

1. INTRODUCTION

This report regarding the Goleta 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. MSR Guidelines prepared by the State Office of Planning and Research were referred to in developing information, performing analysis and organizing this study.

This report 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 November 17, 1944 and operates pursuant to the California Water Code, Section 30,000 et seq.

The District’s water system includes over 270 miles of pipelines, a water treatment plant, storage reservoirs, pumping facilities, active wells, a recycled water system and connections with Lake Cachuma and the State Water Project.

The estimated replacement value of the entire system is approximately \$700 million. As illustrated in the District’s 2010 Urban Water Management Plan, several mutual water companies operate within the District’s service area.

Located in southern Santa Barbara County the District encompasses much of the Goleta Valley and also some properties east of Highway 154. It extends west and includes some properties along the Gaviota Coast.

A board of directors, consisting of five members elected at-large, governs the District. A General Manager is responsible for administrative functions. A District organizational chart is on file in the LAFCO office.

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

District Services

The District provides water to a diverse population of approximately 87,000 through over 16,000 meters. Customers include a mix of agricultural, residential, commercial, industrial and institutional uses.

Additionally, the District provides recycled water through approximately 30 meters used primarily for landscape irrigation. The District actively promotes water conservation for all customers.

Other Governmental Agencies within the District

Local agencies that overlap the District include the City of Goleta, City of Santa Barbara, County Service Area 32 (Law Enforcement), County Service Area 31 (Goleta Valley), County Service Area No. 3 (Isla Vista), Embarcadero Municipal Improvement District, Goleta Sanitary District, Goleta West Sanitary District, Mosquito and Vector Management District of Santa Barbara County, Santa Barbara County Fire Protection District and Santa Barbara Metropolitan Transit District.

3. MSR DETERMINATIONS

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

Infrastructure Needs and Deficiencies

The District's water supply sources include the Lake Cachuma, the State Water Project, groundwater from the Central/Northern Goleta Groundwater Basin and Recycled Water. The District recently adopted an Infrastructure Improvement Plan to identify and address necessary infrastructure improvements. The ability to fund infrastructure projects was enhanced through a recent increase in water and meter rates. Accordingly, planning infrastructure improvements are within the District's capability to achieve.

Growth and Population Projections

The District prepares service demand projections based on zoning for vacant properties. Actual water usage is used to check population projections. The District accepts Association of Government growth projections for use in Municipal Service Reviews.

Financing Constraints and Opportunities

The District recently completed a comprehensive cost of service study regarding meter charges and water rates. Following completion of the study, the Board of Directors adopted a 5-year series of rate increases to accommodate service delivery and

infrastructure investment. The District is fully funded through water rates and charges, and revenues fluctuate annually depending on water sales and usage by customers.

Cost-Avoidance Opportunities

These include converting to digital water meters, preventative replacement of polybutylene lines with copper service lines, implementation of electronic customer billing and use of portable field technology to minimize trips between field and office.

The District participates in Joint Powers Authorities with other public utilities to protect legal interests of south coast agencies and to obtain pooled property, automotive, liability and workers compensation insurance savings.

Opportunities for Rate Restructuring

Pursuant to State law, the District's rates are structured to recover cost of providing water service to its customer base. The District recently completed a comprehensive cost of service study regarding meter charges and water rates. Following completion of the study, the Board of Directors adopted a 5-year series of rate increases to accommodate service delivery and infrastructure investment.

Opportunities for Shared Facilities

The District participates in Joint Powers Authorities with other public utilities to operate jointly used facilities to bring water from the Cachuma Project on the Santa Ynez River to the South Coast and to deliver State Project water to Santa Barbara County.

Government Structure Options

The "Request for Information for Municipal Service Reviews" asked,

"Are there structural reorganizations such as consolidations or reorganizations that your agency thinks should be evaluated in the next few years to benefit recipients of your agency's services or improve the provision of services generally?"

District response:

"The District is an efficient, well-run agency, focusing on delivering a lifeline service to its customer base. At this time the District does not anticipate that consolidations or reorganizations would benefit recipients of District service or improve the provision of District service.

Management Efficiencies

The District is a well-managed agency effectively serving its residents and customers. District management implementation of board-policy has resulted in enhanced customer

service, efficient delivery of service and greater transparency and accountability to its customers and the general public.

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 implements numerous activities to ensure accountability, as well as open and transparent communication and decision-making with the public. These include:

- Managing a walk-in customer service area and staffing a 24-hour per day emergency standby program to respond to potential water service and infrastructure problems.
- Maintaining a website with District contact information, as well as materials concerning District operations and activities.
- Posting Agendas and Staff Reports for monthly public Board of Directors meetings and monthly public Board Committee meetings.
- Participation in public outreach events and festivals such as Earth Day. primary and secondary school presentations and Goleta Lemon Festival.
- Delivery of a newsletter two times per year to its customers.

4. SPHERE OF INFLUENCE REVIEW

Description of Current Sphere of Influence

The District’s boundaries and sphere of influence are largely coterminous, with a few “islands.” A map of the District and its sphere are included.

No Proposed Boundary Changes

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

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| 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 is boundaries or its sphere of influence? | No |
| Are there areas your agency currently serves that might be served more efficiently by another agency? | No |

The District’s eastern area, which borders the City of Santa Barbara, is governed by a special agreement and is known as the “overlap area.” Given the technical and capacity matters impacting this area, the District will continue to work with the City to resolve any outstanding issues in a cost-effective manner.

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 . A C K N O W L E D G E M E N T S & R E F E R E N C E S

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

The Goleta Water District provided the basic information and documents upon which the evaluation is based. The District staff, notably General Manager John McInnes and Assistant General Manager Dave Matson, was instrumental in providing data.

Mapping services were provided by the County Surveyor.

6 . R E C O M M E N D A T I O N S

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