

Alexander, Jacquelyne

From: Michael J. Patarak Jr. <mpatarakjr@earthlink.net>
Sent: Monday, April 10, 2017 2:44 PM
To: Email Lafco; Alexander, Jacquelyne
Subject: OPPOSITION to LAFCO 17-01, Formation of a Los Olivos Community Services District

LAFCO Commissioners,

For the record, and after continued careful consideration of the associated publicly and privately funded studies and reports, as well as the public comments at the pertinent community and SBLAFCO meetings, it is my opinion that the formation of an LOCSD is not the most responsible, appropriate, or preferred option to address the septic-to-sewer and groundwater quality issues in Los Olivos. I will be attending the meeting on Thursday and hope to provide you with additional input supporting my opinion as the public comment period allows.

I urge your commission to DENY the petition of application - formation of a Los Olivos Community Services District. Should this petition obtain your approval at the meeting, I would like to inform you that I will be voting "NO" when presented with the opportunity.

Respectfully submitted,

Mike Patarak,
Resident of Los Olivos

Alexander, Jacquelyne

From: Paul Hood <hood.paul@sbcglobal.net>
Sent: Monday, April 10, 2017 3:36 PM
To: Alexander, Jacquelyne
Subject: FW: Comments on Berkson Report for 4-13 Meeting, Agenda Item #3, LOCSD Application
Attachments: HTO Feasibility Study Comments .pdf

From: Alex Bennett [<mailto:alexbennett@healtheocean.org>]
Sent: Monday, April 10, 2017 2:55 PM
To: lafco@sblafco.org
Subject: Comments on Berkson Report for 4-13 Meeting, Agenda Item #3, LOCSD Application

Hello Executive Director Hood,

Upon reading the board packet for the April 13 LAFCO meeting, I noticed that our comments on the Berkson Governance Feasibility Study were not included. Attached is an updated PDF of our comments, I would like these made part of the public record and the board packet, if possible. Thank you.

Best,
Alex Bennett

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Alex Bennett, MESM
Policy Associate, Heal the Ocean
alexbennett@healtheocean.org
831-747-7570



1430 Chapala Street, Santa Barbara, CA 93101;
PO Box 90106, Santa Barbara, CA 93190; Telephone (805) 965-7570; fax (805) 962-0651
www.healththeocean.org

April 10, 2017

Santa Barbara LAFCO
105 East Anapamu St
Room 407
Santa Barbara CA 93101

**Re: Plan for Services & Feasibility Study: Los Olivos Water Reclamation
Prepared by Berkson Associates, 2016**

Hi, Randall and Mark:

Along the same lines of thoughts given to you re: your consultants perhaps not giving you a 100% service to help the Los Olivos Water Reclamation group move forward either at LAFCO or in helping the community come to an educated decision about wastewater options, please may we point out a few items in the *Plan for Services Feasibility Study: Los Olivos Water Reclamation* ("The Report"), prepared for you by Berkson Associates, release October 24, 2016. These are merely items that we noticed which you might want to take up with Berkson, and possibly ask them to clarify or revise.

Here are some **Specific Items** you might want to discuss with them, so that LAFCO might be provided a clearer picture of your proposal(s):

**Finding #2, "Administrative Costs Vary Modestly Between the Governance Options",
p. 4**

The title of this finding is likely inaccurate, in that formation of a CSD is more expensive in all aspects of operating costs than CSA formation or annexation to SYCSD by approximately \$75,000 a year. However 'modest', quantifiable cost differences in governance methods should be noted in the headlines of the findings, rather than indicated by an approximation how close they are.

Finding #3, "Construction and Operating Costs for a Wastewater System Could be Prohibitive for Any Governance Option Unless Cost Savings Can Be Achieved, Additional Revenues Obtained, or the System is Phases", pg. 5

This finding, and indeed much of the report, seems to operate on the assumption that a new WWTP consisting of a membrane bioreactor to serve Los Olivos is the only option. Why are all other options discounted? Would SYCSD have the same plan regarding a WWTP for Los Olivos as a Los Olivos CSD? The report needs improved

language regarding the reasoning behind this assumption beyond citing the AECOM WWTP feasibility study of 2013.

“Construction cost reductions of 25 percent or more are possible with careful planning”, pg. 6

While a 25% cost reduction may be the best possible scenario, a potential 25% saving should not be used as a planning tool and featured in all cost estimates through the report. While potential contingency costs are noted, costs with savings find their way into nearly every cost estimate table in the Report. If anything, "careful planning" can lead to increased costs, because the money required for hiring staff to oversee planning issues increases. Without a clear framework for reducing construction costs, there is no reason to assume these savings.

CSD Revenues and Expenditures, p. 16-17

The liberal use of "may" or "could" in this section is also troubling. While this section discusses a number of taxes and fees that “may” or “could” be levied it is lacking in concrete planning of revenue sources. While the *Special District Formation Guide* notes that a feasibility study only needs to “review revenue sources” (p. 9), the review of revenue sources presented in the Berkson Associates report is cursory at best.

Estimated Overhead and Administrative Costs –Table 3, p. 17

These estimated costs do not incorporate any projects, particularly the cost of initial hookups to the sewer or proposed wastewater treatment system. The costs of first hookups will be far higher than final hookups. The CSD at “buildout” is merely a CSD holding meetings, not pursuing any projects such as CEQA analysis or construction of a wastewater treatment plant. Actual costs to Los Olivos residents will be far higher.

Pros and Cons Lists, CSD and Annexation to SYCSD, pg. 18-19 and 28-29

The lists of Pros and Cons generated for each governance option are an assortment of “would”, “could” and “may” statements; useful for determining possible outcomes, but less so for determining the best governance option. There are also a number of instances that seem to editorialize the pros and cons list, as well as flip-flop on whether an item is truly a “Pro” or a “Con”.

For example, a “Con” for SYCSD formation: “SYCSD could expand services and/or adopt charges for services not desired by Los Olivos residents” is followed by, “This can be addressed by creation of a separate Los Olivos zone as a LAFCO condition” (p. 28). This same risk could apply to a Los Olivos CSD, and in fact has a greater potential of happening than with SYCSD providing only sewer service.

A “Pro” for CSD formation, states “A CSD could see opportunities to reduce operating costs by contracting with a larger entity, for example, the SYCSD” (p. 18), appears to be more of an argument in favor of SYCSD and its lower operating costs, disguised as an argument in favor of CSD formation, as contracting costs would likely be higher for an independent CSD than SYCSD.

In conclusion, many of the quantitative estimates from this report are derived from the *Los Olivos Wastewater System Preliminary Engineering Report* (2013) and *Revisions to Los Olivos Wastewater Engineering Report* (2016), both prepared by AECOM. This leaves this study as a series of qualitative statements surrounding the governance options that Los Olivos might consider. While the Berkson report acknowledges a range of potential

strengths and weaknesses for the governance options, its lack of concrete statements and findings does not serve as a proper planning document.

When comparing this report to the 2015 *Isla Vista Governance Options Financial Analysis Study*, prepared by Economic & Planning Systems, Inc., (which I recently forwarded to you) the difference in detail and research is remarkable. Of course, the two communities and their requirements are very different, but the requirements for a proper planning document are the same: meticulous research surrounding demographics, revenues, and strengths and weaknesses of a CSD. The Berkson report seems to have used preexisting cost estimates and makes a “pros and cons” list.

Once again, we're sending these comments to you, with the idea that hopefully you might be able to sort out these issues with your consultants, and craft an effective planning document.

Very best regards,



Hillary Hauser, Executive Director



Alex Bennett, Policy Analyst

Alexander, Jacquelyne

From: Paul Hood <hood.paul@sbcglobal.net>
Sent: Monday, April 10, 2017 3:38 PM
To: Alexander, Jacquelyne
Subject: FW: Los Olivos CSD

From: Dennis Schoen [<mailto:dschoen@researchednutritionals.com>]
Sent: Monday, April 10, 2017 11:23 AM
To: lafco@sblafco.org
Subject: Los Olivos CSD

Dear LAFCO Members,
My name is Dennis Schoen and I am a Los Olivos resident in the special needs area of our town. I whole heartedly support your approval for a vote of our community regarding the establishment of a CSD.

I feel strongly that our community has taken a leadership role in this water issue. Combine that with a petition, signed by well over the minimum required number of residents, demonstrates our interest in solving this vexing issue. I think we should be able to exercise our right in this democracy to have this vote. This is a local matter that should be first determined by our residents versus another organization.

I urge to allow Los Olivos the right to exercise its right to vote and determine if it wants a CSD.

Thanks you for your time.

Dennis Schoen

Alexander, Jacquelyne

From: Paul Hood <hood.paul@sbcglobal.net>
Sent: Monday, April 10, 2017 3:38 PM
To: Alexander, Jacquelyne
Subject: FW: OPPOSITION to LAFCO 17-01, Formation of a Los Olivos Community Services District

From: Michael J. Patarak Jr. [<mailto:mpatarakjr@earthlink.net>]
Sent: Monday, April 10, 2017 2:44 PM
To: lafco@sblafco.org; Jacquelyne Alexander <jralexander@co.santa-barbara.ca.us>
Subject: OPPOSITION to LAFCO 17-01, Formation of a Los Olivos Community Services District

LAFCO Commissioners,

For the record, and after continued careful consideration of the associated publicly and privately funded studies and reports, as well as the public comments at the pertinent community and SBLAFCO meetings, it is my opinion that the formation of an LOCSD is not the most responsible, appropriate, or preferred option to address the septic-to-sewer and groundwater quality issues in Los Olivos. I will be attending the meeting on Thursday and hope to provide you with additional input supporting my opinion as the public comment period allows.

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Respectfully submitted,

Mike Patarak,
Resident of Los Olivos

Alexander, Jacquelyne

From: Paul Hood <hood.paul@sbcglobal.net>
Sent: Monday, April 10, 2017 5:33 PM
To: Alexander, Jacquelyne
Subject: FW: April 13, 2017 meeting
Attachments: doc20170410171021.pdf

From: Chris Dahlstrom [<mailto:cdahlstrom@syrwd.org>]
Sent: Monday, April 10, 2017 5:04 PM
To: lafco@sblafco.org
Cc: Acos, Jena S. (JAcos@BHFS.Com) <JAcos@BHFS.Com>; Kvistad, Gary (GKvistad@bhfs.com) <GKvistad@bhfs.com>
Subject: April 13, 2017 meeting

Dear Mr. Hood,

Please find attached the letter from SYRWCD, ID No.1 regarding item #3 on the agenda for April 13, 2017 LAFCO meeting.

Thank you.
Chris

*Chris Dahlstrom
General Manager
Santa Ynez River Water Conservation District, ID No.1
PO Box 157
Santa Ynez, CA 93460
805.688.6015
cdahlstrom@syrwd.org*



April 10, 2017

Santa Barbara Local Agency Formation Commission
Attn: Paul Hood, Executive Officer
105 E. Anapamu Street
Santa Barbara, CA 93101

TRUSTEES:

**DIVISION 1
LOS OLIVOS**
Harlan J. Burchardi

**DIVISION 2
SOLVANG**
Jeff Clay

**DIVISION 3
SOLVANG**
Kevin Walsh

**DIVISION 4
SANTA YNEZ**
Michael Burchardi

TRUSTEE-AT-LARGE
Brad Joos

GENERAL MANAGER
Chris Dahlstrom

**BROWNSTEIN HYATT
FARBER SCHRECK, LLP**
General Counsel

RE: Comments re Proposed Formation of the Los Olivos Community Services District

Dear Mr. Hood:

This letter is submitted in response to Changes of Organization and Reorganization Item No. 3 on the Santa Barbara Local Agency Formation Commission's ("LAFCO") April 13, 2017 agenda regarding LAFCO Application 17-01 for the formation of the Los Olivos Community Services District ("Los Olivos CSD"). The Santa Ynez River Water Conservation District, Improvement District Number 1 ("ID No. 1") respectfully provides the following comments for the LAFCO Board of Commissioner's consideration.

ID No.1 was formed in 1959 under the Water Conservation Law of 1931, Division 21, Section 74000 et seq. of the California Water Code for the purposes of furnishing domestic and agricultural water to customers within the Santa Ynez Valley. ID No.1 currently provides potable water service to more than 6,737 residents in the communities of Santa Ynez, Los Olivos, and Ballard, as well as to the City of Solvang. As you are aware, ID No. 1 also possesses the latent authority to provide sewage services within its existing service area.¹ Specifically, Water Code section 74593 permits ID No. 1 to treat, purify, and recycle sewage and storm water. Although ID No. 1 does not presently provide this service to its customers, it may do so in the future or if such request is made to provide service. As shown in Exhibit A to the Executive Officer's Report for this agenda item, ID No. 1's sphere of influence and service area are identical and presently extend throughout the Los Olivos area and fully encompass the boundary of the proposed Los Olivos CSD.

Therefore, ID No. 1 remains concerned that the proposed formation of the Los Olivos CSD conflicts with the letter and the spirit of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code section 56000, et seq.) by creating overlapping jurisdictions and the potential for the inefficient duplication of services. Further, the proposal to form the Los Olivos CSD poses potentially significant obstacles, including high

¹ ID No. 1 would also like to take this opportunity to correct an error in the "Plan for Services & Feasibility Study for Los Olivos Water Reclamation" prepared by Berkson Associates ("Berkson Report"), attached as Exhibit G to the Executive Officer's Report for this agenda item, which incorrectly states that ID No. 1 is not authorized by State law to provide wastewater services. As stated above, Water Code section 74593 permits ID No. 1 to treat, purify, and recycle sewage and storm water. There is no case law interpreting or suggesting otherwise.

financial liability for Los Olivos residents and the risk of failure due to inexperienced—and unsuccessful—governance.

I. Forming the Proposed Los Olivos CSD Would Run Contrary to the Purpose for Which LAFCO was Created and Would Violate the Cortese-Knox-Hertzberg Act

The Legislature established LAFCO as the “watchdog” tasked with guarding “against the wasteful duplication of services that results from indiscriminate formation of new local agencies or haphazard annexation of territory to existing local agencies.” (*City of Ceres v. City of Modesto* (1969) 274 Cal.App.2d 545, 553.) According to the California Association of LAFCOs, the purpose of a local agency’s sphere of influence is to prevent overlapping jurisdictions and the duplication of services:

The purpose of the sphere of influence is to ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands by **preventing overlapping jurisdictions and duplication of services**. Commissions cannot tell agencies what their planning goals should be. Rather, on a regional level, LAFCOs coordinate the orderly development of a community through reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of area residents and property owners.²

Similarly, Santa Barbara LAFCO’s sphere of influence policies provide that “[d]uplication of authority to perform similar service functions in the same territory will be avoided.”³ In accordance with LAFCO’s purpose, the formation of the proposed Los Olivos CSD should be denied because it will cause an overlap of jurisdiction with that of ID No. 1, and will cause the potential for future duplication of sewage services by the two public agencies, both of which will have statutory authorization to provide sewage services.

Approving formation of the Los Olivos CSD would also run contrary to Cortese-Knox-Hertzberg’s purpose—that LAFCO “pla[n] and shap[e] the **logical and orderly development and coordination of local governmental agencies**” through proper development of the sphere of influence of each special district, and more generally, that LAFCO “shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.” (Gov. Code §§ 56425(a) [emphasis added], 56301.) It is neither logical nor reasonable to create a new local agency within ID No. 1’s current service area to provide a service that ID No. 1 is authorized to provide without first, at the very least, approaching ID No. 1 to enquire about ID No. 1 potentially providing that service. Such action is patently irresponsible and will lead to the creation of newly overlapping jurisdictions and the possibility of duplication of services in the Los Olivos area, which runs squarely against the purpose of the Cortese-Knox-Hertzberg Act. If requested and approved by its Board of Trustees, ID No. 1 is fully capable of providing sewage services to the Los Olivos area without any change to its current sphere of influence or service area.

ID No. 1 also notes that Government Code section 56425(e)(3) requires that in determining the sphere of influence for each local agency, Santa Barbara LAFCO shall consider “[t]he present

² California Association of LAFCOs, “What is LAFCo?,” <http://calafco.org/about.htm> (emphasis added).

³ Santa Barbara LAFCO, “Sphere of Influence Policies,” http://www.sblafco.org/policy_02.sbc.

capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.” Although ID No. 1 does not currently own or operate any public sewage facilities in the Los Olivos area, ID No. 1 does have both a successful, cost-effective governance structure in place to provide services to the Los Olivos community and the expertise to construct and operate a sewage system, if requested. Therefore, ID No. 1 would be better suited to provide sewer services to the Los Olivos area since no change to its sphere of influence or boundaries is necessary, and the governance structure is already in place and has been successfully providing services to the Los Olivos community for decades.

Accordingly, there are both reasonable and legislative measures for Santa Barbara LAFCO to deny formation of the proposed Los Olivos CSD, because it would create overlapping jurisdictions of two local agencies both authorized by statute to provide sewage services and the potential for the wasteful duplication of services, resulting in inefficiency and disorderly development of local agencies in the Santa Ynez Valley.

II. Formation of the Los Olivos CSD is Financially Irresponsible and Runs a High Risk of Failure

In addition to the statutory concerns raised above, formation of a Los Olivos CSD, raises multiple practical concerns. First, LAFCO estimates that funding administrative functions—including creation of a governance structure—for the new local agency will cost Los Olivos taxpayers within the proposed service area up to \$200,000.00 per year.⁴ Given the relatively small number of parcels that comprise the Los Olivos community, this financial burden could significantly increase individual residents’ annual tax liability. Alternatively, ID No. 1 already has the governance structure in place to provide services to the Los Olivos community and could expand those services to include sewage and wastewater at little to no additional administrative costs.

Second, the successful formation of community service districts funded by a small taxpayer base along the Central California coast has an unfortunate track record. For example, several years ago the community of Los Osos in San Luis Obispo County undertook formation of a community services district to address similar sewage and wastewater treatment concerns. As we are all well aware, formation of the Los Osos CSD—which coincidentally has the same initials as the Los Olivos CSD—has been plagued with significant setbacks, not the least of which involved significant expense to local taxpayers as a result of inexperience and failed governance attempts. With this history in mind, it would be irresponsible to set the Los Olivos community up for similar failures and disappointments without first exploring other existing governance options, such as ID No. 1, which has a proven history of successfully providing services in the Santa Ynez Valley, including the Los Olivos community, since 1959. These decades of experience have proven that ID No.1 has a stable and cost-efficient governance structure and the expertise to efficiently and effectively provide a variety of public services to its customers. Additionally, because ID No.1 has the authority to act as a single multipurpose governmental agency that is accountable to the community’s service needs and financial resources, it is likely the best mechanism for establishing sewage and wastewater service to its existing Los Olivos customers. It would be sensible for LAFCO to first explore whether ID No. 1 could provide the same services more cost-effectively and with a lower risk of failure, rather

⁴ This amount does not include construction of the multi-millions dollar wastewater treatment and collection facilities that the community will also need to fund.

than to proceed with the formation of the proposed Los Olivos CSD without the full benefit of examining and analyzing all options.

As we have stated in our comment letters dated April 4, 2016 and February 28, 2017 and in public comment provided at the February 2, 2017 and March 2, 2017 LAFCO meetings, ID No. 1 offers the opportunity for governance and is available to explore providing sewage and wastewater services to the Los Olivos community consistent with the Cortese-Knox-Hertzberg Act and more cost-effectively than is being proposed through formation of a new special district.

We plan to attend the upcoming LAFCO meeting and are happy to answer any of staff's or the Commissioner's questions. If you have any questions or would like to discuss this matter further in the meantime, please do not hesitate to contact us.

Sincerely,



Chris Dahlstrom
General Manager

cc: Board of Trustees
Gary M. Kvistad, Brownstein Hyatt Farber Schreck, LLP

Alexander, Jacquelyne

From: Paul Hood <hood.paul@sbcglobal.net>
Sent: Tuesday, April 11, 2017 8:37 AM
To: Alexander, Jacquelyne
Subject: FW: Remote testimony - request to be read into the minutes, Los Olivos Water Reclamation

From: Puck Erickson [<mailto:cpe@arcadiastudio.com>]
Sent: Tuesday, April 11, 2017 7:29 AM
To: lafco@sblafco.org
Subject: Remote testimony - request to be read into the minutes, Los Olivos Water Reclamation

To the Members of the LAFCO Board,

I have been an active member of the Los Olivos community since 1995 and have lived in the Santa Ynez Valley since 1975. As a former member of the General Plan Advisory Committee that helped shape our last General Plan update and as a current member of the Central Board of Architectural Review, I cannot underscore how important maintaining the distinct communities with inner rural adjacencies has been to the continuing quality of life in the Santa Ynez Valley. I feel that the formation of the Los Olivos Special District would be consistent with the intent of the General Plan and afford myself and my neighbors a real voice in the decision making needed to determine our options for pursuing water reclamation.

I have heard from some neighbors that they are concerned as larger property owners or as property owners who have been required to install upgraded systems, that they somehow might be treated unfairly. I think nothing could be farther from the truth. With a community based district, we will have the ability to fine tune our plan addressing the needs and concerns of our neighbors with greater specificity and responsiveness.

Please support the measure to put this to a vote of the people.
Many thanks.

--

Carol Puck Erickson-Lohnas
Principal - [ARCADIA STUDIO](#) - 805 962 9055 ex 35

Alexander, Jacquelyne

From: Paul Hood <hood.paul@sbcglobal.net>
Sent: Wednesday, April 12, 2017 8:09 AM
To: Alexander, Jacquelyne
Subject: FW: LAFCO meeting, April 13 Agenda Item 3 (Los Olivos Community Services District)

From: Steve Pappas [<mailto:StevePappas@earthlink.net>]
Sent: Tuesday, April 11, 2017 8:07 PM
To: lafco@sblafco.org
Cc: jhartmann@countyofsb.org; jwolf@countyofsb.org; steve.lavagnino@countyofsb.org
Subject: LAFCO meeting, April 13 Agenda Item 3 (Los Olivos Community Services District)

Dear Chair Aceves and Commissioners,

I write to you today as a resident of Los Olivos for over 25 years.

Before you today is a very simple decision that I and so many others that live in Los Olivos are asking you to make: **approve** the LACO application that would allow the residents of Los Olivos to vote on forming their own local Los Olivos Community Services District.

This is not a complicated issue nor does it require a lot of pondering. You have two options before you, vote no and deny the Los Olivos Community the opportunity to pave their own destiny **or vote yes** and approve this application, that would simply allow this decision to be made by the local residents of Los Olivos on an open ballot.

I can speak from my own experience as a two time County Supervisor Candidate, that the most important issue for the thousands of people I have met is that they have the right to be heard and the opportunity to vote on and have a say in the future of their own local communities. By your Commission voting “yes” today, you are respectfully exercising the authority that the residents of Santa Barbara County have entrusted with you; I am sure you will not let us down.

Thank you,

Steve Pappas
Los Olivos Resident