

Draft Resolution No. XXXX

111 Santa Rosa Ave. Suite 240
Santa Rosa, CA 95404

August 7, 2024

Resolution of the Local Agency Formation Commission of the County of Sonoma, State of California, Making Findings and Determinations Related to Information Contained in the Municipal Service Review and Sphere of Influence Study for the Valley of the Moon Water District, Approving the Determinations for the Municipal Service Review and Sphere of Influence, and Amending the Sphere of Influence for the District

RESOLVED, that the Local Agency Formation Commission of the County of Sonoma (“the Commission”) hereby finds and determines as follows:

1. Procedural History

1.1 Landowners proximate to the The Valley of the Moon Water District (“District” or “VOMWD”) requested that the Commission prepare a Municipal Service Review and amend the District sphere of influence pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code section 56000 et seq. (“the Cortese-Knox-Hertzberg Act”). Following the preparation of a Municipal Service Review and Sphere of Influence Study, the Executive Officer set the District’s Request for consideration by the Commission and provided notice thereof as provided in the Cortese-Knox-Hertzberg Act.

1.2 The Executive Officer determined that the Commission would comply with CEQA and the State CEQA Guidelines by acting as the lead agency in its consideration of the District’s Request.

1.3 The Executive Officer reviewed the District’s Request and written comments received thereon and prepared a report analyzing it and recommending its approval (“the Executive Officer’s Report”). Upon completion, the Executive Officer furnished copies of the Executive Officer’s Report to all persons entitled to copies under the Cortese-Knox-Hertzberg Act

1.4 The Commission conducted a noticed public hearing on the District’s Request on August 7, 2024. At the hearing, the Commission heard and received all relevant oral and written testimony and evidence presented or filed and considered the Executive Officer’s Report and the District’s Request. All interested persons were given the opportunity to hear and be heard. At the conclusion of public testimony, the Commission closed the public hearing and requested that staff make revisions to the determinations in the Municipal Service Review.

1.5 The Commission has reviewed and considered this resolution and hereby finds that it accurately sets forth the intentions of the Commission regarding the District's Request for preparation of a Municipal Service Review and amendment of the District's sphere of influence.

2. CEQA Compliance

2.1 The Commission concurs with the Executive Officer and finds that the Commission is the lead agency for the preparation of the Municipal Service Review and amendment of the District's sphere of influence, pursuant to CEQA.

2.2 The Commission, finds and determines that amendment to the Sphere of Influence of the District is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061 (b)(3) of the State CEQA Guidelines, which states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is not a possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

2.3 Amendment to the sphere of influence of the District will not result in a physical change to the environment in and of itself. Any future actions for change of organization would be further subject to separate environmental determination.

2.3 The Commission has considered the potential environmental effects of the Proposal prior to reaching its decision. The Commission finds that, in doing so, it has fully discharged its responsibilities under CEQA.

3. Cortese-Knox-Hertzberg Act Compliance – Municipal Service Review

3.1 LAFCOs are directed to, as necessary, review and update agencies' spheres of influence every five years, according to Government Code Section 56425. Section 56430 requires municipal service reviews to be conducted prior to, or in conjunction with, updates to spheres of influence. Municipal service reviews must address certain factors. The Commission has considered these factors and makes the following determinations:

3.2 *Growth and population projections for the affected area:*

The population estimate for the District is 23,687 based on the number of connections and an average of 3.3 persons per connection. The factor was derived by the District based on an analysis of the 2000 and 2010 census.

The District is anticipating significant development projects at the Sonoma Developmental Center site, the Hanna Boys Center mixed-use development, and projects that would be enabled by the Springs Specific Plan.

Based on ABAG regional plans it is anticipated that the District population will grow by 1.5% annually for a total of 33,483 in 2045. Historical population increases average about half that rate or 0.7% per year. Using historical growth, the District population would be 31,292 in 2045. These two figures can be considered an upper and lower bound for the population.

3.3 *The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence:*

Disadvantaged Unincorporated Communities (DUCs) are defined as inhabited unincorporated areas whose median household income is less than 80% of the statewide median household income (MHI). For 2020 that figure was \$62,938. The DWR mapping tool identified one area that fell below 80% of the statewide MHI in Boyes Hot Springs. However, the area is within the District and receives water from VOMWD. There are no DUCs in or adjacent to the SOI.

3.4 *The present and planned capacity of public facilities adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence:*

The District's primary source of water is purchased water from Sonoma Water supplemented by groundwater from the District's wells. The purchased water is conveyed to the District by an aqueduct. The District contracts with Sonoma Water for 3,200 acre feet per year (AFY). Groundwater is produced by the District's five active wells. The District's well can produce up to 788 AFY.

The District participates in the Sonoma Valley Groundwater Sustainability Agency and is reviewing a groundwater banking program for the future.

The District has determined that recycled water is not feasible at this time and has no plans to use recycled water.

Recent water demand ranged from 2,343 to 2,649 AFY, well under the contracted supply commitment from Sonoma Water. Projected demand surpasses Sonoma Water's supply commitment in 2035. However, there is sufficient District groundwater capacity to meet projected demand for 2035 through 2045.

The District's Urban Water Management Plan anticipates an annual 1.5% growth in demand based on historical trends. The Plan does not specifically account for two large, proposed developments (the Hanna Boys Center development and the Sonoma Developmental Center redevelopment).

3.5 *Financial ability of agencies to provide services:*

The total revenue for FY 2023-2024 is projected to be \$7.9 million, while total expenses are projected at \$6.03 million. Largest expenses are purchased water, 38%, salaries, 26%, and services and supplies, 19%. The remaining expenses include benefits, employer expenses, and board of director's expenses.

Funding sources for the District include connection fees and water rates. Connection fees are highly variable and are only charged for new services. Because connection fees are so variable the fees are set aside for capital improvement projects. Water charges provide a steady source of revenue to balance expenses. The District maintains a two-tier system to account for the cost of providing purchased water and groundwater.

Revenues exceeded expenses each year except in FY2019-2020. The shortfall was due to creating a second managerial position, so the Administration and Finance had separate managers. The shortfall was addressed through a transfer from reserves.

The Board has designated three reserve funds, the operations and maintenance reserve, rate stabilization reserve, and the Capital Improvement Program (CIP) reserve. The operations reserve is able to fund three average months of the annual operations and maintenance budget or \$1 million whichever is higher. The Rate Stabilization Reserve is designed to buffer revenue instability as a result of drought, natural disaster, or economic downturn. This reserve is funded at one month of water rate revenue but not more than \$500,000. The CIP reserve was established to fund the five-year CIP. The reserve is targeted as three percent of asset values or \$800,000. The District has a five-year CIP plan for approximately \$10 million in improvements, starting with \$3.4 million in FY 23-24.

The district has no outstanding debt obligations. The previous debt of \$382.498, due in 2027, was retired early in FY 2021-22. The net OPEB liability to the District, based on the 2020 audit, is \$382.498 in 2020. The total liability to the District based on the 2020 audit is \$5.2 million.

Rates generate approximately \$7 million annually which is sufficient to cover expenses.

3.6 *Status of, and opportunities for, shared facilities:*

The District works with Sonoma Water and a number of other agencies to provide potable water to its customers. The District has participated with several agencies on plans to comply with SGMA to protect its groundwater resources.

The district exhibits management efficiencies through its planning activities. In addition to the Sonoma Valley GSP, the District adopted a new strategic plan in 2022 and a rate study. The District regularly updates its capital improvement plans and annually adopts a spending plan, the budget.

3.7 *Accountability for community service needs, including governmental structure and operational efficiencies:*

VOMWD is governed by a five-member board of directors, elected to four-year staggered terms. Board members receive compensation of \$216 per meeting.

Board meetings are held monthly, generally on the first Wednesday at 6:30. The District posts a meeting schedule on its website. Meetings follow the Brown Act.

The District communicates with residents through mailed notices, its website, Nextdoor and social media.

4. Cortese-Knox-Hertzberg Act Compliance – Sphere of Influence

4.1 Section 56425(e) of the Cortese-Knox-Hertzberg Act requires the Commission to prepare a written statement of determinations with regard to the sphere of influence (“SOI”) of a local agency. The Commission makes the following determinations:

4.2 *Present and planned land uses in the area, including agricultural and open space lands.*

The properties proposed for inclusion in the District’s sphere of influence are primarily zoned for rural residential purposes and are not slated for additional development and are not expected to be re-zoned.

4.3 *Present and probable need for public facilities and services:*

Both the Trinity Oaks and Flicker Hill Road parcels are appropriate additions to the sphere of influence for VOMWD. The Trinity Oaks area is experiencing declining groundwater availability; the Flicker Hill Road parcel experienced groundwater quality issues and has been approved for VOMWD service under an Outside Service Area Authorization.

4.4 *Present capacity of public facilities and adequacy of public services provided by the agency:*

The District has sufficient existing water supply capacity to serve existing customers within its service area as well as the projected needs of the properties recommended for inclusion in the District’s sphere of influence. The District may face significant demand growth from two large potential development projects in the near term however, and will have to re-evaluate water supply and demand projections accordingly.

4.5 *Social or economic communities of interest:*

There are no designated communities of interest proximate to the borders and sphere of influence of the District.

4.6 *Present and probable need for services to disadvantaged communities:* Independent special districts are exempt from Disadvantaged Unincorporated Community annexation provisions. Additionally, there are no Identified Disadvantaged Unincorporated Communities proximate to the District's borders or sphere of influence.

4.1 The Commission concludes that the Sphere of Influence of the Valley of the Moon Water District shall be amended to include the parcels referenced in Table 10-1 of the Municipal Service Review and Sphere of Influence Study of March 2024, which include one parcel in the unincorporated community of Glen Ellen and parcels on and near Dunbar Road in the unincorporated Trinity Oaks area.

NOW, THEREFORE, based on the foregoing findings and determinations and the record of these proceedings, and pursuant to the Cortese-Knox-Hertzberg Act, the Commission hereby declares and orders as follows:

1. The foregoing findings and determinations are true and correct, are supported by substantial evidence in the record, and are adopted as hereinabove set forth.

2. The Commission has reviewed and considered the information contained in the final Municipal Service Review and Sphere of Influence Study for the Valley of the Moon Water District.

3. The Commission approves the determinations made in the Municipal Service Review and Sphere of Influence Study for the Valley of the Moon Water District and approves the amendments to the District Sphere of Influence recommended in the report.

4. The Executive Officer is directed to file a Notice of Exemption, in accordance with CEQA and the State CEQA Guidelines.

5. The Clerk of the Commission is designated as the custodian of the documents and other materials that constitute the record of the proceedings upon which the Commission's decision herein is based. These documents may be found at the office of the Clerk of the Commission, 111 Santa Rosa Ave. Suite 240, Santa Rosa, CA, 95404.

THE FOREGOING RESOLUTION was introduced at a regular meeting of the Commission on the 7th day of August 2024 and ordered adopted by the following vote:

Commissioners:

AYES:
NOES:
ABSENT:

WHEREUPON, the Chair declared the foregoing resolution adopted and
SO ORDERED.

Mark Bramfitt, Executive Officer

The within instrument is a true and correct copy of the original on file in this office.

ATTEST:

BY: _____
Clerk

DRAFT