

GREATER RIO MESA AREA Municipal Service Review

Prepared for:



Madera Local Agency Formation Commission

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1 INTRODUCTION

1.1 Purpose of the Document

This report presents a Municipal Service Review (MSR) for the greater Rio Mesa Area. California Government Code *Section 56430* requires the Madera County Local Agency Formation Commission (LAFCO) to conduct comprehensive MSRs in conjunction with its mandatory five-year review of the spheres of influence (SOI) of local government agencies in Madera County (*Section 56425*).

The primary purpose in reviewing an SOI is to evaluate if the ultimate boundary is appropriate and necessary, determine if the districts can feasibly provide well planned efficient services in their territories, and assess if the current location of the SOI (or another location) will be a benefit to residents, those that receive services, and property owners within the area.

This MSR is intended to provide Madera LAFCO with all necessary and relevant information related to the operations and management of the ten (10) service providers within the greater Rio Mesa Area of Madera County. The greater Rio Mesa Area is located on both sides of Highway 41, between Highway 145 and the San Joaquin River. **Figure 1-1** shows the regional location of the greater Rio Mesa Area and **Figure 1-2** shows the general study area of this MSR. **Figure 1-3** shows the aerial imagery of the greater Rio Mesa Area. This information may be used in considering an update to the SOI or boundary of any of the districts discussed in the MSR.

This MSR will cover five (5) special districts, two (2) maintenance districts, and three (3) mutual water companies that provide some level of urban services. They are all adjacent to, fully, or partially within the boundaries of the greater Rio Mesa Area Plan adopted by Madera County. Their locations are illustrated in **Figure 1-4**.

They are as follows:

- County Service Area 16 (CSA 16)
- County Service Area 19 (CSA 19)
- Bakman Water Company (BWC) – provides water service for CSA 19
- County Service Area 22 (CSA 22)
- Sierra Foothills Public Utility District (SFPUD)
- Root Creek Water District (RCWD)
- Maintenance District 14 (MD 14)
- Maintenance District 57 (MD 57)
- Tesoro Viejo Master Mutual Water Company (TVMMWC) – provides water and sewer service for CSA 22 Zone E
- North Millerton Water Company – provides water and sewer service to The Preserve at Millerton Lake

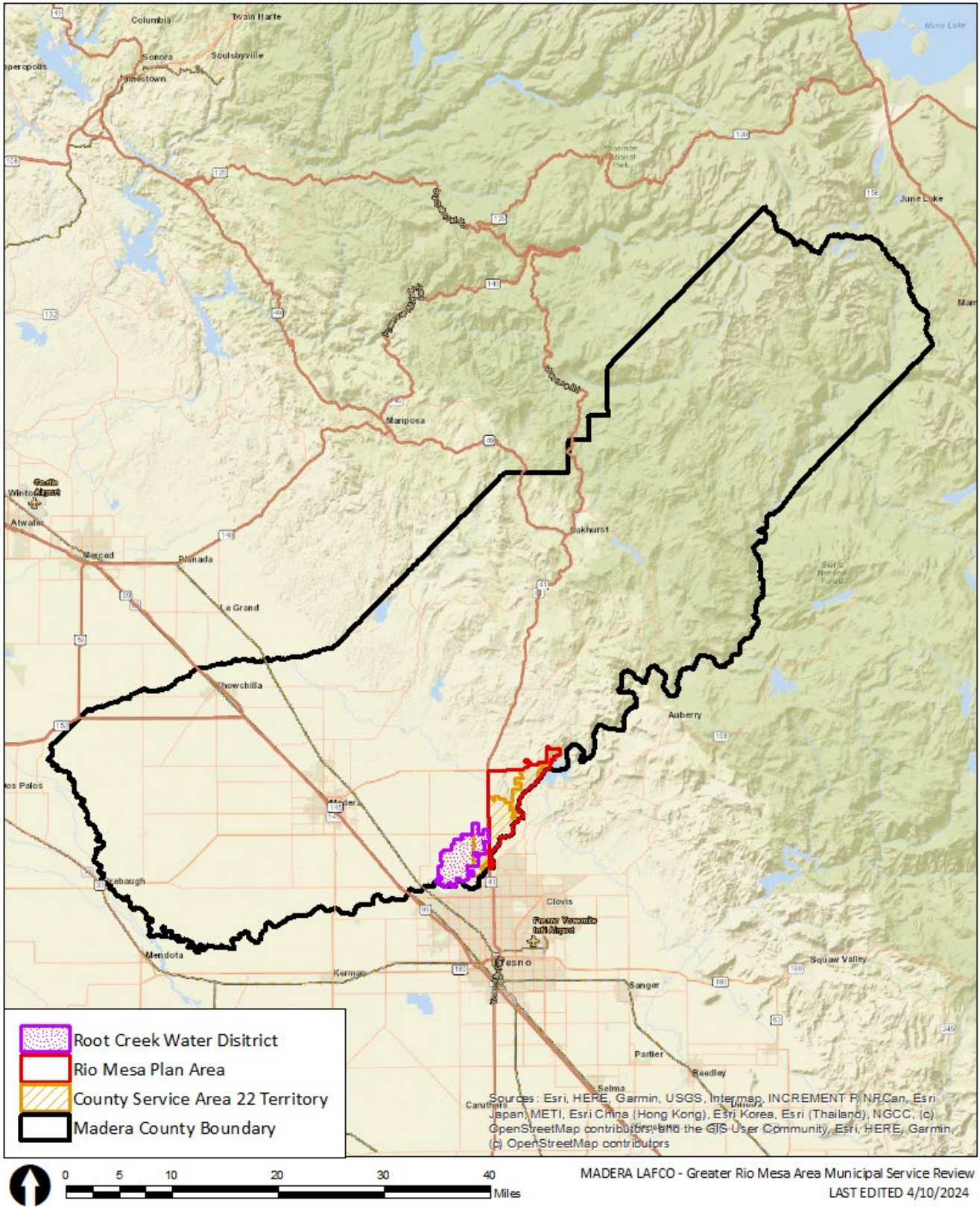


Figure 1-1 Greater Rio Mesa Regional Location

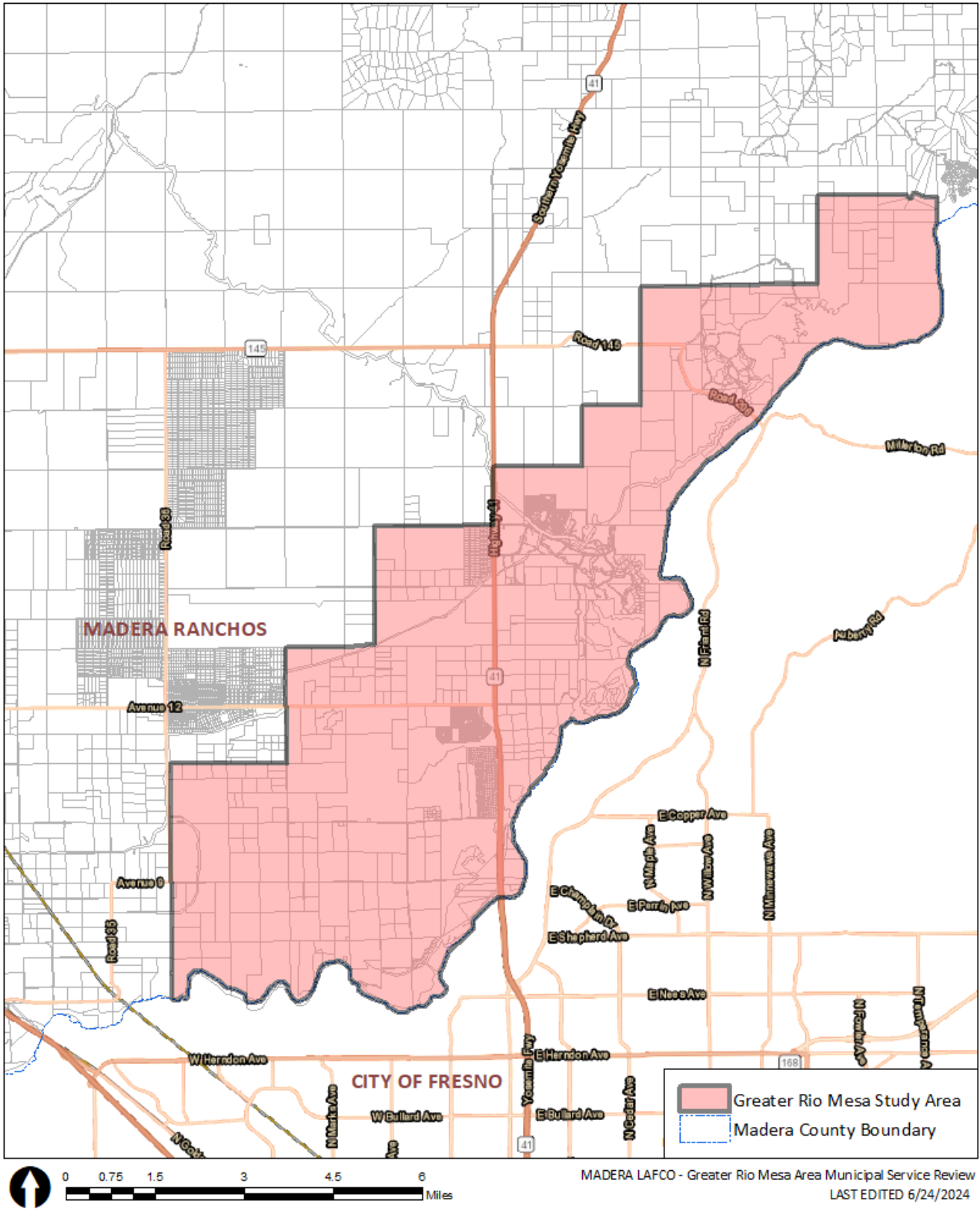


Figure 1-2 Greater Rio Mesa MSR Study Area

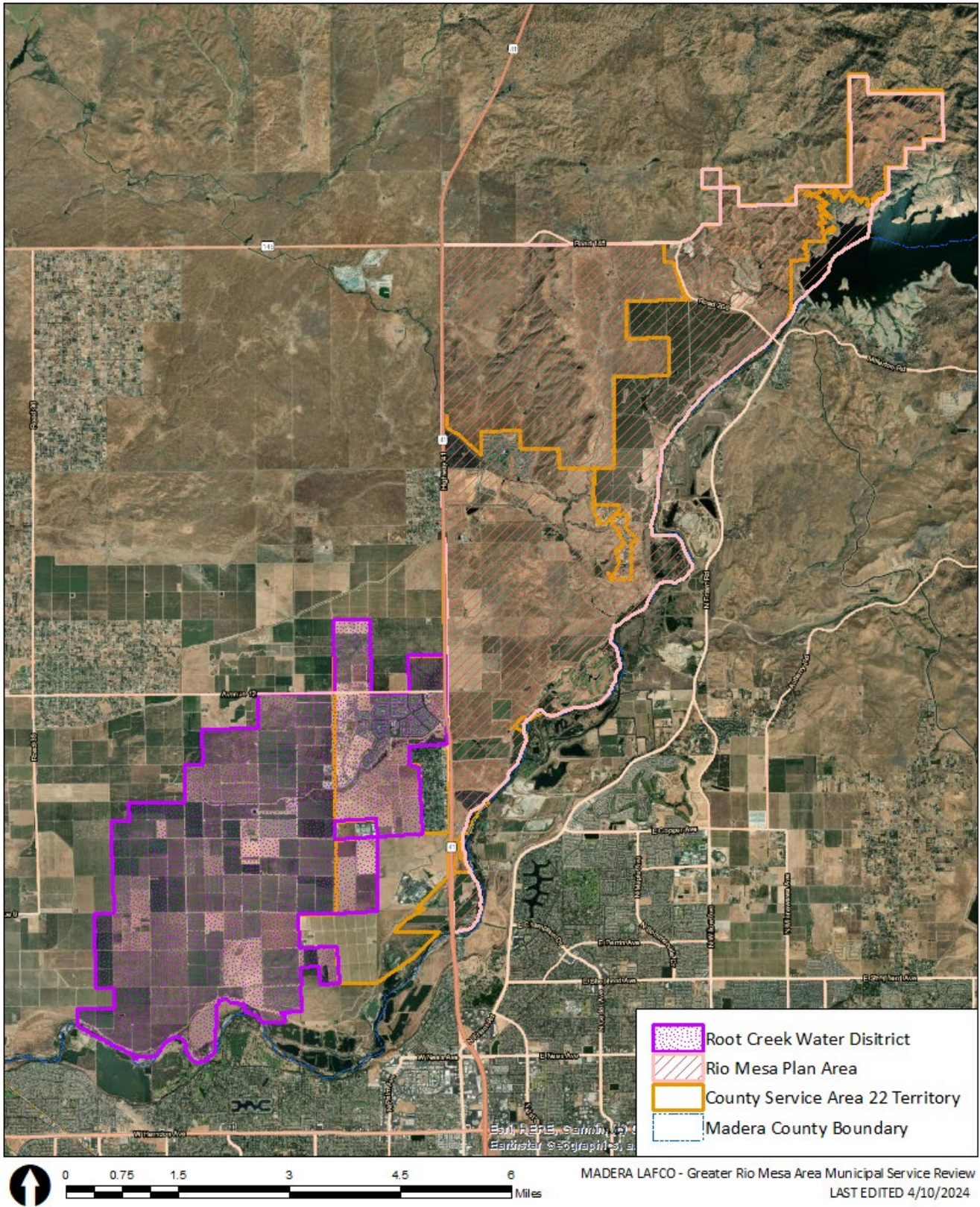


Figure 1-3 Greater Rio Mesa Area Imagery

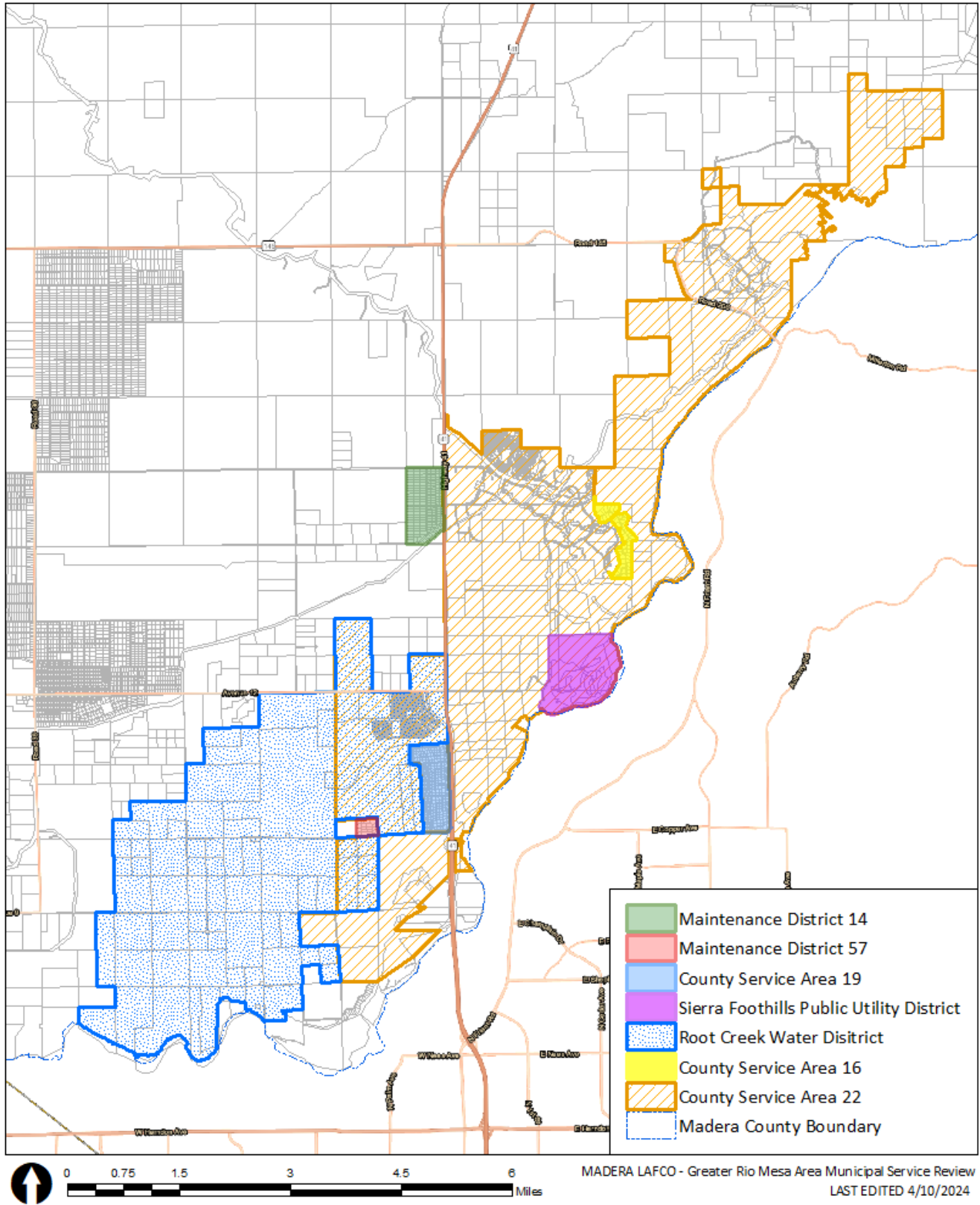


Figure 1-4 Greater Rio Mesa Area Special Districts Map

1.2 Municipal Service Review

Madera Local Agency Formation Commission (LAFCO) is an independent agency that has contracted services with the County of Madera (County). In accordance with California Government Code *Section 56001*, Madera LAFCO aims to coordinate changes within local and government boundaries. It is responsible for preparing sphere of influence (SOI) determinations for local agencies within the County (*Section 56425*). An SOI is a planning boundary outside of the agency's legal service boundary and it determines probable physical boundaries and the service area of a local agency.

An MSR must be completed prior to the update of an SOI or before any reorganization of district boundaries takes place. An MSR is a comprehensive assessment of the ability of existing local government agencies to provide municipal services effectively and efficiently to residents and users. MSRs attempt to capture and analyze information about the governance structures and efficiencies of service providers, and to identify opportunities for greater coordination and cooperation between providers.

Factors considered in an SOI review focus on current and future land use, current and future need and capacity for services, and any relevant communities of interest. Adopted SOIs allow for the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands. SOI boundaries prevent overlapping jurisdictional boundaries and the duplication of services. LAFCO is prohibited from approving a boundary change that is inconsistent with the adopted sphere of the affected agency.

This MSR is prepared in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and the State of California's LAFCO MSR guidelines, published in 2003. The CKH Act requires all LAFCOs to prepare an MSR for each of its incorporated cities and special districts (*Section 56000*). MSRs must be completed every five (5) years and prior to, or in conjunction with, an update of a city or special district's SOI or before LAFCO initiates any reorganization of the boundaries of a special district.

This MSR is intended to provide all relevant information relating to the operation of the greater Rio Mesa Area districts, including a review and evaluation of their services and operations. It will also provide a review of the districts' SOI and the possible need for a boundary amendment. LAFCO is not required to initiate any changes to a district's boundaries, SOI, or services based on the findings of an MSR. MSRs function as informational documents and are not intended to be a substitute for discretionary decisions that are under the authority of LAFCO.

The information, determinations and recommendations presented in this study are primarily based on the following resources:

- Answers by the districts to a questionnaire prepared by Precision Civil Engineering, Inc. (PCE);
- Personal communications with district staff, officers and board members;
- A review of district annual Reports, district public records and boundary maps;
- A records search at the district offices, Madera County LAFCO, and the Madera County Assessors and Records offices; and
- Review of pertinent literature and Internet research.

1.3 Local Agency Formation Commission

California Government Code Sections 56300 *et seq.* set forth the Local Agency Formation Commission's (LAFCO's) powers, procedures, and functions. LAFCOs have the power to "approve or disapprove with or without amendment, wholly, partially, or conditionally" proposals concerning the formation of cities and special districts, annexation, or detachment of territory to cities and special districts, and other changes in organization of local government agencies.

All counties of the state have a LAFCO. Madera LAFCO comprises five (5) members: two (2) members are from the County Board of Supervisors, two (2) represent the cities within the county, and one (1) member represents the public at large. The members from the County Board of Supervisors are selected by that board (Section 56325). The members from the City Council are designated by the City Selection Committee (Section 56325). The public member is appointed by the other four commissioners (Section 56325). There are also three (3) alternate commissioners, one (1) for each of the categories of members.

LAFCO has the power to determine the SOI for each of its districts. The SOI is the territory that will eventually be within each district's boundary. If LAFCO chooses to adopt a "zero" sphere (i.e., not adopt an SOI for a district), its plan for that district is that it be consolidated into another district. For a district's SOI to be amended, an MSR is required. The results of the MSR could determine whether districts should be combined or possibly dissolved. They can be combined by consolidation or by dissolution and annexation. Madera LAFCO has the power to initiate proposals for special district consolidation or dissolution. However, it cannot initiate an annexation on its own (CKH Section 56375).

Consolidation is defined as the uniting or joining of two (2) or more special districts into a single district (CKH Section 56030). This result means that all the powers, rights, duties, obligations, functions, and properties of the previous districts that have been joined shall be transferred to a new consolidated district. The newly formulated district takes over duties and responsibilities; the former districts no longer exist.

Districts may also be combined by the dissolution of one district and the annexation of the dissolved district's territory into another district. Annexation is the adding of territory into the domain of a city, county, or special district. In a reorganization involving dissolution and annexation, one district no longer exists, and the other is expanded. LAFCO must find that the reorganization is consistent with the determinations of an approved MSR, as well as local policies and the CKH.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act or Act) is the statutory authority for the preparation of MSRs and the periodic review (and update, if deemed necessary) of the spheres of influence of each local government entity in each county. The major goals of LAFCO as established by the Act include:

- Promote orderly development by encouraging the logical formation and determination of boundaries and working to provide housing for families of all incomes;
- Discourage urban sprawl and preserve open-space and prime agricultural lands by guiding development in a manner that minimizes resource loss;
- Promote logical formation and boundary modifications that direct the burdens and benefits of additional growth to those local agencies best suited to provide necessary services and housing;

- Make studies and obtain and furnish information which will contribute to the logical and reasonable development of local agencies and to shape their development to advantageously provide for the present and future needs of each county and its communities;
- Establish priorities by assessing community services needs with available financial resources and to encourage government structures that reflect local circumstances, conditions, and financial resources;
- Determine whether new or existing agencies can feasibly provide needed services in a more efficient or accountable where necessary, reorganization with other single purpose agencies that provide related services;

1.4 Required Topic Area of Analysis

This Municipal Service Review (MSR) contains analysis and conclusions, referred to in this document as determinations, regarding the topic areas set forth in the CKH Act. The written determinations and recommendations for each district are presented at the end of their respective sections. These determinations focus on the essential operational and management aspects of the service provider and review the provider's ability to meet the demands of the residents within the analyzed area. The topic areas as required by *Section 56430* are:

1. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal water, and structural fire protection.
2. Growth and Population Projections for the affected areas.
3. Financial ability of agencies to provide services.
4. Status of, and opportunities for, shared facilities.
5. Accountability for community service needs, including governmental structure and operational efficiencies.
6. Location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the sphere of influence.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

Definitions and explanations for these topic areas are provided below, as defined by LAFCO.

1. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies

Infrastructure can be evaluated in terms of condition, capacity, availability, quality, and relationship to operational, capital improvement and finance planning. This section assesses the adequacy and quality of the service providers' physical infrastructure and analyzes whether sufficient infrastructure and capital are in place (or planned for) to accommodate planned future growth and expansions. Information on infrastructure needs or deficiencies is provided for each district.

2. Growth and Population Projections for the Affected Areas

Service efficiency is linked to a service provider's ability to plan for future needs while meeting existing service demands. A service provider must meet current customer needs and be able to determine where future demand may occur. This section reviews demand projections and service needs based upon existing and anticipated

growth patterns and population projections. Growth and population projections for the greater Rio Mesa area is provided in **Section 3**.

3. Financial Ability to Provide Services, Including Financing Constraints, Cost Avoidance Opportunities, and Opportunities for Rate Restructuring

This section analyzes the financial structure and health of the districts with respect to the provision of services. Included in this analysis is the consideration of rates, service operations, and the like, as well as other factors affecting the districts' financial health and stability, including factors affecting the financing of needed infrastructure improvements and services. Actions to eliminate unnecessary costs derived from, but not limited to duplication of service efforts, higher than necessary administration/operation cost ratios, use of outdated or deteriorating infrastructure and equipment, underutilized equipment or buildings or facilities, overlapping/inefficient service boundaries, inefficient purchasing or budgeting practices, and lack of economies of scale. Compliance with existing State requirements relative to financial reporting and management is also discussed. Information on the financial ability, including 5-year budget summaries and financial statements, are provided for each district.

4. Status of, and Opportunities for, Shared Facilities

This section examines opportunities and practices that may help reduce or eliminate unnecessary costs. Any opportunities for sharing facilities are assessed and evaluated for efficiency and potential to better deliver services. Opportunities for shared facilities are provided for each district.

5. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

This section addresses the adequacy and appropriateness of the district's existing boundaries and spheres of influence and evaluates the ability of the district to meet its service demands under its existing government structure. Also included in this section is an evaluation of compliance by the district with public meetings and records laws. The governmental structures and operational efficiencies are provided for each district.

6. Disadvantaged Unincorporated Communities – DUCs

The CKH requires LAFCO to make determinations regarding DUCs when considering a change of organization, reorganization, SOI expansion, and when conducting municipal service reviews. DUCs are defined as inhabited territory that constitutes all or a portion of a community with an annual median household income (MHI) that is less than 80% of the statewide annual median household income (pursuant to Government Code *Section 56033.5*).

State law requires identification and analysis of service issues within DUCs as part of municipal service reviews and sphere of influence reviews. State law also places restrictions on annexations to cities if the proposed annexations are adjacent to a DUC.

For any updates to an SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, LAFCO shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any disadvantaged unincorporated community within or contiguous to the SOI of a city or special district.

An analysis of DUCs is provided for each district.

1.5 Adoption Process and Public Participation

The process of developing the MSR began with a survey delivered to each service provider seeking information, planning and budgetary documents, and records related to the provision of municipal services.

The public are encouraged to attend regular LAFCO meetings and state their views during public hearings on proposals before the Commission. In addition, the meetings provide an opportunity for citizens to familiarize themselves with growth, development, and inter-jurisdictional issues concerning their county.

Municipal Service Reviews are subject to public and agency consideration and comment during public hearings prior to final consideration by Madera LAFCO. Copies of the minutes, meeting agenda, and staff reports are available by contacting the Madera County Local Agency Formation Commission office at 200 West 4th Street, Suite 3100 Madera, CA 93637 – phone (559) 675-7821.

The Draft MSR is released for review by the service providers and the general public for a minimum period of 21 days. Following public review, the MSR is presented to the Madera LAFCO for initial consideration at a public hearing.

1.6 MSR Written Determinations

As part of any service review Government Code Section 56430 requires LAFCO to prepare written statements or determinations for the seven (7) categories. Determinations are not findings of fact, rather, they are *“...declaratory statements that make a conclusion, based on all the information and evidence presented to the LAFCO Commission.”*

The determinations are based on a comprehensive analysis of local agency service information. The Commission, other agencies, or the public may use these determinations to provide guidance for future decisions; however, the determinations themselves do not represent recommendations for action.

2 SPECIAL DISTRICTS IN CALIFORNIA

2.1 Background on Special Districts

California local government consists of counties, cities, school districts, and special districts. California Special Districts all perform a separate function, and they are limited purpose local governments, separate from cities and counties. Within their boundaries, special districts provide focused public services such as fire protection, wastewater disposal, water supply, electricity, parks and recreation, cemetery services, and libraries.

Special districts' service areas range from a few acres to thousands of square miles crossing city and county lines. Special districts have the same general powers as cities and counties (except land use control). Most districts also have the statutory power to issue bonds, and some have the power to adopt ordinances.

All districts operate under either a principal act or a special act. A principal act is a generic state law that applies statewide to all special districts of that type. A special act is a law that the Legislature tailored to the unique needs of a specific area. Examples are Kern County Water Agency, Fairfield-Suisun Sewer District, and Humboldt Bay Harbor Recreation and Conservation District.

About 85% of California's special districts are single function districts, which provide only one (1) service such as fire protection, mosquito abatement, or waste disposal. The remaining districts are multi-function districts providing two (2) or more services. For example, several municipal utility districts provide fire protection and park services in addition to utility services. Fire protection districts often provide ambulance services too. A district's title does not always indicate which services it provides or is authorized to provide.

Special districts generate revenue from several sources including property taxes, special assessments, and fees. Special districts are required to comply with the Brown Act, the Public Records Act, the Political Reform Act, and the Initiative, Referendum /Recall Procedures. Additionally, the state provides critical oversight to special district operations. Special districts are required to submit annual financial reports, including annual financial audits, and adopted budgets, to the State Controller. Most special districts are also subject to the authority of LAFCO.

Special districts can be classified as dependent or independent. Dependent districts are legal subdivisions of counties or cities and are governed by the county board of supervisors or the city council. Most dependent districts have been established to enable a county or city to apply a special tax to a specific area of benefit.

Independent districts are legal subdivisions of the state and derive their powers from the state. Typically, they are governed by independently elected local boards and have authority under state law to tax, spend, issue bonds to finance capital improvements, and establish their own administrative structures. Independent districts have been created primarily to perform public services, either not feasible or not cost-effective for cities and counties to perform. Special districts are primarily accountable to the voters who elect their boards of directors and the customers who use their services.

3 GROWTH AND POPULATION PROJECTIONS

3.1 Introduction

The purpose of this section is to evaluate service needs based on existing and anticipated growth patterns and population projections. The MSR Guidelines call for LAFCO to determine historic and projected growth and absorption patterns in relationship to a service provider's boundaries and SOI. In addition, LAFCO is tasked with

evaluating the impact and compatibility of such growth on and with land use plans, services, local government structures and growth patterns.

3.2 Historic Growth and Growth Projections

According to the 2020 Decennial Census data, Madera County has a population of approximately 156,255. Madera County has had a 4.64% population growth since 2010 and an average increase of 539 people per year. Assuming constant continuous growth, the population is expected to reach approximately 164,000 by 2034, as shown in **Figure 3-1**.

In 1995, the Rio Mesa Area Plan was adopted to provide Madera County with land use development decision-making guidance and to provide a planning framework for the development of more detailed implementation plans and measures. The Rio Mesa Area Plan provides land use designations and densities to determine the amount of growth that will occur and projects approximately 29,537 dwelling units, 1,293 acres of commercial use, and 731 acres of open space. The Madera County land use designation of the greater Rio Mesa Area is shown in **Figure 3-2**. The total study area is approximately 37,208 acres.

Based on the existing Madera County General Plan, the Rio Mesa Area Plan, and the existing and proposed development projects, the greater Rio Mesa area is projected to have a population of approximately 90,000 to 100,000 persons, 33,000 residential units, and 10.5 to 11 million square feet of commercial space at buildout. This includes areas outside the Rio Mesa Area Plan, such as Riverstone (i.e., Gateway Village), which was approved for 6,578 dwelling units, which could accommodate a population of approximately 23,000 at full buildout, which is planned for 2035. ¹ The Gunner Ranch West project is proposed to have 3,114 dwelling units.

To summarize, we can expect population growth to be higher than the census estimates due to the significant development in the County of Madera.

3.3 Anticipated Service Needs

Given the planned growth and the amount of land dedicated to commercial use, it is likely that at some point the Rio Mesa Area will be financially able to incorporate as a city. However, the quality of infrastructure and the public services that this potential new city will someday inherit will be determined by the actions taken and decisions made as the area grows and develops. A new city cannot legally be formed until there are at least 500 registered voters residing in the territory. A new city must also be able to support itself financially, which requires local businesses that provide sales tax revenues. This means future incorporation will likely not occur until there are at least 10,000 to 15,000 residents that can support local businesses. Because the full range of urban services will be demanded by the residents of Rio Mesa before the area is ready to incorporate, the responsibility of providing these services, in the interim, will fall on the special districts providing services to the area.

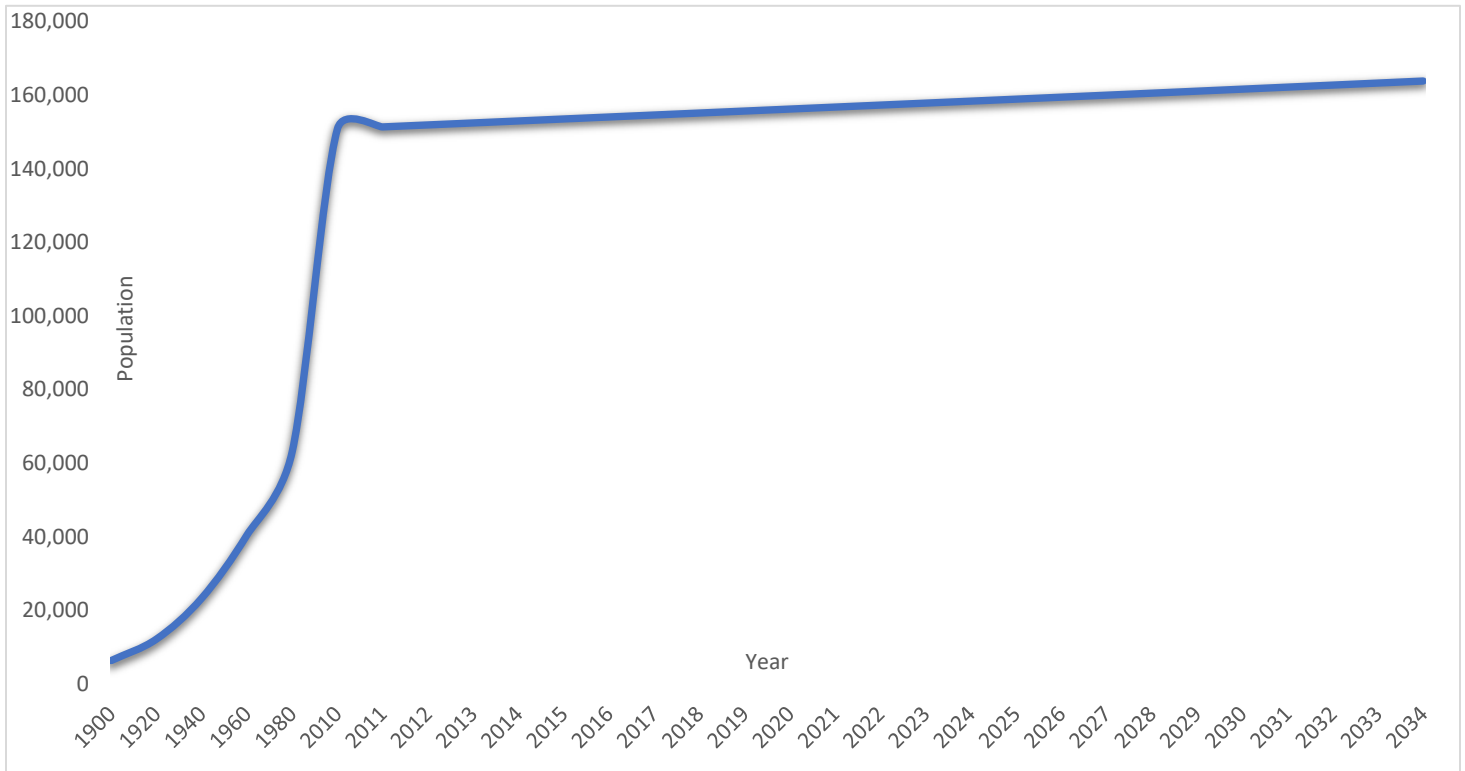
Prior to becoming a city, services will be provided by special districts. Dependent special districts (those governed by the County Board of Supervisors) are currently best equipped to meet the current challenges of implementing master plans, designing infrastructure, and initiating overall government structure. Over time the

¹ Provost & Pritchard Consulting Group. (2018, January 24). 2018 Municipal Service Review Root Creek Water District. California, Madera: Madera LAFCO.

emphasis will change from building infrastructure and initiating service systems to maintaining infrastructure and programs. Also, the population will increase to the point that the amount of new growth will equal, and then surpass, the existing development. At some point it will be appropriate for the dependent special district(s) to all become an independent special district that is governed by the residents of the Rio Mesa area.

Planning efforts by Madera LAFCO and Madera County should encourage and require planning for the full range of urban services. Regarding urban services, the Rio Mesa Area should be viewed as a future city, not as a rural county development.²

Figure 3-1 Madera County Population Growth, 1900-2034



² Quad Knopf. (2010, May). Greater Rio Mesa Municipal Service Review. California, Madera: Madera LAFCO.

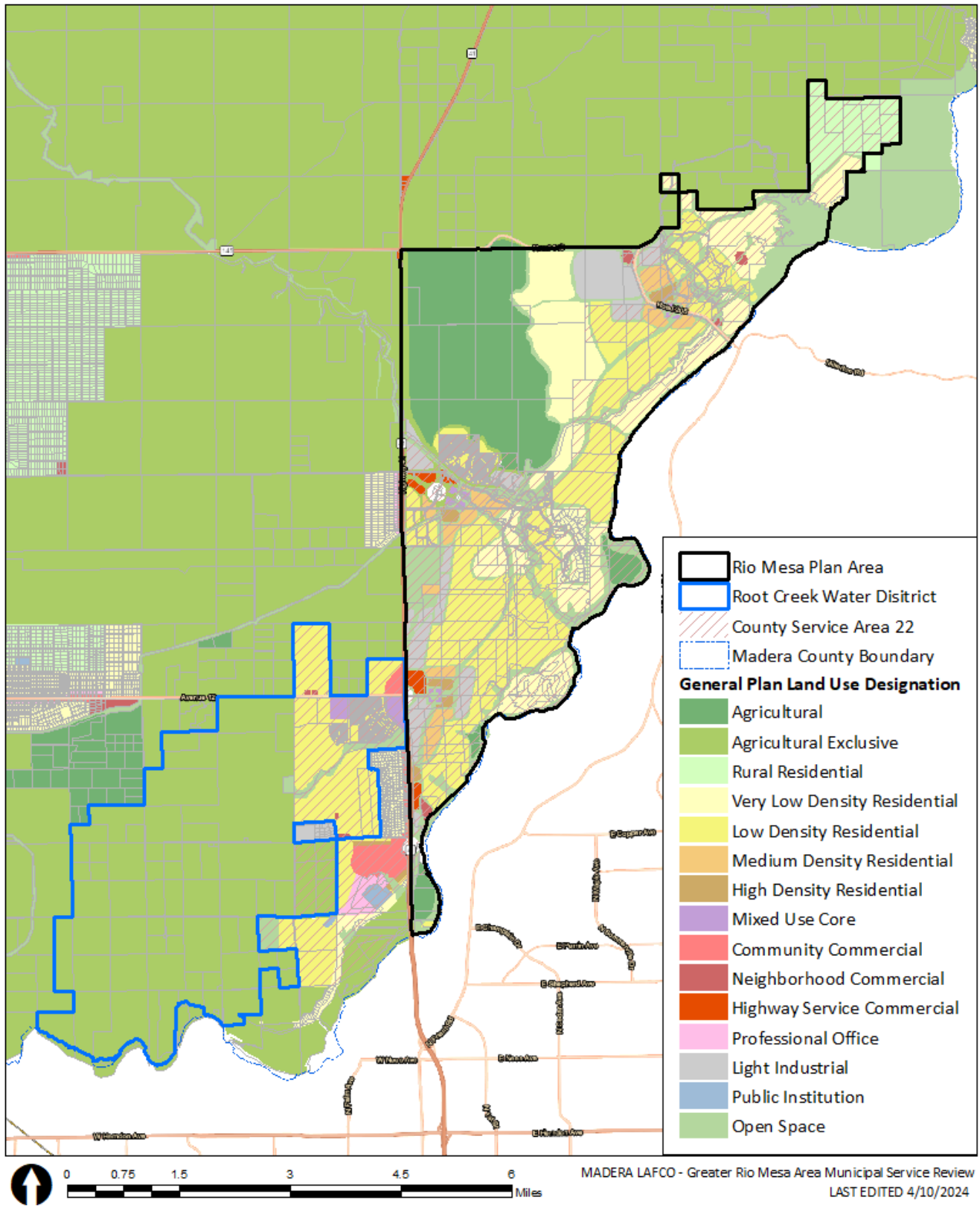


Figure 3-2 Greater Rio Mesa Area Land Use Designation

3.4 Population and Growth Determinations

Determination 3.1 - 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 3.2 - 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 3.3 - 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.

Determination 3.4 - 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 3.5 - 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, such as 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.

The above requirements shall be in addition to the requirements of the Cortese Knox Hertzburg Act and other applicable State law. Prior to service by an independent special district, a dependent special district governed by the County Board of Supervisors is the most appropriate form of local government for the area.

Determination 3.6 - Madera LAFCO's long-term strategy for the government structure of the greater Rio Mesa Area is to encourage transitions from the current multiple districts to a single special district, and finally to an incorporated city.

4 COUNTY SERVICE AREA 16

4.1 Introduction

County Service Area 16 (District; CSA 16) covers the existing residential neighborhood known as Sumner Hill. The District was formed on January 10, 1984. The neighborhood currently contains 42 dwelling units, and has 7 undeveloped lots, for an ultimate total of 49 dwelling units in the neighborhood. CSA 16 provides domestic water supply/distribution and sanitary sewer collection services to the residential units within the Sumner Hill neighborhood. CSA 16's SOI has been dissolved. **Figure 4-1** shows the District's territory. The Madera County Board (the Board) of Supervisors governs CSA 16. Staff from Madera County Resource Management Agency operate and maintain the District's facilities. The current Board is as follows:

1. Jordan Wamhoff
2. David Rogers
3. Robert L. Poythress
4. Leticia Gonzalez
5. Robert Mccauley

4.2 Infrastructure Needs or Deficiencies

This section evaluates infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

4.2.1 Existing Facilities and Services

The District's domestic water system consists of two (2) submersible pumps in the San Joaquin River that supply two (2) parallel surface water treatment plants. The treatment plants can provide 180 gallons per minute (gpm) of domestic water. There are also two (2) storage tanks with a combined capacity of approximately 160,000 gallons, boost pumps that supply a pressurized plastic pipe distribution system, and a generator backup for the pressure system and the treatment plant. Each residence has an individual water meter to monitor water usage within the District boundaries.

The two (2) water treatment plants are over 30 years old. The older plant has rust and is deteriorating. A 2007 assessment prepared by Boyle Engineers recommended that the older plant be replaced. According to the County the water treatment plant has yet to be replaced.

Each home within the District has a privately maintained septic tank that separates solid and liquid waste. The liquid waste is conveyed through a District-maintained collection system to a leach field. The collection system includes two pump stations and collection pipes.

4.2.2 Plans for Future Services

There are no plans to expand sewer and water services beyond the provision of existing services to the undeveloped lots. There are no plans to provide additional types of services.

4.3 Financial Ability to Provide Services

This section evaluates factors that affect the financing of needed improvements, identify practice or opportunities that may help eliminate unnecessary costs, and identify opportunities to positively impact rates without decreasing service levels.

CSA 16 does not receive a dedicated share of the 1% property tax allocation and relies on user fees to provide services. Currently, the District has a deficit of approximately \$112,000, as shown in **Table 4-3**. **Table 4-1** shows a summary of the CSA 16 budgets for fiscal year (FY) 2018-2019 through FY 2022-2023.

Table 4-1 CSA 16 5-Year Budget Summary

	2018-19	2019-20	2020-21	2021-22	2022-23
Revenues	\$452,165.84	\$238,928.82	\$236,890.99	\$284,703.84	\$197,382.29
Expenditures	\$414,306.26	\$343,989.21	\$335,477.68	\$246,240.54	\$249,285.99
Net (loss) Income	\$37,859.58	\$(105,060.39)	\$(98,586.69)	\$38,463.30	\$(51,903.70)

Table 4-2 CSA 16 Statement of Income

	Item	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	Taxes & Assessments	\$148,344.38	\$158,163.33	\$164,505.53	\$164,007.01	\$158,632.45
	Interest Earned	\$3,541.62	\$2,712.24	\$418.34	\$86.76	\$1,129.84
	Other/Miscellaneous	\$300,279.84	\$78,053.25	\$71,967.12	\$120,610.07	\$37,620.00
	Total Revenue	\$452,165.84	\$238,928.82	\$236,890.99	\$284,703.84	\$197,382.29
Expenditures	Administration	\$7,363.23	\$9,380.14	\$5,603.95	\$9,463.17	\$9,707.25
	Service and Supplies	\$403,357.03	\$331,023.07	\$326,273.73	\$230,651.37	\$233,438.74
	Insurance	\$3,586.00	\$3,586.00	\$3,600.00	\$6,126.00	\$6,140.00
	Total Expenditure	\$414,306.26	\$343,989.21	\$335,477.68	\$246,240.54	\$249,285.99
Net Income (Loss)		\$37,859.58	\$(105,060.39)	\$(98,586.69)	\$38,463.30	\$(51,903.70)

Table 4-3 CSA 16 Changes in Fund Equity

	2018-19	2019-20	2020-21	2021-22	2022-23
Funds (Beg of Yr.)	\$90,168.00	\$123,917.00	\$98.00	\$(98,488.69)	\$(60,025.39)
Net (loss) Income	\$37,859.58	\$(105,060.39)	\$(98,586.69)	\$38,463.30	\$(51,903.70)
Prior Period Adjustment	\$(4,110.58)	\$(18,758.61)	\$-	\$-	\$-
Fund Balance (End of Yr.)	\$123,917.00	\$98.00	\$(98,488.69)	\$(60,025.39)	\$(111,929.09)

Currently, CSA 16 has more expenditures than revenues and is in a deficit of approximately \$112,000. It has had to take loans from the County to help fund its operations, for which it has had to pay interest on. According to the District’s Financial Statements, it has had to take nine cash flow loans from the County of Madera that total \$618,258.69. Status quo, the District will not be able to continue to provide services to its users.

It is noted that the County is in active conversations with the residents of CSA 16 and is working on the possibility of a consolidation with another nearby CSA or private water company and/or rate restructuring.

4.4 Opportunities for Shared Facilities

This section identifies the opportunities for jurisdictions to share facilities and resources creating a more efficient service delivery system. The District does not coordinate and/or receive assistance from other agencies. At this time, the District does not jointly own or share facilities with other agencies.

A February 2007 study, entitled “Surface Water Treatment Plant Feasibility Study for County of Madera Service Area 16 at Sumner Hill” examined new facility requirements for CSA 16. The study documented the aged condition of existing water infrastructure and identified several specific recommendations for the County Resource Management Agency. Among these recommendations was direction to begin discussions of options with homeowners, including adding additional treatment and storage capacity, obtaining an easement or portion of a lot for additional storage, conservation measures that could be implemented, and their interest in dual plumbed system for landscape irrigation with untreated river water. A report was prepared by the Madera County Engineering Department where costs were estimated for these improvements and the homeowners have declined to proceed with recommended expenditures.

Opportunities for shared facilities will be contingent upon whether surrounding development occurs. If such a development occurs, the District could consider opportunities to connect into the water and sewer infrastructure system installed to service the new development. Any new development surrounding the District would be part of CSA 22 and would therefore require that Sumner Hill annex its district in order to connect to their infrastructure.

As the greater Rio Mesa area develops into a more urban area, there will be a need for increased police and fire protection, generating more reasons for the District to consider annexing into CSA 22.

4.5 Governmental Structure Operational Efficiencies

This section considers the advantages and disadvantages of various government structures that could provide public services. To evaluate the quality of public services and the agency's ability to provide services. To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

The Madera County Board of Supervisors governs CSA 16. Staff from Madera County Resources Management Agency operate and maintain the District’s facilities. CSA 16 realizes operational efficiencies by utilizing County staff because the annual operating budget of the CSA is not adequate to justify hiring full-time staff to operate the CSA. County Resources Management Agency staff spend only a portion of their time operating and maintaining CSA 16. Based on self-reported information, the District maintains its financial and other records and conducts its required meetings in compliance with applicable laws governing public agencies. Board meetings are held in the Board of Supervisors Chambers at 200 West 4th Street in Madera, California.

CSA 16 is within the Sphere of Influence (SOI) of CSA 22, as shown in **Figure 4-2**. As development surrounding CSA 16 increases, sharing infrastructure becomes a greater possibility. If CSA 16 is annexed into CSA 22, it could become a Zone of Benefit within CSA 22. This would combine the area into one governing entity but allow Sumner Hill to retain separate rate structures and levels of service.

LAFCO has the power to initiate dissolution and annexation of CSA 16 to CSA 22. Since CSA 16 is currently within CSA 22’s SOI, the recommended process would be to first hold neighborhood meetings to receive input from the property owners about a proposed change of organization. After, both LAFCO and the Board could decide whether to initiate proceedings to form one single district.

4.6 Disadvantaged Unincorporated Communities - DUCs

This section identifies Disadvantaged Unincorporated Communities (DUCs) adjacent to District and analyzes any service issues and deficiencies within those DUCs.

The median household income for the State of California is \$91,551 in 2022, according to the American Community Survey.³ Therefore, unincorporated communities would be considered disadvantaged if they fell under \$73,241 (80% of the state median household income). CSA 16 is located within Census Tract 11 in the County of Madera. The median income for Census Tract 11 in 2022 is \$100,208 according to the American Community Survey.⁴ In addition, Bonadelle Ranchos #9 and Tesoro Viejo are the closest unincorporated communities to CSA 16, with a median household income of \$109,919 and \$100,208, respectively. As such, CSA 16 is not adjacent to any DUCs.

4.7 Review of Agency SOI

The policy of the State of California found in Government Code *Section 56001, et seq.* encourages orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state. This code further explains that “this policy should be affected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services.” This responsibility of setting logical service boundaries for communities and special districts based on their ability to provide adequate services is a vital role of LAFCO.

To maintain orderly growth and development. LAFCO may consider moving towards a single County Service Area for the Rio Mesa area. CSA 22 has expanded its SOI to include CSA 16; thus, CSA 16 could benefit from annexing into CSA 22. Sumner Hill could be established as a Zone of Benefit within CSA 22 to combine the area into one governing entity, while allowing the residential neighborhood to retain separate rate structures and levels of service.

The dissolution of CSA 16 and its annexation into CSA 22 could only occur with support from the residents within CSA 16. This would be a long-term process since CSA 22 does not currently provide water and sewer services.

³ United States Census Bureau. (2022). S1901: Income in the Past 12 Months (in 2022 Inflation-Adjusted Dollars). Accessed January 19, 2024, <https://data.census.gov/table?q=income&g=040XX00US06>

⁴ United States Census Bureau. (2022). S1901: Income in the Past 12 Months (in 2022 Inflation-Adjusted Dollars). Accessed January 19, 2024, https://data.census.gov/table?q=income&g=1400000US06039001100_1500000US060390011002



Figure 4-1 County Service Area 16 Territory

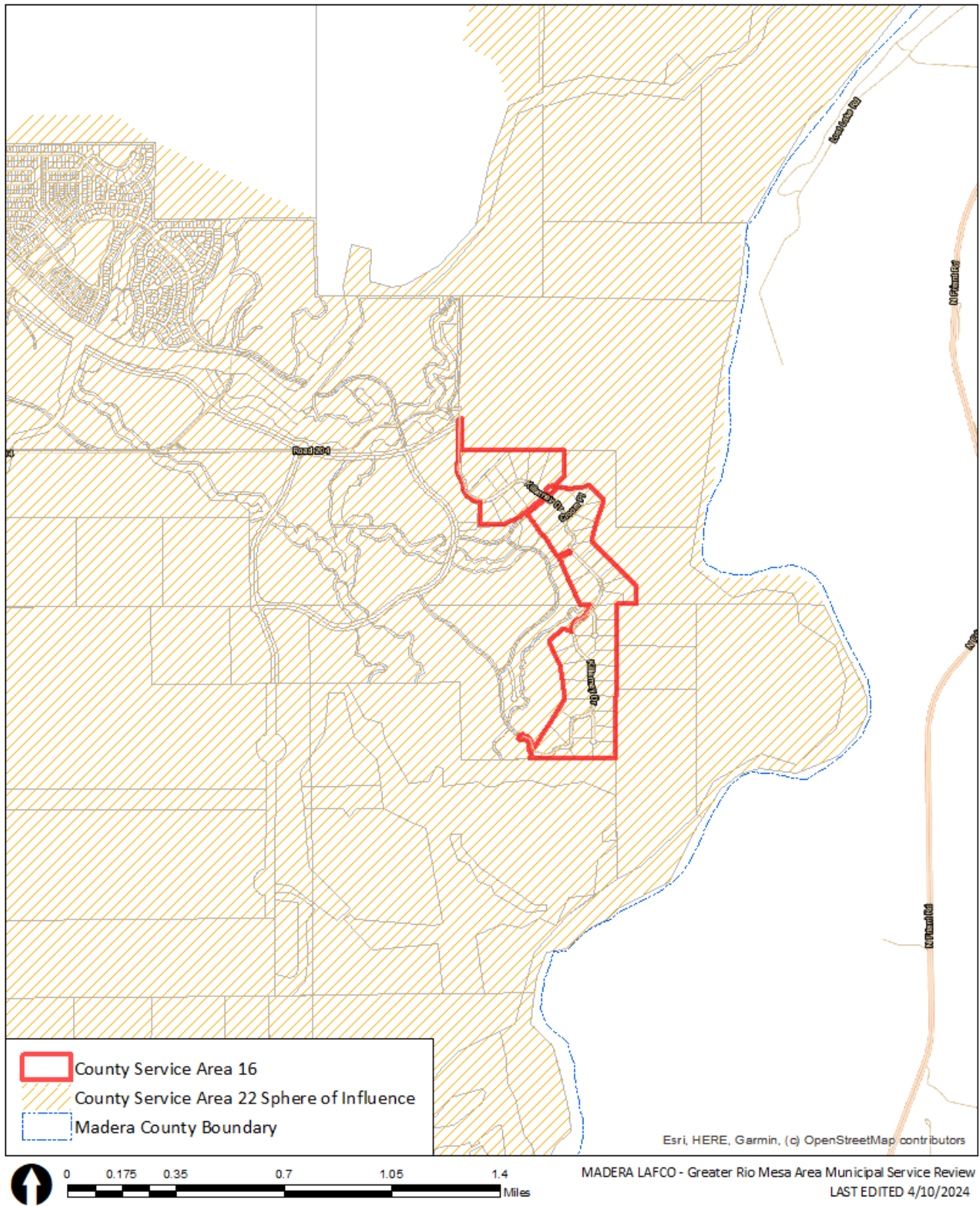


Figure 4-2 CSA 22 Sphere of Influence and CSA 16 Location

4.8 County Service Area 16 Determinations

Determination 4.1 – County Service Area 16 is authorized for water supply and distribution, and sewer collection and disposal services. These services are currently being provided to the developed lots within the district territory. All other service options are latent.

Determination 4.2 – County Service Area 16 rate structure is not adequate for everyday operations of its facilities. The District has more expenditure than revenues and is in a deficit of approximately \$112,000.

Determination 4.3 - As the area surrounding County Service Area 16 develops, there will be an opportunity to share the new water and sewer facilities that will be constructed with new development. The feasibility of consolidation of sewer and water facilities should be studied during the County approval process of the surrounding development projects. Annexation/consolidation of CSA 16 with another nearby service provider will allow the sharing of costs and benefits of these municipal services.

Determination 4.4 - As the greater Rio Mesa area develops into an urban area, the demand for municipal services will increase within CSA 16 and there will be a need for improved police and fire protection. In addition, community facilities, such as parks, within the new development areas could be utilized by the District's residents. Annexation of CSA 16 into CSA 22 will allow the sharing of costs and benefits of these municipal services and community facilities.

4.9 County Service Area 16 Recommendations

Recommendation 4.1 - Adopt the written determinations for County Service Area 16 and accept the analysis and conclusion presented in this service review (*Section 56430*).

Recommendation 4.2 - Find that the District cannot provide well planned efficient services in this territory as it is and will require a rate re-structuring.

Recommendation 4.3 - Begin discussions with the residents within CSA 16 regarding the potential annexation/consolidation of CSA 16 with another nearby service provider.

5 COUNTY SERVICE AREA 19

5.1 Introduction

County Service Area 19 (District; CSA 19) covers the existing residential neighborhood known as Rolling Hills which was established in the early 1960s. The CSA was formed on September 11, 1984, and currently contains 311 acres, including 364 parcels with 5.3 miles of paved road and 0.95 miles of chip sealed road. The CSA includes both residential and commercial lots.

CSA 19 was formed to provide domestic water services and road maintenance to the residential units within the Rolling Hills neighborhood. CSA 19's SOI has been dissolved. **Figure 5-1** shows the boundary of CSA 19. The Madera County Board of Supervisors govern CSA 19. Staff from Madera County Resource Management Agency operate and maintain the District's facilities. The current Board is as follows:

1. Jordan Wamhoff
2. David Rogers
3. Robert L. Poythress
4. Leticia Gonzalez
5. Robert Mccauley

5.2 Infrastructure Needs or Deficiencies

This section evaluates infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

5.2.1 Existing Facilities and Services

The District was formed to supply the neighborhood of Rolling Hills with domestic water services and road maintenance. The residents of Rolling Hills formed the Rolling Hills Citizens Association (RHCA) which is a voluntary association. Residents pay \$30 per year to fund meetings, holiday events, and supplies for voluntary neighborhood upkeep.

In May of 2017, the RHCA unanimously requested that the water system for Rolling Hills be privatized and no longer operated and maintained by the County. On July 18, 2017, the Board directed county staff to move forward with privatization. On July 10, 2018, the Board approved an Exclusive Negotiating Agreement with Bakman Water Company (Bakman Water) for the sale of CSA 19 water system.

Road maintenance is provided to approximately 5.3 miles of paved public roadway and 0.95 miles of chip sealed public roadway within the District area.

5.2.2 Plans for Future Services

There are no plans to expand water services beyond provision of service to the unbuilt lots. There are no plans to expand the local road network, so there will not be additional roads to maintain in the future. There are no plans to provide additional types of services.

5.3 Financial Ability to Provide Services

This section evaluates factors that affect the financing of needed improvements, identify practice or opportunities that may help eliminate unnecessary costs, and identify opportunities to positively impact rates without decreasing service levels.

CSA 19 receives a dedicated share of the 1% property tax. Currently, the District has a reserve balance of approximately \$302,500, as shown in **Table 5-3**. **Table 5-1** shows a summary of the CSA 19 budget for fiscal year (FY) 2018-2019 through FY 2022-2023.

Table 5-1 CSA 19 5-Year Budget Summary

	2018-19	2019-20	2020-21	2021-22	2022-23
Revenues	\$334,069.67	\$176,999.29	\$42,484.34	\$30,064.12	\$44,925.27
Expenditures	\$249,131.68	\$25,331.06	\$11,862.40	\$29,811.17	\$9,935.58
Net (loss) Income	\$84,937.99	\$151,668.23	\$30,621.94	\$252.95	\$34,989.69

Table 5-2 CSA 19 Statement of Income

	Item	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	Taxes & Assessments	\$206,907.16	\$38,050.05	\$40,974.81	\$29,902.93	\$43,681.56
	Interest Earned	\$3,071.77	\$4,345.89	\$1,509.53	\$161.19	\$1,243.71
	Other/Miscellaneous	\$124,090.74	\$134,603.35	\$-	\$-	\$-
	Total Revenue	\$334,069.67	\$176,999.29	\$42,484.34	\$30,064.12	\$44,925.27
Expenditures	Administration	\$23,026.11	\$-	\$-	\$-	\$-
	Service and Supplies	\$216,602.57	\$15,375.06	\$11,862.40	\$24,811.17	\$4,935.58
	Insurance	\$9,503.00	\$9,956.00	\$-	\$5,000.00	\$5,000.00
	Total Expenditure	\$249,131.68	\$25,331.06	\$11,862.40	\$29,811.17	\$9,935.58
Net Income (Loss)		\$84,937.99	\$151,668.23	\$30,621.94	\$252.95	\$34,989.69

Table 5-3 CSA 19 Changes in Fund Equity

	2018-19	2019-20	2020-21	2021-22	2022-23
Funds (Beg of Yr.)	\$-	\$84,937.99	\$236,606.22	\$267,228.16	\$267,481.11
Net (loss) Income	\$84,937.99	\$151,668.23	\$30,621.94	\$252.95	\$34,989.69
Prior Period Adjustment	\$-	\$-	\$-	\$-	\$-
Fund Balance (End of Yr.)	\$84,937.99	\$236,606.22	\$267,228.16	\$267,481.11	\$302,470.80

5.4 Opportunities for Shared Facilities

This section identifies the opportunities for jurisdictions to share facilities and resources creating a more efficient service delivery system. The District does not coordinate and/or receive assistance from other agencies. The District does not jointly own or share facilities with other agencies.

Bakman Water acquired the water system in 2019, therefore the District no longer provides domestic water services to the residents of Rolling Hills. The District’s current services are limited to roadway maintenance; therefore, there is no need or potential benefit to sharing facilities outside of the District area. As the greater Rio Mesa area develops into a more urban area, there will be a need for increased police and fire protection. The

District may then consider annexing to a larger CSA (such as CSA 22) as a Zone of Benefit. The RHCA may also consider connecting to a larger water infrastructure system as adjacent areas develop.

5.5 Governmental Structure Operational Efficiencies

This section considers the advantages and disadvantages of various government structures that could provide public services. To evaluate the quality of public services and the agency's ability to provide services. To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

The Madera County Board of Supervisors governs CSA 19. Staff from Madera County Resources Management Agency operate and maintain the District's facilities. CSA 19 realizes operational efficiencies by utilizing County staff because the annual operating budget of the CSA is not adequate to justify hiring full-time staff to operate the CSA. County Resources Management Agency staff spend only a portion of their time operating and maintaining CSA 19. Based on self-reported information, the District maintains its financial and other records and conducts its required meetings in compliance with applicable laws governing public agencies.

CSA 19 is within the Sphere of Influence (SOI) of CSA 22, as shown in **Figure 5-2**. As development surrounding CSA 19 increases, sharing infrastructure becomes a greater possibility. If CSA 19 is annexed into CSA 22, it could become a Zone of Benefit within CSA 22. This would combine the area into one governing entity but allow Rolling Hills to retain separate rate structures and levels of service.

LAFCO has the power to initiate dissolution and annexation of CSA 19 to CSA 22. Since CSA 19 is currently within CSA 22's SOI, the recommended process would be to first hold neighborhood meetings to receive input from the property owners about a proposed change of organization. After, both LAFCO and the Board could decide whether to initiate proceedings to form one single district.

5.6 Disadvantaged Unincorporated Communities - DUCs

This section identifies Disadvantaged Unincorporated Communities (DUCs) adjacent to District and analyzes any service issues and deficiencies within those DUCs.

The median household income for the State of California is \$91,551 in 2022, according to the American Community Survey. Therefore, unincorporated communities would be considered disadvantaged if they fell under \$73,241 (80% of the state median household income). CSA 19 is located within Census Tract 11 in the County of Madera. The median income for Census Tract 11 in 2022 is \$100,208 according to the American Community Survey. In addition, Riverstone is the closest unincorporated community to CSA 19 and is also within Census Tract 11, with a median household income of \$100,208. As such, CSA 19 is not adjacent to any DUCs.

5.7 Review of Agency SOI

The policy of the State of California found in Government Code *Section 56001, et seq.* encourages orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state. This code further explains that "this policy should be affected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services." This responsibility of setting logical service boundaries for communities and special districts based on their ability to provide adequate services is a vital role of LAFCO.

To maintain orderly growth and development. LAFCO may consider moving towards a single County Service Area for the Rio Mesa area. The SOI of CSA 19 was dissolved in 2010. CSA 22 has expanded its SOI to include CSA 19 and can provide the existing District service needs; thus, CSA 19 could benefit from annexing into CSA 22. Rolling Hills could be established as a Zone of Benefit within CSA 22 to combine the area into one governing entity, while allowing the residential neighborhood to retain separate rate structures and levels of service. The dissolution of CSA 19 and its annexation into CSA 22 could only occur with support from the residents within CSA 19. This would be a long-term process since CSA 22 does not currently provide water services.

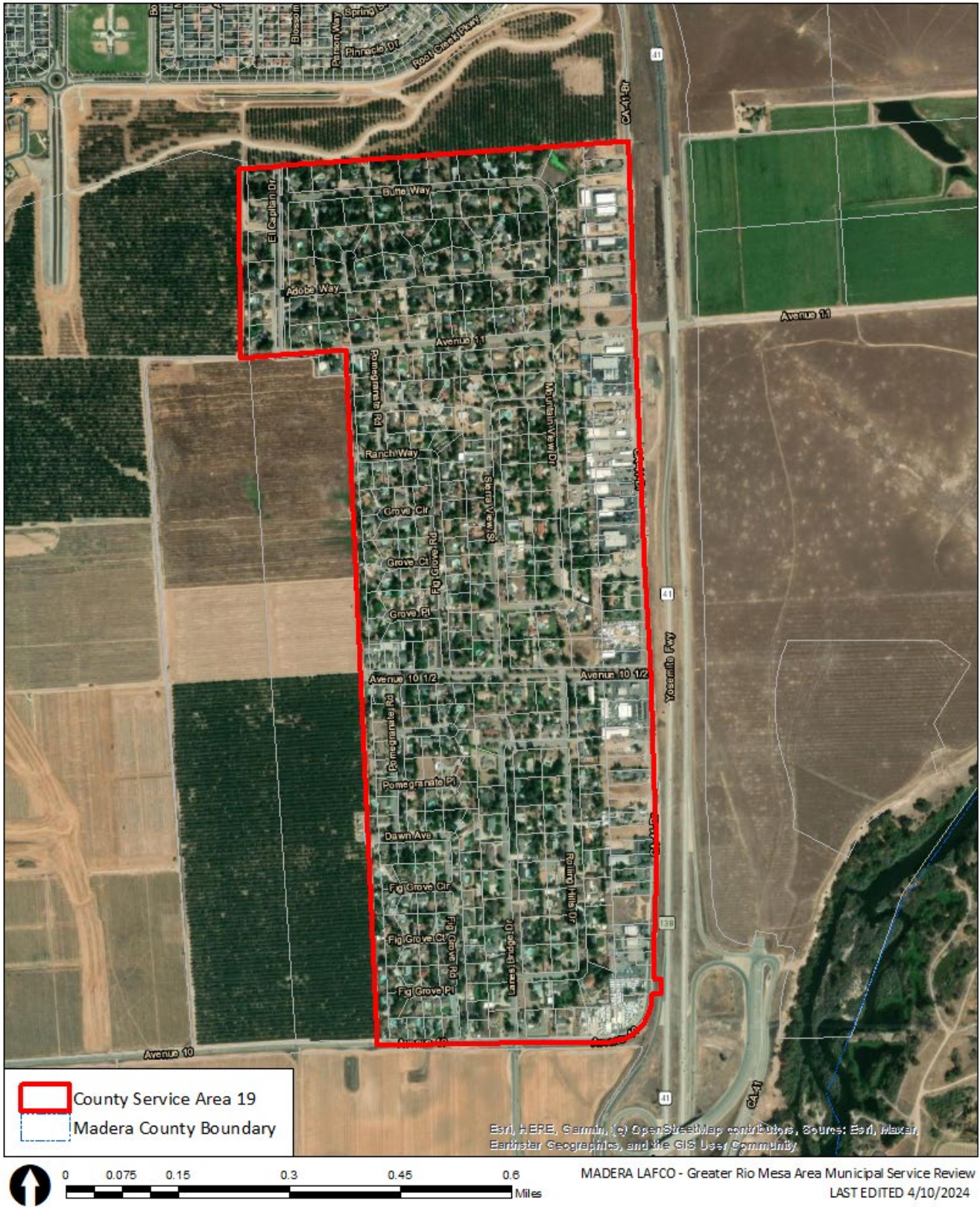


Figure 5-1 CSA 19 Territory

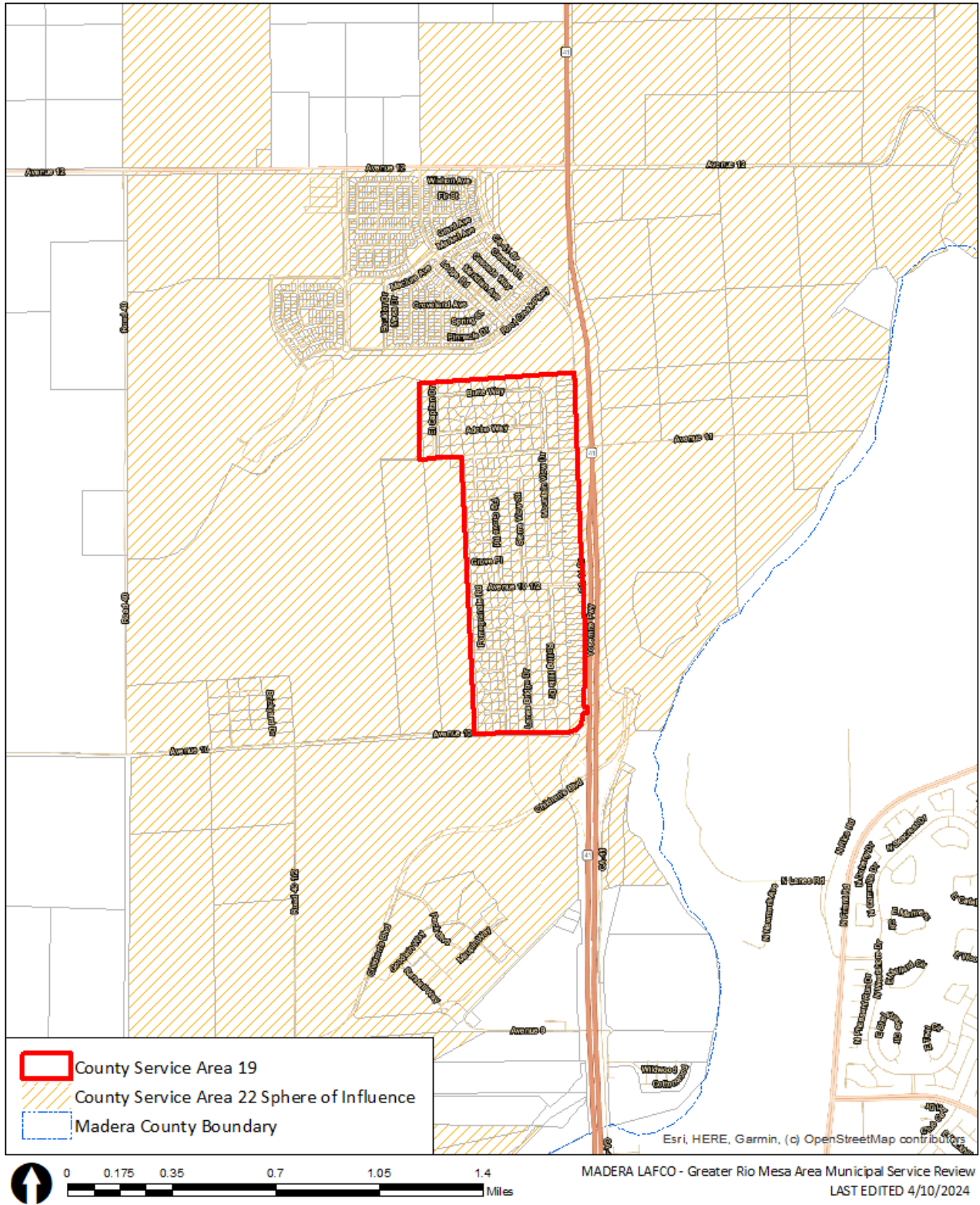


Figure 5-2 CSA 22 Sphere of Influence and CSA 19 Location

5.8 County Service Area 19 Determinations

Determination 5.1 - County Service Area 19 is authorized for water supply and distribution, and roadway maintenance services. Road maintenance services are currently being provided to the areas within the district territory. Water supply and distribution services are now being provided by Bakman Water Company. All other service options are latent.

Determination 5.2 - County Service Area 19 rate structure is adequate for everyday operations of its facilities.

Determination 5.3 - As the area surrounding County Service Area 19 develops, there will be an opportunity to share the new water facilities that will be constructed with new development. The feasibility of consolidation of water facilities, as well as the possible addition for sewer collection facilities, should be studied during the County approval process of surrounding development projects.

Determination 5.4 - As the greater Rio Mesa area develops into an urban area, the demand for municipal services will increase within CSA 19 and there will be a need for improved police and fire protection. In addition, community facilities, such as parks, within the new development areas could be utilized by the District's residents. Annexation of CSA 19 into CSA 22 will allow the sharing of costs and benefits of these municipal services and community facilities.

5.9 County Service Area 19 Recommendations

Recommendation 5.1 - Adopt the written determinations for County Service Area 19 and accept the analysis and conclusion presented in this service review (*Section 56430*).

Recommendation 5.2 - Find that the District can provide well planned efficient services in this territory as it is. Remove water supply and distribution from CSA 19 list of services since they are now being provided by Bakman Water Company.

Recommendation 5.3 - Begin discussions with the residents within CSA 19 regarding the potential annexation of CSA 19 into CSA 22.

6 BAKMAN WATER COMPANY

6.1 Introduction

Bakman Water Company has been operating in the Central Valley for over 75 years. It services the Southeast Fresno area bounded by Olive Avenue, East Kings Canyon Road, Winery Avenue, and Fowler Avenue. It also services the Rolling Hills neighborhood within CSA 19. Bakman Water is a private company and is, therefore, not overseen by LAFCO. It is included in this MSR for information purposes only.

Bakman Water acquired the Rolling Hills water system in 2019. Currently, Bakman Water charges a flat rate of \$64.44 per month (excluding the PUC User fee) for water delivered for domestic use to residents and business establishments within the Rolling Hills Service Area.

The water system is comprised of three (3) active wells, a 330,000-gallon water storage tank with a booster pump station, 344 active service connections, and 20 unimproved/vacant lot connections. The approximately 10.9 miles of distribution main within the system is primarily 6 and 8-inch polyvinyl chloride and asbestos cement pipe. Bakman Water also acquired the community center (currently housing Cal-Fire) and has a local office along State Business Route 41. Well 2 has been refurbished with its capacity nearly doubling and is in the permitting phase for additional site improvements. Well 3 provides water to an arsenic treatment plant that has since been refurbished. Well 4 was constructed by Bakman Water following the acquisition of the water system and it provides clean, safe drinking water without any additional treatment.

The existing water system has adequate capacity to meet the existing and potential future water demands. The system lacks water meters, which would help address the conservation goals. Well 2 needs updated facilities and the storage tank needs cathodic protection; these updates will help improve the overall operational efficiencies and component lifespan/longevity. There are pressure issues in specific portions of the system due to a lack of looping in existing aged and undersized distribution mains.

Bakman Water is currently awaiting approval from the California Public Utilities Commission (CPUC) to move forward on financing a project through the Drinking Water State Revolving Fund Loan Program and has proposed to use the funds for engineering, construction, and completion of a project that will generally consist of the installation of customer water meters, water main replacement and realignment, refurbishment of well site facilities, and the addition of cathodic protection to a water storage tank. Bakman water plans to recover all such costs and advances by establishing a rate surcharge to repay the low-interest loan.

A Preliminary Engineering Report for the project was completed in December 2022. In March of 2023, the project has received CEQA Determination approvals. The filing for financing was submitted to the CPUC in July 2023. The completed plans are currently in the permitting process. It is anticipated that in 2024, a CPUC Resolution will be issued, and the project will be circulated for bidding.

6.2 Bakman Water Company Determinations

Determination 6.1 - BWC is a private utility that provides water to approximately 350 residents within the Rolling Hills Development.

Determination 6.2 - BWC is a privately-owned company not subject to the oversight or jurisdiction of LAFCO.

Determination 6.3 - The County shall continue to coordinate with the BWC to determine the best feasible method to provide consolidated services with existing agencies or creation of a community services district.

7 COUNTY SERVICE AREA 22

7.1 Introduction

County Service Area 22 (District; CSA 22) covers most of the County's Rio Mesa Plan area and is approximately 14,525 acres. It was formed on July 28, 1992. CSA 22's territory surrounds, but does not overlap, the territory within CSA 16 and CSA 19. Its territory overlaps all the territory of Sierra Foothills Public Utility District. It also overlaps a small portion of Root Creek Water District. **Figure 7-1** shows the boundary and Sphere of Influence (SOI) of CSA 22. The Madera County Board of Supervisors governs CSA 22. Staff from Madera County Resource Management Agency provide technical and professional support to the District. The current Board is as follows:

1. Jordan Wamhoff
2. David Rogers
3. Robert L. Poythress
4. Leticia Gonzalez
5. Robert Mccauley

There are currently three (3) Zone of Benefits in CSA 22, as listed below.

- **Zone C (previously Zone B) – Gunner Ranch**
- **Zone D – Riverstone:** On August 9, 2016, the County of Madera Board of Supervisors (BOS) adopted Resolution No. 2016-226 that established Zone of Benefit D. On November 21, 2017, the BOS adopted Resolution No. 2017-168 which annexed properties within the Riverstone phase 2, 3, and 4 into Zone D. On September 3, 2019, the BOS adopted Resolution No. 2019-138 which annexed properties within Village B of Riverstone into Zone D. Lastly, on December 20, 2022, the BOS adopted Resolution No. 2022-188 which annexed properties within Village C, D, and E of Riverstone into Zone D. As such, Zone D currently includes all properties within the Riverstone development.
- **Zone E – Tesoro Viejo**

7.2 Infrastructure Needs or Deficiencies

This section evaluates infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

7.2.1 Existing Facilities and Services

On June 24, 2008, the Madera County Board of Supervisors adopted Resolution 2008-149, which requested that LAFCO reactivate the latent powers of CSA 22. The effect of this action by the Board was to take a policy position that future urban services in the greater Rio Mesa area should be provided by CSA 22.

CSA 22 has three Zones of Benefit, as shown in **Figure 7-2**:

Zone C (previously Zone B) – Gunner Ranch: Encompasses Gunner Ranch and the Valley Children's Hospital's facilities. Zone C maintains a wastewater treatment plant that is sized to accommodate the needs of developments within its service area. Zone of Benefit C also provides street maintenance, landscaping, street lighting, and fire protection services.

All services that could be provided for Zone C are listed below. Some of these services are not currently being used in Gunner Ranch but will be available once they are needed.

- Sewer collection and disposal
- Storm drainage and drainage basins
- Street construction and maintenance
- Street sweeping
- Street lighting and landscaping
- Fire protection
- Police protection
- Parks and recreation maintenance and landscaping

There are two Community Facilities Districts (CFDs) within Zone C, both with two improvement areas (IAs) each. One CFD is for services, and one is for infrastructure. They each have two IAs, one is for Gunner Ranch and one for Valley Children’s Hospital. The CFDs for services will assess and collect an annual special tax on all Zone C developments to finance, on an ongoing basis, Zone C’s share of non-enterprise municipal services as they become necessary. This includes amounts required to fully fund the costs of Zone C’s share of an urban level of fire and police services.

Zone D – Riverstone: Zone of Benefit D covers the Riverstone development area, which is approximately 2,060 acres. Zone of Benefit D provides landscape maintenance, street sweeping, street maintenance, and streetlight operation and maintenance. Root Creek Water District is the sewer, storm drain, and water provider for Riverstone.

Zone E – Tesoro Viejo: Levies Special Taxes for the maintenance of the County owned infrastructure and for the common facilities within Tesoro Viejo. The Services Special Tax funds such items as street lighting, bridge, road maintenance, landscape, and trail maintenance. Water and sewer services are provided by the Tesoro Viejo Mutual Water Company. Police protection and fire protection are authorized services for Tesoro Viejo through a CFD.

7.2.2 *Plans for Future Services*

Future developers will be required to install the infrastructure for future water and sewer systems. Provisions will also be made for other services such as police and fire protection, parks, and other amenities. The services that could be provided in the future include:

- For CSA 22 Zone of Benefit C, domestic water supply and distribution: there is a water system owned, operated, and maintained by Valley Children’s. It currently only services people on Valley Children’s campus. It will eventually be converted into the community water system for all of CSA 22 Zone of Benefit C.

Current latent services that could be provided by CSA 22:

- Solid waste collection, transfer, disposal: there’s a requirement to have services within the CSA, but the CSA does not provide this service directly.
- Ambulance service
- Emergency medical service
- Electrical power
- Undergrounding of overhead electrical and communication facilities (there is a current requirement).

7.3 Financial Ability to Provide Services

This section evaluates factors that affect the financing of needed improvements, identify practice or opportunities that may help eliminate unnecessary costs, and identify opportunities to positively impact rates without decreasing service levels.

7.3.1 Zone C – Gunner Ranch

Table 7-4, Table 7-5, and Table 7-6 show the three-year budget summary, statement of income, and changes in fund equity for CSA 22 Zone C for fiscal year (FY) 2020-2021 through FY 2022-2023. Currently, Zone C has a reserve balance of approximately \$114,500.

Table 7-1 CSA 22 Zone C 3-Year Budget Summary

	2020-2021	2021-2022	2022-2023
Revenues	\$90,000.00	\$432,677.04	\$518,546.17
Expenditures	\$857.04	\$442,650.04	\$483,191.47
Net (loss) Income	\$89,142.96	\$(9,973.00)	\$35,354.70

Table 7-2 CSA 22 Zone C Statement of Income

	Item	2020-2021	2021-2022	2022-2023
Revenue	Taxes & Assessments	\$90,000.00	\$432,322.12	\$516,292.98
	Interest Earned	\$-	\$354.92	\$1,623.09
	Other/Miscellaneous	\$-	\$-	\$630.10
	Total Revenue	\$90,000.00	\$432,677.04	\$518,546.17
Expenditures	Administration	\$-	\$52,540.11	\$62,071.32
	Service and Supplies	\$857.04	\$377,609.93	\$408,620.15
	Insurance	\$-	\$12,500.00	\$12,500.00
	Total Expenditure	\$857.04	\$442,650.04	\$483,191.47
Net Income (Loss)		\$89,142.96	\$(9,973.00)	\$35,354.70

Table 7-3 CSA 22 Zone C Changes in Fund Equity

	2020-2021	2021-2022	2022-2023
Funds (Beg of Yr.)	\$-	\$89,142.96	\$79,169.96
Net (loss) Income	\$89,142.96	\$(9,973.00)	\$35,354.70
Prior Period Adjustment	\$-	\$-	\$-
Fund Balance (End of Yr.)	\$89,142.96	\$79,169.96	\$114,524.66

7.3.2 Zone D – Riverstone

Table 7-4, Table 7-5, and Table 7-6 show the five-year budget summary, statement of income, and changes in fund equity for CSA 22 Zone D for fiscal year (FY) 2018-2019 through FY 2022-2023. Currently, Zone D has a reserve balance of approximately \$327,000.

Table 7-4 CSA 22 Zone D 5-Year Budget Summary

	2018-19	2019-20	2020-21	2021-22	2022-23
Revenues	\$145,261.86	\$262,935.35	\$352,183.34	\$443,806.09	\$621,111.64
Expenditures	\$115,726.65	\$93,401.31	\$459,328.82	\$397,818.10	\$480,916.76
Net (loss) Income	\$29,535.21	\$169,534.04	\$(107,145.48)	\$45,987.99	\$140,194.88

Table 7-5 CSA 22 Zone D Statement of Income

	Item	2018-19	2019-20	2020-2021	2021-2022	2022-2023
Revenue	Taxes & Assessments	\$145,137.00	\$260,844.92	\$350,995.80	\$446,240.19	\$618,756.50
	Interest Earned	\$124.86	\$2,090.43	\$1,187.54	\$(2,434.10)	\$2,355.14
	Other/Miscellaneous	\$-	\$-	\$-	\$-	\$-
	Total Revenue	\$145,261.86	\$262,935.35	\$352,183.34	\$443,806.09	\$621,111.64
Expenditures	Administration	\$1,754.11	\$4,031.87	\$1,333.69	\$2,612.98	\$9,934.15
	Service and Supplies	\$113,722.54	\$89,019.44	\$457,995.13	\$394,705.12	\$470,482.61
	Insurance	\$250.00	\$350.00	\$-	\$500.00	\$500.00
	Total Expenditure	\$115,726.65	\$93,401.31	\$459,328.82	\$397,818.10	\$480,916.76
Net Income (Loss)		\$29,535.21	\$169,534.04	\$(107,145.48)	\$45,987.99	\$140,194.88

Table 7-6 CSA 22 Zone D Changes in Fund Equity

	2018-19	2019-20	2020-2021	2021-2022	2022-2023
Funds (Beg of Yr.)	\$100,399.55	\$142,666.18	\$247,941.64	\$140,796.16	\$186,784.15
Net (loss) Income	\$29,535.21	\$169,534.04	\$(107,145.48)	\$45,987.99	\$140,194.88
Prior Period Adjustment	\$12,731.42	\$(64,258.58)	\$-	\$-	\$-
Fund Balance (End of Yr.)	\$142,666.18	\$247,941.64	\$140,796.16	\$186,784.15	\$326,979.03

7.3.3 Zone E – Tesoro Veijo

Table 7-7, Table 7-8, and Table 7-9 show the five-year budget summary, statement of income, and changes in fund equity for CSA 22 Zone E for fiscal year (FY) 2018-2019 through FY 2022-2023. Currently, Zone E has a reserve balance of approximately \$1,537,000.

Table 7-7 CSA 22 Zone E 5-Year Budget Summary

	2018-19	2019-20	2020-21	2021-22	2022-23
Revenues	\$482,226.09	\$517,178.84	\$669,579.15	\$1,103,326.51	\$1,135,968.66
Expenditures	\$-	\$221,460.16	\$604,936.11	\$626,070.85	\$927,891.82
Net (loss) Income	\$482,226.09	\$295,718.68	\$64,643.04	\$477,255.66	\$208,076.84

Table 7-8 CSA 22 Zone E Statement of Income

	Item	2018-19	2019-20	2020-2021	2021-2022	2022-2023
Revenue	Taxes & Assessments	\$479,854.38	\$506,274.28	\$665,626.69	\$1,107,576.31	\$1,119,144.76
	Interest Earned	\$2,371.71	\$10,904.56	\$3,952.46	\$(4,249.80)	\$14,526.90
	Other/Miscellaneous	\$-	\$-	\$-	\$-	\$2,297.00
	Total Revenue	\$482,226.09	\$517,178.84	\$669,579.15	\$1,103,326.51	\$1,135,968.66
Expenditures	Administration	\$-	\$-	\$-	\$1,293.54	\$2,529.46
	Service and Supplies	\$-	\$221,110.16	\$604,586.11	\$624,277.31	\$924,862.36
	Insurance	\$-	\$350.00	\$350.00	\$500.00	\$500.00
	Total Expenditure	\$-	\$221,460.16	\$604,936.11	\$626,070.85	\$927,891.82
Net Income (Loss)		\$482,226.09	\$295,718.68	\$64,643.04	\$477,255.66	\$208,076.84

Table 7-9 CSA 22 Zone E Changes in Fund Equity

	2018-19	2019-20	2020-2021	2021-2022	2022-2023
Funds (Beg of Yr.)	\$-	\$456,813.28	\$787,061.16	\$851,704.20	\$1,328,959.86
Net (loss) Income	\$482,226.09	\$295,718.68	\$64,643.04	\$477,255.66	\$208,076.84
Prior Period Adjustment	\$(25,412.81)	\$34,529.20	\$-	\$-	\$-
Fund Balance (End of Yr.)	\$456,813.28	\$787,061.16	\$851,704.20	\$1,328,959.86	\$1,537,036.70

Each Zone of Benefit for CSA 22 has reserve funds and seems to have the capacity to provide services to the users within its boundary. Plans for future infrastructure and ongoing operations and maintenance cost for such infrastructure may require a separate Zone of Benefit and project specific conditions of approval.

7.4 Opportunities for Shared Facilities

This section identifies the opportunities for jurisdictions to share facilities and resources creating a more efficient service delivery system.

As the greater Rio Mesa area develops into a more urban area, there will be a need for increased police and fire protection. There will also be opportunities for shared backbone infrastructure facilities, such as water, sewer, and storm drain. Other surrounding districts may consider annexing into CSA 22 as a Zone of Benefit as their needs change.

Sewer infrastructure master planning for the Rio Mesa Area has proposed a total of seven wastewater treatment plants, each with their own identified service territory. The combined service area of the seven treatment plant's territories is coterminous with CSA 22 boundaries. One of those service territories is also coterminous with the boundary of Sierra Foothills PUD.

Future developers (for areas not within other water districts) will be required to install water, sewer and other backbone infrastructure required to serve their development projects. These improvements will likely be funded through a combination of private equity, debt, or public financing mechanisms, such as Mello-Roos Community Facilities or Assessment District debt obligations. CSA 22 will need to establish capacity or connection charges to ensure that new development will pay its proportionate share of backbone infrastructure costs.

7.5 Governmental Structure Operational Efficiencies

This section considers the advantages and disadvantages of various government structures that could provide public services. To evaluate the quality of public services and the agency's ability to provide services. To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

The Madera County Board of Supervisors governs CSA 22. Staff from Madera County Resources Management Agency operate and maintain the District's facilities. CSA 22 realizes operational efficiencies by utilizing County staff because the annual operating budget of the CSA is not adequate to justify hiring full-time staff to operate the CSA. County Resources Management Agency staff spend only a portion of their time operating and maintaining CSA 22. Based on self-reported information, the District maintains its financial and other records and conducts its required meetings in compliance with applicable laws governing public agencies.

CSA 22 surrounds or abuts the districts within the greater Rio Mesa area. These districts each provide limited services to their respective territory. CSA 22 contains a larger, more comprehensive, territory and is authorized to provide the full range of urban services.

As development surrounding districts increases, sharing infrastructure becomes a greater possibility. If the districts annex into CSA 22, they could become a Zone of Benefit within CSA 22. This would combine the area into one governing entity but allow each existing district area to retain separate rate structures and levels of service.

Given the regional nature of certain infrastructure systems, such as water and sewer infrastructure systems, the sub-area by sub-area infrastructure master planning approach might benefit from the coordination of one district or agency. CSA 22 has the service authority and size to eventually provide all the municipal services that would be needed in the Rio Mesa area. Its powers are very similar to the powers of a Community Services District (CSD); therefore, the CSA could be converted into a CSD at some point in the future when the residents have sufficient size and desire to run the District independently of the County Board of Supervisors.

While CSA 22 is the largest district in the greater Rio Mesa area, it does not cover all the proposed development areas. CSA 22 can provide several community-wide services that other districts in the area are either not authorized by law to provide or have no plans to provide.

LAFCO has the power to initiate dissolution and annexation of districts into CSA 22. The SOI of CSA 22 was expanded in 2010 to include the surrounding districts, including CSA 16, CSA 19, MD 14, and MD 57. The recommended process would be to first hold neighborhood meetings to receive input from the property owners about a proposed change of organization. After, both LAFCO and the Board could decide whether to initiate proceedings to form one single district.

7.6 Disadvantaged Unincorporated Communities - DUCs

This section identifies Disadvantaged Unincorporated Communities (DUCs) adjacent to District and analyzes any service issues and deficiencies within those DUCs.

The median household income for the State of California is \$91,551 in 2022, according to the American Community Survey. Therefore, unincorporated communities would be considered disadvantaged if they fell under \$73,241 (80% of the state median household income).

Bonadelle Ranchos #9, Rolling Hills, Sumner Hill, Riverstone, and Tesoro Viejo are the closest unincorporated communities to CSA 22. Neither is considered disadvantaged since their median household income is above 80% of the state median. Median income for Bonadelle #9 is \$109,919 and \$100,208 for Rolling Hills, Sumner Hill, Riverstone, and Tesoro Viejo. As such, CSA 19 is not adjacent to any DUCs.

7.7 Review of Agency SOI

The policy of the State of California found in *Government Code Section 56001, et seq.* encourages orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state. This code further explains that “this policy should be affected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services.” This responsibility of setting logical service boundaries for communities and special districts based on their ability to provide adequate services is a vital role of LAFCO.

To maintain orderly growth and development. LAFCO may consider moving towards a single County Service Area for the Rio Mesa area. CSA 22 surrounds or abuts the districts within the greater Rio Mesa area and can provide the existing districts’ service needs; thus, existing districts in the area would benefit from annexing into CSA 22. Each district could be established as a Zone of Benefit within CSA 22 to combine the area into one governing entity, while allowing the existing district areas to retain separate rate structures and levels of service.

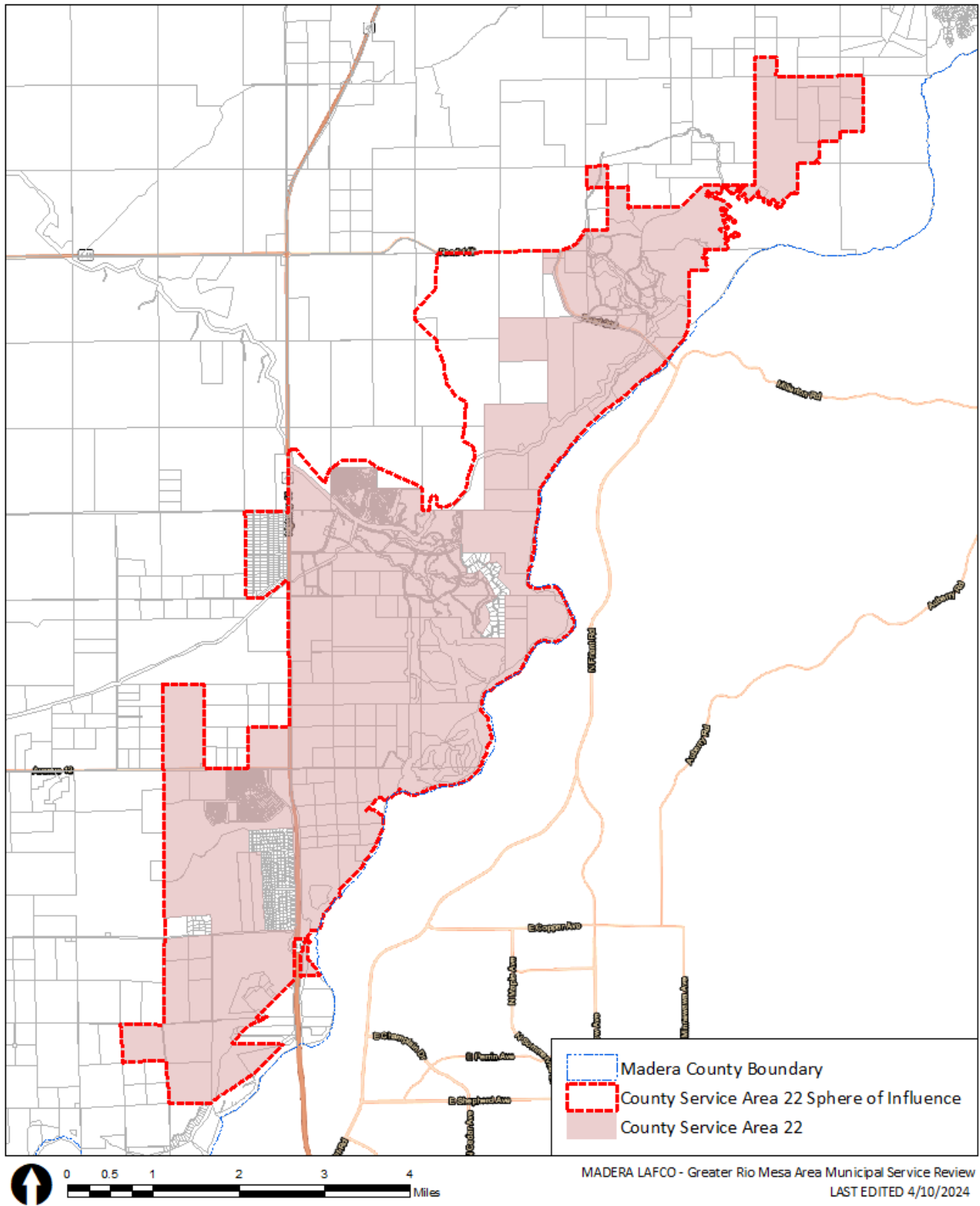


Figure 7-1 County Service Area 22 Territory and Sphere of Influence

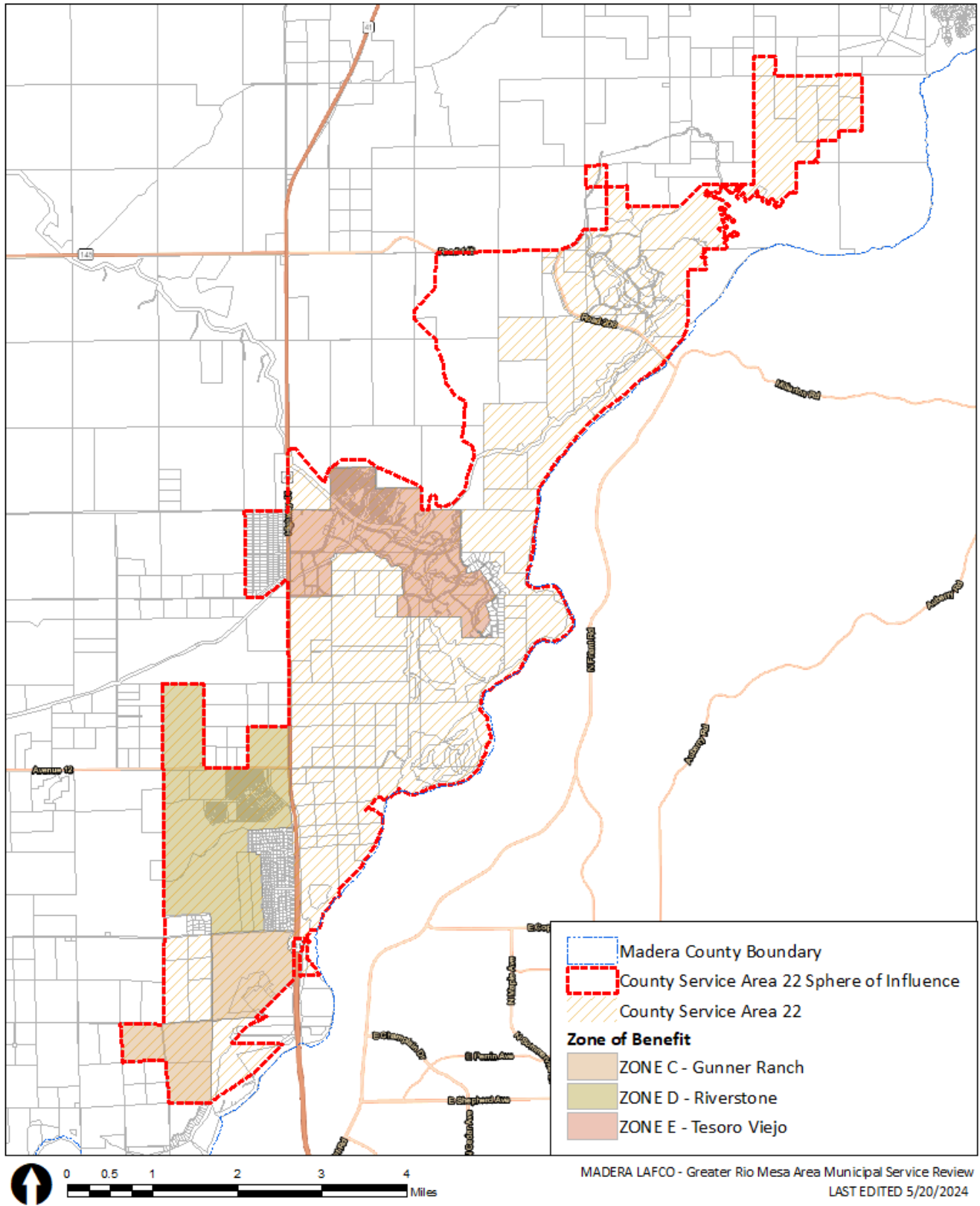


Figure 7-2 Zones of Benefit in CSA 22

7.8 County Service Area 22 Determinations

Determination 7.1 - County Service Area 22 is authorized for an array of services that include water treatment and distribution, storm drain collection, sewer collection and treatment, police and fire protection, parks and recreation, among others.

Determination 7.2 - County Service Area 22 currently has three Zones of Benefits: Gunner Ranch (Zone C), Riverstone (Zone D), and Tesoro Viejo (Zone E).

Determination 7.3 - County Service Area 22 rate structure is adequate for everyday operations of its current facilities.

Determination 7.4 - As the greater Rio Mesa develops, there will be an opportunity to share the infrastructure that will be constructed with new developments. The feasibility of consolidation of these facilities should be studied during the County approval process of new development projects.

Determination 7.5 - As the greater Rio Mesa area develops into an urban area, the demand for municipal services will increase and there will be a need for improved police and fire protection. In addition, community facilities, such as parks, within new development areas could be utilized by nearby district's residents. The annexation of other districts into CSA 22 will allow the sharing of costs and benefits of these municipal services and community facilities.

7.9 County Service Area 22 Recommendations

Recommendation 7.1 - Adopt the written determinations for County Service Area 22 and accept the analysis and conclusion presented in this service review (*Section 56430*).

Recommendation 7.2 - Find that the District can provide well planned efficient services in this territory as it is.

Recommendation 7.3 - Consideration should be given to adopting the resolutions necessary to propose annexation of nearby CSA districts into CSA 22.

8 TESORO VIEJO MASTER MUTUAL WATER COMPANY

8.1 Introduction

Tesoro Viejo is a 1,600-acre master-planned community, located in southeastern Madera County, within the greater Rio Mesa area. The Tesoro Viejo Master Mutual Water Company (TVMMWC) serves the water needs of the Tesoro Viejo community. At full build-out, TVMMWC will serve 5,190 homes, three million square feet of industrial and commercial space, schools, parks, open spaces, and trails. The TVMMWC is a private company and is, therefore, not overseen by LAFCO. TVMMWC is included in this MSR for information purposes only.

The TVMMWC has potable water treatment, wastewater treatment, and distribution facilities onsite that are operated by California Water Service (CalWater). CalWater not only operates and maintains water, wastewater, recycled water, storm water, and agricultural systems at Tesoro Viejo on behalf of TVMMWC, but it will also oversee the installation of capital improvements to expand water utility systems at Tesoro Viejo.

The primary source of water for the community is surface water purchased from Madera Irrigation District (MID). An onsite 1.5-million-gallon water storage tank provides water for operational, fire protection, and emergency water needs. The water system also includes over 2.5 miles of raw water pipes. The wastewater treatment plant uses membrane bioreactor and ultraviolet technology to produce reclaimed water to be used for landscape irrigation and non-potable uses in public spaces.

8.2 Tesoro Viejo Master Mutual Water Company Determinations

Determination 8.1 - The TVMMWC is a private utility company that provides water and sewer services to the Tesoro Viejo Master Planned Community.

Determination 8.2 - The TVMMWC is a privately-owned company not subject to the oversight or jurisdiction of LAFCO.

Determination 8.3 - The County shall continue to coordinate with the TVMMWC to determine the best feasible method to provide consolidated services with existing agencies or creation of a community services district.

9 SIERRA FOOTHILLS PUBLIC UTILITY DISTRICT

9.1 Introduction

Sierra Foothills Public Utility District (District; SFPUD) is in the southern third of the Rio Mesa planning area in southeastern Madera County. It is along the northwestern edge of the San Joaquin River, east of State Route 41, and originally consisted of 2,260 acres. **Figure 9-1** shows the District's territory. SFPUD was incorporated as a public utility district on December 28, 1998. The original purpose of the SFPUD was to develop and operate public infrastructure facilities to the Rio Mesa - Avenue 12 Village - Master Plan Community. The District was originally formed to provide the following services as development occurred within the District:

- Water provision and distribution
- Sewer collection and disposal
- Stormwater collection
- Street construction and maintenance
- Parks and recreation facilities and maintenance
- Street lighting
- Electrical power
- Solid waste collection and disposal
- Cable TV

The Avenue 12 Village has not been entitled and future development plans are unclear. The SFPUD's current service area includes approximately 485 acres and primarily includes the District (previously) owned and operated Riverbend Golf Course. Other properties within the original boundaries of the District were detached in 2015, leaving only the Riverbend Golf Course as a part of the district area. However, the golf course has since been sold and renamed the Dragonfly Golf Club and is no longer receiving benefits from the District. As a result, the District's powers are essentially latent.

9.2 Infrastructure Needs or Deficiencies

This section evaluates infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

9.2.1 Existing Facilities and Services

The District is no longer providing any services to properties within its district boundaries and its SOI has been dissolved; therefore, no need for any infrastructure.

9.2.2 Plans for Future Services

9.3 Financial Ability to Provide Services

This section evaluates factors that affect the financing of needed improvements, identify practice or opportunities that may help eliminate unnecessary costs, and identify opportunities to positively impact rates without decreasing service levels.

The District is not collecting assessments since there is no need for services within its boundaries.

9.4 Opportunities for Shared Facilities

This section identifies the opportunities for jurisdictions to share facilities and resources creating a more efficient service delivery system.

The District currently has no facilities or need for shared facilities.

9.5 Governmental Structure Operational Efficiencies

This section considers the advantages and disadvantages of various government structures that could provide public services. To evaluate the quality of public services and the agency's ability to provide services. To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

SFPUD is an independent public utilities district pursuant to Public Utilities Code 15795. As an independent utility district, SFPUD should have its own board of directors that meet to set the policy direction of the District. A board for an independent utility district is elected by the registered voters within the District. The District has no board of directors since it has not exercised its powers in recent years.

9.6 Disadvantaged Unincorporated Communities - DUCs

This section identifies Disadvantaged Unincorporated Communities (DUCs) adjacent to District and analyzes any service issues and deficiencies within those DUCs.

The median household income for the State of California is \$91,551 in 2022, according to the American Community Survey. Therefore, unincorporated communities would be considered disadvantaged if they fell under \$73,241 (80% of the state median household income).

SFPUD is located within Census Tract 11 in the County of Madera. The median income for Census Tract 11 in 2022 is \$100,208 according to the American Community Survey. In addition, Bonadelle Ranchos #9, Rolling Hills, Sumner Hill, Riverstone, and Tesoro Viejo are the closest unincorporated communities SFPUD. None of these communities is considered disadvantaged since their median household income is above 80% of the state median. Median income for Bonadelle #9 is \$109,919 and \$82,297 for Rolling Hills, Sumner Hill, Riverstone, and Tesoro Viejo. As such, SFPUD is not adjacent to any DUCs.

9.7 Review of Agency SOI

The policy of the State of California found in government Code *Section 56001, et seq.* encourages orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state. This code further explains that “this policy should be affected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services.” This responsibility of setting logical service boundaries for communities and special districts based on their ability to provide adequate services is a vital role of LAFCO.

The District has not been operating or providing any services to properties within its boundaries and its SOI has been dissolved. It is recommended that the District itself also be dissolved.



Figure 9-1 Sierra Foothills Public Utility District Territory

9.8 Sierra Foothills Public Utility District Determinations

Determination 9.1 - SFPUD is authorized for water provision and distribution, sewer collection and disposal, stormwater collection, street construction and maintenance, parks and recreation facilities and maintenance, street lighting, electrical power, solid waste collection and disposal, and cable TV services.

Determination 9.2 - SFPUD is no longer providing services to the properties within its boundary. Therefore, its powers are latent.

Determination 9.3 - The District's SOI has been dissolved.

Determination 9.4 - The District has not exercised its powers in recent years and should be dissolved.

9.9 Sierra Foothills Public Utility District Recommendations

Recommendation 9.1 - Adopt the written determinations for SFPUD and accept the analysis and conclusion presented in this service review (*Section 56430*).

Recommendation 9.2 - Find that the District has not provided well planned efficient services in this territory as it is.

Recommendation 9.3 - Consideration should be given to adopting the resolutions necessary to propose the dissolution of SFPUD.

10 ROOT CREEK WATER DISTRICT

10.1 Introduction

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 3400, *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. The District is approximately 9,670 acres and is located north of the San Joaquin River and south of Avenue 12 and abuts Highway 41 to the east, as shown in **Figure 10-1**. The District boundary overlaps CSA 22 territory, as shown in **Figure 10-2**.

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...”

In addition to imported surface water and groundwater, lands within the District obtain water from private rights held by landowners within the District. These rights include one (1) riparian right and four (4) signed Holding Contracts with the U.S. Bureau of Reclamation that authorize diversion of water from the San Joaquin River.

In 2013, LAFCO activated 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 (formerly Gateway Village) have been installed. The California Water Code outlines the services that the District may 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 22.⁵

10.2 Infrastructure Needs or Deficiencies

This section evaluates infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

10.2.1 Existing Facilities and Services

The District currently operates potable water production wells to accommodate the Riverstone community. The District supplies groundwater to municipal water users through a District-owned distribution system. Groundwater withdrawals to provide water to municipal water users will be offset by a portion of the imported surface water supplied to agriculture in the District.⁶

⁵ Quad Knopf. (2010, May). Greater Rio Mesa Municipal Service Review. California, Madera: Madera LAFCO.

⁶ Provost & Pritchard Consulting Group. (2018, January 24). 2018 Municipal Service Review Root Creek Water District. California, Madera: Madera LAFCO.

A one-million-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 portion of the plan area will require the developer to provide an analysis of the individual project’s water needs. Should any project cause peak consumption to exceed the production capacity of the system, the developer of that project would be required to provide an alternative or additional source of water.

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 1.6 million gallons per day (MGD). Effluent from the WWTP will be discharged into a storage pond. The effluent will then be used for irrigation of agricultural areas and landscaping, as well as intentional groundwater recharge.

The storm drainage system within Riverstone is largely designed to channel runoff to the Root Creek channel, via natural drainage trending northeast to southwest through the Riverstone plan area. Runoff within individual developments will be captured by storm drain inlets and conveyed to stormwater basins. Once each basin reaches capacity, it will either overflow into other infrastructure (i.e. streets and/or additional inlets/pipelines) leading to a subsequent basin or outflowing into the Root Creek channel.

Development of the northeastern area of Riverstone will interrupt a naturally occurring drainage path that historically moved runoff from the area north of Riverstone southward into the Root Creek channel. To accommodate that, a 66-inch stormwater pipe has been installed to collect runoff from north of Avenue 12 near its intersection with SR 41 and convey it beneath street right-of-way to ultimately discharge into Root Creek channel. There is a 48-inch pipeline owned by RCWD, located west of SR 41, that can provide drainage.

10.2.2 Plans for Future Services

As further development occurs in the plan area, additional water, wastewater, and storm drain infrastructure will be installed. The District plans on building a water treatment facility for its municipal customers in the future. At build-out the operational capacity of its WWTP will be 1.6 MGD.

10.3 Financial Ability to Provide Services

This section evaluates factors that affect the financing of needed improvements, identify practice or opportunities that may help eliminate unnecessary costs, and identify opportunities to positively impact rates without decreasing service levels.

Table 10-1, Table 10-2, and **Table 10-3** show the four-year budget summary, statement of income, and changes in fund equity for RCWD for fiscal year (FY) 2020 through 2023. Currently, RCWD has a balance of approximately \$26.5 million.

Table 10-1 RCWD 4-Year Budget Summary

	2020	2021	2022	2023
Revenues	\$2,316,221.21	\$11,111,153.09	\$23,178,861.62	\$21,025,819.91
Expenditures	\$2,789,408.38	\$4,107,833.29	\$7,956,345.89	\$18,614,034.84
Net (loss) Income	\$(473,187.17)	\$7,003,319.80	\$15,222,515.73	\$2,411,785.07

Table 10-2 RCWD Statement of Income

	Item	2020	2021	2022	2023
Revenue	Agricultural	\$255,556.75	\$942,463.44	\$1,724,948.84	\$275,762.59
	Municipal	\$810,353.82	\$953,118.24	\$1,417,860.81	\$2,678,938.83
	Other/Miscellaneous	\$1,250,310.64	\$9,215,571.41	\$20,036,051.97	\$18,071,118.49
	Total Revenue	\$2,316,221.21	\$11,111,153.09	\$23,178,861.62	\$21,025,819.91
Expenditures	Water Fees & Management	\$1,634,506.03	\$4,261,695.34	\$4,737,842.84	\$4,561,156.61
	Marketing & Professional Fees	\$825,754.48	\$843,933.13	\$704,635.93	\$898,526.11
	Insurance	\$7,803.05	\$9,394.43	\$11,681.23	\$27,568.68
	Administration	\$18,688.96	\$15,087.30	\$18,445.96	\$23,459.86
	Other/Miscellaneous	\$302,655.86	\$(1,022,276.91)	\$2,483,739.93	\$13,103,323.58
	Total Expenditure	\$2,789,408.38	\$4,107,833.29	\$7,956,345.89	\$18,614,034.84
Net Income (Loss)		\$(473,187.17)	\$7,003,319.80	\$15,222,515.73	\$2,411,785.07

Table 10-3 RCWD Changes in Fund Equity

	2020	2021	2022	2023
Funds (Beg of Yr.)	\$2,300,867.13	\$1,827,679.96	\$8,830,999.76	\$24,053,515.49
Net (loss) Income	\$(473,187.17)	\$7,003,319.80	\$15,222,515.73	\$2,411,785.07
Prior Period Adjustment	\$-	\$-	\$-	\$-
Fund Balance (End of Yr.)	\$1,827,679.96	\$8,830,999.76	\$24,053,515.49	\$26,465,300.56

10.4 Opportunities for Shared Facilities

This section identifies the opportunities for jurisdictions to share facilities and resources creating a more efficient service delivery system.

Part of the District area is within CSA 22 and receives services as a part of Zone of Benefit D. These are services that cannot be provided by Root Creek, such as landscape maintenance, street maintenance, and streetlight maintenance.

10.5 Governmental Structure Operational Efficiencies

This section considers the advantages and disadvantages of various government structures that could provide public services. To evaluate the quality of public services and the agency's ability to provide services. To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

RCWD is an independent special district organized under the California Water District Law. As an independent special district, RCWD has its own board of directors that meet to set the policy direction of the District. Based on self-reported information, the District maintains its financial and other records and conducts its required meetings in compliance with applicable laws governing public agencies.

RCWD is governed by a Board consisting of seven members that are elected by the landowners. Board members may also be appointed by the Madera Board of Supervisors in lieu of an election when there is only one candidate per seat. Each Board member is elected for a four-year term in accordance with the provisions of the California Water District Law. Each Board member receives compensation of \$100 per meeting. The Board meets

regularly every second Monday of the month at 11:00 am at the Riverstone Lodge located at 370 Lodge Road in Madera, California. The current Board is as follows:

1. Nick Bruno, President
2. Jeffrey Coulthard, Vice President
3. Shannon Simonian, Treasurer
4. Eric Bream
5. Mike De La Guerra
6. Henk Griffin
7. Matthew Cerniglia

10.6 Disadvantaged Unincorporated Communities - DUCs

This section identifies Disadvantaged Unincorporated Communities (DUCs) adjacent to District and analyzes any service issues and deficiencies within those DUCs.

The median household income for the State of California is \$91,551 in 2022, according to the American Community Survey. Therefore, unincorporated communities would be considered disadvantaged if they fell under \$73,241 (80% of the state median household income). RCWD is located within Census Tract 11 in the County of Madera. The median income for Census Tract 11 in 2022 is \$100,208 according to the American Community Survey. Rolling Hills is the closest unincorporated community to RCWD. It is not considered disadvantaged since, according to census data, the median household income is also \$100,208. As such, RCWD is not adjacent to any DUCs.

10.7 Review of Agency SOI

The policy of the State of California found in government code 56001, et seq. encourages orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state. This code further explains that “this policy should be affected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services.” This responsibility of setting logical service boundaries for communities and special districts based on their ability to provide adequate services is a vital role of LAFCO.

RCWD does not serve customers outside of its service boundaries nor does it receive services from other agencies. The District feels that its service boundaries and SOI are adequate and is not currently considering expanding its boundaries. They do not feel that there are areas that they currently serve that may be served more efficiently by another agency or district.

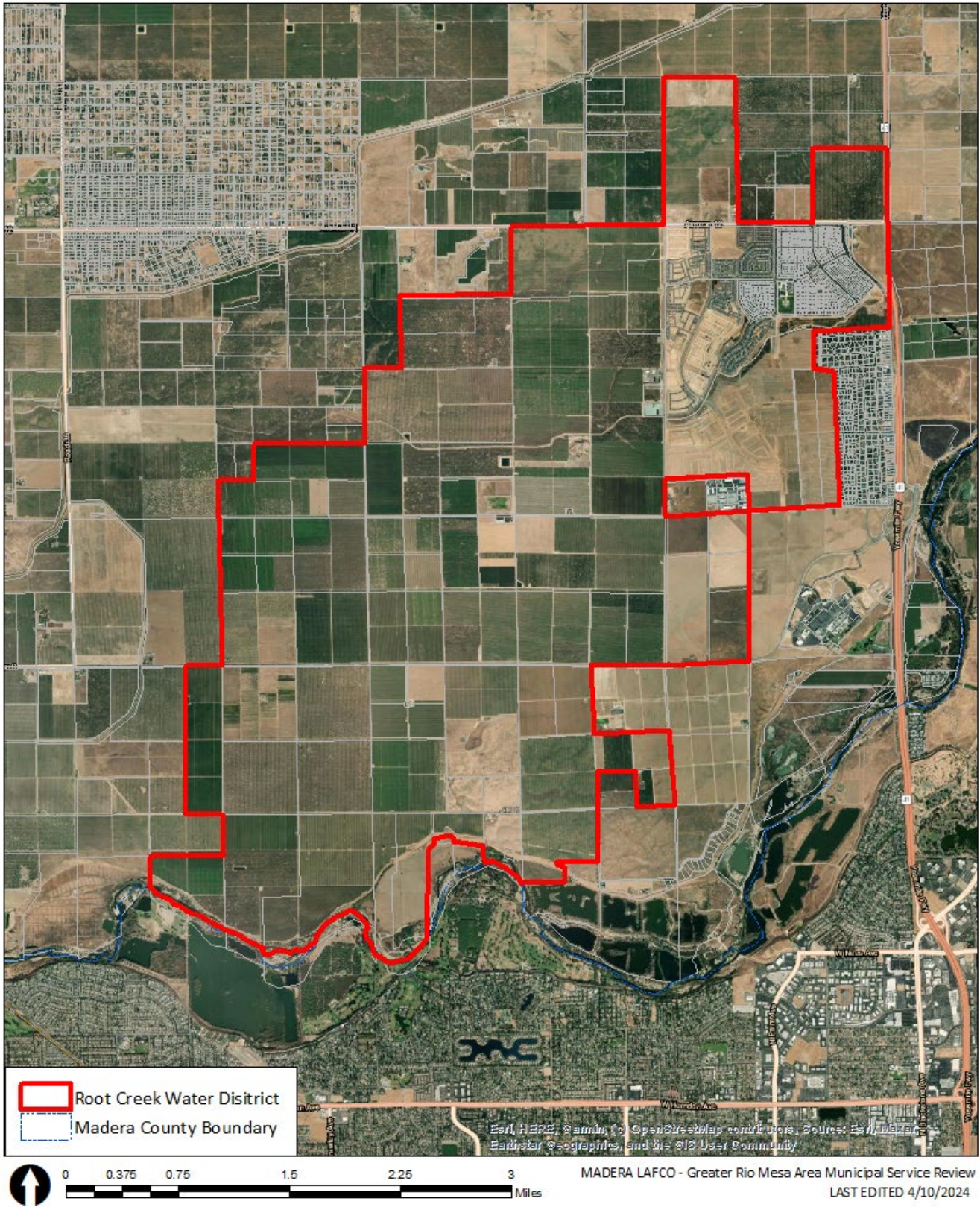


Figure 10-1 Root Creek Water District Territory

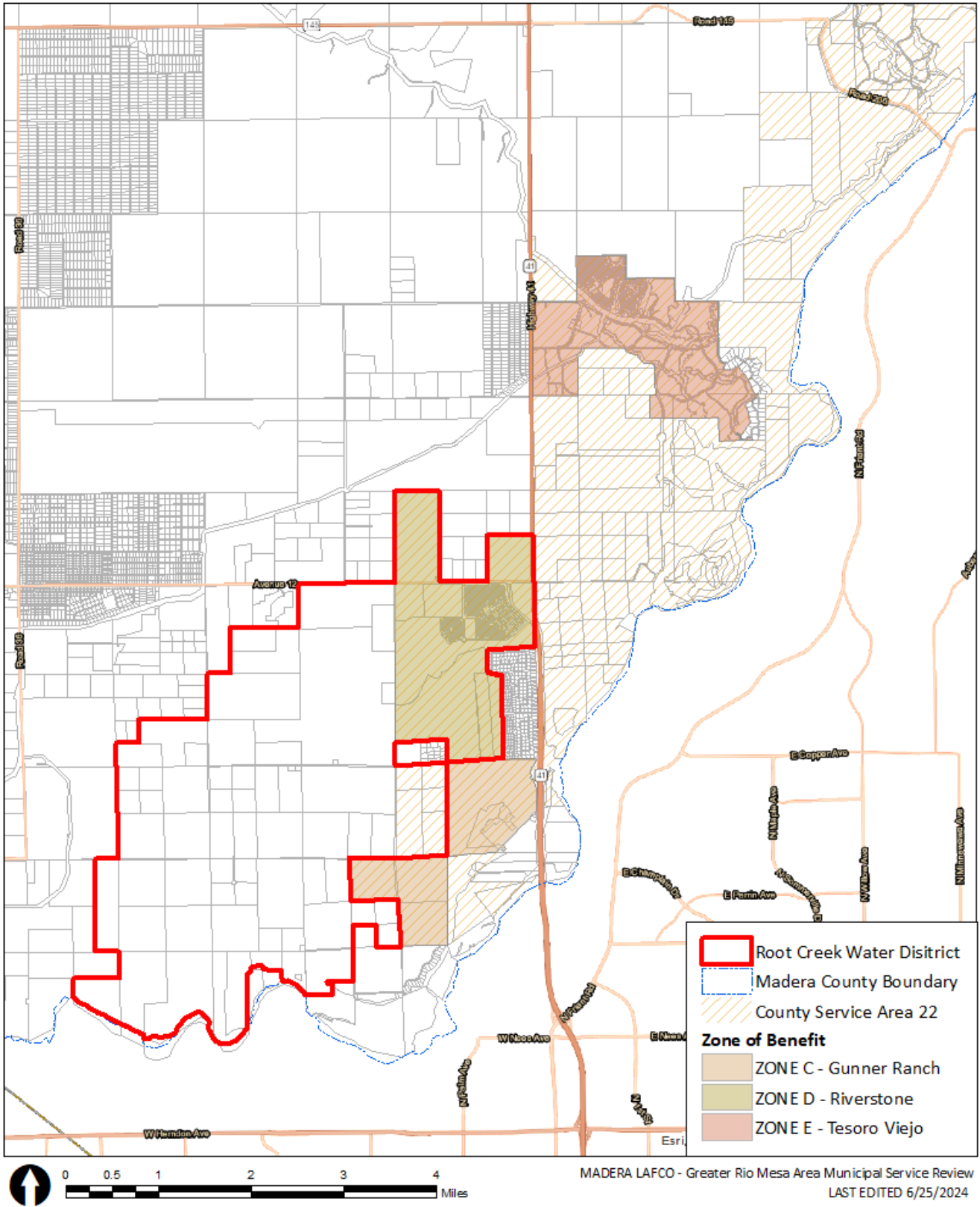


Figure 10-2 CSA 22 Territory and Root Creek Water District Location

10.8 Root Creek Water District Determinations

Determination 10.1 - Root Creek Water District is authorized for provision of water, sewer, reclaimed water, and flood control facilities for proposed residential, commercial, and institutional developments within the District boundaries.

Determination 10.2 - Root Creek Water District's rate structure is adequate for everyday operations of its current facilities.

Determination 10.3 - According to the California Water Code, Root Creek Water District does not provide fire protection, street lighting, or landscape services. These are services provided by CSA 22, Zone of Benefit D.

10.9 Root Creek Water District Recommendations

Recommendation 10.1 - Adopt the written determinations for Root Creek Water District and accept the analysis and conclusion presented in this service review (*Section 56430*).

Recommendation 10.2 - Find that the District can provide well planned efficient services in this territory as it is.

11 MAINTENANCE DISTRICT 14

11.1 Introduction

Maintenance District 14 (District; MD 14) is not a special district, as defined by the CKH Act, and is therefore not subject to LAFCO jurisdiction; however, all districts providing a municipal service may be studied during the MSR process to evaluate all available service providers in the study area. MD 14 was established by the County for the purpose of allocating a portion of the County property tax to the on-going maintenance of streets within the District. Maintenance districts are administered by the County or City in which they are located and may also provide water, sewer, or street lighting services if properly authorized by the County Board of Supervisors. The current Board is as follows:

1. Jordan Wamhoff
2. David Rogers
3. Robert L. Poythress
4. Leticia Gonzalez
5. Robert Mccauly

MD 14 was founded August 4, 1964, and is made up of the residential neighborhood Bonadelle Ranchos #9. MD 14 is bounded by Highway 41 to the east, Avenue 15 to the north, and Avenue 14 to the south. **Figure 11-1** shows the District's territory. The neighborhood is approximately 309 acres and currently contains 183 parcels and 3.9 miles of paved public roadways. MD 14 provides road maintenance services for the roadways within the District's territory. All lots within the territory have their own private water wells and septic tank/leach field systems. MD 14 has no SOI because it is not a special district as defined by CKH Act.

11.2 Infrastructure Needs or Deficiencies

This section evaluates infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

11.2.1 Existing Facilities and Services

The District does not own any assets but rather maintains County roadways within the district boundary. Maintenance and repairs of the roadways are typically provided on an as-needed basis.

11.2.2 Plans for Future Services

There are no plans for additional services or expansion of the District into new developing areas.

11.3 Financial Ability to Provide Services

This section evaluates factors that affect the financing of needed improvements, identify practice or opportunities that may help eliminate unnecessary costs, and identify opportunities to positively impact rates without decreasing service levels.

MD 14 receives a dedicated share of the 1% property tax. **Table 11-1** shows a summary of the MD 14 budget for the last five fiscal years. The only other source of income is interest on cash reserves. Currently, MD 14 has approximately \$728,000 in cash reserves, as shown in **Table 11-3**. Aside from routine annual maintenance and pothole repair, MD 14's cash reserves would be to fund semi-periodic roadway chip seals or overlays.

There are no additional fees or assessments paid by the residents within MD 14, other than property taxes. Therefore, there are no opportunities for rate restructuring and the District will continue to receive the dedicated share of the one percent property tax.

Table 11-1 MD 14 5-Year Budget Summary

	2018-19	2019-20	2020-21	2021-22	2022-23
Revenues	\$56,473.22	\$58,439.32	\$51,899.76	\$55,394.93	\$65,925.16
Expenditures	\$2,693.39	\$48,590.03	\$2,047.18	\$3,572.80	\$10,000.34
Net (loss) Income	\$53,779.83	\$9,849.29	\$49,852.58	\$51,822.13	\$55,924.82

Table 11-2 MD 14 Statement of Income

	Item	2018-19	2019-20	2020-2021	2021-2022	2022-2023
Revenue	Taxes & Assessments	\$47,164.62	\$48,469.81	\$49,297.80	\$53,504.44	\$57,845.79
	Interest Earned	\$9,308.60	\$9,969.51	\$2,601.96	\$1,890.49	\$8,079.37
	Other/Miscellaneous	\$-	\$-	\$-	\$-	\$-
	Total Revenue	\$56,473.22	\$58,439.32	\$51,899.76	\$55,394.93	\$65,925.16
Expenditures	Administration	\$1,154.20	\$1,172.07	\$1,282.17	\$1,281.51	\$1,143.88
	Service and Supplies	\$917.19	\$46,766.96	\$90.01	\$1,229.29	\$7,606.46
	Insurance	\$622.00	\$651.00	\$675.00	\$1,062.00	\$1,250.00
	Total Expenditure	\$2,693.39	\$48,590.03	\$2,047.18	\$3,572.80	\$10,000.34
Net Income (Loss)		\$53,779.83	\$9,849.29	\$49,852.58	\$51,822.13	\$55,924.82

Table 11-3 MD 14 Changes in Fund Equity

	2018-19	2019-20	2020-2021	2021-2022	2022-2023
Funds (Beg of Yr.)	\$505,490.90	\$560,309.00	\$570,090.60	\$619,943.18	\$671,765.31
Net (loss) Income	\$53,779.83	\$9,849.29	\$49,852.58	\$51,822.13	\$55,924.82
Prior Period Adjustment	\$1,038.27	\$(67.69)	\$-	\$-	\$-
Fund Balance (End of Yr.)	\$560,309.00	\$570,090.60	\$619,943.18	\$671,765.31	\$727,690.13

11.4 Opportunities for Shared Facilities

This section identifies the opportunities for jurisdictions to share facilities and resources creating a more efficient service delivery system.

The District’s services are limited to roadway maintenance to the streets within its boundary; therefore, there is no need or potential benefit to share facilities outside of the District area. However, the District may consider annexing to a larger CSA (such as CSA 22) as a Zone of Benefit.

11.5 Governmental Structure Operational Efficiencies

This section considers the advantages and disadvantages of various government structures that could provide public services. To evaluate the quality of public services and the agency's ability to provide services. To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

MD 14 is governed and administered by the Madera County Board of Supervisors, which has the power to establish or dissolve it without LAFCO approval. The County Assistant Road Commissioner and the County's Special District Road Manager manage the District's operations. Staff from Madera County Resources Management Agency operate and maintain the District's facilities. Based on self-reported information, the District maintains its financial and other records and conducts its required meetings in compliance with applicable laws governing public agencies.

It is likely that demand for services provided by MD 14 will grow as urban development occurs around the existing neighborhood. CSA 22 is adjacent to MD 14 and provides street maintenance; thus, new developments and MD 14 would benefit from annexing into CSA 22. MD 14 could be established as a Zone of Benefit within CSA 22 to combine the area into one governing entity, while allowing the neighborhood to retain separate rate structures and levels of service.

LAFCO cannot approve the consolidation of two (2) different types of districts. MD 14 would need to be dissolved by the County and the territory simultaneously annexed to CSA 22 by LAFCO. Since the MD 14 is currently within CSA 22's SOI, the recommended process would be to first hold neighborhood meetings to receive input from the property owners about a proposed change of organization. After, both LAFCO and the Board could decide whether to initiate proceedings to simultaneously dissolve MD 14 and annex the territory to CSA 22. **Figure 11-2** shows the SOI of CSA 22 and the location of MD 14.

11.6 Disadvantaged Unincorporated Communities - DUCs

This section identifies Disadvantaged Unincorporated Communities (DUCs) adjacent to District and analyzes any service issues and deficiencies within those DUCs.

The median household income for the State of California is \$91,551 in 2022, according to the American Community Survey. Therefore, unincorporated communities would be considered disadvantaged if they fell under \$73,241 (80% of the state median household income).

MD 14 is located within Census Tract 5.09 in the County of Madera. The median income for Census Tract 5.09 in 2022 is \$109,919 according to the American Community Survey.⁷ Sumner Hill and Tesoro Viejo are the closest unincorporated communities to MD 14, with a median household income of \$100,208 for each. As such, MD 14 is not adjacent to any DUCs.

11.7 Review of Agency SOI

The policy of the State of California found in Government Code *Section 56001, et seq.* encourages orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state. This code further explains that "this policy should be affected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services." This responsibility of setting logical service boundaries for communities and special districts based on their ability to provide adequate services is a vital role of LAFCO.

⁷ United States Census Bureau. (2022). S1901: Income in the Past 12 Months (in 2022 Inflation-Adjusted Dollars). Accessed January 24, 2024, <https://data.census.gov/table?q=income&g=1400000US06039000509>

MD 14 is governed and administered by the Madera County Board of Supervisors, which has the power to establish or dissolve it without LAFCO approval. MD 14 has no SOI because it is not a special district as defined by CKH Act.

To maintain orderly growth and development. LAFCO may consider moving towards a single County Service Area for the Rio Mesa area. CSA 22 is adjacent to MD 14 and provides street maintenance. MD 14 could benefit from annexing into CSA 22 as a Zone of Benefit to combine the area into one governing entity, while allowing the neighborhood to retain separate rate structures and levels of service.



Figure 11-1 Maintenance District 14 Territory

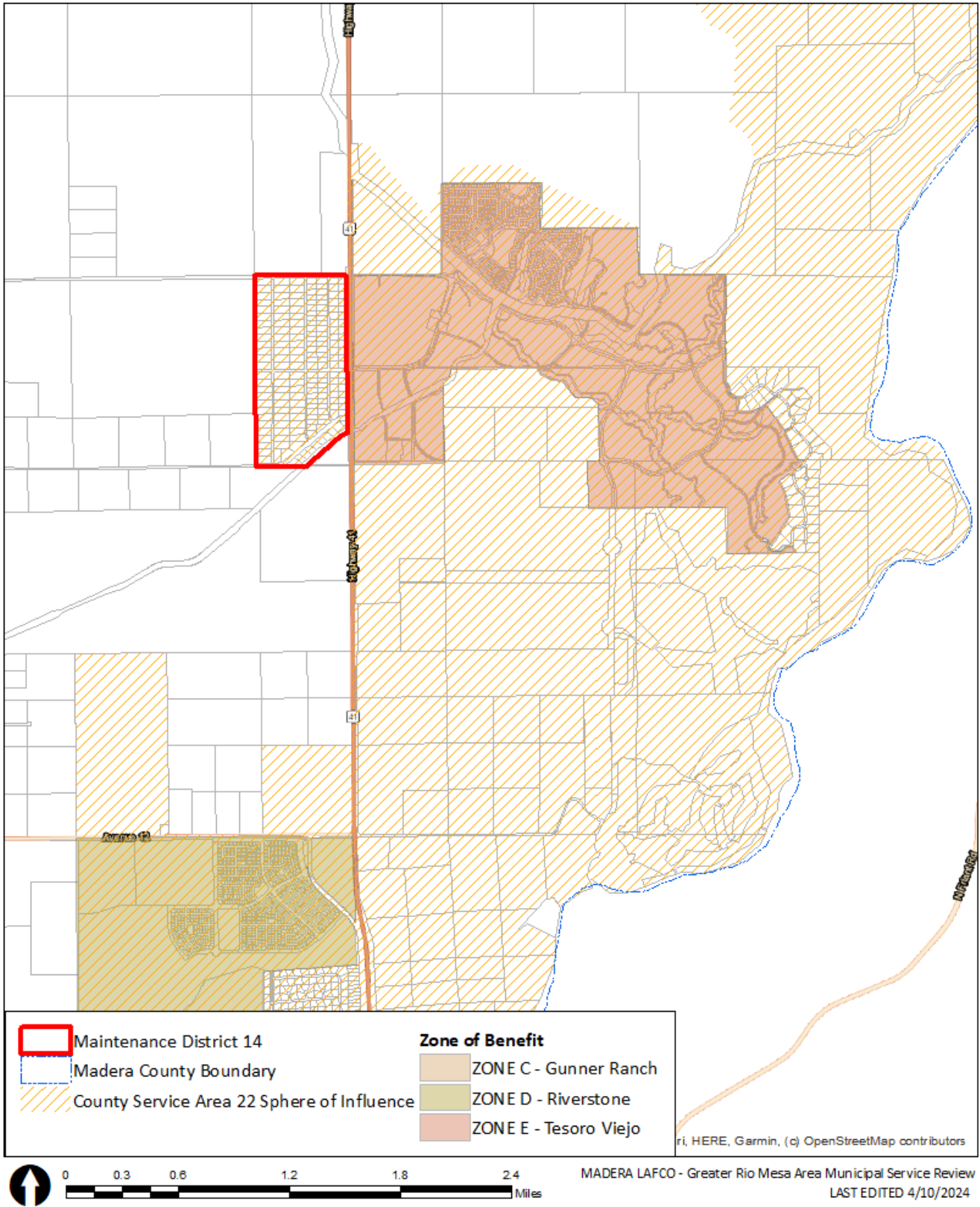


Figure 11-2 CSA 22 Sphere of Influence and MD 14 Location

11.8 Maintenance District 14 Determinations

Determination 11.1 - Maintenance District 14 is not a special district, as defined by the Cortese-Knox-Hertzburg Act and is not subject to LAFCO jurisdiction. The District currently provides a dedicated funding source for local road maintenance within the territory.

Determination 11.2 - Maintenance District 14 rate structure is adequate for everyday operations of its current facilities.

Determination 11.3 - As the greater Rio Mesa develops, there will be an opportunity to share the infrastructure that will be constructed with new developments. The feasibility of consolidation of these facilities should be studied during the County approval process of new development projects.

Determination 11.4 - As the greater Rio Mesa area develops into an urban area, the demand for municipal services will increase within MD 14 and there will be a need for improved police and fire protection. In addition, community facilities, such as parks, within the new development areas could be utilized by the District's residents. Annexation of MD 14 into CSA 22 will allow the sharing of costs and benefits of these municipal services and community facilities.

11.9 Maintenance District 14 Recommendations.

Recommendation 11.1 - Adopt the written determinations for Maintenance District 14 and accept the analysis and conclusion presented in this service review (*Section 56430*).

Recommendation 11.2 - Find that the District can provide well planned efficient services in this territory as it is.

Recommendation 11.3 - Consideration should be given to adopting the resolutions necessary to propose annexation into CSA 22.

12 MAINTENANCE DISTRICT 57

12.1 Introduction

Maintenance District 57 (District; MD 57) is not a special district, as defined by the CKH Act, and is therefore not subject to LAFCO jurisdiction; however, all districts providing a municipal service may be studied during the MSR process in order to evaluate all available service providers in the study area. MD 57 was established by the County for the purpose of allocating a portion of the County property tax to the on-going maintenance of streets within the District. Maintenance districts are administered by the County or City in which they are located and may also provide water, sewer, or street lighting services if properly authorized by the County Board of Supervisors. The current Board is as follows:

1. Jordan Wamhoff
2. David Rogers
3. Robert L. Poythress
4. Leticia Gonzalez
5. Robert Mccauley

MD 57 was founded on March 14, 1992, and is made up of partially developed lots, vacant parcels, and service commercial / light industrial development. The District is located north of Avenue 10 between Road 40 and Road 40 ½. The road maintained by the District is Brickyard Drive. **Figure 12-1** shows the District's territory. MD 57 has no SOI because it is not a special district as defined by CKH Act. It is approximately 44 acres and currently contains eighteen (18) parcels and approximately 0.52 miles of paved public roadways. MD 57 provides road maintenance services for the roadways within the District's territory. All lots within the territory have their own private water wells and septic tank/leach field systems.

12.2 Infrastructure Needs or Deficiencies

This section evaluates infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

12.2.1 Existing Facilities and Services

The District does not own any assets but rather maintains a County roadway (Brickyard Drive). Maintenance and repairs of the roadway are typically provided on an as-needed basis.

12.2.2 Plans for Future Services

There are no plans for additional services or expansion of the District into new developing areas.

12.3 Financial Ability to Provide Services

This section evaluates factors that affect the financing of needed improvements, identify practice or opportunities that may help eliminate unnecessary costs, and identify opportunities to positively impact rates without decreasing service levels.

The District receives a yearly assessment of \$100 per year from each of the parcels. **Table 12-1** shows a summary of the MD 57 budget for the last five fiscal years. The only other source of income is interest on cash reserves. Currently, MD 57 has approximately \$43,000 in cash reserves, as shown in **Table 12-3**. Aside from routine annual

maintenance and pothole repair, MD 57's cash reserves would be to fund semi-periodic roadway chip seals or overlays.

Table 12-1 MD 57 5-Year Budget Summary

	2018-19	2019-20	2020-21	2021-22	2022-23
Revenues	\$2,519.34	\$2,397.43	\$1,974.29	\$1,981.29	\$2,283.75
Expenditures	\$887.05	\$203.19	\$195.72	\$256.82	\$259.05
Net (loss) Income	\$1,632.29	\$2,194.24	\$1,778.57	\$1,724.47	\$2,024.70

Table 12-2 MD 57 Statement of Income

	Item	2018-19	2019-20	2020-2021	2021-2022	2022-2023
Revenue	Taxes & Assessments	\$1,913.00	\$1,750.00	\$1,805.75	\$1,855.75	\$1,800.00
	Interest Earned	\$606.34	\$647.43	\$168.54	\$125.54	\$483.75
	Other/Miscellaneous	\$-	\$-	\$-	\$-	\$-
	Total Revenue	\$2,519.34	\$2,397.43	\$1,974.29	\$1,981.29	\$2,283.75
Expenditures	Administration	\$63.29	\$36.60	\$105.72	\$114.82	\$117.05
	Service and Supplies	\$740.76	\$79.59	\$-	\$-	\$-
	Insurance	\$83.00	\$87.00	\$90.00	\$142.00	\$142.00
	Total Expenditure	\$887.05	\$203.19	\$195.72	\$256.82	\$259.05
Net Income (Loss)		\$1,632.29	\$2,194.24	\$1,778.57	\$1,724.47	\$2,024.70

Table 12-3 MD 57 Changes in Fund Equity

	2018-19	2019-20	2020-2021	2021-2022	2022-2023
Funds (Beg of Yr.)	\$33,249.31	\$35,691.55	\$37,245.58	\$39,024.15	\$40,748.62
Net (loss) Income	\$1,632.29	\$2,194.24	\$1,778.57	\$1,724.47	\$2,024.70
Prior Period Adjustment	\$809.95	\$(640.21)	\$-	\$-	\$-
Fund Balance (End of Yr.)	\$35,691.55	\$37,245.58	\$39,024.15	\$40,748.62	\$42,773.32

12.4 Opportunities for Shared Facilities

This section identifies the opportunities for jurisdictions to share facilities and resources creating a more efficient service delivery system.

The District's services are limited to roadway maintenance; therefore, there is no need or potential benefit to sharing facilities outside of the District area. However, the District may consider annexing to a larger CSA (such as CSA 22) as a Zone of Benefit.

12.5 Governmental Structure Operational Efficiencies

This section considers the advantages and disadvantages of various government structures that could provide public services. To evaluate the quality of public services and the agency's ability to provide services. To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

MD 57 is governed and administered by the Madera County Board of Supervisors, which has the power to establish or dissolve it without LAFCO approval. The County Assistant Road Commissioner and the County's

Special District Road Manager manage the District's operations. Staff from Madera County Resources Management Agency operate and maintain the District's facilities. Based on self-reported information, the District maintains its financial and other records and conducts its required meetings in compliance with applicable laws governing public agencies.

It is likely that demand for services provided by MD 57 will grow as urban development occurs around the existing industrial neighborhood. CSA 22 is adjacent to MD 57 and provides street maintenance; thus, new developments and MD 57 would benefit from annexing into CSA 22. MD 57 could be established as a Zone of Benefit within CSA 22 to combine the area into one governing entity, while allowing the industrial neighborhood to retain separate rate structures and levels of service.

LAFCO cannot approve the consolidation of two (2) different types of districts. MD 57 would need to be dissolved by the County and the territory simultaneously annexed to CSA 22 by LAFCO. Since MD 57 is currently within CSA 22's SOI, the recommended process would be to first hold neighborhood meetings to receive input from the property owners about a proposed change of organization. After, both LAFCO and the Board could decide whether to initiate proceedings to simultaneously dissolve MD 57 and annex the territory to CSA 22. **Figure 12-2** shows the SOI of CSA 22 and the boundary of MD 57.

12.6 Disadvantaged Unincorporated Communities - DUCs

This section identifies Disadvantaged Unincorporated Communities (DUCs) adjacent to District and analyzes any service issues and deficiencies within those DUCs.

The median household income for the State of California is \$91,511 in 2022, according to the American Community Survey. Therefore, unincorporated communities would be considered disadvantaged if they fell under \$73,241 (80% of the state median household income).

MD 57 is located within Census Tract 11 in the County of Madera. The median income for Census Tract 11 in 2022 is \$100,208 according to the American Community Survey. Rolling Hills and Riverstone are the closest unincorporated communities to MD 57, with a median household income of \$100,208 for each. As such, MD 57 is not adjacent to any DUCs.

12.7 Review of Agency SOI

The policy of the State of California found in government code 56001, et seq. encourages orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state. This code further explains that "this policy should be affected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services." This responsibility of setting logical service boundaries for communities and special districts based on their ability to provide adequate services is a vital role of LAFCO.

MD 57 is governed and administered by the Madera County Board of Supervisors, which has the power to establish or dissolve it without LAFCO approval. MD 57 has no SOI because it is not a special district as defined by CKH Act.

To maintain orderly growth and development. LAFCO may consider moving towards a single County Service Area for the Rio Mesa area. CSA 22 is adjacent to MD 57 and provides street maintenance. MD 57 could benefit from

annexing into CSA 22 as a Zone of Benefit to combine the area into one governing entity, while allowing the industrial neighborhood to retain separate rate structures and levels of service.



Figure 12-1 Maintenance District 57 Territory

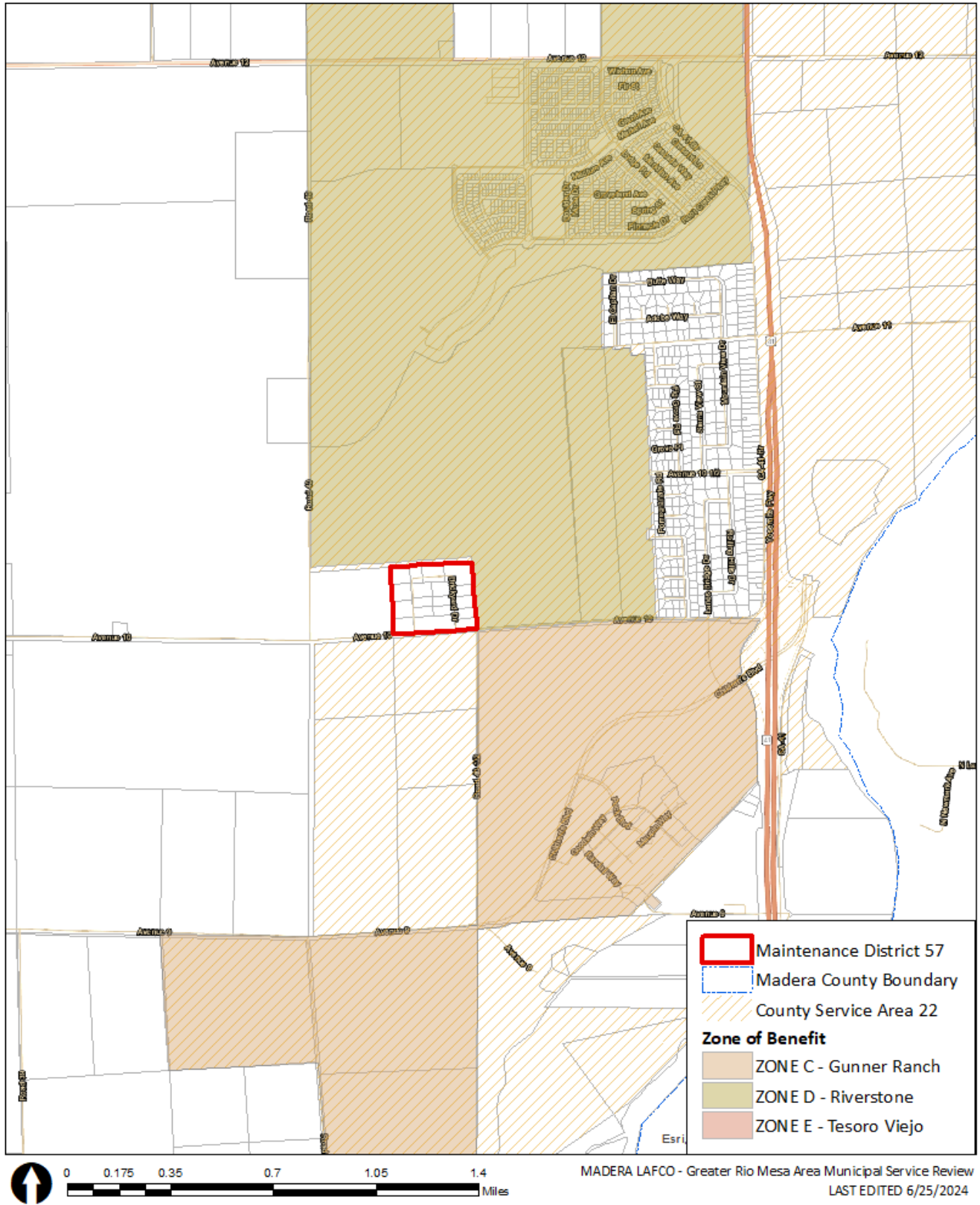


Figure 12-2 CSA 22 Sphere of Influence and MD 57 Location

12.8 Maintenance District 57 Determinations

Determination 12.1 - Maintenance District 57 is not a special district, as defined by the Cortese-Knox-Hertzburg Act and is not subject to LAFCO jurisdiction. The District currently provides a dedicated funding source for local road maintenance within the territory.

Determination 12.2 - Maintenance District 57 rate structure is adequate for everyday operations of its current facilities.

Determination 12.3 - As the greater Rio Mesa develops, there will be an opportunity to share the infrastructure that will be constructed with new developments. The feasibility of consolidation of these facilities should be studied during the County approval process of new development projects.

Determination 12.4 - As the greater Rio Mesa area develops into an urban area, the demand for municipal services will increase within MD 57 and there may be a need for improved police and fire protection. Annexation into CSA 22 will allow the sharing of costs and benefits of these municipal services.

12.9 Maintenance District 57 Recommendations

Recommendation 12.1 - Adopt the written determinations for Maintenance District 57 and accept the analysis and conclusion presented in this service review (Section 56430).

Recommendation 12.2 - Find that the District can provide well planned efficient services in this territory as it is.

Recommendation 12.3 - Consideration should be given to adopting the resolutions necessary to propose annexation into CSA 22.

13 NORTH MILLERTON WATER COMPANY

13.1 Introduction

In 2024 the North Millerton Water Company (NMWC) assumed operations of the Water/Wastewater/Recycled water system for The Preserve at Millerton Lake, which is in the early stages of construction. The Preserve is an approximately 1,100-acre development with a maximum project yield of 1,800 units. It is a private gated community with no publicly dedicated improvements, including water and wastewater. **Figure 13-1** show the location of The Preserve at Millerton and **Figure 13-2** shows the aerial imagery of the area.

The North Millerton Water Company is a California Public Utility Commission regulated and approved Utility Company. The NMWC operates a membrane bioreactor (MBR) Wastewater Treatment Plant, has three potable water wells, a water storage tank, and recycled water (purple pipe) irrigation system at The Preserve. Additionally, the NMWC is responsible for all fire suppression hydrants in the development.

The North Millerton Water Company is also responsible for all utility billings to the future 1,800 residential, commercial, and public facilities customers. NMWC is a private company and is, therefore, not overseen by LAFCO. It is included in this MSR for information purposes only.

13.2 North Millerton Water Company Determinations

Determination 13.1 - The NMWC is a private utility that provides water and sewer services to The Preserve at Millerton Lake.

Determination 13.2 - The NMWC is a privately-owned company not subject to the oversight or jurisdiction of LAFCO.

Determination 13.3 - The County shall continue to coordinate with the NMWC to determine the best feasible method to provide consolidated services with existing agencies or creation of a community services district.

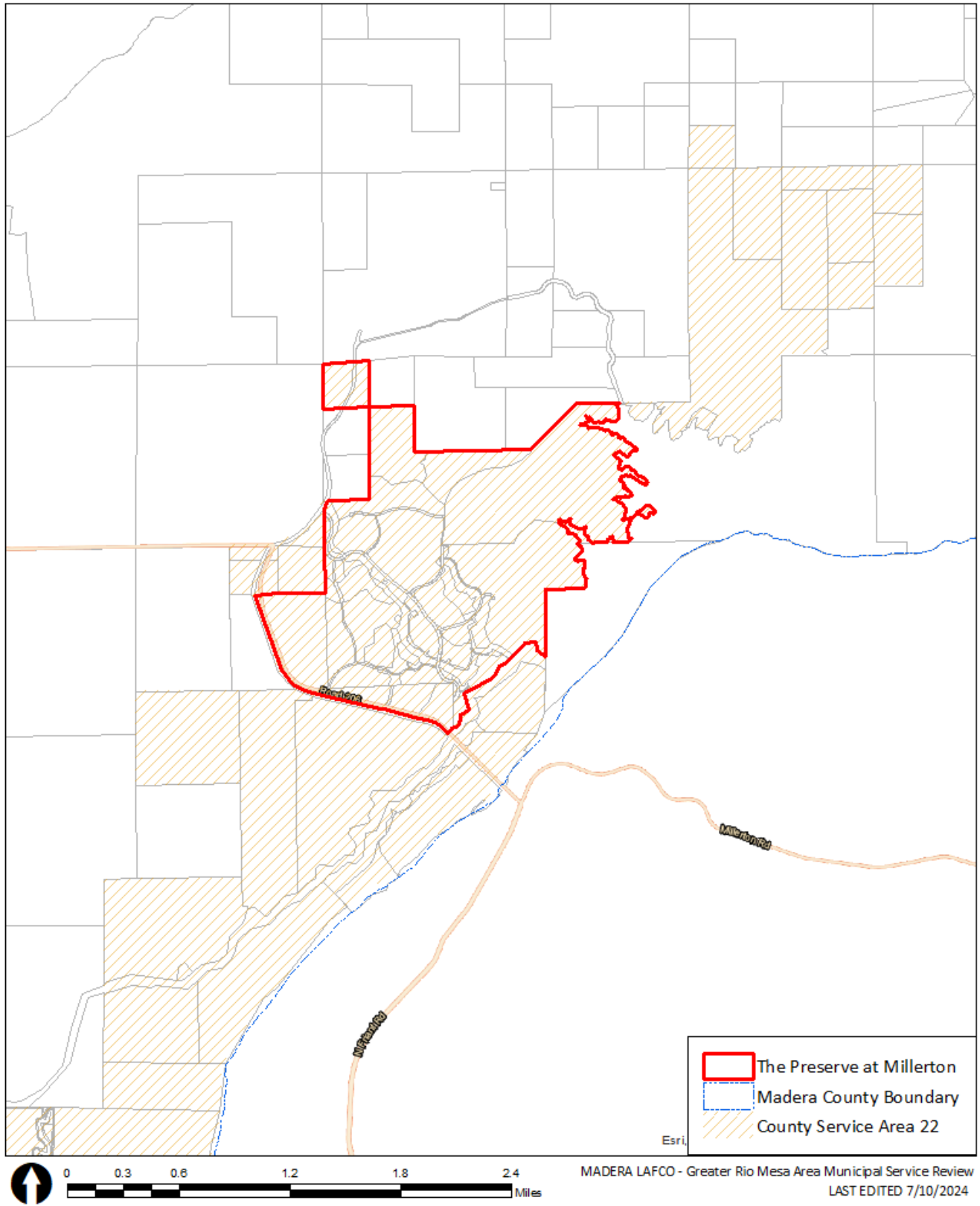


Figure 13-1 The Preserve at Millerton Location

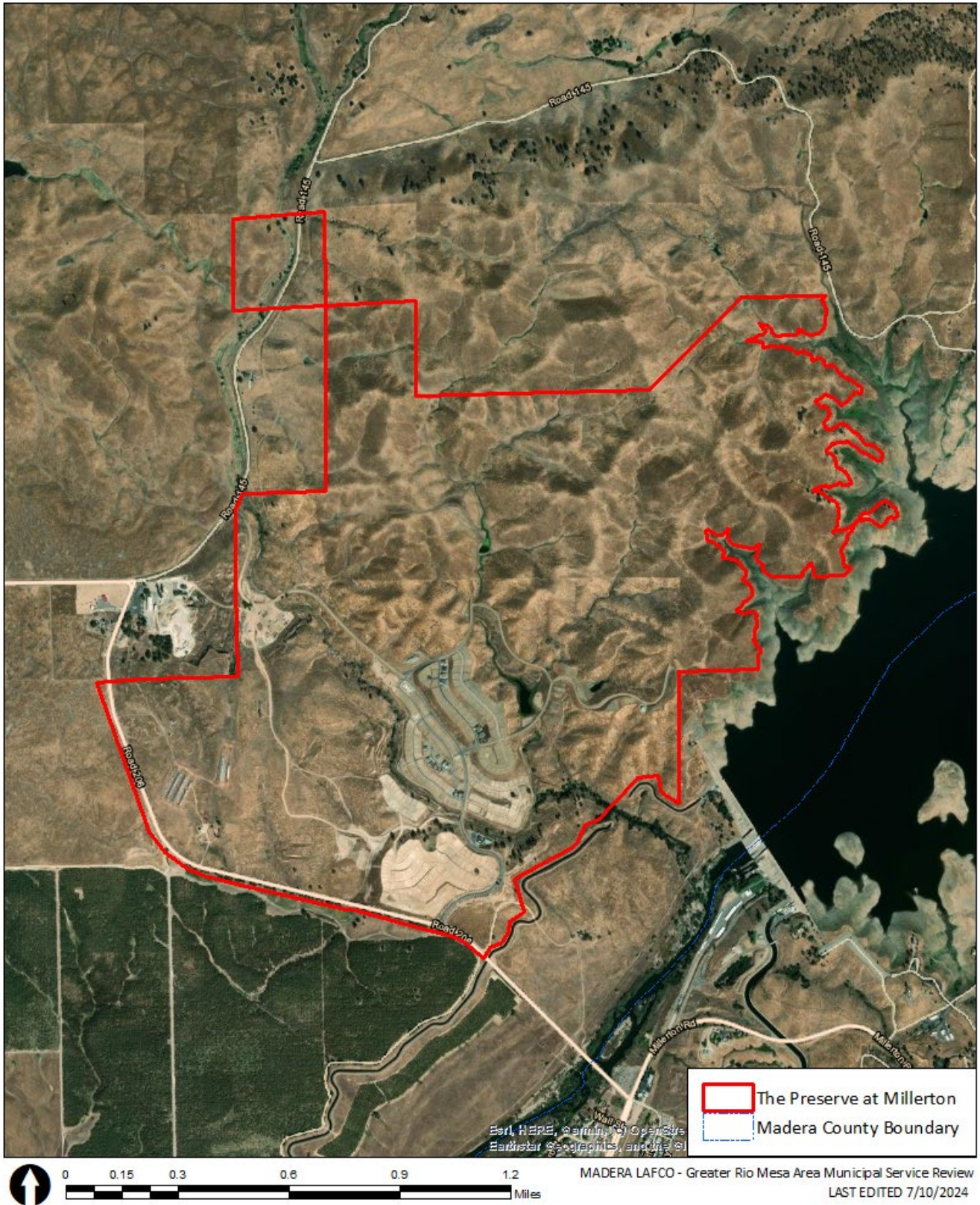


Figure 13-2 The Preserve at Millerton Aerial