructed to collect runoff from north of Avenue 12 near its intersection with Business SR 41 and convey it beneath street rights-of-way to ultimately discharge into Root Creek.

D. Financial Ability to Provide Services

The District estimates its administrative costs at approximately \$29.86 per acre. The District has received voter approval and adopted an annual assessment of \$30 per acre on all acreage within the District to fund those administrative costs. In July 2016, it adopted a fee schedule and enterprise funds for all agricultural and municipal utilities. With the adoption of the fees, charges, and assessments, the District is financially autonomous and limited to funding sources allowed under State law.

The Board of Directors adopts an annual budget and oversees expenditures throughout the fiscal year. The District obtains an audit annually. The audit is conducted by an independent certified public accountant. The District will submit all audits to the County Auditor. Rates for water service within the District will be tied to the cost of producing and delivering water. The District may impose fees or rates for services provided that they are reasonably related to the cost of producing and delivering services, and will make ongoing rate decisions based on external costs and infrastructure maintenance and/or replacement. The District has created a community facilities district (CFD) to provide funding for facilities that serve Riverstone. The CFD has not established zones of benefit.

Table III-2 contains audited annual financial information for the District from FYs 2011-2012 through 2014-2015. As discussed, District finances have historically been erratic, but the establishment of the new acreage assessment and development impact fees, along with the formation of a CFD will stabilize the District's financial situation in future years.

Section Three: Municipal Service Review
Root Creek Water District, 2018 Municipal Service Review

Table III-2. Four-Year Summary of Revenues and Expenses

| Four-Year Summary of Revenues and Expenses Root Creek Water District: FY 2010/11 – FY 2014/15 | | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|
| Fund | | Fiscal Year | | | |
| | | Audited 2011-2012 | Audited 2012-2013 | Audited 2013-2014 | Audited 2014-2015 |
| LIABILITIES | Total Liabilities: | \$2,116,069 | \$3,997,643 | \$4,769,782 | \$5,184,101 |
| | | | | | |
| REVENUES | Assessments | \$27,633 | \$27,631 | \$13,825 | \$27,647 |
| | Other Charges | \$157,091 | \$400,237 | \$1,788,792* | \$261,191 |
| | Total Revenues: | \$184,724 | \$427,868 | \$1,802,617 | \$288,838 |
| EXPENDITURES | Accounting and Audit | \$2,980 | \$2,320 | \$6,052 | \$4,553 |
| | Consultants | \$47,473 | \$5,892 | \$84,768 | \$266,513 |
| | Depreciation | - | - | - | \$54,303 |
| | Dues | \$3,650 | \$4,845 | \$1,200 | \$8,730 |
| | Insurance | - | - | \$1,283 | \$2,183 |
| | Legal | \$108,095 | \$109,755 | \$89,570 | \$248,170 |
| | Miscellaneous | \$2,593 | \$2,261 | \$133 | \$272 |
| | Outside Services | - | \$133,549 | \$6,429 | \$51,706 |
| | Water Supply | - | \$150,000 | - | \$127,550 |
| | Total Expenditures: | \$193,045 | \$414,552 | \$189,435 | \$763,980 |
| | Surplus/Deficit: | -\$8,321 | \$13,316 | \$1,613,182 | -\$475,142 |

* The District was awarded a grant in the amount of \$1.5 million for construction of the In-Lieu pipeline.

Approximately \$4.5 million of the District's liabilities comprise annual water payments that have accrued to Wonderful and are being held on account for the purchase of water supplies. To this point, these payments have been funded by the Riverstone project developer. The balance of the liabilities includes grants payable to other parties and accounts payable to consultants and other entities.

E. Status of and Opportunities for Shared Facilities

The District is located directly west of the census-designated place of Rolling Hills, which receives its water from a well drawing approximately 400 gallons per minute. In the summer, Rolling Hills also uses a second well belonging to S&J Ranch, which produces an additional 450 gallons per minute. The municipal water needs of most of the area surrounding the District, including Rolling Hills, are served by CSA 19. Root Creek Water District has entered into an agreement with Wonderful Nut Orchards, LLC ("WNO") to provide a firm water supply of up to 7,000 acre-feet/year.¹⁴ WNO has developed facilities and banked water in the

¹⁴ Madera LAFCO 2007 MSR for Root Creek Water District

North-Kern Water Storage District to service that contract. The banked water and other water supplies are available for delivery to Root Creek through a multi-party exchange. While Madera Irrigation District currently provides irrigation water to the northernmost 314 acres of the Riverstone plan area, that acreage will be detached from Madera ID at the time it is annexed to Root Creek Water District. The District does not have any additional shared facilities with MID. The District has adequate infrastructure built and planned to serve the area, and will remain the sole purveyor of irrigation water, potable water, wastewater, reclaimed water, and storm drainage services.

According to the California Water Code, these are the only services that the District is allowed to provide. Any other services must be provided by the County or by another overlapping district. The Gateway Village Development Agreement assumes that these other services would be provided by CSA 22.¹⁵ Currently, CSA 22 provides service to Valley Children's Hospital. Consistent with a 2011 Letter to LAFCo, the District is open to the possibility of future consolidation of services in southeastern Madera County. However, since the District has established a system of fees and assessments, installed infrastructure, and arranged for acquisition of water rights under the presumption that it will be the purveyor of utilities for the Riverstone project, consolidation is not appropriate at this time.

F. Accountability

The District is governed by a seven-member Board of Directors. The Directors are elected to four-year terms in accordance with the provisions of the California Water District Law. The District Board meetings are held the second Wednesday of each month at 11:00 AM. Meetings are conducted in accordance with the Brown Act, and the meeting locations and facilities are in compliance with the Americans with Disabilities Act (ADA). The District posts its official agenda at the meeting location at least 72 hours prior to its regular meetings, specifying the time and location of the meeting and briefly describing items to be discussed and/or acted on. The District will also post the official agenda and accompanying information on the District website when the District has the ability to do so. Based on the information provided above, there are no other means available to improve the District's accountability.

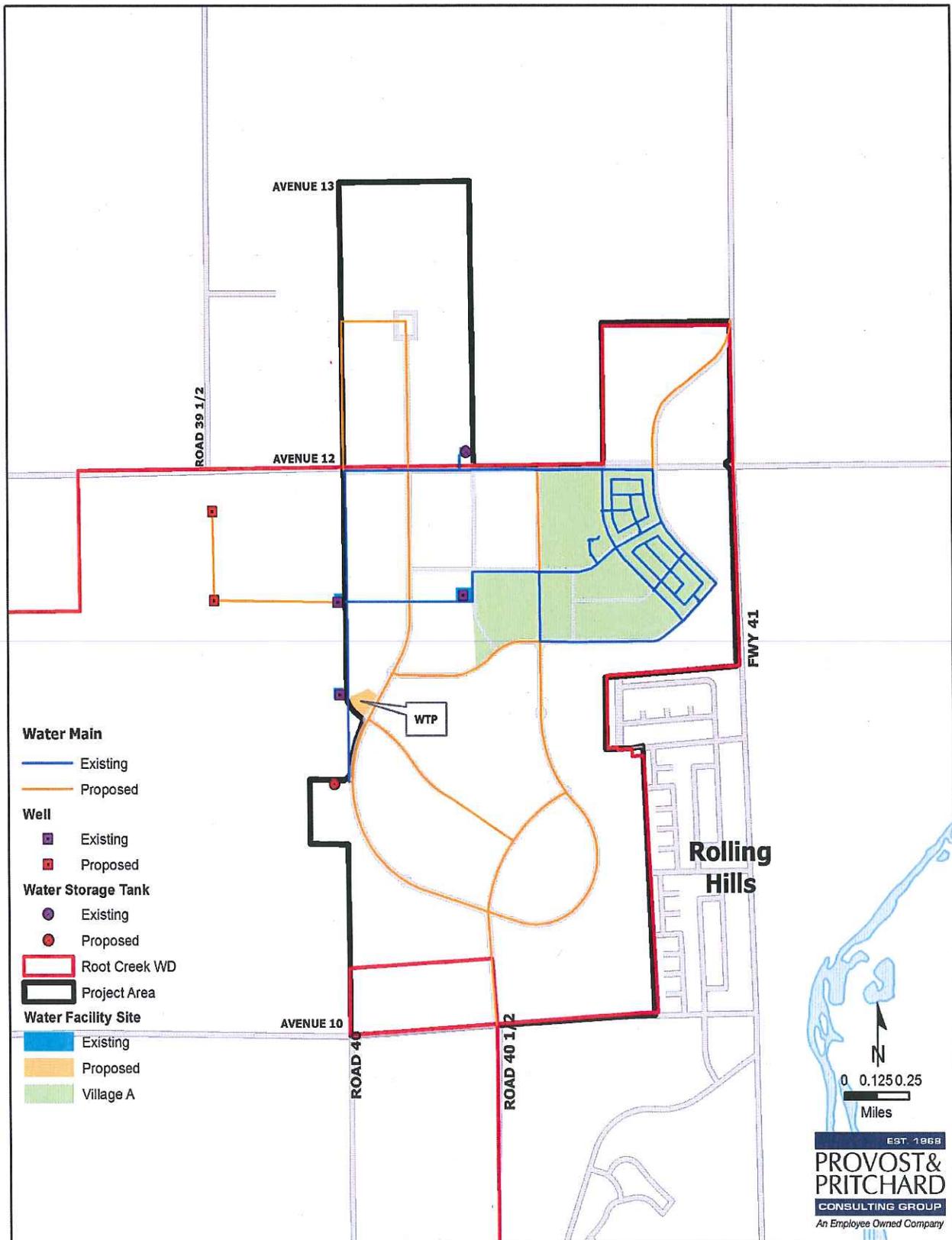
The District holds its board meetings at 370 Lodge Road South, Madera, CA 93292, and can be reached at (559) 326-2222. Their website is: www.rootcreekwd.com.

G. Other

Madera LAFCo has not adopted any other criteria to evaluate regarding service delivery beyond those which are statutorily mandated by CKH.

¹⁵ Greater Rio Mesa Area Municipal Service Review, Madera LAFCo. May 2010. Page 7-2.

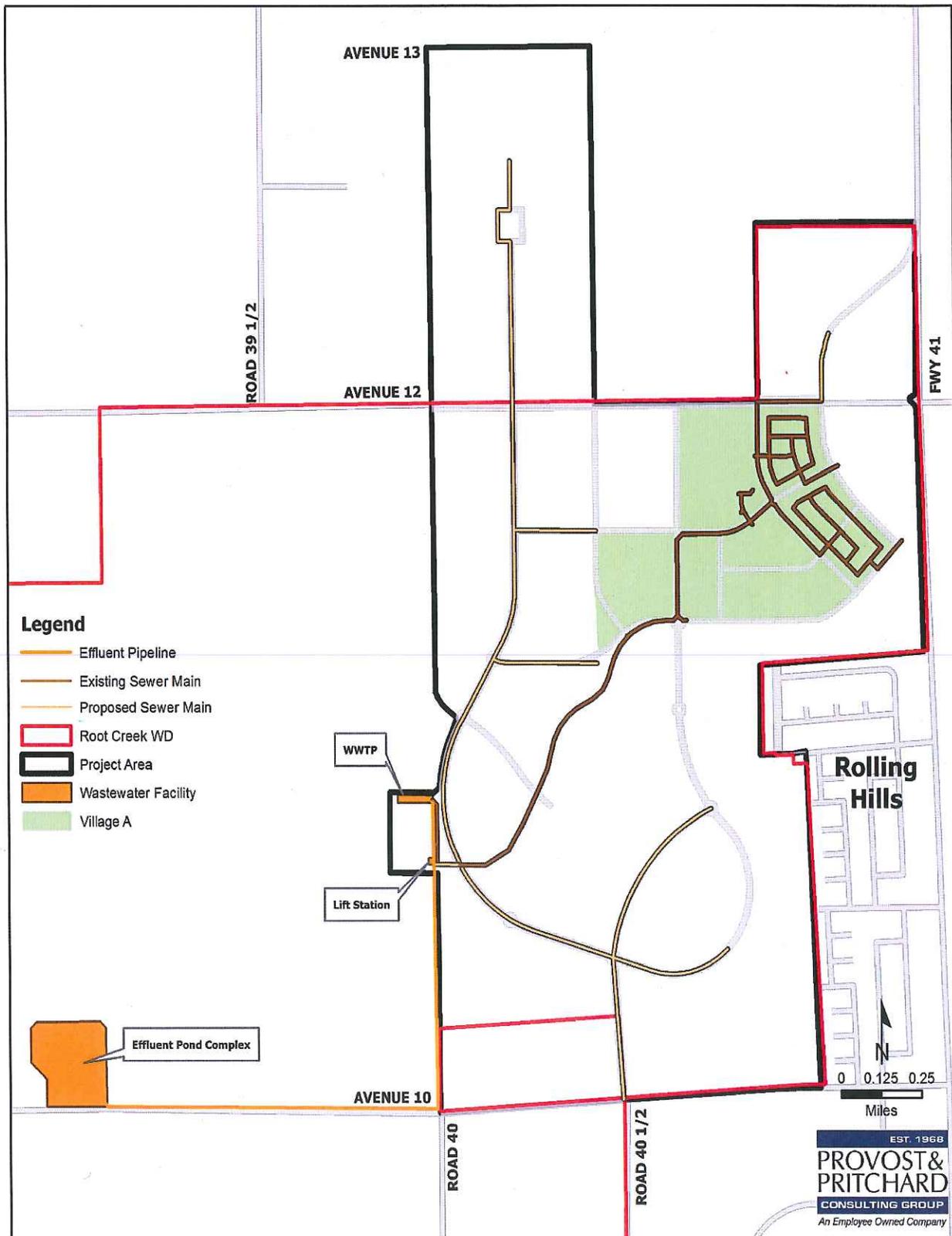
Section Three: Municipal Service Review
 Root Creek Water District, 2018 Municipal Service Review



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Figure III-1. Water Production, Storage, and Delivery System

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 Root Creek Water District, 2018 Municipal Service Review



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 Figure III-2. Wastewater Collection and Treatment System

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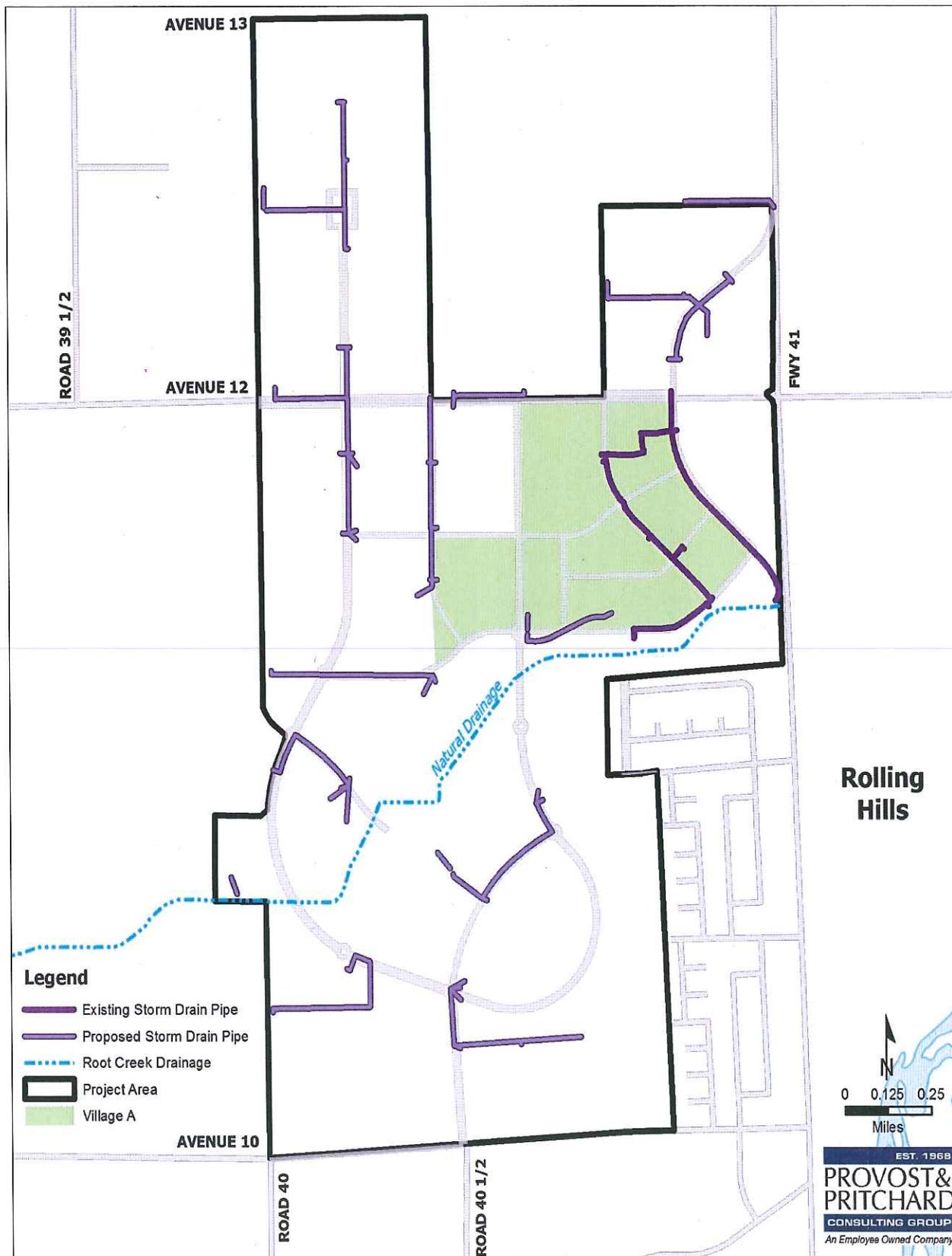


Figure III-3. Storm Drainage System

IV. Determinations for LAFCO Consideration

A. Growth and Population

Root Creek Water District does not currently serve any residential customers. Population increases will initially be a direct result of development of the Riverstone planned community, which at buildout is expected to accommodate approximately 23,000 residents. Within the plan area, development will be responsible for installation of infrastructure and/or payment of development fees to fund infrastructure.

B. Disadvantaged Unincorporated Communities

There are no disadvantaged unincorporated communities within or adjacent to the District. If any such communities are identified in the future, LAFCO, the District, and any prospective project proponent would consult to determine whether the community should be annexed into the District.

C. Adequacy of Public Services and Infrastructure

IV.C.1 Water

The District has, or has contracted or master-planned for, adequate water supplies, storage, and delivery facilities to serve the agricultural area within its boundary, and within the proposed SOI amendment and annexation, and the entire Riverstone master-planned community. As additional property within the Riverstone Plan Area is proposed for development, the proponents of said development will be required to address extension of water infrastructure necessary to serve the subject property or properties. Construction of major system components will be funded via development impact fees, and/or developers will be required to install those facilities if immediate need exists.

IV.C.2 Wastewater (Sewer)

The District will operate a tertiary-level wastewater treatment plant (WWTP) located on the west side of Road 40, south of Avenue 11 in compliance with the State Water Quality Control Board (Title 22) requirements for unrestricted use. The initial phase of the wastewater treatment plant is nearing completion. The balance of the WWTP will be built in multiple phases as needed to accommodate development, with an eventual capacity of 1.8 million gallons per day (MGD). The effluent wastewater will be held at an effluent storage pond complex approximately 1.5 miles southwest of the WWTP. This treated wastewater can be used for agriculture and landscaping irrigation or percolation for groundwater recharge. As is the case with water facilities, construction of major system components will be funded via development impact fees, and/or developers will be required to install those facilities if immediate need exists.

IV.C.3 Storm Drainage

Storm drainage infrastructure for the Riverstone planned development is built around the preexisting Root Creek Drainage system, which runs diagonally through both the District and the Riverstone plan area. The current storm drainage system consists of drain pipes running through a small portion of the Village A area. The District has proposed new sections of storm drain pipes covering the rest of the planned development.

Construction of major system components will be funded via development impact fees, and/or developers will be required to install those facilities if immediate need exists.

D. Financial Ability to Provide Services

Together, the assessments, fees and charges, will provide a predictable income for the District. Once established, the CFD encompassing the Riverstone plan area will be able to issue bonds to fund installation and operation of infrastructure and facilities. The bonds would be repaid via property assessments. The District will continue to have annual audits conducted by a certified public accountant. Rates for water services within the District boundaries will be related to the cost of producing and delivering water services; Root Creek will make rate decisions based on external costs and infrastructure maintenance and/or replacement requirements.

E. Status of and Opportunities for Shared Facilities

Root Creek Water District is approximately eight miles east of the City of Madera, which provides the same municipal services as the District. Rolling Hills, a 379-acre development that abuts the District to the east, operates its own limited water system. The District boundary does not overlap any other district or local agency that also provides water, wastewater, or storm drainage services. To the south are Fresno County and the City of Fresno; however, the intervening San Joaquin River serves as a physical barrier to many public services; particularly those involving underground infrastructure. The Madera Irrigation District SOI largely surrounds Root Creek Water District to the west, north, and east, and Fresno Irrigation District is situated to the south. Those two districts do not offer municipal services. The District will provide the Riverstone planned development with water, wastewater, and storm drainage services. Municipal services such as solid waste, law enforcement, and fire protection will continue to be provided by other entities.

F. Accountability

The District was created in 1996. Its primary purpose is to import surface water to balance the groundwater table for the benefit of all water users in the District. The District provides agricultural irrigation water and will provide potable water, stormwater, recycled water and storm drain services to municipal development in the District. The District has an elected seven-member Board of Directors. The Board meets regularly on the second Wednesday of each month as described above. The Board meetings are publicly-noticed and are conducted in compliance with the Brown Act. The meeting locations and facilities are in compliance with the Americans with Disabilities Act.

G. Other Matters

Not applicable.

V. Sphere of Influence Determinations

CA Govt. Code Section 56425(e) requires that LAFCO consider and make a written statement with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

Root Creek Water District currently encompasses approximately 9,200 acres on the San Joaquin Valley floor entirely within Madera County. Currently, most of the lands are designated and zoned as agricultural land. However, with the inclusion of the proposed development of the Riverstone planned community, approximately 1,950 acres, including the 314 acres of land north of Avenue 12 that is proposed for annexation, will be converted to urban land uses. The urban land uses will include various densities of residential development, a mixed-use (commercial/residential) core, natural and manmade open spaces, and commercial and office uses. Properties within the District's boundary and SOI currently consist of agricultural uses, ranching, and limited urban/industrial uses.

Historically, the District has had a limited budget; however, it recently established a District-wide assessment to pay all District administrative costs, and has adopted a development impact fee schedule and schedules of fees and charges for all agricultural and municipal services it provides. The District has formed a CFD for the Riverstone project area. Income from the CFD will enable the District to fund installation, maintenance, and operation of public facilities. The District manages a comprehensive program to balance the groundwater within its boundaries and will include the property to be annexed in that program. Therefore, a reduction to the SOI would have an adverse impact. In addition, the development of the Riverstone planned community requires the District to annex and provide services to that portion of the approved Riverstone project that is adjacent to and north of the RCWD boundary and SOI. The new funding mechanisms will enable the District to provide services throughout the Riverstone project and the agricultural area. Therefore, when the District boundary and SOI are increased, the District will maintain the level of service provided.

To the south, the District abuts Fresno County and the City of Fresno. In all other directions, the District is surrounded by unincorporated Madera County. Although the District is not prohibited from expanding its boundary or SOI across county lines, that would be indicative of a pending annexation, which is not the District's intention. The parcels proposed for inclusion in the SOI and annexation into Root Creek Water District are currently within the boundaries of the Madera Irrigation District (MID) SOI. The larger parcel is also within the MID service area. The subject parcels would be removed from the MID SOI and detached from the MID service area, as applicable, upon annexation to Root Creek Water District. It is recommended that the District's sphere of influence be increased in order to allow for the annexation of Assessor's Parcels 049-024-010 and 049-093-009. Following completion of those processes, the entirety of the Riverstone Plan Area would be within Root Creek Water District. The two areas proposed for inclusion in the SOI are shown in **Figure V-1**, with the resultant overall District SOI illustrated in **Figure V-2**.

Section Five: Sphere of Influence Determinations
Root Creek Water District, 2018 Municipal Service Review

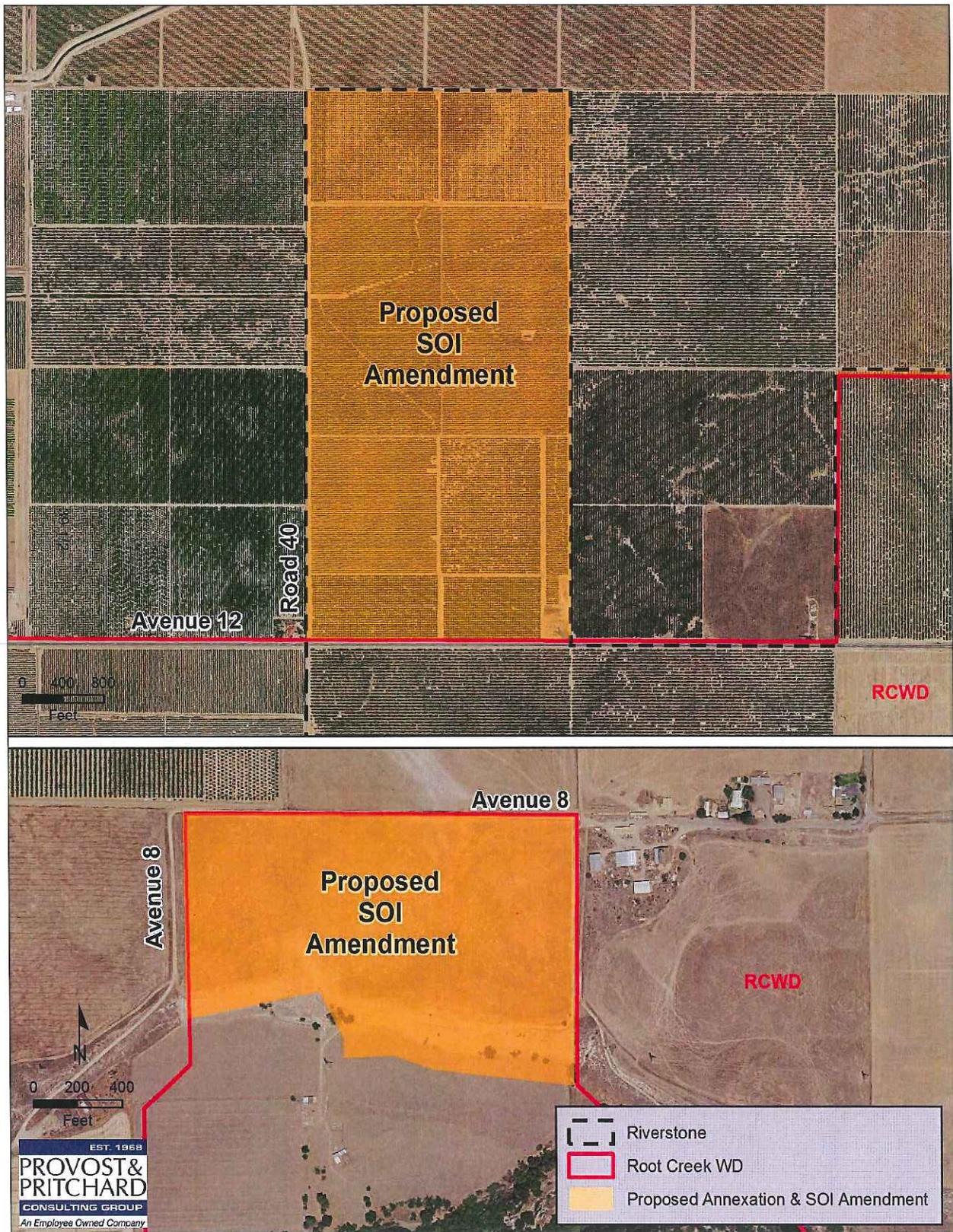


Figure V-1. Parcels included in SOI Amendment and Annexation

Section Five: Sphere of Influence Determinations
Root Creek Water District, 2018 Municipal Service Review

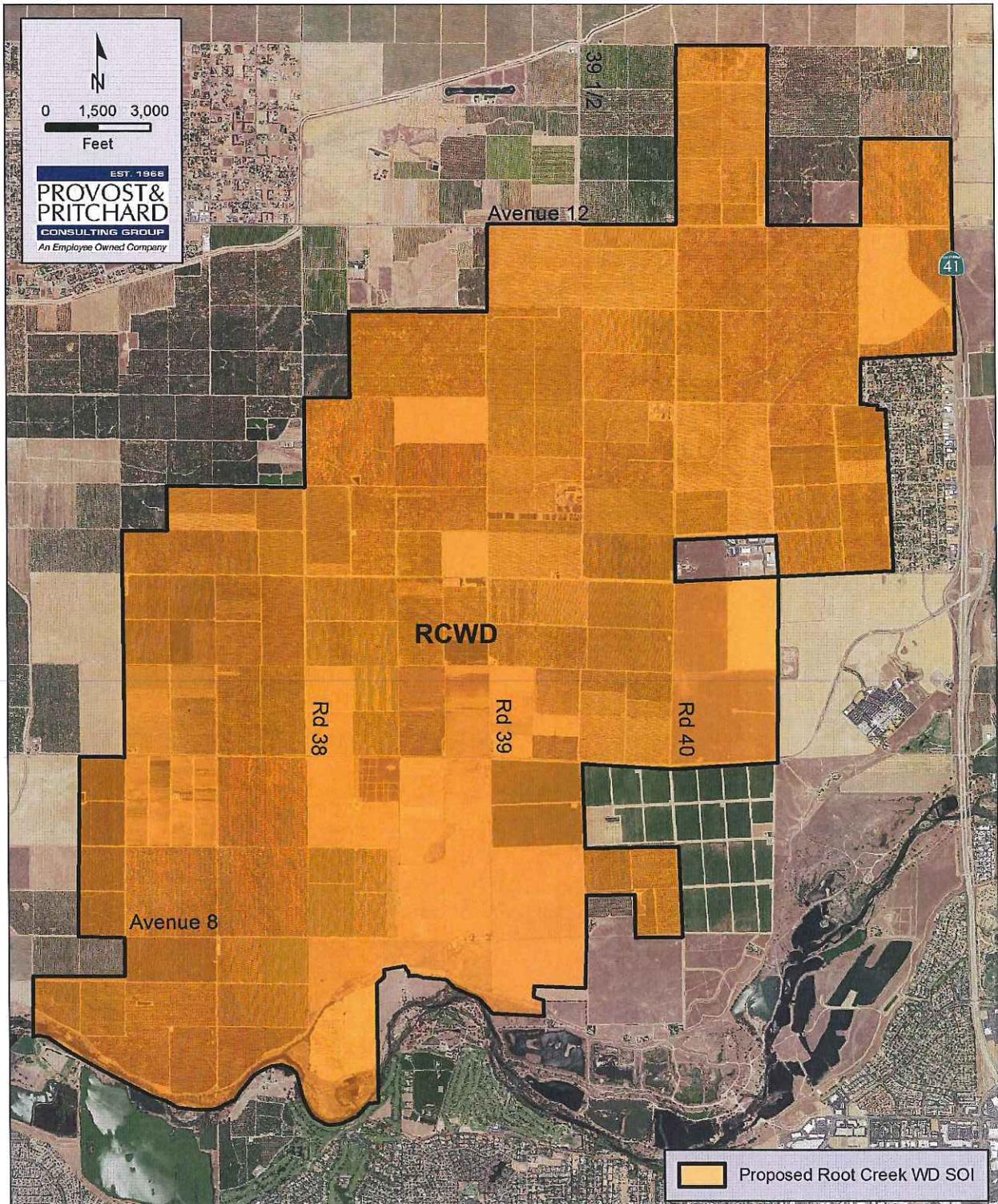


Figure V-2. Proposed Sphere of Influence

VI. CEQA Review

A Municipal Service Review (MSR) is considered a “project” as defined by the California Environmental Quality Act (CEQA), and therefore is subject to CEQA. In LAFCO’s role as lead agency under CEQA for adoption of this MSR, the Commission may make the determination that the MSR is categorically exempt from CEQA review under CEQA Guidelines Section 15306, Information Collection, which states:

“Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded.”

The supporting findings for this CEQA exemption are as follows:

- The purpose of an MSR is to collect data for the purpose of evaluating an agency’s ability to provide services within a specified geographic area.
- Adoption of an MSR does not result in any change to land use or zoning, nor does it grant an entitlement or permit of any kind, either directly or indirectly.
- Nothing resulting from adoption of an MSR has the potential to create any physical change to the environment.

VII. Recommended Actions

Staff recommends the Commission take the following actions:

A. Environmental Review

Recommended Action: Make the determination that the municipal service review report prepared for the Root Creek Water District is exempt from CEQA review pursuant to Section 15306 of the CEQA Guidelines (Information Collection), based on the findings identified in Section VI of the municipal service review report.

B. Municipal Service Review

Recommended Action: ADOPT the seven determinations required in Government Code Section 56430 for the Root Creek Water District as detailed in Section IV of the municipal service review report.

C. Sphere of Influence

Recommended Action: ADOPT the Sphere of Influence for Root Creek Water District as illustrated in **Figure V-1** of the municipal service review report.

Appendix A: References

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. California Government Code Section 56000 et seq.

Gateway Village Specific Plan EIR, 5/14/2007

Gateway Village Specific Plan, October 2006

Root Creek Water District.

Local Agency Formation Commission of Madera County.

State of California. *Local Agency Formation Commission Municipal Service Review Guidelines*. August 2003

United States Census Bureau.