

Santa Barbara LAFCO

Proposed Formation-Los Olivos Community Services District

April 13, 2017

Background

- Applicant: Register Voter Petition of Application (42.5%/Over 25% required)
- Location: The proposed district is comprised of approximately 441.03 acres and is located in the center of the Santa Ynez Valley, is the Los Olivos census designated place. The proposed district is located approximately at the intersection of State Highway 154 and Figueroa Mountain Road. As contained in the petition of application, the boundaries of the proposed district include all of the territory of the Los Olivos Special Problem Area as designated by the Board of Supervisors of the County of Santa Barbara.
- Purpose: The proposed district shall be authorized to collect, treat, and dispose of sewage, wastewater, recycled water, and storm water, in the same manner as a sanitary district, formed pursuant to the Sanitary District Act of 1923. The purpose of the formation of the district is to give Los Olivos voters the power to maintain local control of its community while complying with potential regulatory action arising from groundwater quality problems created by the use of individual septic systems.

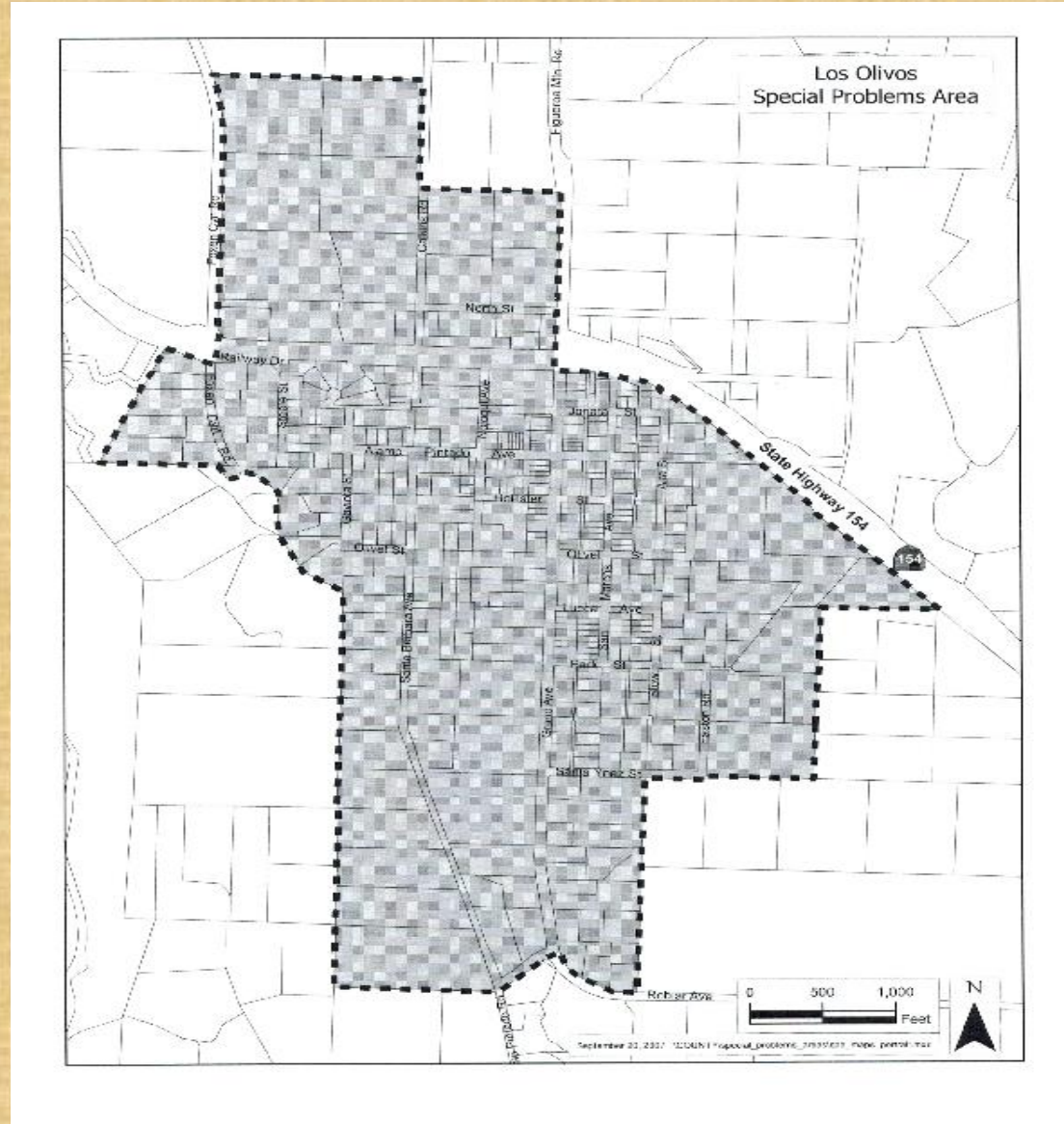
Background (Cont'd)

- Formation of the LOCSD will allow this local agency to propose a Local Agency Management Program (LAMP) and comply with State Water Board's Water Quality Control Policy for Siting, Design, Operation, and Maintenance of Onsite Wastewater Treatment Systems. The District may opt to provide services directly or contract with other agencies or entities for services if it is in the best financial interest of the community.
- Formation of the district shall be conditioned upon the approval of a special tax to fund the district's administrative functions. Pursuant to the petition the amount of up to \$200,000 per year is adequate to fund the district's administrative functions. This amount is based the Berkson Associates' Plan for Services and Feasibility Study which is discussed later in the staff report.
- An additional multi-million-dollar Proposition 218 assessment will be needed to fund the construction of wastewater treatment and collection facilities.

Boundaries

- The boundaries of the proposed district include all of the territory of the Los Olivos Special Problem Area as designated by the Board of Supervisors of the County of Santa Barbara. These are the boundaries proposed in the Petition of Application. Most of the area that will receive wastewater service from the proposed district is zoned for residential uses.
- There are also a number of small commercial establishments/office buildings, as well as a school. However, it should be noted that the Special Problems Area includes approximately 189 of the 441 acres proposed to be included in the district boundaries are zoned for agricultural uses. There are also parcels that are zoned for Inter-Rural Rural uses.

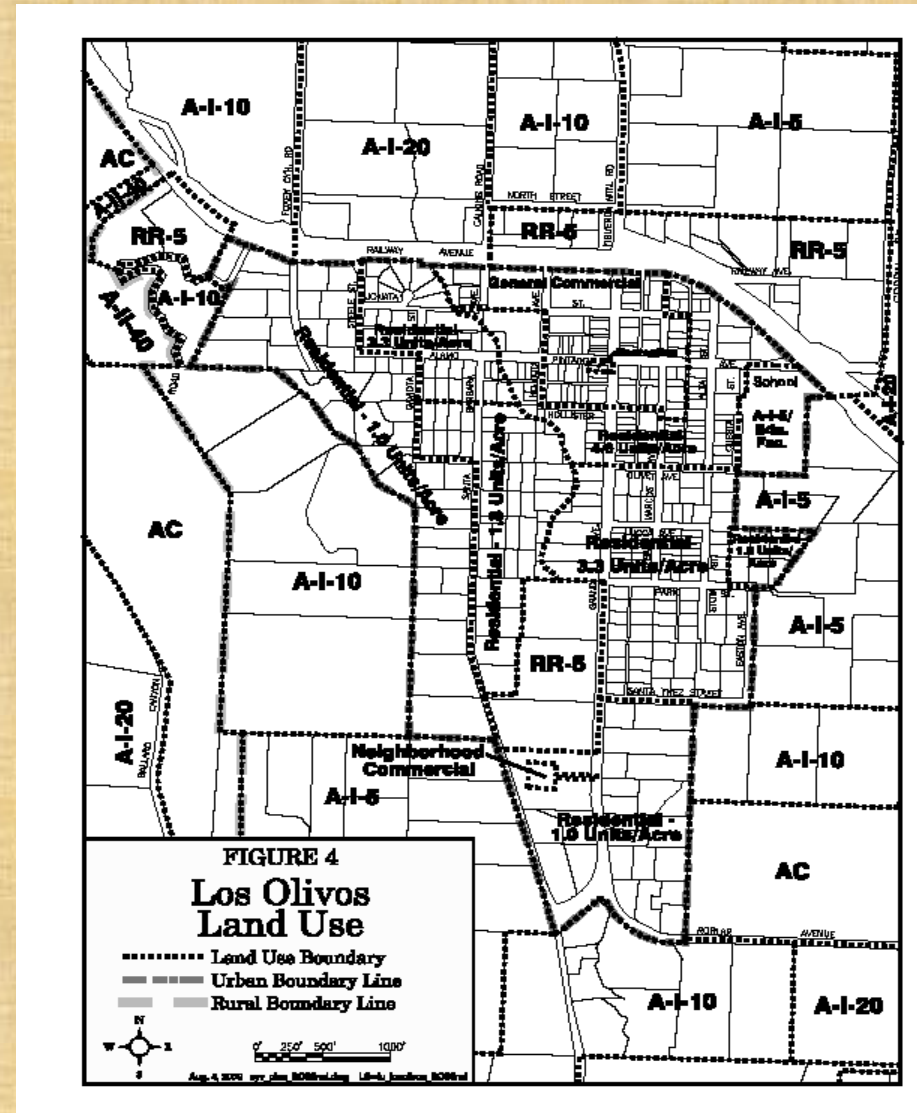
Proposed CSD Boundaries/Special Problems Area



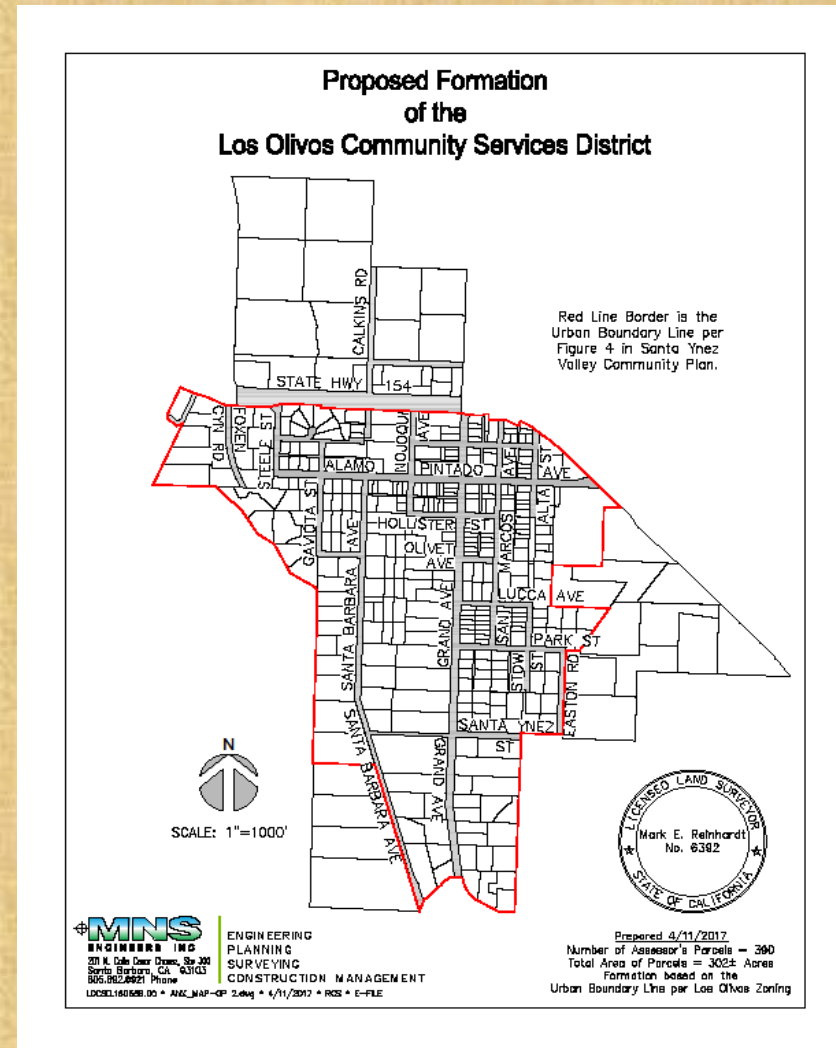
Boundaries (Cont'd)

- The County Department of Planning and Development has recommended that the Commission delete the Inter-Rural and Rural Areas, as well as the Agricultural parcels from the proposed CSD boundaries and sphere of influence, until such steps have been reviewed and approved by the County pursuant to appropriate general plan and zoning code considerations.

Los Olivos Land Use Map



Recommended LOCS D Boundaries



Governance Options

- There are several governance options that have been discussed regarding compliance with the Santa Barbara County Local Agency Management Program for Onsite Wastewater Treatment Systems. These options are as follows:
- Forming a Community Services District
This is the option being considered in the District Formation Application.
- Annexation to the Santa Ynez Community Services District (SYCSD)
The SYCSD filed a sphere of influence amendment application to include Los Olivos within the districts sphere of influence (SOI). If the SOI amendment were approved by LAFCO, the SYCSD has stated it would be willing to file a non-contiguous annexation application to provide wastewater collection and treatment services. Most of the construction costs would still be borne by the Los Olivos Community.
However, the SYCSD notified LAFCO that it does not object to the formation of an independent CSD in Los Olivos and would wait on the outcome before proceeding with its SOI request. If the CSD does not become a reality, the SYCSD would activate its SOI request. If the CSD does become a reality, the SYCSD would be willing to contract with the new district to administer wastewater services.

Governance Options (Cont'd)

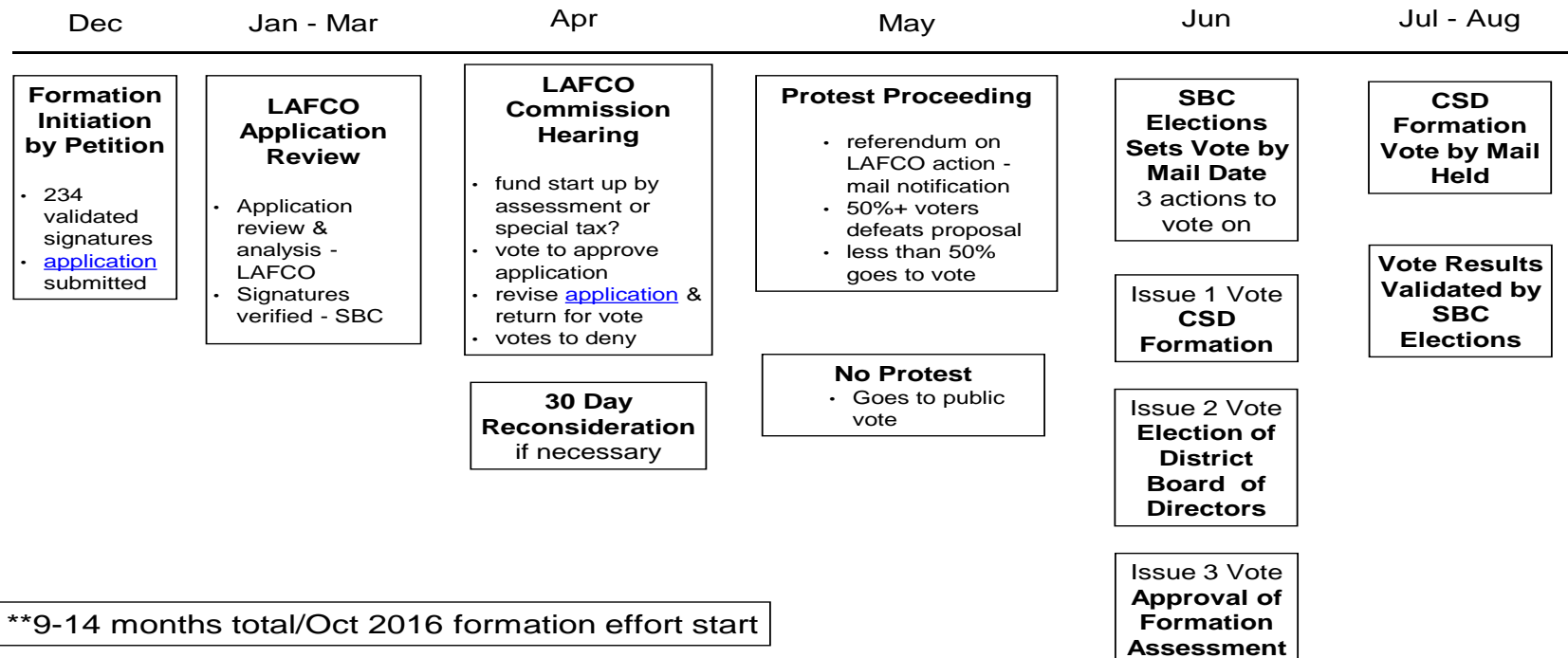
- County Service Area (CSA)
 - The County of Santa Barbara is also legally authorized to provide wastewater service through a dependent County Service Area. Although this is a possible option, at least at the staff level, the County would prefer that the wastewater service be provided by an independent special district. Setting up a CSA would still require an assessment for the construction of any wastewater collection and treatment facilities. Additionally, the County would likely want an assessment to pay for any administrative oversight as the County probably would not wish to fund the CSA out of County general funds.
- Santa Ynez River Water Conservation District, Improvement District No. 1
 - (ID No. 1) currently provides potable water services for the area, including Los Olivos and has informed the Commission that if all other options do not become a reality, that ID No. 1 would be available to provide wastewater services to Los Olivos. Los Olivos is within ID No. 1 boundaries and receives water service from the district. ID No. 1 asserts it has the statutory authority to provide wastewater treatment services. In order to consider ID No. 1 as an option, (and assuming it has the authority to provide such services), this District would have to apply to LAFCO to activate a “latent power” as this service is not currently provided by ID No. 1.

CSD Formation Process

- Petition: The formation process for Community Services Districts, is initiated by a petition signed by the at least 25% of the registered voters residing within the territory of the proposed district by resolution of application from the legislative body of any county, city, or special district within the territory proposed to be included in the district.
- LAFCO Hearing: When the application is complete, LAFCO conducts a noticed public hearing. After hearing public testimony, the Commission may either approve, modify, or deny the proposed formation. If it is approved, the Commission also will adopt any terms and conditions for the formation, and establish a sphere of influence for the new district.
- Protest Hearing: Following LAFCO Approval, the District formation is scheduled for a conducting authority (protest) hearing where no further modifications may be made. At the conducting authority stage, without majority protest, the conducting authority (LAFCO) shall make an order doing the following (57075):
- Election: After LAFCO adopts a resolution of formation, the Board of Supervisors shall be directed by LAFCO to call and give notice of an election in the area of the proposed district. If the majority of the votes cast favor the formation, the district shall be formed. However, if the formation is conditioned by LAFCO on approval by the voters of a special tax or approval by the property owners of a special benefit assessment, the district shall not be formed or shall cease to exist unless one is approved.

Formation Timeline

LAFCO/LOCSD Formation Estimated Timeline 2016/17



**9-14 months total/Oct 2016 formation effort start

Proposed Services

- Community Services District are authorized to provide a wide variety of services. However, the only service requested in the petition to form the Los Olivos CSD pursuant to Government Code Section 61100 (b) is as follows:
- ***(b) Collect, treat, or dispose of sewage, wastewater, recycled water, and storm water, in the same manner as a sanitary district, formed pursuant to the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail.***
- All other powers authorized under the Community Services District Law would be considered “latent” and would require LAFCO action based on a plan for services to be activated.

Financing

- The Report prepared by Berkson Associates - Plan for Services and Feasibility Study- Los Olivos Water Reclamation – October 24, 2016 estimates the first year of operation to be \$110,500 with a cost per Residential Unit Equivalent (RUE) of \$283 per year or \$24 per month. The cost at buildout is estimated to be \$189,000 per year, or \$376 per Residential Unit Equivalent, or \$31 per month.
- The AECOM Report – Update to Los Olivos Wastewater System Preliminary Engineering Report – September 13, 2016, estimates the Total Project Cost Summary (Page 5-10) as follows:

• Land Purchase Cost	\$ 688,000
• Construction Cost	\$14,949,000
• Additional Project Costs	<u>\$ 5,232,000</u>
•	
• Total Capital Cost	\$20,869,000

Conclusion:

- A petition of application has been filed with the Commission to form a Community Services District in Los Olivos. The petition was signed by 42.5 percent of the registered voters within the proposed district boundaries. During the course of the past few months several options were identified for complying with the requirement of the Local Agency Management Program (LAMP) established by with State Water Board's Water Quality Control Policy for Siting, Design, Operation, and Maintenance of Onsite Wastewater Treatment Systems
- At the March 2, 2017 meeting the Commission considered a letter from the Santa Ynez CSD that it would not object to LAFCO processing the formation request before looking at its Sphere of Influence application. In response staff was directed to return at the next regular meeting with the formation application.
- If the CSD formation is not successful, the options mentioned above are still available.

Resolution Revision Language

**PROPOSED REVISIONS TO
LAFCO RESOLUTION NO. 17-04**

- v. Approval by the voters within the District of a special tax as follows:
 - a) The maximum annual special tax authorized for the District shall be Two Hundred Thousand (\$200,000) and shall increase automatically each fiscal year thereafter by the percentage change in the Consumer Price Index (CPI) for the Los Angeles/Long Beach area for the prior 12 months.
 - b) The actual tax to be levied for any fiscal year shall be determined by a majority vote of the board of directors of the District on the basis of the actual revenues estimated to be required by the District to pay its reasonable and necessary expenses for such year.
 - c) The special tax shall be applied equally to each legal lot within the District, . except that unimproved property may be taxed at a lower rate than improved property.
 - d) The District's authority to levy the tax shall terminate once the District successfully adopts an assessment pursuant to Article XIII D Section 6 of the California Constitution (Proposition 218) to generate revenue sufficient to fund its administrative costs through charges other than the tax.

Recommendation Options

- After consideration of this report and any testimony or additional materials that are submitted the Commission should consider taking one of the following options:
 - OPTION 1 – APPROVE the proposal as submitted.
 - OPTION 2 - CONTINUE this proposal to a future meeting for additional information.
 - OPTION 2 - DENY the proposal

Recommendation

- **OPTION 1** – Adopt the attached resolution that will APPROVE the proposal as submitted, with revised boundaries to delete the parcels zoned for the Inter-Rural, Rural Areas, and Agriculture, and make the following findings and determinations.
- Determine the formation to be exempt from CEQA pursuant to CEQA Guidelines section 15378(b)(4).
- Approve the formation of the proposed Community Services District subject to the following terms and conditions:
 - The name is Los Olivos Community Services District.
 - Set the boundaries of the District as shown in Exhibit A to the Staff Report.
 - The District shall be governed by a five-member Board of Directors elected at large. Terms of office of the District directors shall be as set forth in the Community Services District Law, Government Code section 61000 et seq.
 - The District shall have those powers and responsibilities set forth in the Community Services District Law, Government Code Section 61100(b) Collect, treat, or dispose of sewage, wastewater, recycled water, and storm water, in the same manner as a sanitary district, formed pursuant to the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail. All other powers of Community Services District shall be considered latent and will require LAFCO approval to become active.

Recommendation (Cont'd)

- The District shall have those powers and responsibilities set forth in the Community Services District Law, Government Code Section 61100(b) Collect, treat, or dispose of sewage, wastewater, recycled water, and storm water, in the same manner as a sanitary district, formed pursuant to the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail. All other powers of Community Services District shall be considered latent and will require LAFCO approval to become active.
 - Approval by the voters within the District of a special tax as follows:
 - (a). The maximum annual special tax authorized for the District shall be Two Hundred Thousand (\$200,000) and shall increase automatically each fiscal year thereafter by the percentage change in the Consumer Price Index (CPI) for the Los Angeles/Long Beach area for the prior 12 months.

Recommendation (Cont'd)

- The actual tax to be levied for any fiscal year shall be determined by a majority vote of the board of directors of the District on the basis of the actual revenues estimated to be required by the District to pay its reasonable and necessary expenses for such year.
- (c). The tax shall be applied to each legal lot within the District based on assessed valuation
- Should the new Board of Directors levy any of the “Proceeds of Taxes,” described above, it will establish an Appropriations Limit. The “provisional appropriations limit of the district” should be set at \$250,000. This assumes the maximum special tax levy of \$200,00, plus a 25% buffer. Pursuant to sub-section (c), the permanent appropriations limit of the district shall be set at the first district election that is held following the first full fiscal year of operation.
- The District shall implement a Proposition 218 assessment within one year of the effective date as necessary to fund the wastewater treatment facilities for the area, including CEQA and other planning analysis, assessment study and necessary election. Santa Barbara LAFCO may otherwise extend such deadline, or other LAFCO approved arrangements are made for funding such construction.
- The effective date of formation of the District shall be 60-days after County Elections certifies the canvass of the election results that shows the formation has been approved.

Questions??