

2017

# MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY

FOR THE

VALLEY OF THE MOON WATER  
DISTRICT

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SONOMA LOCAL AGENCY FORMATION COMMISSION  
6/1/2017



**Project Name:** MSR/SOI Amendment for Valley of the Moon Water District

**Conducted By:** Sonoma Local Agency Formation Commission  
575 Administration Drive, Room 104A  
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**Date:** June 2017

**Subject Agency:** Valley of the Moon Water District

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**Date of Last MSR:** 2004

**Date of Last SOI Confirmation:** 2011

## **Contents**

MSR/SOI BACKGROUND .....	2
ROLE AND RESPONSIBILITY OF LAFCO .....	2
PURPOSE OF A MUNICIPAL SERVICE REVIEW .....	2
PURPOSE OF A SPHERE OF INFLUENCE .....	3
DISADVANTAGED UNINCORPORATED COMMUNITIES .....	4
ORGANIZATION OF MSR/SOI STUDY .....	4
AGENCY PROFILE .....	5
AFFECTED AGENCIES .....	7
MUNICIPAL SERVICE REVIEW .....	8
POTENTIALLY SIGNIFICANT MSR DETERMINATIONS .....	8
1. GROWTH AND POPULATION .....	9
2. DISADVANTAGED UNINCORPORATED COMMUNITIES .....	11
3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES .....	13
4. FINANCIAL ABILITY .....	15
5. SHARED SERVICES AND FACILITIES .....	20
6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES .....	22
SPHERE OF INFLUENCE STUDY .....	24
SPHERE OF INFLUENCE MAPS .....	26
POTENTIALLY SIGNIFICANT SOI DETERMINATIONS .....	28
1. PRESENT AND PLANNED LAND USES .....	29
2. NEED FOR PUBLIC FACILITIES AND SERVICES .....	31
3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES .....	34
REFERENCES .....	<b>Error! Bookmark not defined.</b>
ATTACHMENTS .....	<b>Error! Bookmark not defined.</b>

## MSR/SOI BACKGROUND

### **ROLE AND RESPONSIBILITY OF LAFCO**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (“CKH Act”) (California Government Code §§56000 et seq.), is LAFCO’s governing law and outlines the requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates.

MSRs and SOIs are tools created to empower LAFCO to satisfy its legislative charge of “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (§56301).

CKH Act Section 56301 further establishes that “one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

Based on that legislative charge, LAFCO serves as an arm of the State; preparing and reviewing studies and analyzing independent data to make informed, quasi-legislative decisions that guide the physical and economic development of the state (including agricultural uses) and the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses.

While SOIs are required to be updated every five years, they are not time-bound as planning tools by the statute, but are meant to address the “probable physical boundaries and service area of a local agency” (§56076). SOIs therefore guide both the near-term and long-term physical and economic development of local agencies their broader county area, and MSRs provide the near-term and long-term time-relevant data to inform LAFCO’s SOI determinations.

### **PURPOSE OF A MUNICIPAL SERVICE REVIEW**

As described above, MSRs are designed to equip LAFCO with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCO broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services.

The purpose of a Municipal Services Review (MSR) in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination.

The MSR is intended to provide information and analysis to support a sphere of influence update. A written statement of the study’s determinations must be made in the following areas:

1. Growth and population projections for the affected area;
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
3. 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;
4. Financial ability of agencies to provide services;
5. Status of, and opportunities for, shared facilities;
6. Accountability for community service needs, including governmental structure and operational efficiencies; and
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

The MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

## **PURPOSE OF A SPHERE OF INFLUENCE**

In 1972, LAFCOs were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, "'sphere of influence' means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission" (§56076).

SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. Likewise, they are also designed to discourage urban sprawl and the premature conversion of agricultural and open space resources to urbanized uses.

The role of SOIs in guiding the State's growth and development was validated and strengthened in 2000 when the Legislature passed Assembly Bill ("AB") 2838 (Chapter 761, Statutes of 2000), which was the result of two years of labor by the Commission on Local Governance for the 21<sup>st</sup> Century, which traveled up and down the State taking testimony from a variety of local government stakeholders and assembled an extensive set of recommendations to the Legislature to strengthen the powers and tools of LAFCOs to promote logical and orderly growth and development, and the efficient, cost-effective, and reliable delivery of public services to California's residents, businesses, landowners, and visitors.

The requirement for LAFCOs to conduct MSRs was established by AB 2838 as an acknowledgment of the importance of SOIs and recognition that regular periodic updates of SOIs should be conducted on a five-year basis (§56425(g)) with the benefit of better information and data through MSRs (§56430(a)).

Pursuant to Sonoma LAFCO practice an SOI includes areas adjacent to a jurisdiction where the jurisdiction might be reasonably expected to expand in the next twenty years. An MSR is

conducted prior to, or in conjunction with, the update of a SOI and provides the foundation for updating it.

LAFCO is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(c)):

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence (see next section).

## ***DISADVANTAGED UNINCORPORATED COMMUNITIES***

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

On March 26, 2012, LAFCO adopted a “Policy for the Definition of ‘Inhabited Territory’ for the Implementation of SB 244 Regarding Disadvantaged Unincorporated Communities”, which identified 21 inhabited unincorporated communities for purposes of implementing SB 244.

CKH Act Section 56375(a)(8)(A) prohibits LAFCO from approving an annexation of more than ten acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCO. The legislative intent is to prohibit “cherry picking” by cities and districts of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

## ***ORGANIZATION OF MSR/SOI STUDY***

This report has been organized in a checklist format to focus the information and discussion on key issues that may be particularly relevant to the subject agency while providing required LAFCO’s MSR and SOI determinations. The checklist questions are based on the Cortese-Knox-Hertzberg Act, the LAFCO MSR Guidelines prepared by the Governor’s Office of Planning and

Research and adopted Sonoma LAFCO local policies and procedures. This report provides the following:

- Provides a description of the subject agency;
- Provides any new information since the last MSR and a determination regarding the need to update the SOI;
- Provides MSR and SOI draft determinations for public and Commission review; and
- Identifies any other issues that the Commission should consider in the MSR/SOI.

### **AGENCY PROFILE**

The Valley of the Moon Water District (VOMWD) provides municipal water service to approximately 23,000 residents living in unincorporated portions of the Sonoma Valley, including the communities of Trinity Oaks, Glen Ellen, Boyes Hot Springs, Fetters Hot Springs, Agua Caliente, El Verano, and Temelec.

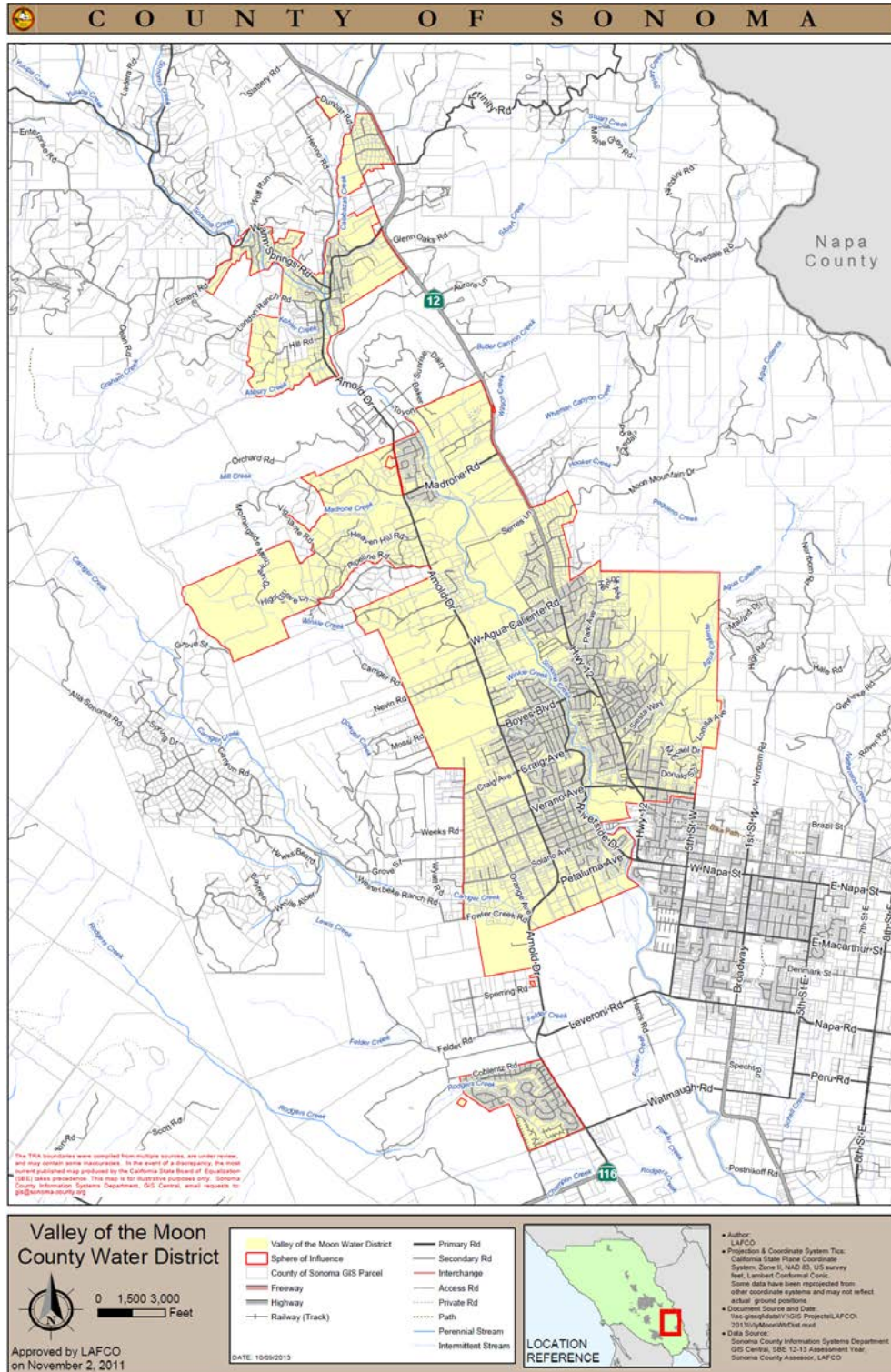
Formed in 1960 under the provisions of California State Water Code, the District took over operations of private water companies in the area, which had previously undertaken a series of consolidations through mergers and acquisitions. Today the District serves territory comprising twelve square miles, with almost seven thousand service connections.

VOMWD secures the vast majority of its water supply from the Sonoma County Water Agency (SCWA) through an aqueduct connecting to the Agency's transmission system, with modest supplemental supplies from local groundwater wells.

The District's offices and corporation yard are located in El Verano, where the District's employees are based. The District operates on an annual budget of just over \$5.0 million, with about forty percent of the budget directed towards water supply purchases from SCWA and the balance used for District operations, including maintenance and capital improvement projects.

Presently, the District provides municipal water service and voluntary groundwater management services.

Figure 1: Map of Existing VOMWD Boundaries







**MUNICIPAL SERVICE REVIEW**

***POTENTIALLY SIGNIFICANT MSR DETERMINATIONS***

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages.

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Growth and Population                                   | <input checked="" type="checkbox"/> Shared Services |
| <input checked="" type="checkbox"/> Disadvantaged Unincorporated Communities                | <input checked="" type="checkbox"/> Accountability  |
| <input checked="" type="checkbox"/> Capacity, Adequacy & Infrastructure to Provide Services | <input type="checkbox"/> Other                      |
| <input checked="" type="checkbox"/> Financial Ability                                       |   |

**1. GROWTH AND POPULATION**

Growth and population projections for the affected area.	YES	MAYBE	NO
a) Is the agency's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have an impact on the subject agency's service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's service boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Determinations**

- The region served by VOMWD will continue to experience minimal development and population growth due to land use policies enacted by the County of Sonoma and managed by the County's Permit and Resource Management Department.
- The ability of VOMWD to meet the service needs of existing residents and new growth is largely dependent on water supply contingencies related to management of drought conditions and potential impacts to local groundwater resources. However, VOMWD has exhibited an ability to manage these dependencies, which are common to all agencies providing municipal water service in Sonoma County.
- Water demand projections calculated for 2015 through 2040 show the District has sufficient water supply to meet current and future demands.

**Discussion***Population Growth*

Population in the territory served by the District grows at less than 1% per year (shown in table below) and the District reports growth, measured by new connections, at less than two-tenths of a percent per year.

Year	Population	Annual Growth Rate
2010	22,428	0.18%
2011	22,410	-0.08%
2012	22,518	0.48%
2013	22,508	-0.05%
2014	22,536	0.13%

### *Anticipated Development*

The District anticipates providing connections and service to only two major developments in the foreseeable future:

- The Sonoma Splash community swimming complex on Verano Avenue, abutting the northwest boundary of the City of Sonoma (Maxwell Farms Park).
- The Senior Housing Development being constructed next to the new Fetter's Apartment Complex on Highway 12 in Boyes Hot Springs.

### *Expansions of Territory*

The District has identified areas that it might be called upon to serve, including areas served by two mutual water companies and the Sonoma Developmental Center.

The State Department of Water Resources was granted authority in 2016 to order the consolidation of failing small water districts, such as Mutual Water Companies (MWCs), with sustainable providers, such as cities or water districts.

VOMWD has identified two small mutual water districts that may be of concern: a company serving the Diamond A subdivision on the western hills above the District, and the Sobre Vista MWC, which leases District-owned facilities to serve a small area immediately to the west of the District.

Further, the disposition of the properties owned by the State Department of Developmental Services (comprising the community of Eldridge, immediately south of Glen Ellen) and operated as the Sonoma Developmental Center may call for the transfer of the campus water production and delivery system to a capable local agency, and VOMWD is the only rational choice to do so. The District has a main line transecting the Developmental Center, as well as an intertie that allows water transfers between the two systems.

### *Conclusion*

It is not anticipated that the very modest population growth and attendant development,, anticipated new development, potential orders to serve failing mutual water companies, or expansions of the District's service area within the newly-proposed sphere of influence for the District will have a significant impact on the District's ability to manage and maintain the water distribution and delivery system, or the ability to procure water supply to meet District customer needs.

## 2. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

	YES	MAYBE	NO
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Are there any "inhabited unincorporated communities" (per adopted Commission policy) within or adjacent to the subject agency's sphere of influence that are considered "disadvantaged" (80% or less of the statewide median household income)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Determinations

- VOMWD provides municipal water service to three of the seven identified disadvantaged unincorporated communities in Sonoma County, and all of those within Sonoma Valley, per the definitions provided by state legislation and interpreted and evaluated by Sonoma LAFCO. T
- The District provides the same level of service to the identified disadvantaged unincorporated communities as it does to other areas/communities within its boundary.
- No disadvantaged unincorporated communities located adjacent to the District's sphere of influence have been identified.

### Discussion

Because the District provides a service that triggers the provisions of SB 244, a LAFCO determination regarding any disadvantaged unincorporated communities within or adjacent to the agency's sphere of influence is required.

The term "Inhabited Unincorporated Communities" is defined per adopted Commission policy as those areas on the County of Sonoma 2030 General Plan Land Use Map (Figures LU-1B through LU-1H) that contain land use designations that are categorized as Residential by Table LU-6. These communities are:

- Boyes Hot Springs
- Cazadero
- Glen Ellen
- Guerneville
- Monte Rio
- Temelec
- Valley Ford

VOMWD serves the communities of Boyes Hot Springs, Glen Ellen, and Temelec, and is not geographically positioned to serve any of the other identified disadvantaged unincorporated communities.

(These definitions have been identified as potentially insufficient in meaningfully defining DUCs by Sonoma LAFCO, because the census tracts may be too large to identify areas that should be recognized as disadvantaged. Sonoma County's Permit and Resource Management Department is developing a policy for defining DUCs that relies on more granular geographical divisions. Nevertheless, it is not expected that this definition standard would reveal any additional disadvantaged areas adjacent to VOMWD's service area.)

### 3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

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.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

#### Determination

- The Valley of the Moon Water District has effectively managed its water supply and delivery infrastructure to ensure the sustainable provision of municipal water service to its existing customers, and through demand management and pursuit of local supply options, is expected to be able to serve new customers in the foreseeable future.

#### Discussion

VOMWD is challenged, as are all agencies providing municipal water service in Sonoma County, with management of potential supply deficiencies due to drought conditions and declining local groundwater supplies. However, the District has managed these exigencies adequately through temporary voluntary and mandatory water use restrictions, management of groundwater production, and development of additional local groundwater resources. The

District is expected to continue meeting the needs of existing development within its service area.

Using a combination of demand management programs (water conservation efforts), and use of existing and future local water supplies, the District is expected to be able to meet the needs of both existing customers and new development for the foreseeable future.

The District has engaged in a decades-long effort to upgrade existing water supply, storage, and delivery infrastructure, bringing the water supply system into full compliance with all water quality regulations, and providing reliable service to its customers.

The District could potentially be ordered to subsume one or both of two nearby mutual water companies by the State Department of Water Resources. One of these, the Diamond A MWC, has experienced water quality issues, is not considered disadvantaged, and at this time is considered to have a low likelihood of a consolidation order. Further, the area is not contiguous to VOMWD; connecting the facilities of the Diamond A Mutual Water Company to VOMWD would require a very significant capital investment.

The Sobre Vista Mutual Water Company relies on a spring and well leased from VOMWD. Although Sobre Vista hasn't experienced quality or supply issues, there may be a legal challenge or a negotiated settlement with a landowner (where the spring and some storage facilities are located) that would limit or obviate one source of water supply for Sobre Vista.

Additionally, Sobre Vista is under an order from the State's Drinking Water Program to perform a source water assessment on the spring to determine if higher and more costly levels of treatment are required. A resolution of these issues may require that the District annex the Sobre Vista area to provide sustainable water service.

**REFERENCES:**

- VOMWD Capital Improvement Plan (Appendix A)



**4. FINANCIAL ABILITY**

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Determinations**

- The Valley of the Moon Water District is soundly financed, relying on customer payments to fund expenditures for maintenance and operations, and reasonable and prudent capital investments in infrastructure.
- Financial management of the District is sound, and is independently audited on an annual basis.

**Discussion***Budget*

VOMWD staff prepares annual budgets in the spring for consideration and approval by the Board of Directors prior to the upcoming fiscal year (July through June). The staff seeks guidance from the Board, and District customers are able to comment, in successive board meetings prior to budget approval.

Rate increases are subject to Board approval, with noticing to District customers, a comment period, and a noticed public hearing. The District is subject to Prop. 218 legislation that requires reconsideration of rate increases if sufficient protests are received from District customers. The District has authorized prudent rate increases (generally lower than five percent) over many years with little or no protest from District ratepayers.

VOMWD retains independent financial auditors who review District financial practices annually. The District has a policy to change auditors every five years or so to ensure independence.

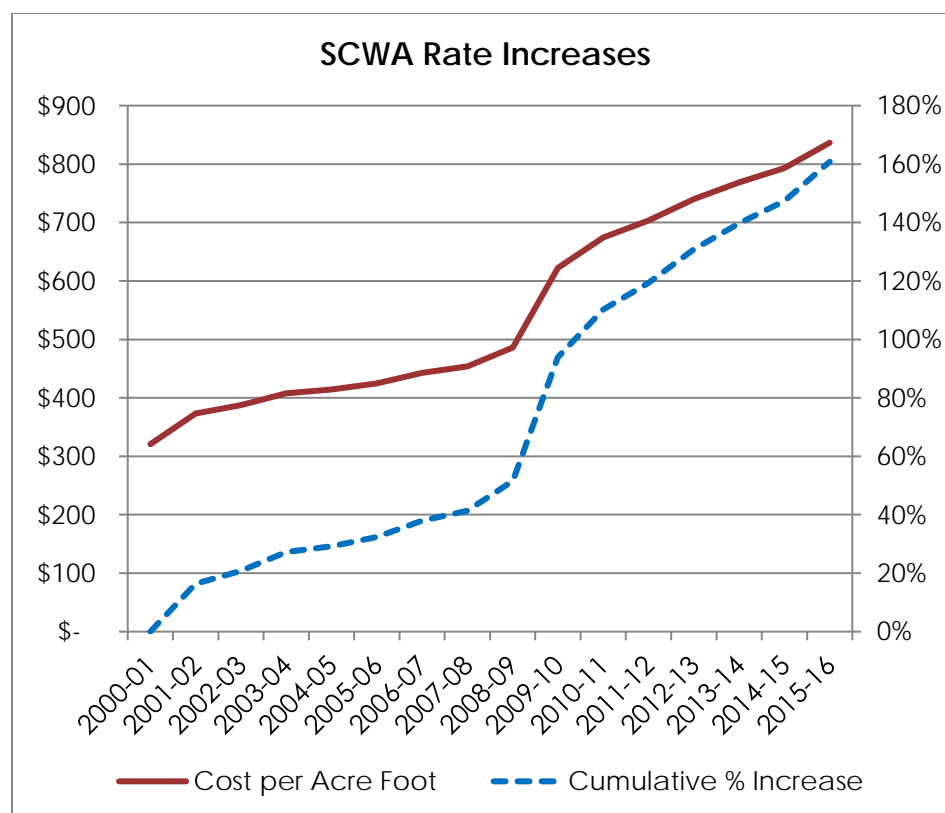
The District has an annual budget of just over \$5 million, and expends funds in four primary categories:

- Purchases of water from the Sonoma County Water Agency (representing approximately forty percent of expenditures)
- Operations, including staff, maintenance activities, and management of the District's water supply and delivery system.
- Capital improvements, including water main line replacements and upgrades, development of local water supply (groundwater wells), construction of storage facilities, vehicle and equipment purchases, etc.
- Debt service payments

Two of these expenditure categories have experienced the largest increases over the past ten years:

- Rates for wholesale water deliveries from the Sonoma County Water Agency have increased dramatically as shown in Figure 3.

Figure 3: Wholesale Water Rate History



- The District has engaged in a 15 year-long effort to devote significant funding for capital improvements, after a long period of minimal investment. The District has invested in main line replacements, new water storage facilities, seismic retrofitting of all storage facilities, new groundwater wells, and other capital projects, and is now fulfilling the recommendations of a series of capital equipment planning studies. In addition, the District is now funding ongoing capital improvements at an annual expenditure of about \$1.1 million.

The District has explored avenues to reduce costs as a matter of course. There may be opportunities to reduce costs (management, office operations, equipment) through a joint operating agreement or consolidation of the City of Sonoma's water utility.

#### Revenue

VOMWD is an enterprise agency, receiving all funding from customer payments for water supply services. The District has drawn upon funding for local water supply projects from the Sonoma County Water Agency, which used to impose a surcharge to allocate funding into a reserve account so that water contractors, including VOMWD, could later be reimbursed for projects.

The District has enacted regular modest rate increases (generally lower than 5% annually) to ensure adequate funding to cover expenses, maintain fiscal reserves, and maintain fiscal sustainability.

### *Reserves*

The District has historically maintained a single reserve account sufficient to cover District operations for approximately three months, absent any revenue or capital expenditures. This reserve fund was not designated to “backstop” specific expenditure categories, however.

On July 1, 2015 VOMWD established three categories of reserve accounts, and is expected to have reserves fully funded by 2020:

- An operations and maintenance reserve of approximately \$1,000,000, which would allow the District to operate and maintain infrastructure for at least three months.
- A \$500,000 rate stabilization reserve that would allow the District to “smooth” the rate impacts of unforeseen expense increases.
- A capital project reserve of \$1,100,000 to fund future and/or address unforeseen capital project needs, such as failure or damage to infrastructure.

The total reserves of \$2,600,000 will represent over half of the District’s total annual budget, indicating that the District could function as usual without income for over six months.

### *Rate/Fee Schedule*

VOMWD has a rate and fee schedule that is typical for water utilities, featuring commercial and residential rate classes, fixed customer charges, “tiered rates” that increase for higher levels of water use, and a range of service charges for specific services.

Based on the District’s 2015 Water Rate Analysis by NBS Consultants, the District transitioned to a new rate structures on July1, 2015, increasing residential rate tiers from three to four, adjusting the tier usage levels, and customer charges.

Over the next five years these adjustments are expected to shift the fixed charges/usage charges balance from just under twenty percent of customer revenue coming from fixed charges to twenty-five percent. This will further stabilize District revenues while still allowing customers maximum conservation flexibility and incentive.

While municipal water agencies such as VOMWD typically have a cost structure that is about evenly split between fixed costs and variable costs, agencies find it politically impractical to allocate rates in the same ratio. Most Districts appear to set the revenue balance as VOMWD does.

According to a rate comparison analysis prepared annually by the North Marin Water District, VOMWD has the third lowest rates of fourteen water utilities in the North Bay region.

### *Infrastructure Maintenance and Replacement*

The District has commissioned a variety of infrastructure assessment and capital improvement plans, including:

- A rolling five-year **capital improvement plan** that lists and describes projects, estimates costs, and indicates in which fiscal years projects will be undertaken. The plan includes main line replacements; service line replacements; meter replacements and upgrades; replacement and upgrades of facilities such as storage reservoirs, pumps, wells, and control systems; information technology replacements

and upgrades; vehicle and equipment purchases; and maintenance of other District facilities such as the main office and corporation yard.

- A **storage reservoir plan** that indicates when additions to the District's storage capacity are required, using industry-standard analyses. (The District has fully completed an effort to seismically retrofit its existing reservoirs.)
- A **local water supply plan** that indicates where potential groundwater supplies might best be sought.
- A **mainline replacement plan** that identifies existing water distribution infrastructure reaching the end of useful life

The District is in process of finishing the final projects outlined in the 2007 Water Master Plan for infrastructure improvements. The District will commission a new Water Master Plan and complete suggested projects as they are identified. Capital Improvements Projects are funded at \$1,100,000 per year which is equivalent to the District's annual depreciation and ensures that adequate funding is going towards Capital to prevent future infrastructure and funding shortfalls.

#### *Financial Policies*

The District has many financial policies to help ensure the proper fiscal management of the District. These policies have been adopted throughout the life of the District and are updated frequently to reflect industry best practices as shown with the recent reserve policy update. The District's financial policies include but are not limited to:

- Reserve Policy
- Investment Policy
- Purchasing Policy
- Sales of District Assets Policy

#### *Debt*

The District has a goal to Pay-go (cash fund) as many capital projects as possible and that goal is reflected in the District's strong debt coverage ratio of 4:1. The two outstanding loans were incurred due to the size of the associated project and all payments are current:

1. Outstanding balance \$1,118,843 (original loan \$2,833,992) with a payoff year of FY 2021/22. (This was for a large main line project in the Hwy 12 corridor.)
2. Outstanding balance \$565,641 (original loan \$810,000) with a payoff year of FY 2027/28. (This was for a portion of the design and installation of a municipal well.)

#### **RESOURCES:**

- VOMWD FY 2016/2017 Adopted Budget (Appendix B)
- VOMWD FY 2015/2016 Financial Statement (Appendix C)
- VOMWD FY 2015/2016 Independent Financial Audit Report (Appendix D)

**5. SHARED SERVICES AND FACILITIES**

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Determination**

- The Valley of the Moon Water District is appropriately positioned to seek out and enter into agreements with other agencies to take advantage of opportunities to reduce costs and provide more efficient services. The District has already taken advantage of many of the opportunities (i.e. ACWA insurance, CALPERS services, Sonoma County investment pool), and should consider opportunities to share services with smaller local agencies including the City of Sonoma and nearby municipal water companies.

**Discussion**

The District does not share any equipment or services with other agencies, though personnel and equipment can be made available to and from the City of Sonoma in emergencies through a mutual aid understanding.

Additionally, the District has a Memorandum of Understanding with the Sonoma Developmental Center allowing for water supply exchanges. Exchanges can be made between the agencies, with a proviso that supply amounts be "repaid" within one hundred eighty days.

The District can consider sharing services and/or facilities with their neighboring municipal water service provider, the City of Sonoma. Although there is no apparent duplication of equipment between the two entities, areas for potential shared services might include:

- meter reading
- customer billing and payment processing
- water sample collection and testing
- customer service

The City of Sonoma and VOMWD have coordinated water conservation programs in the past and will likely do so in the future.

The District might also contemplate offering these services to nearby mutual water companies.

The governance structure of the District does not preclude opportunities for initiatives to cut costs through cooperative purchasing programs; for example, the District participates in the Association of California Water Agencies joint insurance program, secures employee retirement services through CALPERS, places fund deposits in a pool account with other Sonoma County districts and agencies and participates in the State purchasing program.

**6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES**

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is there a lack of regular audits, adopted budgets and public access to these documents?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Determinations**

- The Valley of the Moon Water District is governed in a manner that not only complies with all statutes and laws, but is fully open to community input.
- Board directors have been elected and/or appointed appropriately.
- The District undertakes annual independent financial and business practice audits and is in compliance with financial regulations and recommended practices.
- The District is encouraged to continue discussions with the City of Sonoma regarding opportunities for coordinating service provision to produce efficiencies and cost savings, up to and including potential consolidation of operations in the future.



## **Discussion**

The Valley of the Moon Water District is in compliance with all public noticing requirements for board meetings and rate change hearings. There have been no noted Brown Act violations by the Directors, or complaints filed with the Fair Political Practices Commission.

The Board had had several vacancies occur for a variety of reasons, but has filled partial terms successfully through a board interview and selection process, generally receiving multiple applications for vacancies.

Staff turnover at the agency has been significant recently, though the District has not had any difficulty filling positions through internal promotions or outside hires.

The District undergoes an annual financial audit, and changes auditors regularly. All District documents are available to the public.

The Board has not had gender and ethnic diversity representative of the communities served by the District. Potential remedies might include broader outreach for board vacancies and elections, or movement to district elections. The former is recommended as a matter of good governance; the latter is not recommended given the size of the District and the complexity and cost of holding district elections.

The District maintains a Director Subcommittee charged with managing relationships with two council members from the City of Sonoma, in part to explore potential opportunities to share services up to and including a consolidation of operations. The City and VOMWD continue to cooperate on operational issues. However, the City of Sonoma is reticent to discuss further efforts to consider outright consolidation of municipal water service provision.

The consolidation of municipal water service provision in the Sonoma Valley by the City of Sonoma and the Valley of the Moon Water District might produce efficiencies, lower costs, and reductions in duplicative overhead. Further, a combined agency might have greater influence over matters involving the contract for wholesale water service from the Sonoma County Water Agency, including the potential expansion of the transmission system that delivers water to both agencies.

**SPHERE OF INFLUENCE STUDY**

The existing Sphere of Influence for the District is contiguous with the District's boundaries.

The District has discussed six potential amendments of the Sphere of Influence, including:

1. Addition of the territory served by the Sobre Vista Mutual Water Company.
2. Addition of the territory occupied by the Sonoma Developmental Center, which currently owns and operates a municipal water supply, treatment, and distribution system on the campus.
3. Establishment of a "groundwater services zone" that would allow the District to annex territory that would be solely eligible for groundwater services that might be provided by the District, but not municipal water service.
4. Addition of territory served by the Diamond A Mutual Water Company.
5. Addition of territory that would include commercial development generally on Eighth Street East between Napa Road on the north and Highway 116 on the south.
6. Addition of parcels located north of the District that are traversed by the Sonoma County Water Agency aqueduct and that already have service connections.

Staff is recommending that only the first two potential amendments be recommended at this time, per the following analyses:

1. Staff recommends that this amendment be approved, based on the determinations and analyses presented in the following three sections.
2. Staff recommends that this amendment be approved, based on the determinations and analyses presented in the following three sections.
3. The District has joined the Groundwater Sustainability Agency (GSA) established through a Joint Powers Agreement (JPA) with other parties to plan, monitor, and manage groundwater resources in the Sonoma Valley Basin. The District has also been selected as the interim lead Administrator for the Agency. At this time, staff believes that the GSA has the authority as a JPA to offer these services in the Basin directly or through contracts with member agencies or independent service providers. With this understanding, VOMWD could potentially provide groundwater management services, but not municipal water services, within the GSA territory. Should regulatory barriers to this arrangement appear, the District could propose establishment of a groundwater services zone at a later time.
4. Staff recommends that the area served by the Diamond A Mutual Water Company remain outside the sphere of influence for the District until such time as an order for consolidation is issued by the State Department of Water Resources.
5. Property owners in the Eighth Street East business park area report declining groundwater levels and quality, and are seeking to evaluate options for providing municipal water service, reclaimed water distribution service, or both. Options may include formation of a Mutual Water Company or an Outside Service Area Agreement or annexation to the City.

of Sonoma (both options considered unlikely). Another option might be for VOMWD to take on provision of municipal or reclaimed water service in the area, though the source of supply for either service has not been identified. Further, it may be that the Eight Street East area is further than two miles from existing VOMWD territory, which would preclude a VOMWD role in providing service. Given the uncertainties evident in evaluating options for the area, staff does not recommend amending the VOMWD sphere at this time.

6. VOMWD and the City of Sonoma procure the vast majority of their water supplies from the Sonoma County Water Agency (SCWA). The Agency delivers water to the Sonoma Valley through a single-pipeline aqueduct traversing the Valley from Santa Rosa in the northwest to the two agencies at the southern end of the Valley. Several dozen customers have been granted service connections directly from the aqueduct in the Kenwood and Trinity Oaks areas, in some cases in exchange for easements for the aqueduct. A portion of these service connections are “seasonal” or “curtailable” accounts, established with the understanding that the Agency can discontinue service if aqueduct capacity is needed to serve VOMWD and the City of Sonoma.

Because SCWA is a wholesale water provider, it is inappropriate for it to manage retail customer accounts, and it has been proposed that an appropriate retail water service provider, in this case VOMWD, meter and bill these customers.

Rather than amend the Sphere of Influence for VOMWD to include the properties served directly from the SCWA aqueduct, or to subsequently consider annexation to the District, staff believes that these connections should be classified and managed as Out of Service Area Agreements, limiting service to existing uses and development only. Further, staff recommends that no further connections of this type be authorized outside of the policies for authorizing Out of Service Area Agreements.

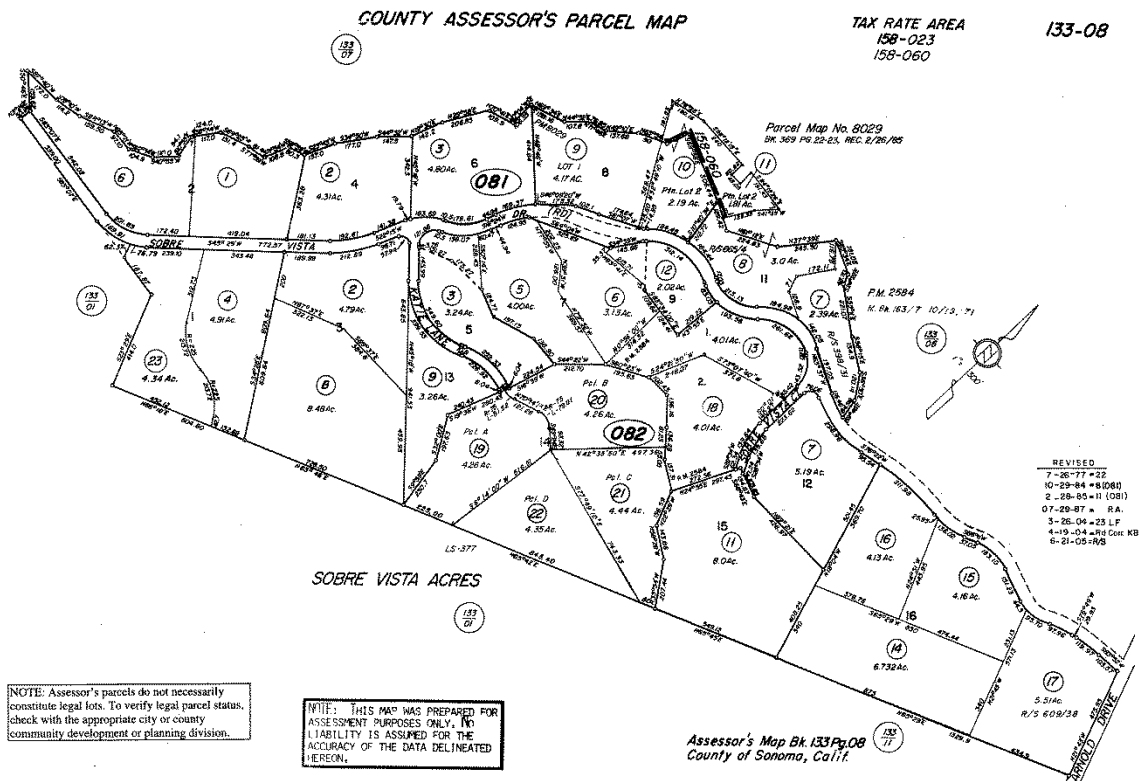
Therefore, staff does not recommend amending the Sphere of Influence to include these service connections.

## SPHERE OF INFLUENCE MAPS

Because staff is recommending that only the first two sphere modifications be entertained by the Commission at this time, maps are only provided for these two potential sphere of influence modifications:

Figure 4: Sobre Vista Mutual Water Company Map

\*Parcel 133-080-011-000 is already in the District, add the remaining 29 parcels.





## ***SOI DETERMINATIONS***

The SOI determinations below are significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages.

- ☒ Present and Planned Land Uses
- ☒ Need for Public Facilities and Services
- ☒ Capacity and Adequacy of Provide Services
- ☐ Social or Economic Communities of Interest
- ☐ Disadvantaged Unincorporated Communities

**1. PRESENT AND PLANNED LAND USES**

The present and planned land uses in the area, including agricultural and open-space lands.

	YES	MAYBE	NO
a) Are there any present or planned land uses in the area that would create the need for an expanded service area?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Would the SOI conflict with planned, orderly and efficient patterns of urban development?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Would the SOI result in the loss of prime agricultural land or open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Would the SOI impact the identity of any existing communities; e.g. would it conflict with existing postal zones, school, library, sewer, water census, fire, parks and recreation boundaries?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any natural or man-made obstructions that would impact where services can reasonably be extended or should otherwise be used as a logical SOI boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Determinations**

- Both the Sonoma Developmental Center and Sobre Vista areas are appropriate additions to the sphere of influence for VOMWD, as there are likely circumstances where the District will be called upon to take over responsibility for the existing water supply and delivery infrastructure in both areas.
- For the Sonoma Developmental Center, an eventual annexation of the area may allow the District to develop additional local supply and groundwater management options, to the benefit of both the SDC area, the District and Sonoma Valley as a whole.
- For the area served by the Sobre Vista Water Company, eventual annexation to the District may be the only recourse for Sobre Vista to have sustainable water supply, given the tenuous nature of the existing water supply infrastructure and underlying legal agreements.

**Discussion**

The District has identified two areas adjacent to the Sphere of Influence that may require services in the future: the Sonoma Developmental Center and area served by the Sobre Vista Water Company.

#### *Sonoma Developmental Center*

The Sonoma Developmental Center (SDC), owned and operated by the State of California's Department of Developmental Services, is bounded on both the north and south by VOMWD, with a major VOMWD supply pipeline running through the north/south axis of the campus. SDC and VOMWD maintain a water system interconnection point on this pipeline at the southern end of the campus, allowing for interagency transfer of water on an emergency or contracted basis.

SDC maintains an independent water supply and delivery system, comprised of two natural springs, two surface reservoirs, a water treatment plant, several wells (inactive), rights to diversions from Sonoma Creek (not used and subject to revocation), a water distribution system to campus facilities, and a connection to the Sonoma County Water Agency's Sonoma Aqueduct.

SDC system has proven more than adequate to meet the needs of the campus, which has had a decrease in patients served and attendant staffing in recent years. It is unclear how well the water supply and delivery system at the campus has been maintained.

The State has indicated an intention to move patients to "in-community" support facilities, and has floated a three-year timetable for the eventual closure of SDC, though that plan is yet to be considered by the state legislature.

Given the uncertainty of existing and potential future uses of the campus site, VOMWD believes it would be prudent to include the developed lands of SDC in its sphere of influence, enabling eventual annexation of the campus depending on future development and service requirements. In addition, VOMWD remains open to forging agreements with the State to cooperatively manage water supply and delivery assets at the campus for broader benefit to the Sonoma Valley community. Opportunities include seasonal water storage, use of groundwater and surface water sources, and siting of groundwater recharge facilities.

#### *Sobre Vista Water Company*

The Sobre Vista development comprises twenty-nine parcels on the west side of Arnold Drive. These parcels receive seasonal water service from VOMWD (although they are not within District boundaries or the District's SOI) through a decades-old agreement dating back to the District's formation.

As part of the District's formation, it took on ownership of a natural-spring fed water system with two small reservoirs that are located on private property within the District's boundaries.

Through a contractual arrangement, the Sobre Vista Water Company leases these facilities and a District owned well from VOMWD for a nominal fee.



Although the physical infrastructure of the District's facilities is sound, there are a variety of challenges regarding the continued viability of the legal arrangements that govern their use.

In the eventuality that the current arrangements become unviable, and in the further event that water supply sustainability becomes an issue for the area served by Sobre Vista Water, it may become necessary for VOMWD to provide service to the area through Outside Service Area Agreements or through annexation.

*Orderly and Efficient Boundaries*

Addition of the Sonoma Developmental Center in VOMWD's SOI would in fact "bridge a gap" in the existing District territory, making the District's boundaries more sensible. It should be noted however that future uses of the campus site are unknown, and the ability of VOMWD to serve future uses would have to be carefully evaluated prior to any annexation of campus territory.

The twenty-nine lots served by the Sobre Vista Water Company are contiguous with District boundaries to the south, east and north. The properties are fully built-out to current zoning, save potential second dwelling units that are allowed under County planning codes.

*Agriculture and Open Space*

The SDC campus includes agricultural and other lands that have been preserved through open space easements – these lands are not included in the proposed SOI amendment. There are no open or agricultural lands within the Sobre Vista area.

*Other Districts and Infrastructure*

Adding the SDC and Sobre Vista areas to VOMWD's SOI would not conflict with the boundaries and jurisdictions of other agencies.

There are no obstructions to provision of infrastructure for either area; in fact, both areas have existing water supply and distribution infrastructure.

## **2. NEED FOR PUBLIC FACILITIES AND SERVICES**

The present and probable need for public facilities and services in the area.

	YES	MAYBE	NO
a) Would the SOI conflict with the Commission's goal to increase efficiency and conservation of resources by providing essential services within a framework of controlled growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the SOI expand services that could be better provided by a city or another agency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

c) Does the SOI represent premature inducement of growth or facilitate conversion of agriculture or open space lands?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Are there any areas that should be removed from the SOI because existing circumstances make development unlikely, there is not sufficient demand to support it or important open space/prime agricultural land should be removed from urbanization?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Have any agency commitments been predicated on expanding the agency's SOI such as roadway projects, shopping centers, educational facilities, economic development or acquisition of parks and open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

### **Determination**

- Addition of the two proposed areas to VOMWD's SOI is consistent with LAFCO goals and policies regarding appropriate and efficient provision of municipal resources, because in both cases, post annexation, the District would be assuming ownership and management of existing water supply and delivery systems, and any expected growth (at the SDC campus) can be accommodated with existing infrastructure.

### **Discussion**

Addition of the SDC and Sobre Vista areas to VOMWD's SOI, leading to potential annexation, does not conflict with Sonoma LAFCO goals and policy related to the efficient provision of municipal services. Further, although there is potential for growth depending on a change to the zoning and uses at SDC, the existing water supply for the property is likely to exceed that needed by any future development.

The change to VOMWD's SOI for these areas represents recognition that the District can better provide municipal water service to these areas than the existing agencies (the State Department of Developmental Services and the Sobre Vista Water Company).

Adding either area to the District's SOI is not in and of itself likely to induce growth. The SDC campus may be re-zoned by the County of Sonoma when the State closes the campus, but it is expected that the existing water resources on the site will serve any proposed development. VOMWD would simply be in a position to acquire and operate the water infrastructure, and to potentially direct any excess water supply capability for the benefit of District ratepayers.

The parcels served by the Sobre Vista Water Company are essentially fully developed at current zoning; no additional development opportunity is anticipated if the area were eventually annexed by VOMWD.

The District's SOI and boundaries are almost completely coterminous, indicating that the District is able to serve additional development within its territory. The District has not identified any

territory that it would seek to remove from its SOI. No commitments, in the form of “will serve” agreements have been issued by VOMWD for the properties within the proposed SOI amendment areas.

### 3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

	YES	MAYBE	NO
a) Are there any issues regarding water availability for the proposed SOI territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency's willingness and ability to extend services?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with the agency's ability to maintain an adequate level of service currently and/or with future extension of services per the proposed SOI?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

#### Determinations

- VOMWD has sufficient water supply capacity to meet the needs of the territory presently served by the Sobre Vista Mutual Water Company, and could do so with appropriate additions and/or upgrades to existing water delivery infrastructure.
- The District can also serve existing and potential uses on the Sonoma Developmental Center site, using existing water supply resources and water supply resources on site. The District is also capable of taking on management and operation of SDC water delivery infrastructure; though it is assumed that significant improvements and upgrades would be needed.

#### Discussion

The SDC campus maintains more than adequate water supply capacity for existing uses without accessing groundwater, surface water diversions, or wholesale water purchases from the Sonoma County Water Agency. Any or all of these additional sources could be drawn upon to supplement existing water supply for the campus, for future development at the site, or for use by VOMWD if the District assumed ownership and operational authority over the SDC water supply and delivery system.

The parcels served by the Sobre Vista Water Company receive adequate seasonal supply (meeting contracted levels) from the spring-fed system owned by VOMWD, and have not reported any summer-season supply deficiencies (provided by a groundwater well). It should be noted that the winter-season spring water supply is tenuous due to the nature of the water source (seasonal springs that are known to provide fluctuating supply) and due to contractual disputes involving the owner of the property where the facilities are located.

VOMWD has indicated a willingness to extend services to both areas should the need materialize.

**Appendices**

- A. VOMWD Capital Improvement Plan
- B. VOMWD FY 2016/2017 Adopted Budget
- C. VOMWD FY 2015/2016 Financial Statement
- D. VOMWD FY 2015/2016 Independent Financial Audit Report

**FISCAL YEAR 2016-2017**  
**VALLEY OF THE MOON WATER DISTRICT**  
*Five year Capital Improvement Program*

<b>CIP Proj #</b>	<b>Project Title</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>	<b>FY 20-21</b>	<b>Totals</b>
95-16/9300	Meter Replacement Program	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 350,000	\$ 2,110,000
95-32/9100	Unanticipated Capital Expenditures	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
01-14/8100	Valve Replacement Program	\$ 75,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 275,000
6000-A	Polybutylene Service Replacements (Leak Response)	10,000	10,000	10,000	10,000	10,000	50,000
6000-B/6003	Planned Polybutylene Service Replacements	\$ 30,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 110,000
6002	Service Replacement Other Than Polybutylene	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 50,000
03-06	Walnut Ave, Bay St., Oak St., Railroad Ave., Penny Ln. & Center St. Water Main Replacement	\$ 572,000	\$ -	\$ -	\$ -	\$ -	\$ 572,000
02-12	Boyes Blvd. Bridge Pipeline Replacement	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000
01-13	Gibson St., Riddle Rd Easement, Sobre Vista (near Lake Josephine), Brookview & Lomita Water Main Replacements	\$ -	\$ -	\$ 40,000	\$ 275,000	\$ -	\$ 315,000
02-14	Emergency Preparedness Equipment: (2) generators (shop/office & heaven hill booster)	\$ 40,000	\$ 35,000	\$ -	\$ -	\$ -	\$ 75,000
04-14	New Well (multi year project)	\$ -	\$ -	\$ 225,000	\$ 268,000	\$ 202,000	\$ 695,000
01-15	Tank Recoating (Hanna, Bolli & Temelec)	\$ 560,000	\$ -	\$ -	\$ -	\$ -	\$ 560,000
03-15	County of Sonoma Paving Projects requiring adjustments and or relocation of District facilities	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
04-15	SCADA upgrade	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000
05-15	Well Rehabilitation (3 wells)	\$ 25,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ 65,000
06-15	Replacement of the 30 thousand gallon concrete Sobre Vista Tank & 150 thousand gallon Saddle	\$ -	\$ -	\$ 60,000	\$ 170,000	\$ 170,000	\$ 400,000

**FISCAL YEAR 2016-2017**  
**VALLEY OF THE MOON WATER DISTRICT**  
*Five year Capital Improvement Program*

CIP Proj #	Project Title	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	Totals
07-15/2949	Well No. 5.A (Verano Well Replacement)	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000
01-16	Hillside Stabilization at Donald Tank/Booster	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
02-16	Retrofit Tanks for fall equipment per OSHA requirements	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
99-10	Equipment Replacement (2 Replacement vehicles, and rehab vac trailer)	\$ 90,000	\$ 145,000	\$ 100,000	\$ 25,000	\$ 150,000	\$ 510,000

**TOTAL CONSTRUCTION**

\$ 3,687,000   \$ 1,080,000   \$ 1,025,000   \$ 1,318,000   \$ 1,012,000   \$ 8,122,000