

DRAFT

**MADERA LOCAL AGENCY FORMATION
COMMISSION**

**CSA 21, MD 97, MD 8
MUNICIPAL SERVICE REVIEW**



MARCH 2022



DRAFT

CSA 21, MD 97, MD 8 MUNICIPAL SERVICE REVIEW

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MADERA LOCAL AGENCY FORMATION COMMISSION

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LIST OF ABBREVIATIONS AND ACRONYMS

CMWC	Cascadel Mutual Water Company
CMWS	Cascadel Mutual Water System
CWPOA	Cascadel Wood Property Owners Association
CSD	Community Services District
CKH Act	Cortese-Knox-Hetzberg Local Government Reorganization Act of 2000
CSA 21	County Service Area 21
DUCs	Disadvantaged Unincorporated Communities
MD 8	Maintenance District 8
MD 97	Maintenance District 97
MAC	Municipal Advisory Council
MSR	Municipal Service Review
SOI	Sphere of Influence

SECTION 1 - INTRODUCTION

1.1 - Municipal Service Review Purpose

California Government Code Section 56430 requires the Madera County Local Agency Formation Commission (LAFCO) to conduct a comprehensive service review of the municipal services provided in the County or other appropriate areas designated by the Commission. A Municipal Service Review (MSR) is a comprehensive assessment of the ability of existing local government agencies to provide municipal services effectively and efficiently to residents and users. The form and content are specified by requirements in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and in California's LAFCO MSR Guidelines, published in August 2003.

The CKH Act requires all LAFCOs, including Madera LAFCO, to prepare an MSR for their incorporated cities and special districts. The fundamental role of LAFCO is to implement the CKH Act, which was adopted into State law to encourage the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. MSRs are to be completed every five years. They must be completed before, or in conjunction with, an update of a city or special district Sphere of Influence (SOI) or before LAFCO initiates any reorganization of the boundaries of a special district.

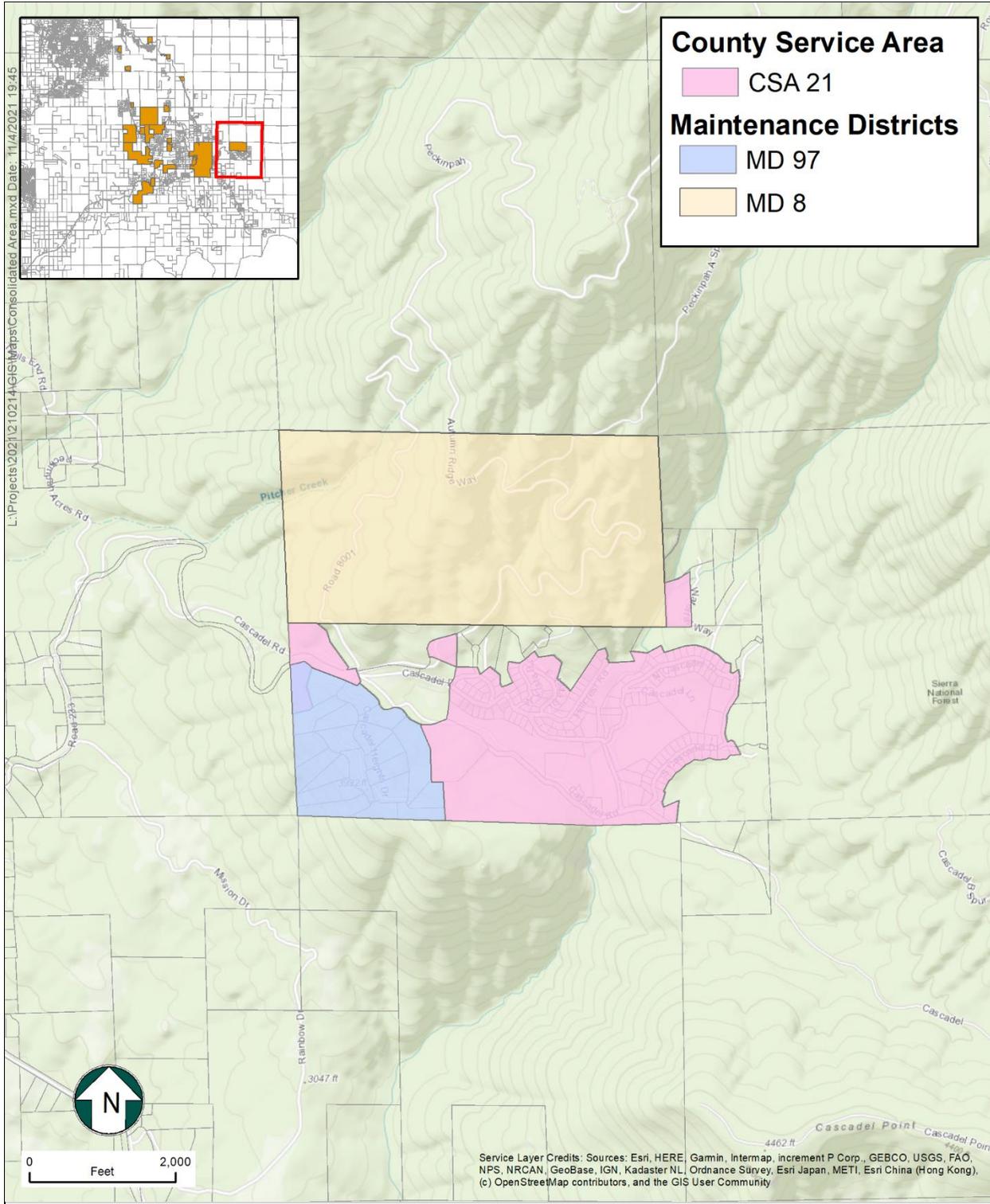
This MSR was initiated by Madera County in conjunction with their application to Madera LAFCO proposing the dissolution of County Service Area 21 and the formation of a Recreation and Parks District. The MSR is intended to provide Madera LAFCO with the necessary and relevant information related to the operations and management of all the municipal service providers in the vicinity of County Service Area 21. Appropriate information will be used to update this MSR. Madera LAFCO intends to review the local governing landscape for service delivery and make recommendations for each agency that promotes orderly growth and development while preserving surrounding agricultural and open space lands.

1.2 - Summary of Issues

This MSR focuses on reviewing agencies that provide services in the Cascadel Woods neighborhood of Madera County. County Service Area 21 and Maintenance District 97 offer limited services to their responsible service areas. A portion of Maintenance District 8 is also located in the neighborhood but provides no services. The neighborhood is also supplied with domestic water by the Cascadel Mutual Water System. This MSR reviews the possibility of merging these districts to become a single provider to eliminate possible confusion and/or inefficiencies in the currently employed governance structure.

1.3 - Scope of this MSR

The objective of the MSR and SOI review would be to provide a summary of any past findings and conduct a new, independent review as it relates to the current state of operations and service delivery to the subject property.



 **Figure 1-1**
Regional Location

Each of these entities provides one urban service in the Cascadel Woods and Cascadel Heights area:

- County Service Area 21 (CSA 21)
- Maintenance District 97 (MD 97)
- Maintenance District 8 (MD 8)
- Cascadel Mutual Water System

1.4 - MSR Preparation, Review, and Adoption Process

The process of developing the MSR began with the collection of planning and budgetary documents and other records related to the provision of municipal services of each service provider. The Draft MSR was prepared utilizing the gathered data from the District and LAFCO sources. A public meeting was held at the Madera County Government Center on XXXXXXXXX, to receive feedback regarding the Draft MSR. No comment letters were received by staff prior to the workshop; therefore, only verbal comments received at the meeting were incorporated in the Final MSR. A noticed hearing was scheduled at the Madera County Government Center on XXXXXXXXXX, where comments from the public and adoption of the Final MSR, including its determinations and recommendations, could be considered. After input and comment from the public, the Commission approved the Final MSR.

1.5 - Required Topic Areas of Analysis

This MSR contains analysis and conclusions, referred to as determinations, regarding six topic areas outlined in the CKH Act. These areas of analysis focus on each service provider's essential operational and management aspects, and together constitute a complete review of the ability of the providers to meet the service demands of the residents and businesses within the Madera area. The six topic areas used for analysis in this MSR are as follows:

1. Growth and Population Projections

Service efficiency is linked to a service provider's ability to plan for the future needs of an agency while also meeting existing service demands. This section reviews projected service demands and needs based upon existing and anticipated growth patterns and population projections. This is found in Section 2 - Growth and Population Projections.

2. The Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

As defined by Water Code Section 79505.5, unincorporated disadvantaged communities may lack basic infrastructure, such as water, sewer, or fire protection, because they may have been overlooked during the comprehensive land use planning process due to their socioeconomic status. To promote equality and environmental justice according to adopted local policy and Senate Bill 244, which was adopted in

2011, the proximity of any disadvantaged community to existing service providers is analyzed and discussed to determine if the community should be included in the SOI of the District. This is found in Section 3 - Disadvantaged Unincorporated Communities

3. 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 financial planning. This section assesses the adequacy and quality of the service providers' physical infrastructure and analyzes whether or not sufficient infrastructure and capital are in place (or planned for) to accommodate planned future growth and expansions. This information is found within each agency's section of the report.

4. Financial Ability to Provide Services

This section analyzes the financial structure and health of the District concerning the provision of services. This analysis includes the consideration of rates, service operations, and the like, and other factors affecting the District's financial health and stability, including factors affecting the financing of needed infrastructure improvements and services. Compliance with existing State requirements relative to financial reporting and management is also discussed. This information is found within each agency's section of the report.

5. Status of, and Opportunities for, Shared Facilities

Practices and opportunities that may help to reduce or eliminate unnecessary costs are examined in this section. Occurrences of facility sharing are listed and assessed for efficiency, and potential sharing opportunities that would serve to better deliver services are discussed. This information is found within each agency's section of the report.

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

This section addresses the adequacy and appropriateness of the agency's existing boundaries and SOI. It evaluates the ability of the District to meet their service demands under their existing government structure. Also included in this section is an evaluation of compliance by the agency with public meeting and records laws. This information is found within each agency's section of the report.

Growth and Population Projections are covered in Section 2, and disadvantaged unincorporated communities are covered in Section 3. The other three topic areas are covered within Section 4. SOI determinations and recommendations are made in Section 5.

1.6 - Assumptions Regarding Local Agency Structure

Every agency provides municipal services differently. Different types of agencies are each allowed to provide a different mix of services (see Table 1-1 for District-provided services). Some communities have only one city or special district, and others have many. Sometimes the areas may overlap or receive services from multiple agencies. Madera LAFCO begins this analysis with several assumptions based on the CKH Act's preamble.

The preamble of the CKH Act contains several legislative findings and declarations that serve as a general guide for LAFCOs and their purpose for being. The first and main declaration is that:

It is the policy of the State to encourage orderly growth and development, which are essential to the social and economic well-being of the State.

The legislature makes further declarations in CKH Section 56001 about how the determination of orderly local government boundaries is important to orderly growth and development. The legislature also makes the following declarations in Section 56001. This is an appropriate place to begin the discussion of service provision in the Madera area:

The legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities, especially in urban areas.

Nonetheless, the legislature recognizes the critical role of many limited-purpose agencies, especially in rural communities.

The legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

The main issue to be addressed in this MSR is to determine what organization of local government structures and service providers can best provide adequate services related to the subject area, illustrated in Figure 1-1. Once that is determined by LAFCO, then questions of SOI and boundary change recommendations can be answered.

1.7 - LAFCO Powers

LAFCO has the power to determine the SOI for County Service Area 21. An SOI is a plan for the probable physical boundaries and service area of a local agency. A boundary line represents it on a map, and this boundary line shows the territory that is expected to eventually be within the agency's boundary, as determined by LAFCO. By this method, LAFCO makes policy statements about its intent for the probable future boundaries of a district. If

LAFCO chooses not to adopt an SOI for a city or district, meaning that it chooses to adopt a “zero” sphere, it is making the policy statement that its plan is for that agency to eventually be consolidated into another district. It is noted that Maintenance Districts do not have an SOI and are not under the purview of LAFCo. However, Maintenance Districts 8 and 97 are included in this MSR as they are service providers within proximity to CSA 21.

Madera LAFCO has the power to initiate changes of an organization to reorganize and/or consolidate the districts after the MSR is complete and any SOIs have been modified. However, final approval of any change to district boundaries/consolidation rests with the registered voters within the affected area being reorganized. If 50 percent or more of the registered voters provide LAFCO with a written protest of the boundary change/consolidation, it fails to be adopted. If 25 percent to 50 percent of registered voters provide a written protest, the question of the boundary change/consolidation is placed on the ballot of the next regularly scheduled election for voter approval. If less than 25 percent of registered voters provide a written protest to LAFCO, LAFCO’s approval of the boundary change/consolidation will stand. Since the final determination of a boundary change/consolidation of a district rests with the people in the district being consolidated, LAFCO will likely want to see evidence that the people support the change before they approve it. LAFCO may want the citizens living within the districts to take the lead in proposing specific changes.

1.8 - Key Considerations and Goals

The MSR will use the following goals to evaluate the potential government structure options for the Madera area:

- 1. Efficient provision of municipal services.** The ultimate goal of the preferred governance structure should be an efficient operating structure and stable fiscal basis required to provide municipal services to the Madera area effectively.
- 2. Adequate revenue sources.** The ability to provide municipal services at adequate levels hinges upon stable revenue streams linked to the services for which the revenues are being collected.
- 3. Proactive approach to governance structure.** Government agency reorganization proposals (e.g., municipal incorporations, major annexations, etc.) are necessarily complex procedures requiring substantial effort from proponents, LAFCO, and the affected agencies. These reorganizations are often more complex when contemplated on a reactive basis rather than a proactive basis. Understanding a long-range approach to reorganization will assist in evaluating specific proposals to determine if they will bring the community closer to the desired result.
- 4. Avoidance of intergovernmental conflicts, competition, or issues.** Conflicts between local jurisdictions over control and other impacts across jurisdictions and competition for resources (e.g., fiscal revenue generators) often consume resources and weaken

incentives to cooperate on important regional issues like transit service, water quantity and quality, air quality, and habitat conservation.

- 5. Local preference.** There is often more than one feasible government structure that can potentially provide local municipal services. The residents and businesses of the community must have the opportunity to participate in choosing the method, especially since a governmental structure change will likely require some sort of election process for it to be implemented.

Local preference may also include agreements between local agencies regarding where and how growth and development may occur within a region. These agreements have been identified within CKH as important for consideration during the MSR and SOI update process. The Commission “shall give great weight to the agreement to the extent that *it is consistent with {LAFCO} commission policies...* (emphasis added)” (Government Code §56425(b)).

1.9 - Services Comparison

The services that State law allows a special district to provide vary. Some districts are only allowed to provide a very narrow range of services, while others can provide a wide range of services. Table 1-1 illustrates the services that the district can provide.

The matrix in Table 1-1 specifies whether the services that can be provided are being provided now, are authorized but not being provided, or are latent.

Provides - means that the agency is authorized by LAFCO and State law to provide the service and that the service is currently being provided. These services may continue to be provided by the district at their discretion.

Authorized - means that the agency is authorized by LAFCO and State law to provide the service, but the district is not currently providing this service. The district has the authorization it needs from the State and LAFCO to begin providing these services at their discretion.

Latent - means that the agency is authorized by State law to provide the service, but districts are first required to gain LAFCO approval before they may begin providing the service. The process to gain LAFCO approval is described in CKH Section 56824.10 et seq. It is similar to an annexation process, requiring an initiating resolution from the district, followed by LAFCO approval after a public hearing.

A blank box - this means that State law does not allow that agency to provide that service. These services, if needed, would have to be provided directly by Madera County or by another agency that is authorized to provide the service.

**Table 1-1
Current, Authorized and Latent Powers Matrix**

Municipal Service Provided	CSA 21	MD 97	MD 8	Cascadel Mutual Water Company
Water supply	Latent	Latent	Latent	Provides
Water distribution	Latent	Latent	Latent	Provides
Sewer collection & disposal	Latent	Latent	Latent	
Storm drainage	Latent	Latent	Latent	
Street maintenance	Latent	Provides	Latent	
Street lighting	Latent	Latent	Latent	
Street sweeping	Latent			
Street landscaping	Latent			
Street construction	Latent			
Flood control	Latent			
Solid waste collection, transfer, & disposal	Latent			
Fire protection	Latent			
Police protection	Latent			
Ambulance service	Latent			
Emergency medical service	Latent			
Heat and power	Latent			
Undergrounding of overhead electrical & communication facilities	Latent			
Parks and recreation	Provides			
Community facilities	Provides			
Vector & pest control	Latent			
Funding for land use planning	Latent			
Funding for a municipal advisory council	Latent			
Graffiti abatement	Latent			
Weed & rubbish abatement	Latent			
Soil conservation	Latent			
Animal control	Latent			
Transportation	Latent			
Cemeteries	Latent			
Airports	Latent			
Open space habitat conservation	Latent			

SECTION 2 - GROWTH AND POPULATION PROJECTIONS

2.1 - Introduction

The purpose of this section is to evaluate service demand based on existing and anticipated growth patterns and population projections. The MSR Guidelines call for LAFCO to determine historical and projected growth and absorption patterns in relation 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.

2.1.1 - HISTORY OF CASCADEL WOODS / CASCADEL HEIGHTS

The Cascadel community is located in Madera County Supervisorial District 5, in the hills of the Sierra Nevada in an unincorporated area of eastern Madera County, about two miles east of the community of North Fork. The unincorporated community of Cascadel Woods was formed in 1957 and is surrounded by the Sierra National Forest. Pine and fir trees ("Timberlands") cover the approximate 250 acres of the community, 47.5 acres of which are zoned as open space.

Land uses within the community are zoned as open space to be kept open for recreational use for all owners within the community.

Cascadel Woods is maintained by County Service Area 21, which supplements the homeowner's association and maintains the open space (park) areas of the community and a community clubhouse for community events, private events, and board committee meetings.

CSA 21 was created in 1984 as the result of a request to the County Board from the property owners within Cascadel Woods to purchase property on their behalf. Subsequently, CSA 21 was formed by LAFCO Resolution No. 84-8 for the sole purpose of initiating fee assessments for the purchase of recreation property within the subdivision. The Resolution stated, "the County intends to contract with the Cascadel Woods Property Owners Association (CWPOA), a voluntary homeowners association, to manage, operate, and maintain said property, and to restrict usage of such property to residents of CSA 21." The formation documentation of the CSA allows only the provision of recreational facilities (Department of Public Works, 2016).

The area of Cascadel Woods has been reshaped by LAFCO several times, resulting in different changes in the area's services. In June 1995, LAFCO Resolution 95-3 called for the area known as Cascadel Heights (Now MD No. 97), covering 68.81 acres, to be detached from the CSA. CSA 21 now consists of approximately 159 parcels, including a recreational facility (Pacific Municipal Consultants, 2008).

In 1998, a District-wide vote established assessments of \$100 per parcel per year to maintain recreational facilities within CSA 21, including open space and a clubhouse. Historically, the

County Auditor/Controller's office has been responsible for collecting fees and other accounting/services related to the CSA. Funds collected by the CSA are solely designated for the maintenance of the clubhouse and surrounding open space but are not to be used for other activities, such as road maintenance. CSA 21 does not maintain roads nor any other infrastructure or facilities, nor does CSA 21 provide water, sewer, or other services.

In December 2012, the Board recognized the District's Municipal Advisory Council (MAC) under the previously existing Resource Management Agency (Department of Public Works, 2015).

In February 2013, the Public Works Department proposed the formation of a maintenance district for road maintenance purposes. The district would have overlapped the area of CSA 21 and included the additional area of Maintenance District 97 – Cascadel Heights. The formation of the maintenance district was proposed following an unsuccessful attempt to add road maintenance services to CSA 21 due to a lack of resident support (Department of Public Works, 2013). Subsequently, the formation also lacked support from the residents and was voted down, with 66.4 percent of the residents dissenting.

2.2 - Planning and Growth Projections

Cascadel has minimal services in the area, mainly road maintenance and open space maintenance. County Service Area 21 maintains recreational facilities and open space within the Cascadel Woods community, and Maintenance District 97 provides road maintenance within the Cascadel Heights area. Additionally, the Maintenance District 8 boundary covers undeveloped land north of the communities and does not provide service to the area. The current SOI adjacent to the CSA 21 and Maintenance District 97 area does not receive any services; however, it is a non-contiguous portion of the MD 8's SOI. Since service providers within the Cascadel area provide minimal services to small parts of the community, certain service providers could be consolidated into a new service area to provide additional services within the Cascadel community.

The potential of merging the service areas and service districts would have the potential to provide more services within the Cascadel Woods and Cascadel Heights communities.

The Cascadel Woods and Cascadel Heights areas are considered unincorporated communities within Madera County. Therefore, Madera County is the jurisdiction that presides over land use determinations.

The population of the community, according to the 2020 Census, is 225 persons. The Census only counts persons that were living in the community on April 1, 2020. Some of the homes are not primary residences, so the population on given days is likely higher. Based on a visual survey, it appears there are roughly 110 homes on approximately 160 buildable lots. With approximately 70 percent of the lots having homes on them, there is a potential for up to 45 percent growth or roughly an additional 50 homes.

2.3 - Anticipated Service Needs

The existing services being provided are water supply and distribution, street maintenance, and parks facilities maintenance. Other potential services could be the need for better fire protection, although an agency would likely provide these services with a much larger geographic territory. The focus for Cascadel would be the balancing of services (not all parcels receive all three services) and the provision to fund street maintenance and parks facilities maintenance adequately. Because of Proposition 218, any rate increases would require approval from the registered voters in the community.

SECTION 3 - DISADVANTAGED UNINCORPORATED COMMUNITIES

3.1 - Overview

Disadvantaged Unincorporated Communities (DUCs) are defined as inhabited territory (12 or more registered voters) that constitutes all or a portion of a community with an annual median household income of \$64,352, which is less than 80 percent of the statewide annual median household income of \$80,440 in 2019 (Department of Finance, 2018). These communities were identified as an area of concern by Senate Bill 244 adopted into State law in 2011. As defined by Water Code Section 79505.5, DUCs may lack basic infrastructure, such as water or sewer, as they may have been developed prior to infrastructure being installed in proximity to them. Fire protection is another service that needs to be reviewed to determine if these areas have adequate protection from the local service providers (California Legislative Information, 2002). Pursuant to State law, LAFCO is required to identify any adjacent DUCs and determine if they should be included within any SOI amendment of an existing city or special district or potentially included during the consideration of any special districts in the future. Madera LAFCO has not adopted a policy or more specific definition of DUCs; therefore, the criteria within State law will be utilized.

County Service Area 21 was established to provide recreational facility maintenance services to the highly residential community but currently cannot provide these services. A small portion of the District overlaps with Maintenance District 97, a road maintenance district. Similarly, the majority of the District is provided water services by the Cascadel Mutual Water System. The community is provided sewer service with individual septic tanks.

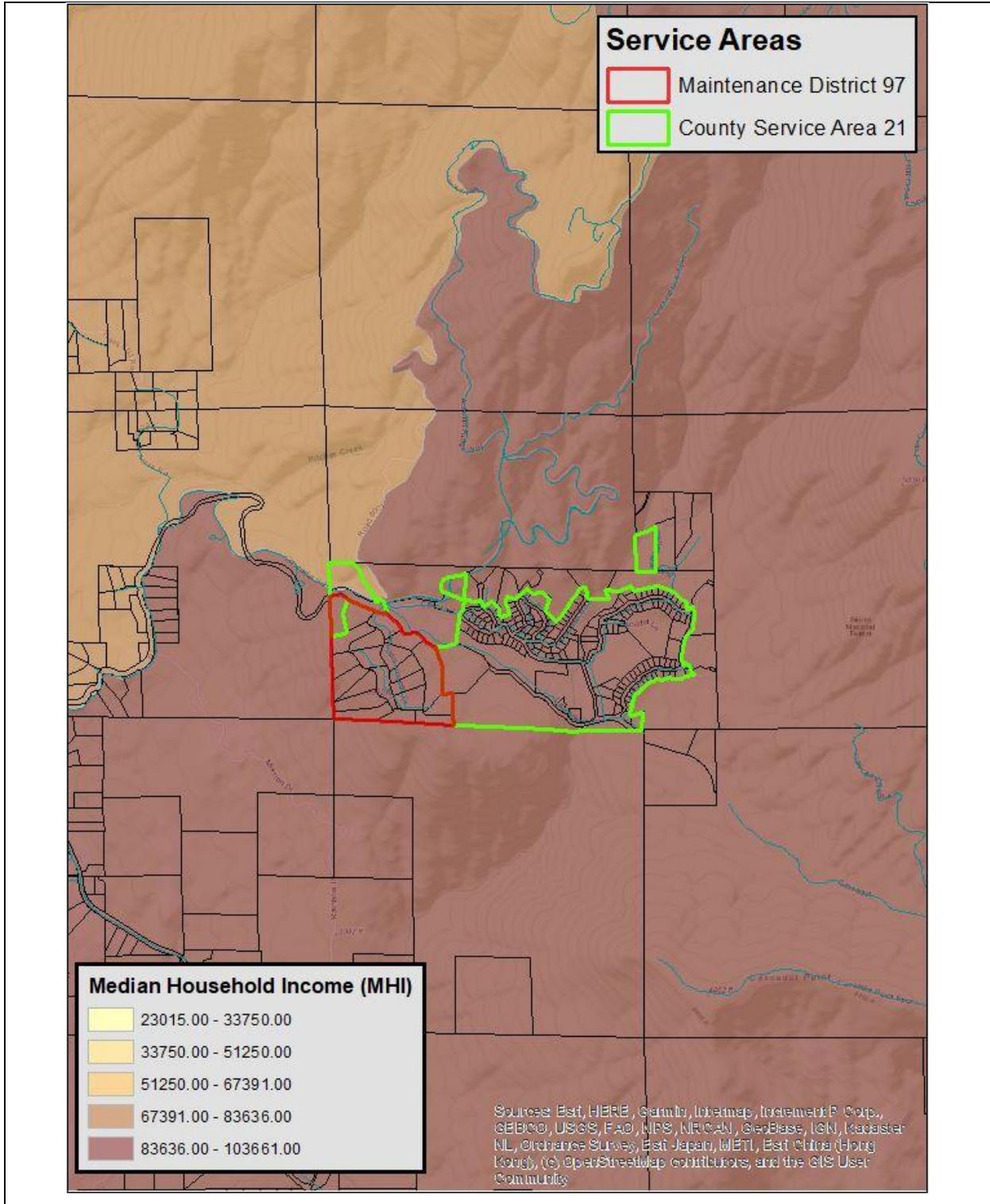
Maintenance District 97 provides road maintenance to a high-density residential neighborhood. There are no nearby districts that can provide water or sewer to the area, and the community is provided sewer service with individual septic tanks.

The area within both districts has a median household income over the \$64,352 threshold. Therefore, the area is not considered a disadvantaged unincorporated community. See Figure 3-1.

3.2 - Determinations

Determination 3-1 - There are no Census Block Groups within the CSA 21 and MD 97 area that have a median household income below \$64,352 (80 percent of the statewide median household income). Based on this criterion, the community would not be considered a disadvantaged community.

Determination 3-2 – The community is not provided with sewer service. While this could determine that the area should be considered disadvantaged, this lack of service applies to the community as a whole. Furthermore, there are no nearby residences outside the three districts, and there are no additional areas needing service to expand the districts.



 **Figure 3-1**
Median Household Income (2020)

SECTION 4 - SPECIAL DISTRICT EVALUATIONS

4.1 - County Service Area 21- Cascadel Woods

4.1.1 - INTRODUCTION

The community of Cascadel Woods encompasses approximately 45 acres three miles east of South Fork. The service area is in Madera County Supervisorial District 5 and provides recreational and open space services.

In February 2013, the Public Works Department proposed the formation of a maintenance district for road maintenance purposes. The district would have overlapped the area of CSA 21 and included the additional area of Maintenance District 97 – Cascadel Heights. The formation of the maintenance district was proposed following an unsuccessful attempt to add road maintenance services to CSA 21 due to a lack of resident support (Department of Public Works, 2013). Subsequently, the formation also lacked support from the residents and was voted down, with 66.4 percent of the residents dissenting.

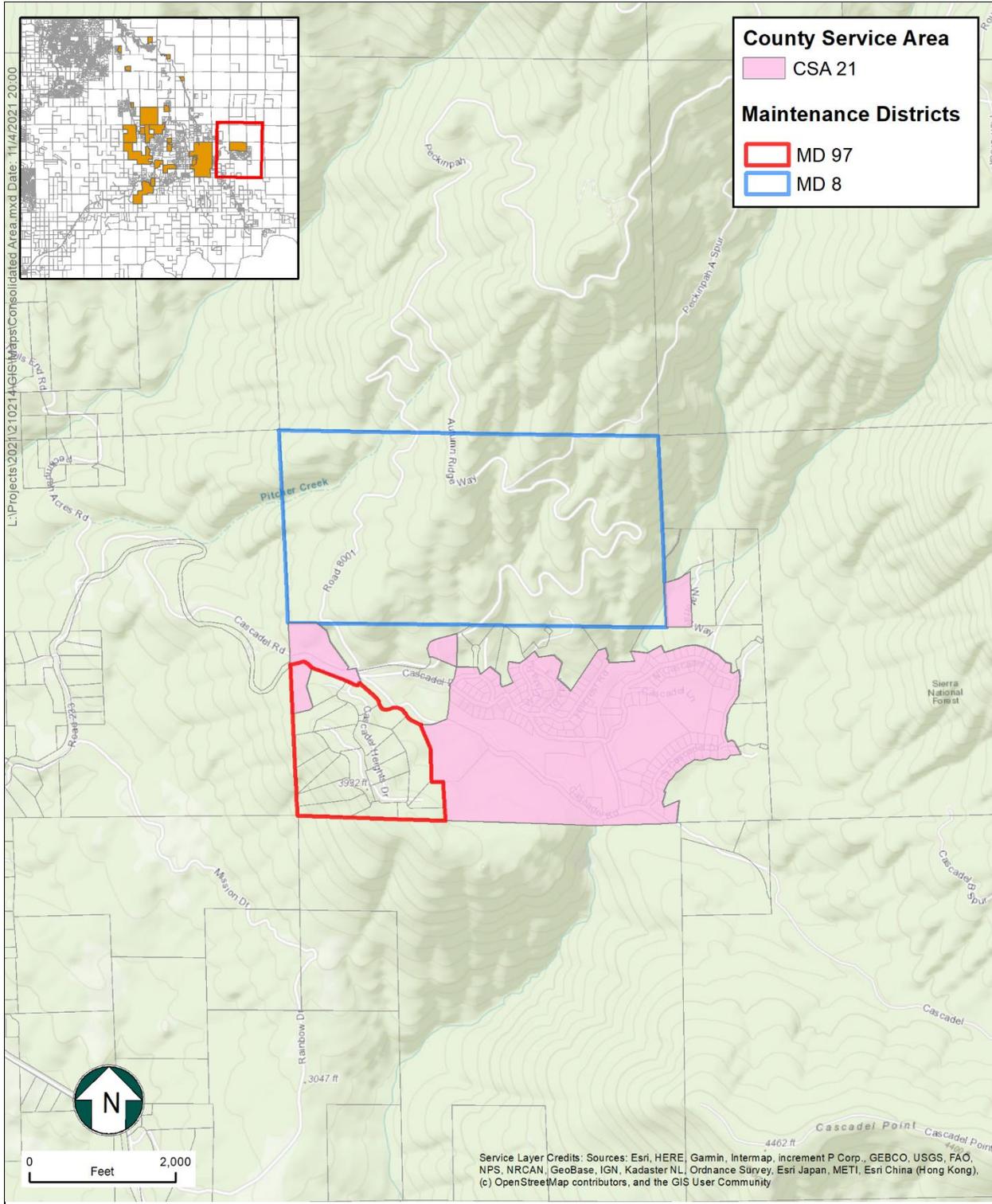
In November 2016, the Public Works Department proposed dissolving CSA 21. Staff stated that “With the cancellation of the (service) contracts, and now the resignation of the Municipal Advisory Committee (MAC), CSA 21 is unable to function under its government structure. County staff does not provide “recreational services.” As a result, the existing structure of CSA 21 as a County service area is insufficient to allow it to continue to provide this service (Department of Public Works, 2016).”

In January 2020, the Madera County Board of Supervisors initiated a reorganization that includes the dissolution of CSA 21 and creates, in its place, a Recreation and Park District – “Cascadel Woods Recreation and Park District” via Resolution 2020-005. As mandated by the resolution, the territory of the new district shall be the same as the territory now encompassed by CSA-21.

4.1.2 - BUDGET

A District-wide vote established assessments of \$100 per parcel per year to maintain recreational facilities within CSA 21, including open space and a clubhouse. A budget for CSA 21 was adopted with the typical County budgeting process with other special districts.

CSA 21 is collecting an assessment of \$100 per parcel to provide its mandated services. This District’s annual \$100 assessment for park maintenance had to be canceled as of July 1, 1997, due to Proposition 218. A Proposition 218 public hearing was conducted on September 29, 1998, and an annual assessment not to exceed \$100 was adopted by Resolution 28-210. The actual amount of the assessment for 99-00 was set at \$66. The Cascadel Woods Property Owners Association requested that the assessment amount for the Fiscal Year 2002–2003 be set at \$50, but the Board of Supervisors set it at \$100. The assessment has been \$100 per year since 2002–2003, and 153 lots have assessed the fee. Table 4-1 shows that the yearly expenses have roughly doubled the yearly revenue in the past three fiscal years.



 **Figure 4-1**
County Service Area 21 Service Area

**Table 4-1
CSA 21 Budget**

	Actual 2018-2019	Estimated 2019-2020	Budgeted 2020-2021
Beginning Cash Balance	\$48,041	\$18,500	\$19,860
Revenues	\$15,996	\$14,750	\$14,500
Expenses	<u>\$30,856</u>	<u>\$33,250</u>	<u>\$34,795</u>
Ending Cash Balance	\$18,116	\$ -	\$ -

Source: (Department of Public Works Municipal Services Division, 2020)

The District has historically contracted with other providers, such as the homeowners' association or private contractors, to provide the mandated service. However, audits and other investigations have shown that dispersed CSA 21 funds have possibly been used for purposes other than open space and clubhouse maintenance.

The clubhouse appears to be an asset that the neighborhood would utilize. But it seems to not meet current building codes for accessibility and may need improvements, which could be cost-prohibitive and require additional financing resources.

The Board of Directors had held discussions about dissolving the District entirely and/or transferring the assets to other entities, such as the Coarsegold Resource Conservation District (Board of Directors, CSA 21, 2016). It could also be possible that the assets could be transferred to a newly formed district, with a proper assessment structure that assumes the open space and clubhouse maintenance and other services provided in the area, such as road and water service.

As mentioned previously, in January 2020, the Madera County Board of Supervisors initiated the dissolution of CSA 21 and creation of a new recreation and parks district via Resolution 2020-005. As mandated by the resolution, the territory of the new district shall be the same as the territory now encompassed by CSA-21. The new district shall be financed by a voter-approved assessment, tax, or charge.

4.1.3 - EXISTING FACILITIES AND ASSETS

CSA 21 owns three properties located within the center of the Cascadel Woods community. These parcels total approximately 41.17 acres of open space, which CSA 21 is tasked with maintaining. Additionally, CSA 21 owns the community clubhouse. CSA 21 appears to have also purchased a mower for maintenance of its open space areas.

CSA 21 does not maintain roads or any other municipal infrastructure within the Cascadel Woods neighborhood. Other service providers such as the homeowners' association and a private utility company maintain the roads and water conveyance infrastructure, respectively.

4.1.4 - PLANS FOR FUTURE SERVICES

The service area currently provides recreational and open space maintenance. CSA 21 does not currently have plans to expand its existing services within its area.

4.1.5 - DETERMINATIONS

Determination 4.1-1 - CSA 21 currently maintains three properties, one being the community clubhouse, utilizing a direct assessment of \$100 per parcel.

Determination 4.1-2 – Revenues have been roughly one-half of the expenditures for the past three fiscal years. The rate established for CSA 21 (Cascadel Woods) does not reflect an accurate cost for providing park maintenance and did not include adjustments for inflation. The flat rate is likely deficient in providing the needed level of service for park maintenance.

Determination 4.1.3 – The County should consider consolidating County Service Area (CSA) No. 21 (Cascadel Woods) with the Maintenance District No. 97 and Maintenance District No. 8 systems to form a new CSA or Community Service District (CSD) to minimize the presence of unnecessary districts and streamline services.

4.2 - MD 97 – Cascadel Heights

4.2.1 - INTRODUCTION

Maintenance District 97 (Cascadel Heights) is located in Madera County Supervisory District 5, three miles east of South Fork and accessed south from Road 233. The District has approximately 20 parcels with 0.73 miles of paved road.

Cascadel Heights was formed on December 12, 1995, by Resolution 95-298 and is approximately 75 acres in size. When the District was formed, a direct assessment of \$200 per parcel per year for road maintenance was approved. These are non-County roads and are not included in the County's maintained road system. (Department of Public Works, Municipal Services Division, 2019).

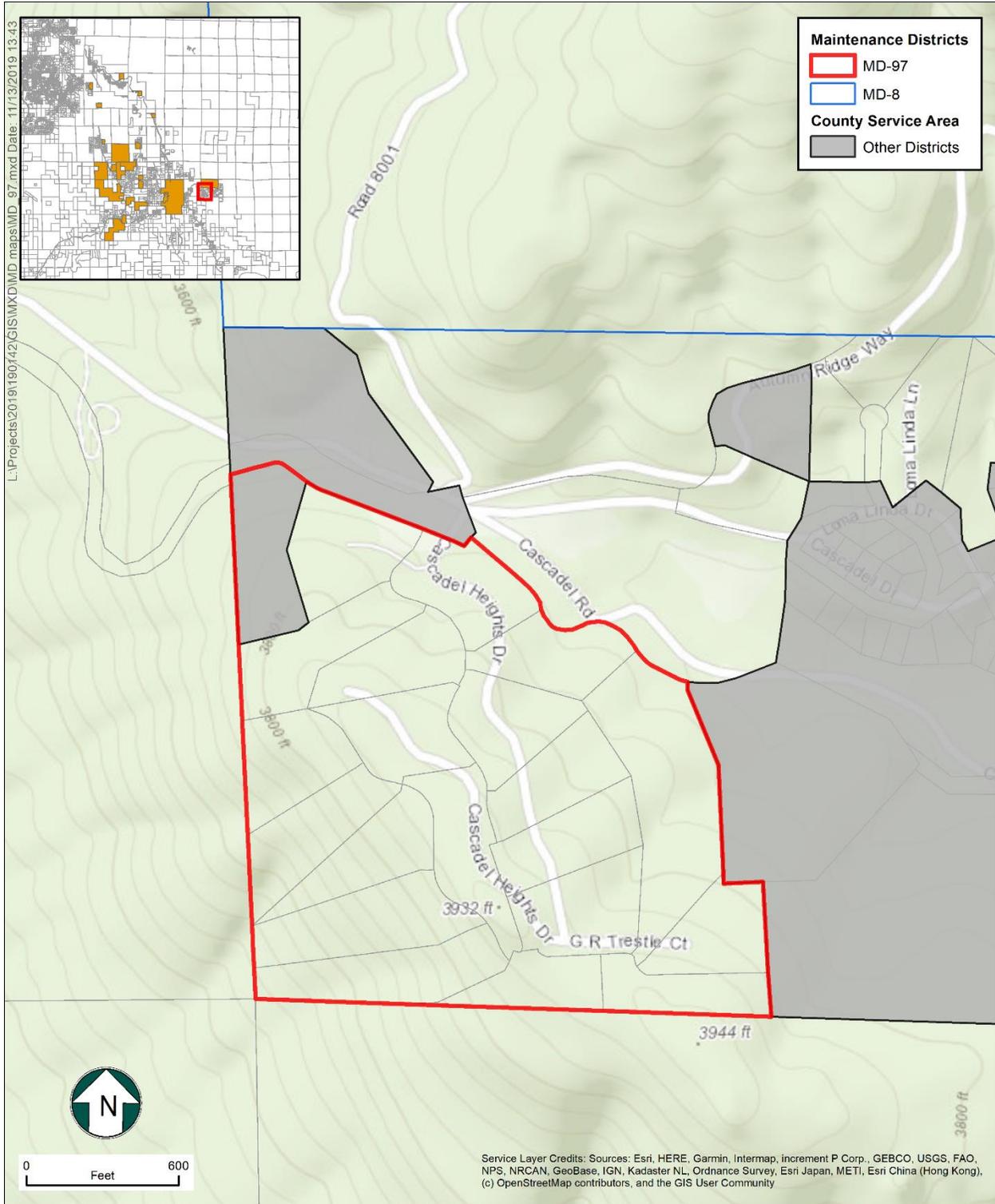
4.2.2 - BUDGET

As previously stated, funding for road maintenance within MD 97 comes from a direct assessment of \$200 per parcel per year. This assessment was set on December 12, 1995, when the District was formed. These are non-County roads and are not included in the County's maintained road system (Department of Public Works, Municipal Services Division, 2019).

4.2.3 - OPPORTUNITIES FOR RATE RESTRUCTURING

When the District was formed, a direct assessment of \$200 per parcel per year for road maintenance was approved. These are non-County roads and are not included in the

County's maintained road system (Department of Public Works, Municipal Services Division, 2019).



 **Figure 4-2**
Maintenance District 97 Service Area

**Table 4-2
MD 97 (Road) Budget**

	Actual 2018-2019	Estimated 2019-2020	Budgeted 2020-2021
Beginning Cash Balance	\$28,978.93	\$32,082.90	\$34,640.34
Revenues	\$4,539.25	\$4,506.44	\$4,500.00
Expenses	<u>\$1,435.28</u>	<u>\$1,949.00</u>	<u>\$39,140.34</u>
Ending Cash Balance	\$32,082.90	\$34,640.34	\$---

Source: (Department of Public Works Municipal Services Division, 2020)

The rate of \$200 per parcel was not based on an engineering study and has not been adjusted for inflation. The rates were last set in 1995. Therefore, this rate is likely deficient in providing an appropriate level of maintenance for the residents that receive the service. Historically, as has been the case throughout Madera County, road maintenance districts may have been established without utilizing proper techniques to establish the actual costs of providing the service. As a result, the rates being used limit the ability of staff to provide typical and needed repairs. Therefore, MD 97 should revisit this rate and attempt to establish a funding mechanism appropriate for providing this service

4.2.4 - EXISTING FACILITIES AND ASSETS

MD 97's only assets are the roads themselves. MD 97 provides road maintenance to 20 residential parcels with 0.73 miles of paved roads.

The Board of Directors of maintenance districts, which is the County Board of Supervisors, annually adopts budgets for each of these districts as proposed by the Public Works Department. All of these districts' budgets reflect general operations and maintenance.

4.2.5 - OPPORTUNITIES FOR COST AVOIDANCE AND SHARED FACILITIES

It is not possible to share road assets between districts, but maintenance equipment, County staff, materials, storage yards, budgeting, and accounting procedures can be coordinated into a combined system.

Maintenance District 97 (Cascadel Heights) overlaps with the jurisdictional boundaries of CSA 21 and is nearby MD 8. If possible, MD 97 should be consolidated with the MD 8 and CSA 21 systems to form a new district, which would streamline services provided by a single entity.

Maintenance District 97 has multiple options that can be considered to organize service delivery. One way to combine services would be to create a new maintenance district. However, maintenance districts do not contain spheres of influence and thus inhibit the County from revising the boundaries of the District to meet future service needs. Therefore, it may prove viable to create a county service area or community service district, which contains spheres of influence and can be adjusted regularly.

4.2.6 - DETERMINATION

Determination 4.2-1 - The County maintains 0.73 miles of non-County roadway within Maintenance District 97 (Cascadel Heights), utilizing a direct assessment of \$200 per parcel per year.

Determination 4.2-2 – The rate established for Maintenance District 97 (Cascadel Heights) does not reflect an accurate cost for providing road maintenance and repair. It was not adopted with an engineer’s study and did not include adjustments for inflation. The flat rate is likely deficient in providing the needed level of service for road maintenance.

Determination 4.2.3 - The County should consider consolidating Maintenance District No. 97 (Cascadel Heights) with the County Service Area No. 21 and Maintenance District No. 8 systems to form a new CSA or Community Service District (CSD) to minimize the presence of unnecessary districts and streamline services.

4.3- MD 8 – North Fork/Amber Lane

Maintenance District 8 is located in Madera County Supervisorial District 5, encompassing three different areas. The most easterly portion of MD 8 is located north of CSA 21 and MD 97, and this portion of MD 8 does not receive any sewer or water services, unlike other portions that make up MD 8A and MD 8B in the North Fork area. The area covers 313 acres and is zoned Open Space in the Madera County General Plan. However, the 2020 Census shows six residents in the area, so there may be some scattered homes.

Whiskey Falls Road winds through the MD 8 territory; however, no revenues are collected for maintenance. Given that all of the services provided by MD 8 are occurring in the community of North Fork, three miles away, it is unclear what purpose the District has for being located in the Cascadel neighborhood. It does have a geographical connection with the North Fork portion of MD 8. Because the area is zoned Open Space, it does not appear that there will be a demand for services in the area. Therefore, detachment of this portion of MD 8 seems to be an appropriate action. Alternatively, if the future service provision is anticipated, the area could be consolidated with MD 97 and/or CSA 21.

4.3.1-DETERMINATIONS

Determination 4.3.1 - The portion of Maintenance District 8 located north of the Cascadel neighborhood does not appear to be providing any services. Detachment from MD 8 should be considered.

4.4-Cascadel Mutual Water Company

4.4.1- INTRODUCTION

The Cascadel Mutual Water Company (CMWC) overlaps County Service Area 21 (Cascadel Woods). The Company services 300 residents through 120 unmetered connections to

residential zones. The water system facilities are comprised of three wells, including two source wells and an emergency well, a spring, a fluoride blend storage tank, a chlorination disinfection system, and a distribution system.

A notice of violation for exceeding the maximum contamination levels (MCL) of fluoride was recorded on May 5, 2015; however, compliance was achieved on May 11, 2015, and the Company has not been cited since (CA Drinking Water Watch, n.d.).

The Cascadel Mutual Water System (CMWS) operates in the vicinity of MD 8, MD 97, and CSA 21. As the CMWC is a private company, LAFCO has no jurisdiction to regulate or compel consolidation or annexation between the CMWS and other agencies. However, coordinated municipal service delivery is the overarching goal of LAFCO. Should the time arise when the CMWS ceases operation or is willing to consider annexation to another agency, LAFCO and the County should coordinate to develop feasibility recommendations for the best results.

4.4.2-DETERMINATIONS

Determination 4.4.1 - The Cascadel Mutual Water Company is a private utility that provides water to approximately 300 residents within its jurisdiction within the North Fork area. It is not subject to the oversight or jurisdiction of LAFCO.

Determination 4.4.2 – In the event the Cascadel Mutual Water Company (CMWC) is unable to continue to provide services, for whatever reason, CMWC could be combined with Maintenance District 8, 97, and County Service Area 21 into a County Service Area (CSA) or Community Service District (CSD) .

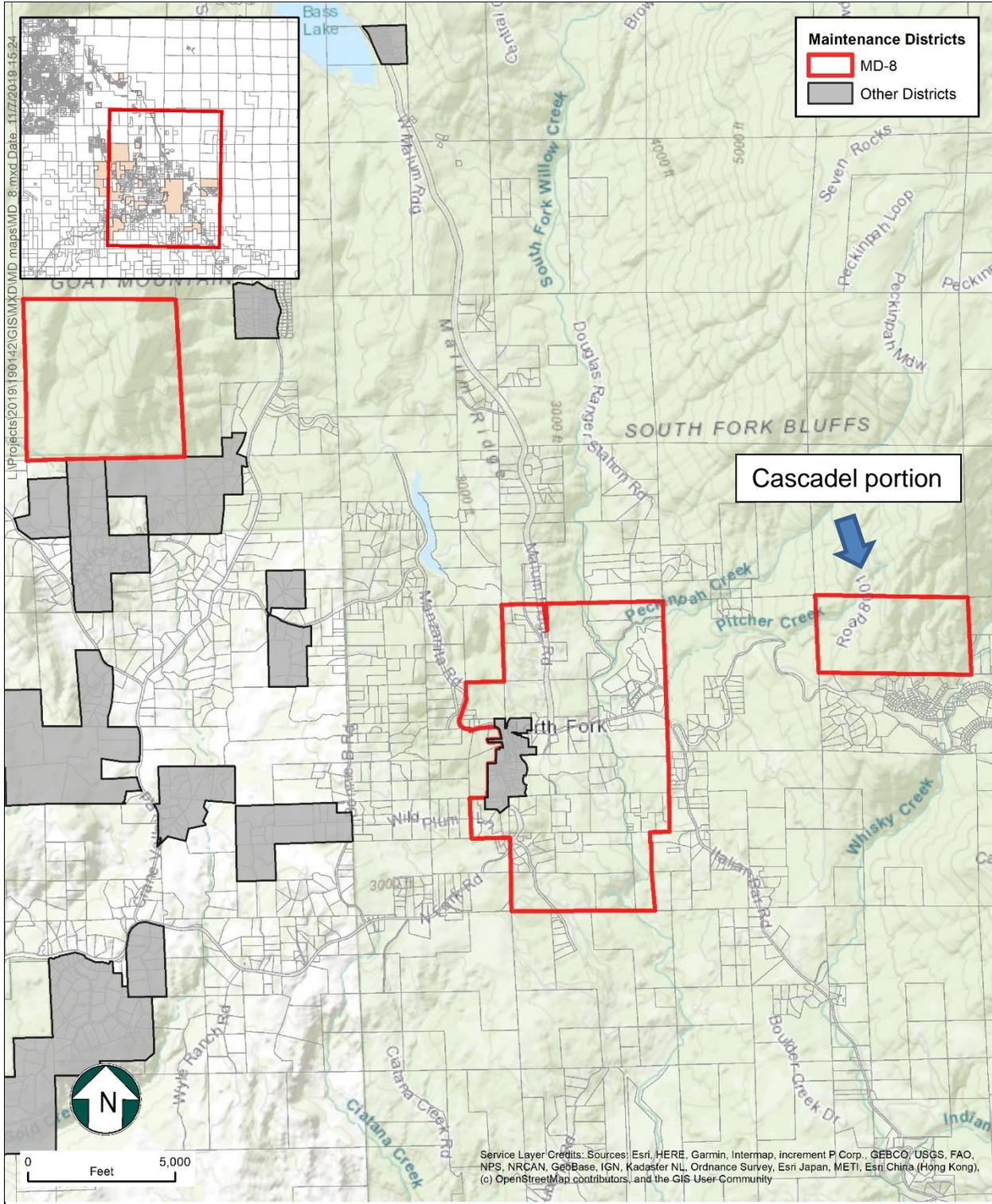


Figure 4-3
Maintenance District 8 – North Fork/Amber Lane

SECTION 5 - SPHERE OF INFLUENCE REVIEW

5.1 - Sphere of Influence Overview

The primary purpose in reviewing the District's SOI is to evaluate if a boundary change is appropriate and necessary, determine if the District can feasibly provide well planned efficient services in this territory, and if the current location of the SOI will be a benefit to those that receive services and property owners in the area.

As part of any SOI review, LAFCO is required to consider all of the information presented in the Municipal Service Review conducted for that agency. Additionally, LAFCO must also make a written statement of its determinations for that agency regarding the following:

1. Present and planned land uses in the area.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

After a written determination has been made with respect to the aforementioned areas of review, LAFCO may adopt a Sphere of Influence (SOI) appropriate for the agency's service provision.

This section of the report fulfills the requirements of Government Code Section 56425 and allows LAFCO to adopt an SOI consistent with the Madera area's written determinations.

5.1.1 - PRESENT AND PLANNED LAND USES

The Cascadel area consists of Mountain Residential, Rural Residential, and Open Space land use designations in the Madera County General Plan. Districts are intended to be formed in areas based on the needs of the residential communities that exist within the area. Additionally, the portion of MD 8 to the north is designated as Open Space in the Madera County General Plan.

The current services provided to the community are minimal. If any new maintenance district or county service area is formed, a sphere of influence can be created that presents the opportunity for inclusion of the entirety of the community.

5.1.2 - PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES

It is not possible to share road assets between districts, but maintenance equipment, County staff, materials, storage yards, budgeting, and accounting procedures can be coordinated into a combined system.

Cascadel Mutual Water System (CMWS) operates in the vicinity of these districts. As the CMWS is a private company, LAFCO has no jurisdiction to regulate or compel consolidation or annexation between the CMWS and other agencies. However, coordinated municipal service delivery is the overarching goal of LAFCO. Should the time arise when the CMWS ceases operation or is willing to consider annexation to another agency, LAFCO and the County should coordinate to develop feasibility recommendations for the best results. If possible, the Cascadel Mutual Water System should also be included in the new potential CSA or CSD.

Another concern of existing and probable services needs would include the unification of existing districts and service areas. Currently, the boundaries of each district overlap in some cases. There is the opportunity to combine the provided service with an adjacent service provider to offer multiple services to the area. Streamlining the services provides the opportunity to increase the level of service and opportunity for cost-sharing and the ability to maintain a sphere of influence.

5.1.3 - OPPORTUNITIES FOR RATE RESTRUCTURING

CSA 21, MD 97, and CWMS have their own respective rates for their current provided services. Any rate restructuring will require Madera County Board of Supervisors' approval. Madera County staff shall provide the Board with recommended budgets and accounting reports to create any new rates. MD 8 does not provide services within the possible consolidation area, and the proposed consolidation area would require new rates for services to be provided through the Cascadel area.

5.1.4 - PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES

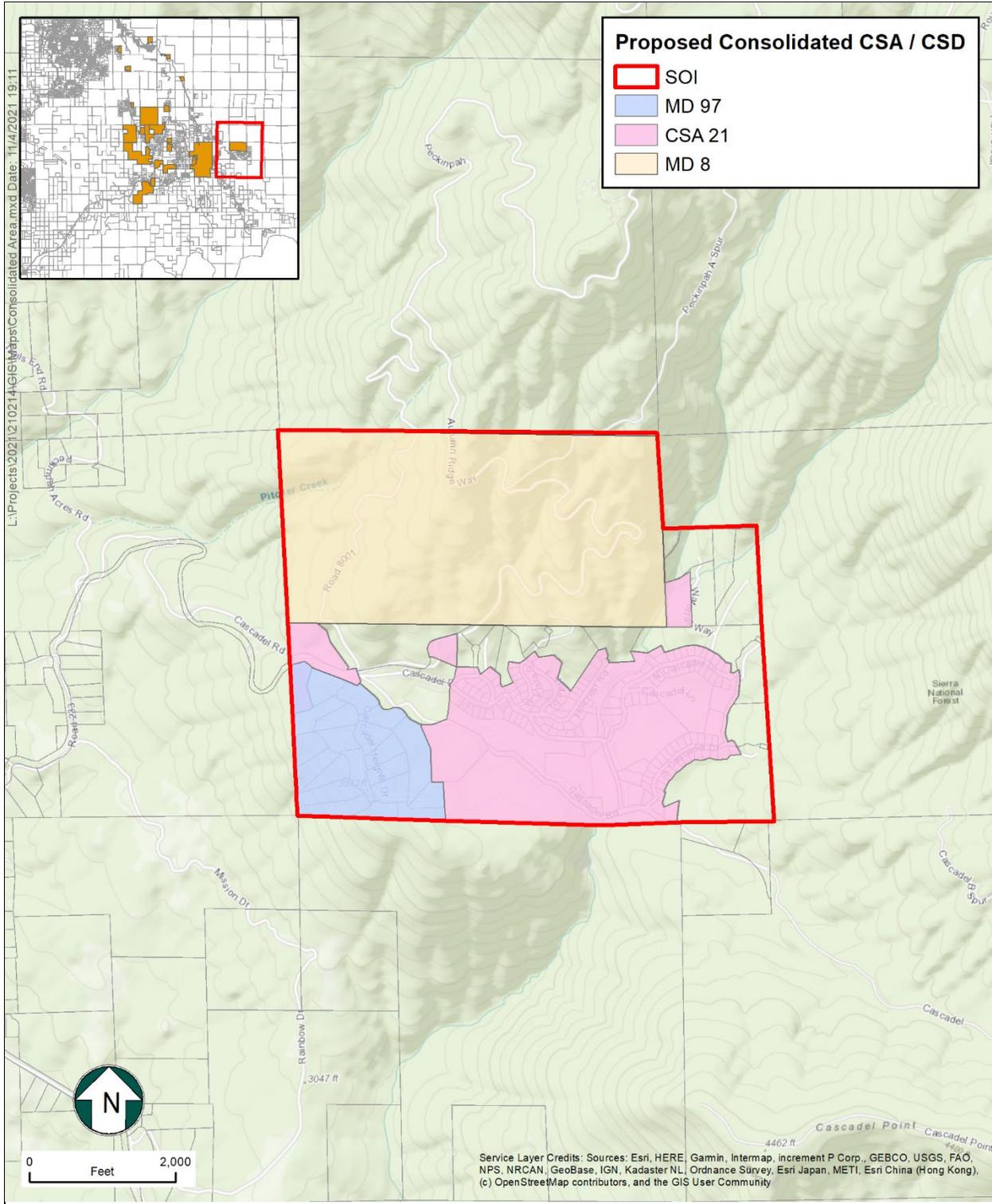
The consolidation of CSA 21, MD 8, and MD 97 would not change the capacity of public facilities in the Cascadel area. The consolidation of CSA 21, MD 97, and MD 8 would clear up the confusion of responsibility in the Cascadel area.

5.1.5 - EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST

There are no social and/or economic communities of interest within the vicinity of the proposed SOI amendment. The proposed amendment to the District SOI would require the District to amend its SOI boundary. These districts and service areas will not be negatively affected by the reorganization.

5.1.6 - SPHERE OF INFLUENCE RECOMMENDATIONS

The most appropriate sphere of influence would be a single SOI for CSA 21 encompassing all three districts (as shown in Figure 5-1). This would set up future consolidations with CSA 21 that would serve the entire community.



 **Figure 5-1**
Proposed Sphere of Influence Consolidated Area

Another option may be to form an independent special district such as a Community Service District (CSD) in the place of CSA 21. CSDs could provide the same services currently being provided in the Cascadel Area.

Finally, it may be preferable not to include the MD 8 territory in the revised SOI. This area is designated Open Space on the General Plan. Unless that designation is changed, there will be no residential growth in the area and no demand for municipal services.

5.1.7 - OPPORTUNITIES FOR CONSOLIDATION

As shown in the MSR and throughout the determinations of this document, the districts in the Cascadel area are not currently providing services at an acceptable level to the property owners receiving their services. The District is accountable to the residents through the Board of Supervisors, who can only provide services funded by the revenues currently generated. Because of Proposition 218, the decision to increase revenues ultimately rests with the property owners.

Several options could be undertaken to consolidate services within one district. Some solutions require approval by the registered voters in the neighborhood, and some do not. Table 5-1 shows the different options that could be pursued. Another CSA or CSD could be created within the study area. This would include the area within the existing boundaries of CSA 21, MD 97, and the eastern portion of the MD 8 SOI. The creation of this new district would help make it possible for CSA 21 to provide services they are currently unable to provide. Services would include road maintenance, as well as public facilities.

The consolidation of the three service districts in any of the scenarios described above in Table 5-1 would not immediately fix infrastructural needs for the area. Still, it would provide a larger financial base to better fund and service the area. Consolidation would set up the community to be more unified, potentially give them more responsibility for the future of their community and serve as a catalyst to begin conversations about whether rate increases to provide better services are desired. This combined district would also be available to take over water services if in the future there is either a need or a desire for the private Cascadel Mutual Water Company to transfer its facilities and responsibilities to a public entity.

It may be preferable to form a CSD in place of CSA 21 in lieu of a Recreation and Park District. CSD's can provide all the services currently being provided by CSA 21, MD 97 and the Cascadel Mutual Water Company. Whereas, a Recreation and Parks District could only provide the services currently being provided by CSA 21 and therefore, would not allow for the consolidation of all services currently being provided in the Cascadel Area.

**Table 5-1
Consolidation Options**

Option	Action	Set-up for Future Actions	Registered Voter Approval Required for Action
1	Consolidate CSA 21, MD 97, and the Cascadel portion of MD 8 into one CSA that would manage the park facilities and road maintenance in the former MD 97 area.	If revenue increases are voted in, possible expansion of road maintenance services into the former CSA 21 area and/or additional contributions to the park facilities from the former MD 97 area.	Only if protest thresholds are met
2	Consolidate CSA 21 and MD 97 into one CSA. Dissolve the Cascadel portion of MD 8.	Same as Option 1, but services would not be made available in the former MD 8 area.	Only if protest thresholds are met
3	Form a new Community Services District (CSD) in the area of the recommended SOI. Transfer responsibility for park and road maintenance to the new CSD.	This would place all responsibility for services and deciding the appropriate revenue levels with the property owners and remove the County from maintenance responsibility.	Yes
4	Form a Recreation and Parks District and transfer responsibility for park maintenance to District	Dissolve CSA 21	Yes

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