

# LAFCO

---

**Santa Barbara Local Agency Formation Commission**

105 East Anapamu Street ♦ Santa Barbara CA 93101

805/568-3391 ♦ FAX 805/647-7647

www.sblafco.org ♦ lafco@sblafco.org

March 1, 2012 (Agenda)

Local Agency Formation Commission

105 East Anapamu Street, Room 403

Santa Barbara CA 93101

**Memorandum of Agreement with Santa Ynez River Water Conservation District,  
Santa Ynez River Water Conservation District Improvement District No. 1 and  
Adoption of Sphere of Influence for Improvement District No. 1**

Dear Members of the Commission:

RECOMMENDATION

It is recommended the Commission hold a public hearing and execute the enclosed Memorandum of Understanding with Santa Ynez River Water Conservation District and the Santa Ynez River Water Conservation District Improvement District No. 1.

It is further recommended the Commission adopt the Sphere of Influence as set forth in the attached resolution and find this action is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines section 15061(b)(3).

DISCUSSION

History and Background

The Santa Ynez River Water Conservation District (referred to herein as the Parent District) was formed in 1939. The Santa Ynez River Water Conservation District Improvement District No. 1 (referred to herein as ID No. 1) was formed in 1960 as an “improvement district” of that District. As such it was governed by the Parent District Board of Directors.

In 1968 a separate and distinct governing board was established for ID No. 1 in accordance with the California Water Code, although a number of contractual provisions continue to govern the relationship between ID 1 and the Parent District.

A question has been raised as to whether ID No. 1 is subject to LAFCO jurisdiction similar to other special districts in the County. Historically the District has taken the position it is exempt from LAFCO regulation of District boundary changes or service extensions and is exempt from paying its proportionate “share” of the annual LAFCO budget.

---

**Commissioners:** Jeff Moorhouse, Chair ♦ Lupe Alvarez ♦ Doreen Farr ♦ Bob Orach ♦ Cathy Schlottmann ♦ Bob Short  
Janet Wolf ♦ Joe Armendariz ♦ John Fox ♦ Steve Lavagnino ♦ Roger Welt      **Executive Officer:** Bob Braitman

AGENDA ITEM NO. 12

On October 5, 2006 LAFCO Legal Counsel Bill Dillon submitted an analysis to the Commission concluding that ID No.1 is a special district that is subject to the jurisdiction of the Commission and is not an “improvement district” as that term is defined in LAFCO statutes.

For several years ID No. 1 has been paying its proportionate share of LAFCO financial support either directly or through the Parent District.

On April 7, 2011 the Commission considered a staff report and recommendation to consider a Municipal Service Review and adopt a Sphere of Influence for ID No. 1. After receiving testimony from ID No. 1 General Manager Chris Dahlstrom, the Commission continued the public hearing for six months and appointed an ad hoc committee of Commissioners Farr and Schlottmann to confer with the District to reach agreement regarding jurisdictional issues.

The ad hoc committee met with the District’s ad hoc committee of Trustees Harlan Burchardi and Larry Musgrove on June 8 and 29. Staffs and legal counsels attended both meetings.

On July 7 the members of the ad hoc committee presented a report to the Commission on their discussions with representatives of ID No. 1, and the Commission received a June 13, 2011 memorandum from the ID #1 staff to its Board of Trustees outlining options to resolve jurisdictional issues.

The Chair noted at that time that this item may be returned to the Commission as a Memorandum of Understanding (MOU) between LAFCO, ID No 1 and the Parent District.

#### Current Status

On September 7 Gary Kvistad, legal counsel for ID No. 1, provided the LAFCO staff and legal counsel with portions of a draft MOU intended to “Establish Cooperative Relationship and Procedures Between LAFCO, the Santa Ynez River Water Conservation District, and the Santa Ynez River Water Conservation District, Improvement District No. 1.”

On September 29 Mr. Kvistad advised had been directed by the ID No. 1 Board of Trustees to draft the remainder of the MOU and work with the Parent District legal counsel to ensure actions by that agency would be consistent with actions taken by LAFCO.

Since that time there have been ongoing discussions and the exchange of drafts between all of the parties. We feel the enclosed MOU should be acceptable to the Commission since it protects the essential goal of being able to relate to ID No. 1 as we do other independent special districts.

Proposed Memorandum of Understanding

The wording that has been developed in the MOU is meant to be understandable and straightforward. In Sections I and J it is acknowledged that:

I. The Parties have a difference of opinion and interpretation regarding whether ID No. 1 is the type of special district that is subject to the provisions of the Cortese-Knox-Hertzberg Act. Under ID No. 1's interpretation, the Water Code provides that the Parent District is the final decision maker as it relates to the District's organization, and the Cortese-Knox-Hertzberg Act exempts "improvement districts" from all LAFCO jurisdiction.

Under LAFCO's interpretation, the Cortese-Knox-Hertzberg Act's exemption of improvement districts does not extend to ID No. 1, as it does not qualify as an exempt "improvement district" as defined in Government Code Section 56041. Therefore, LAFCO asserts it is the final decision maker relating to the District's organization comparable to other special districts in the County.

J. The Parties wish to enter into this MOU to allow the Parties to exercise their respective statutory obligations despite the above difference of opinion and interpretation between the Parties

Other relevant portions of the MOU provide for (a) continued ID No. 1 payments of its annual portion of the LAFCO budget, paid either directly or through the Parent District, (b) the Districts providing information as needed to assist LAFCO in preparing Municipal Service Reviews of the Parent District and ID No. 1 and (c) a procedure for LAFCO to adopt, amend and update Spheres of Influence for the Parent District and ID No. 1.

Other provisions in the MOU are designed to insure ongoing cooperative relationships between all of the affected Parties.

LAFCO staff and legal counsel recommend positive consideration of the proposed MOU.

Municipal Service Review and Sphere of Influence for ID No. 1

The law requiring LAFCOs to develop and determine Spheres of Influence dates from 1971 and is set forth in Government Code Section 56425. The law requiring LAFCOs to prepare Municipal Service Reviews became effective in 2001 and 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 provided in the county or other appropriate area designated by the commission.

The Municipal Service Review and Sphere of Influence for ID No. 1 is enclosed and describes services provided by the District.

Environmental Documentation:

The proposed Sphere is identical to the District boundaries. Adopting a sphere that is coterminous with the existing District boundaries is the most limited sphere of influence that may be proposed for a district or city. As such, it can be seen with certainty that setting the sphere of influence will not have a potential significant adverse impact on the environment and is therefore exempt from the California Environmental Quality Act pursuant to CEQA Guidelines section 15061(b)(3).

Recommended Action

In light of the foregoing information, it is recommended the Commission:

1. Approve and authorize the Chair to sign the enclosed Memorandum of Understanding with Santa Ynez River Water Conservation District Improvement District No. 1 and Santa Ynez River Water Conservation District
2. Certify it has reviewed the Municipal Service Review and Sphere of Influence report for the Santa Ynez River Water Conservation District Improvement District No. 1,
3. Determine that adopting the Sphere of Influence that adheres to the existing District boundary has no environmental impact and direct the Executive Officer to post a notice of exemption from the California Environmental Quality Act pursuant to CEQA Guidelines section 15061(b)(3), and
4. Adopt the enclosed resolution creating a Sphere of Influence for ID No. 1 that is coterminous with the District boundary.

Please contact the LAFCO office if you have any questions.

Very truly yours,



BOB BRAITMAN  
Executive Officer

Local Agency Formation Commission  
SYRCSD Improvement District No. 1  
March 1, 2012 (Agenda)  
Page 5 of 5

Attachments:

- A. Memorandum of Understanding with Santa Ynez River Water Conservation District Improvement District No. 1 and Santa Ynez River Water Conservation District
- B. Municipal Service Review and Sphere of Influence Report for the Santa Ynez River Water Conservation District Improvement District No. 1 (March 2012)
- C. LAFCO resolution adopting the Improvement District No. 1 Sphere of Influence.