

The SDC campus does not currently receive services from the District. It is anticipated that the SDC area will be redeveloped and served by the District soon. However, details of the SDC redevelopment, including timing and land use, are not currently known. The District intends to work with the County on the development of the SDC Specific Plan as well as the update of the General Plan.

Exhibit 9-2: Valley of the Moon Water District Land Use Map

In addition, the District is working with the County on the development of the Springs Specific Plan which is for a residential and commercial areas immediately north of the City of Sonoma and along Highway 12 in the Springs. It is anticipated that the Springs Specific Plan will enable infill development with additional residences that will require municipal water services.

Present capacity of public facilities and adequacy of public services provided by the agency.

The capacity section of this report has indicated that the District has the capacity to serve the area within its current boundary. Demand for potable water from 2016-2020 ranged from 2,334 to 2,671 AF. Total annual capacity is 3,200 AF of purchased water plus up to 788 AF of groundwater for a total of 3,988 AF.

The anticipated demand by the additional rural residential parcels is approximately 0.89 AFY based on the value of 118 GPCD. This increased demand is small compared to overall demand and availability in the near term.

Demand estimates show the District will have sufficient water through 2030 based on the purchased water agreement alone. After 2030 demand exceeds 3,200 AF and will need to be supplemented with groundwater. Maximum demand for normal, dry year and sustained dry years is estimated as 3,477 AF in 2045. Given that 788 AFY is available from groundwater there is sufficient water to meet anticipated demand. Therefore, the District has the capacity to accommodate serving the properties recommended for inclusion in the District's sphere.

Determination

9.3 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.

Social or economic communities of interest.

Determination

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

Present and probable need for services to disadvantaged communities.

Determination

9.5 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.

10: RECOMMENDATIONS

The VOMWD is a well-run water district. Rates are sufficient to provide enough revenue for services. Typically, a rate study is performed every five years to provide a realistic assessment of costs for water service. The most recent rate study was completed in 2022, so the district is not due for another study until 2027.

The District has sufficient capacity to accommodate growth up to 2035 with purchased water from Sonoma Water. After 2035 and through 2045 purchased water must be supplemented with groundwater to meet demand. Nevertheless, the District has sufficient capacity to meet demand. The District is in the process of refurbishing one of its wells and possibly drilling another. While not really needed now the new wells can add to capacity toward the 20-year time horizon and if feasible should be completed.

The development of the Springs Specific Plan area is expected around 2040. The additional cost for service will be assessed through connection fees. By that time the District should have completed its CIP projects to provide additional capacity through enhanced groundwater and water banking.

Several landowners around Dunbar Road in the Trinity Oaks area have requested to be included in the District's sphere, so that they may seek annexation to the District. The anticipated demand by the additional rural residential parcels is approximately 0.89 AFY. The expected demand from the OASA parcels is small compared to overall demand and availability in the near term. Demand estimates show the District will have sufficient water through 2030 based on the purchased water agreement alone. After 2030 demand exceeds 3,200 AF and will need to be supplemented with groundwater. Maximum demand for normal, dry year and sustained dry years is estimated as 3,477 AF in 2045. Given that 788 AFY is available from groundwater, for a total of 3,988 AF, there is sufficient water to meet anticipated demand. Therefore, the District has the capacity to accommodate additional out of area customers.

The additional rural residential properties are likely to need potable water. Without water from the District water would be drawn from private wells. Annexation to the District can be approved if the parcels in question are within the SOI. Therefore, it is recommended that the District amend the current SOI to include them.

Determinations:

10.1 The District is in the process of refurbishing one of its wells and possibly drilling another. While not needed now the new wells can add to capacity toward the 20-year time horizon and if feasible should be completed. The District should amend the SOI to include the Dunbar Road and the Flicker Hill Road parcels so as to allow for annexation to the District.

11: SUMMARY OF DETERMINATIONS

11.1 – Municipal Service Review Factors

The following is a summary of determinations for each of the seven areas.

Growth and Population Projections for the Affected Area.

3.1 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.

3.2 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.

3.3 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.

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

4.1 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.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services Including Infrastructure Needs or Deficiencies.

5.1 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.

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

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

5.4 Recent demand, since the 2015 Urban Water Management Plan, ranged from 2,343 to 2,649 AFY. Projected demand surpasses Sonoma Water's commitment in 2035. However, there is sufficient groundwater capacity to meet projected demand for 2035 through 2045.

Financial Ability of Agencies to Provide Services.

6.1 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.

6.2 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.

6.3 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.

6.4 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.

6.5 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.

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

Status of and Opportunities for Shared Facilities.

7.1 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.

7.2 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.

Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies.

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

8.2 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.

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

9 Sphere of Influence Considerations

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

9.1 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.

Present and probable need for public facilities and services

9.2 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.

Present capacity of public facilities and adequacy of public services provided by the agency.

9.3 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.

Social or economic communities of interest.

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

Present and probable need for services to disadvantaged communities.

9.5 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.

10 Recommendations

10.1 The District is in the process of refurbishing one of its wells and possibly drilling another. While not needed now the new wells can add to capacity toward the 20-year time horizon and if feasible should be completed.

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