

1. INTRODUCTION

This report regarding the Montecito Water District was prepared by the Santa Barbara Local Agency Formation Commission (“LAFCO”) in accordance with Section 56430 of the California Government Code. It responds to the requirement that LAFCO conduct a Municipal Service Review (MSR) to study the delivery of municipal services and update spheres of influence.

The MSR evaluates services provided by the District and issues regarding its sphere of influence. It describes service delivery and related issues for LAFCO to consider and presents determinations as required by law. The decision to approve or disapprove any determinations or policies rests entirely with the Commission.

Written determinations regarding the MSR and sphere of influence update are provided for the Commission’s consideration. This report is an informational document and does not substitute for discretionary decisions that can only be made by the Commission.

This Report is subject to reconsideration and revision as directed by the LAFCO staff or by the Commission during the course of its deliberations.

2. MUNICIPAL SERVICE REVIEW

Description of District

The District was formed in 1921 and operates pursuant to the County Water District Law (Water Code, Section 30000 et seq.).

It is located in southern Santa Barbara County extending from the City of Santa Barbara to east of Toro Canyon Road. It extends inland from the ocean and in some areas overlaps the Las Padres National Forest. It encompasses Montecito and Summerland.

The District is governed by a five-member board of directors, elected at-large. A General Manager is responsible for administrative functions.

The District’s boundaries and sphere of influence are largely coterminous. A map of the District and its sphere is included.

District Services

The District provides retail water delivery and conservation. It services approximately 4,260 customer accounts with about 4,575 water connections.

Other Governmental Agencies within the District

Local agencies that overlap portions of the District include the City of Santa Barbara, Carpinteria-Summerland Fire Protection District, County Service Area 11 (Carpinteria

Valley), County Service Area 32 (Law Enforcement), Montecito Sanitary District, Montecito Fire Protection District and the Mosquito and Vector Management District of Santa Barbara County.

3 . MSR DETERMINATIONS

This report addresses the MSR factors specified in LAFCO's governing statute.

Infrastructure Needs and Deficiencies

The "Water Distribution System and Fire Flow Upgrade Program" (July 1996) identifies facilities planned by the District at an estimated overall cost of \$5,102,050. In May 1998, the District purchased the 1998A Certificates of Participation Revenue Bonds in the amount of \$13.7 million specifically for the targeting certain critical elements of aging infrastructure.

A refinancing of the 1998A Bonds occurred in 2010 with the purchase of the 2010A Certificates of Participation Revenue Bonds. A capital repair and replacement program is ongoing with estimated annual expenditures of up to \$1.5 million.

While one of the challenges facing the District is to secure adequate water supplies during periods of draught, the District is currently able to provide adequate quantity and quality water to its customers.

The District has adopted an Urban Water Management Plan Update (October 2005) and is currently completing the 2010 Plan Update.

From information provided in the District's adopted plan, it obtains water from four basic sources: Cachuma Project, State Water Project, surface diversions, including Jameson Lake and to a much smaller degree from groundwater wells.

Growth and Population Projections

The District accepts the Santa Barbara County Association of Governments' population growth projections for its planning purposes.

Financing Constraints and Opportunities

The District bills customers monthly for service fees and water used, and receives fees for new meter connections. In addition an annual Water Availability Charge is paid by all parcels within the District. It is reasonable to conclude these revenue sources are sufficient to fund its obligations for service including system improvements.

Cost-Avoidance Opportunities

There are no obvious cost avoidance opportunities in water operations.

Opportunities for Rate Restructuring

Following a period of high customer water demand by customers beginning in 2006, the District Board of Directors, in August 2008, adopted a new conservation rate structure to promote water conservation. The new conservation rate structure established an incline block rate system for all customer classifications.

Since the adoption of the conservation rate structure, customer water demand has decreased by over 25% following the highest annual water demand recorded in the 2007/08 fiscal year which exceeded its long term available water supply.

Opportunities for Shared Facilities

There are no obvious opportunities for shared facilities in the operations of the District. The District cooperates with other water agencies in building and operating the facilities that provide much of the District's water supply, specifically the Central Coast Water Authority for the State Water Project and the Cachuma Operation and Maintenance Board for the Bradbury Dam, Tecolote Tunnel and South Coast Conduit.

The District provides administration for a joint Cross Connection Program with the La Cumbre Mutual Water Company.

Government Structure Options

No proposals have been submitted to consolidate or reorganize this district with other local agencies in the Montecito area

Management Efficiencies

The District exhibits the characteristics of a well-managed agency operating efficiently and serving its residents and customers effectively.

Local Accountability and Governance

The District is a relatively compact government, which enhances the ability of the public to participate in its activities. The Board of Directors is elected by and accountable to the voters who reside in the District. The District maintains a website and mails quarterly newsletters to all customers.

4. SPHERE OF INFLUENCE REVIEW AND UPDATE

Description of Current Sphere of Influence

The District's exterior boundaries and sphere of influence are coterminous.

No Proposed Sphere Changes

In response to the MSR Request for Information, the District responded as follows:

Do you feel that your agency's boundary is correct at this time? Yes.

Are there areas your agency desires or plans to serve that are not now within its boundaries or its sphere of influence? No

Are there areas your agency currently serves that might be served more efficiently by another agency? No

Sphere of Influence Determinations

Inasmuch as no changes in the sphere of influence are proposed at this time it is not necessary for the Commission to adopt or approve any determinations.

5. ACKNOWLEDGEMENTS & REFERENCES

The Santa Barbara LAFCO staff prepared this Municipal Service Review. Responsibility for any errors or omissions rests with those who prepared the report.

The Montecito Valley Water District provided the basic information and documents upon which the evaluation is based. The District staff, notably General Manager Tom Mosby was instrumental in providing data.

Mapping services were provided by the County Surveyor.

6. RECOMMENDATIONS

It is recommended the Commission affirm the current Sphere of Influence.