

***EXECUTIVE OFFICER'S REPORT***  
 To The  
*Local Agency Formation Commission*

**TO:**

Commissioner	<b>MARIA NAVA-FROELICH</b>	[City]	Commissioner	<b>MICHAEL KELLEY</b> (Chair)	[Supervisor]
Commissioner	<b>JASON JACKSON</b>	[City]	Commissioner	<b>RAY CASTILLO</b>	[Supervisor]
Commissioner	<b>DAVID WEST</b> (Vice-Chair)	[Public]			
	Alt Commissioner	<b>JACK TERRAZAS</b>			[Supervisor]
	Alt Commissioner	<b>JIM PREDMORE</b>			[City]
	Alt Commissioner	<b>RALPH MENVIELLE</b>			[Public]

**REPORT DATE:**

May 1, 2016

**FROM:**

Jurg Heuberger, AICP, CEP, Executive Officer



**PROJECT:**

Winterhaven County Water District Sphere of Influence (SOI) update and Service Area Plan (SAP)/Municipal Services Review (MSR)

**HEARING DATE:**

May 26, 2016

**TIME:** 9:00 AM

**AGENDA ITEM NO:**

15

**HEARING LOCATION:**

El Centro City Council Chambers, 1275 Main Street, El Centro, CA

**RECOMMENDATION(S)**

**BY THE EXECUTIVE OFFICER**

(In Summary & Order)

- OPTION #1:** Approve the proposed Sphere of Influence (SOI) and the Service Area Plan/MSR update as presented by the Executive Officer.
- OPTION #2:** Approve the proposed Sphere of Influence (SOI) and Service Area Plan/MSR update as requested with modifications, following the hearing by the Commission.
- OPTION # 3:** Continue the hearing for not to exceed 70 days, (end date August 15, 2016).
- OPTION # 4:** Deny the Sphere of Influence and Service Area Plan update, and provide direction to the District and EO for corrections.

# Project Data:

## DATA & FACTS:

Project ID: **WCWD 1-16**

Project Name: **Winterhaven County Water District Sphere of Influence and Service Area Plan Update (SAP)/MSR**

Applicant/Proponent: **Winterhaven County Water District**

Application Type: **LAFCO requested update**

Application Filed: **N/A (LAFCO Direction)**

Certificate of Filing: **N/A**

Area/Size: **See Plan**

Location/Legal: **Maps of the District Boundary and the SOI are included in this report.**

Population: **NA**

Proposed Project: **Service Area Plan (SAP) / Municipal Services Review (MSR) Update.**

MSR/SAP: **The most recent version of the Winterhaven County Water District MSR/SAP is 2006.**

## TAX AGREEMENT:

Board of Supervisors Action: **N/A**

City Resolution: **N/A (will be required upon notification by LAFCO)**

Tax Split: **N/A**

## CEQA:

Lead Agency: **LAFCO**

Documentation: **Exempt**

# ANALYSIS

## I: Legal Requirements (Historical information):

Cortese-Knox-Hertzberg Reorganization Act of 2000 (CKH), also referred to as Government Code 56000 et Seq., provides the legal basis for the requirement of the Sphere of Influence and the Service Area Plan or Municipal service Review (MSR) being considered within the scope of this hearing.

G.C. § 56425 (a) states in part; *"In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency with the county and enact policies designed to promote the logical and orderly development of areas within the sphere."*

G.C. § 56425 (b - i) provide the frame work within which the Commission may approve the sphere of influence and the process that needs to be followed.

G.C. § 56425 (e) states in part; *"In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determination with respect to each of the following:*

- (1) *The 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 provides or is authorized to provide.*
- (4) *The existence of any social or economic communities' of interest in the area if the commission determines that they are relevant to the agency.*

G.C. § 56425 (f) is a critical new section that changed the parameters of the prior review insofar that this section now requires that; *" Upon determination of a sphere of influence, the commission shall adopt that sphere, and shall review and update, **as necessary**, the adopted sphere **not less than once every five years"**.*

There appears to be a misconception that the agencies will have to prepare a full new plan every five years, however the intent here is to "review" the prior plan and to amend it if necessary. If there have been significant changes, or if there has been explosive growth, then certainly the amendment will be much more comprehensive.

G.C. § 56428 (a) provides the mechanism for anyone to file a request with the executive officer for an amendment to the sphere of influence. It states in part; *"Any person or local agency may file a written request with the Executive Officer requesting amendments to a sphere of influence or urban service area adopted by the commission..."*

Again there may be some confusion in this area as there have been numerous questions about the "limitations" of the sphere and the process to amend.

It appears clear that the mandate is to review the plan at least every five years but there is no apparent restriction on the number of times that it may be amended nor is there a restriction on who can request such an amendment, there is only a process that needs to be followed. It goes without saying however that for an amendment to work it need the consensus of the City/District, the County and the Commission.

Just as there are provisions for the addition of areas to a sphere of influence there are provisions for a process to remove an area from an approved sphere boundary. This is found in G.C. 56429.

In addition to the SOI process G.C. § 56430 (a - d) now addresses the requirement for the review of municipal services which in our case has been referred to for nearly a decade as the Service Area Plan (SAP).

G.C. § 56430 (a) states; *“In order to prepare and to update spheres of influence in accordance with Section 56425, the Commission shall conduct a service review of the municipal services provide in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub region, or any other geographic area as its appropriate for an analysis of the service or service to be reviewed and shall prepare a written statement of its determination with respect to each of the following:*

- 1) *Infrastructure needs or deficiencies.*
- 2) *Growth and population projections for the affected area.*
- 3) *Financing constraints and opportunities.*
- 4) *Cost avoidance opportunities.*
- 5) *Opportunities for rate restructuring.*
- 6) *Opportunities for shared facilities*
- 7) *Governmental structure options, including advantages and disadvantages of consolidation or reorganization of service providers.*
- 8) *Evaluation of management efficiencies*
- 9) *Local accountability and governance.”*

G.C. § 56430 (d) also required that the Office of Planning and Research of the State, in consultation with the commissions, and the California Association of LAFCO's and other governmental agencies, SHALL prepare a comprehensive set of guidelines for service reviews by July 1, 2001. Since these guidelines are voluminous a full text copy is not attached to the report however there is a PDF copy on the CD rom that has been provided to each commissioner and every interested party. Furthermore, the Executive Officer has urged the various entities to utilize the “draft final” version as a guide to preparing the SOI and SAP.

## **II: The PLAN as submitted:**

The District is a Water District that provides water and wastewater services to a very small area within Imperial County, primarily the town site of Winterhaven. The review in this case is/was the case in a number of other smaller districts pursuant to the direction of LAFCO focused primarily on the financial viability of the District. Insofar as this is a limited purpose District the services provided appear to be and have been provided adequately for the most part. The District does have some challenges as do a number of similar smaller districts. The financials for the District as per the attached also show that it is financially stable.

## **III: District Approvals:**

The District will need to accept the LAFCO approval of the SOI/MSR/SAP via a resolution to include any and all recommendations.

## **IV: CEQA:**

It is argued and it is the Executive Officers opinion that the Service Area Plan fit within one or more “exemptions” under the provisions of CEQA, not the least of which is the possible determination that this process is “not a project”.

**V: Analysis by the Executive Officer / Determinations by the COMMISSION:**

G.C. § 56425 (e) states in part; *"In determining the sphere of influence of each local agency, the Commission shall consider and prepare a written statement of its determination with respect to each of the following:*

- (1) *The 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 provides or is authorized to provide.*
- (4) *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

**Proposed findings by the Commission:**

- 1) **The present land use within the boundaries of the proposed SOI/SAP includes residential, some commercial but little or no industrial. The District provides only water and wastewater treatment related services and provides no other services.**
- 2) **Currently the services provided are according to the audited financial information being supplied in a financially stable and adequate manner. (See audited financial information attached). It needs to be noted however that almost 44% of the total revenue for the District is from one customer. Should that balance change the District could encounter serious financial issues.**
- 3) **There are no known social or economic communities of interest relevant to this review..**

**VI: Public Notice:**

Public notice for the proposed project hearing before the Imperial County Local Agency Formation Commission has been given, according to Section § 56427. Notice was issued in the form of a publication in the IV Press at least twenty-one (21) days prior or said hearing, and posted on our webpage.

**VII: Report:**

In accordance with Section § 56665, the Executive Officer has prepared a report, and presented said report to your Commission and to any public member requesting such report. In addition, a copy of said report has been issued to the Riverview Cemetery District and any party requesting a copy.

**VIII: Conflict of Interest Statement:**

To date (at the writing of this report, May 1, 2016) no Commissioner has indicated that there is any conflict of interest with regard to this project, nor has any Commissioner reported any communications with the Applicant, Proponent or Opponent. The Commissioners will be asked to declare that during and prior to the public hearing.

The Executive Officer does not have any type of known conflict of interest or financial gain as a result of this project and owns no property in the vicinity.

# EXECUTIVE OFFICERS RECOMMENDATION

## RECOMMENDATION:

It is the recommendation of the Executive Officer that LAFCO conduct a public hearing and consider all information presented in both written and oral form. The Executive Officer then recommends, assuming no significant public input warrants to the contrary, that LAFCO take the following action;

- I: Certify that the Service Area Plan is exempt from CEQA.
- II: Make the finding that this Sphere of Influence and Service Area Plan (SAP)/ Municipal Service Review (MSR) is in substantial compliance with the provisions of the Cortese-Knox-Hertzberg Reorganization Act of 2000 and the Imperial LAFCO Policy and Procedures.
- III: Make the findings pursuant to Government Code Section § 56425 that:
  - a. The Service Area Plan has been reviewed by the Executive Officer and the Commission and the District has the capacity and ability to provide services within the area.
  - b. The Service Area Plan for the District shows it to be operating its service in a financially sound manner.
  - c. The Sphere of Influence currently adopted remains adequate for the District and no annexations or changes to the boundary have occurred since the prior SAP review.
- IV: The Commission finds that, the present land uses within the boundaries of the District are predominately agricultural with urban and the services are strictly for providing Cemetery related functions.  
  
The Commission finds that, there are no known social or economic communities of interest in the areas.
- V: Since there have been no protests received, the Commission adopts and approves the current Sphere of Influence Boundary as previously reviewed and approved.

## LAFCO Policy:

The proposed Sphere of Influence and Service Area Plan appears to be consistent with the Cortese-Knox-Hertzberg Reorganization Act of 2000, the Imperial LAFCO Policies and Procedures and the County of Imperial General Plan (Chapter IV. B. of LAFCO's Policies, Standards and Procedures). Furthermore, the District has (according to the Service Area Plan) the ability to supply the necessary public service, and has assured LAFCO that it has the capacity to service the areas.

**NOTE: All "cc" submittals are the Executive Officer's Report only. Attachments are generally too voluminous and are only supplied on CD. Information about the project may also be found on the LAFCO web page at [www.iclafco.com](http://www.iclafco.com).**

CC: Winterhaven County Water District

## ATTACHMENTS:

EXHIBIT A – Audited Financial Information  
EXHIBIT B – Current Sphere of Influence Boundary Map