



## **Inyo Local Agency Formation Commission**

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### **STAFF REPORT**

**MEETING DATE:** May 8, 2009

**AGENDA ITEM:** 12

**SUBJECT:** Consolidation No. 2009-01/Indian Creek and Westridge Community Services Districts

#### **EXECUTIVE SUMMARY**

The Indian Creek Community Services District (ICCSA) and the Westridge Community Services District (WCSD) have adopted and submitted Resolutions of Application to Consolidate, a Service Plan, and associated applications to the Inyo Local Agency Formation Commission (LAFCO). These Community Services Districts (CSD), located adjacent to each other in west Bishop, provide water service within their respective boundaries. According to the submitted materials, combination of the CSDs will improve assurance of an adequate and safe water supply, protection of groundwater resources, and better economies of scale. Improvements proposed to combine the systems include interties and decommission several existing wells. A modified Service Plan has been presented, which is scheduled to be considered by the CSD Boards on May 4, 2009.

#### **STAFF RECOMMENDATION**

Staff recommends the Commission conduct a public hearing and approve Consolidation No. 2009-01/Indian Creek and Westridge Community Services Districts by adopting the attached resolution and schedule a protest hearing for the Commission's regular June 5, 2009 meeting.

#### **ANNEXATION INFORMATION**

<b>Application No.:</b>	Consolidation No. 2009-01
<b>Applicant:</b>	Indian Creek and Westridge CSDs
<b>Property Owner:</b>	Numerous
<b>Location:</b>	Indian Creek and Westridge neighborhoods in West Bishop, roughly bounded by West Line Street (California Highway 168) on the north, Pa Me Lane on the east, and open space to the south and west.

<b>Assessor Parcel Numbers:</b>	Numerous
<b>General Plan Designation:</b>	Retail Commercial (RC) and Residential Medium (RM) Density
<b>Zone Classification:</b>	General Commercial and Retail (C-1-10,000), Highway Services and Tourist Commercial (C-2-2.0), One Family Residences (R-1-7,200), and Single Residence or Mobilhome Combined (RMH-7,200).
<b>Approx. Territory Size:</b>	100 acres
<b>Surrounding Land Uses:</b>	Nearby lands include a mix of single-family neighborhoods, limited commercial and institutional development, and open space/agriculture. Lands in the reservation for the Bishop/Paiute Tribe lie to the east and northeast.

## **CONSOLIDATION DESCRIPTION**

The ICCSD and WCSD have adopted and submitted Resolutions of Application to Consolidate, a Service Plan, and associated applications to the Inyo LAFCO. These CSDs, located adjacent to each other in west Bishop (refer to Attachment 1 in Exhibit B), provide water service within their respective boundaries. The systems currently have one intertie for emergencies. The sphere of influence for each District is coterminous with its boundary, and no change to the combined sphere is being proposed.

**ICCSD:** A five member Board of Directors manages the ICCSD and oversees a part-time manager, who also acts as secretary and a part-time staff maintenance person. The ICCSD includes 208 residential and five non-residential customers and derives all of its operating revenue from fees, penalties, and interest. The ICCSD operates five wells, two of which were constructed in 2001. The ICCSD's pipe infrastructure is not believed to have been installed appropriately, and a routine maintenance program is necessary for upkeep.

**WCSD:** A five member Board of Directors manages the WCSD and oversees operation of the system by a contract operator. Management is conducted on a voluntary basis by one of the Board members. The WCSD includes one commercial and 78 residential customers. Half of the operation and maintenance revenue is derived from taxes, and the remaining half is from fees and interest. The WCSD operates two wells at the Manor Market in the vicinity of its gasoline pumps. The WCSD's pipe infrastructure was installed per FHA standards, and is believed to be in generally good condition; no routine maintenance program is necessary. In addition to supplying water, the WCSD collects funds to pay Southern California Edison for street lighting.

**Combined Service Plan:** A Service Plan for the consolidated districts has been prepared (refer to Attachment 2 in Exhibit B and Exhibit E). A five member Board of Directors is proposed to manage the Combined Community Service District (CCSD) and oversee a part-time manager. Initially the CCSD would consist of Indian Creek and Westridge units, but the administrative distinction between these entities would dissolve over time as the sources of revenue and the customer rate structure equalizes per the Plan. The Westridge unit would continue to provide street lighting.

The CCSD will operate the two previous Districts' wells, distribution systems, and other support facilities, and provide for maintenance. A minimum of two additional intertie pipelines are expected to be necessary to guarantee uniform pressure and water flow through the combined distribution system. Possible locations for the interties include (1) in the shoulder of Highway 168, (2) Cedar Street between Meadow Lane and Tumbleweed Road, (3) Cedar Street between Mesquite Road and Grandview Drive, and (4) Mesquite Drive between Laurel Road and Morningside Drive. The loop system planned is

expected to improve pressure stability in both existing systems. The two wells and associated facilities currently operated by the WCSD are planned to be abandoned, and the underlying property can be disposed. Capacity from the existing ICCSD wells is adequate to supply the combined systems.

**Modified Service Plan:** In reviewing the submitted Service Plan, several issues were identified, and clarification was requested from the Districts. These issues included the following:

- The members of the CCSD Board should be identified.
- A plan to institute service zones should be identified.
- An effective date for the consolidation should be set.
- A general manager should be named.
- A name for the CCSD should be proposed.
- Bylaws and ordinances should be planned for the CCSD.

In response, the representatives from the Districts submitted a modified Service Plan addressing these issues, which is included in Exhibit D. Conditions of approval for these items are included in the resolution as well. The Districts' Boards of Directors are scheduled to consider the modified Service Plan on May 4, 2009. If necessary, any changes approved by the Districts' Boards and an analysis will be included under separate cover.

## **ANALYSIS**

The rules and regulations governing local agency reorganizations provide a variety of factors to be considered by LAFCO during its review, primarily found in Government Code Section 56668. The "LAFCO Required Determinations Checklist" in Exhibit A analyzes these issues, and is summarized as follows:

- 1.) **Services & Alternatives** – The CSDs have submitted a plan and have demonstrated the ability to merge services. The proposed CCSD can meet the long-term needs of its residents by providing water service and street lighting. There are no reasonable or feasible alternatives as no other agencies in the area provide water service within the CSD's jurisdiction; therefore, no comparisons can be made.

The geography of the two districts and their characteristics is such that they are uniquely suited to merge. The loop system planned is expected to improve pressure stability in both existing systems, and decommissioning the Westridge wells at the Manor Market will work to protect the aquifer. The proposed consolidation will take advantage of mutually beneficial trade-offs, including the WCSD's higher-performing pipe infrastructure, excess capacity from recently installed wells at the Jill Kinmont School, and the ICCSD's preventative maintenance program.

- 2.) **Cost and Revenues** - The consolidation will not have a negative financial impact on any parties involved and would be in the best interest of existing and future residents. The overall budget of the CCSD is expected to be less than the combined current budgets of the two existing districts. Savings will result from eliminating one five person Board of Directors; the need for fewer people to manage system operations, administration, and maintenance; a reduction in insurance costs; and, a reduction in the cost of water quality testing by eliminating approximately one-half of the sampling. The CCSD will offer better economies of scale and potentially an advantage in procuring grant funding.

- 3.) **Boundaries** – The proposed boundaries are logical, contiguous, not difficult to serve, definite, certain, and conform to existing assessment lines. Consolidation of the Districts is ideal because the WCSD fits into one corner of the ICCSD.
- 4.) **External Effects** – The annexation will have no negative effects on adjacent population areas or other community service providers. No objections to the proposed consolidation have been received.
- 5.) **Land Use** – The consolidation is consistent with the Inyo County General Plan and zoning ordinance as they relate to the service to be provided. Little physical changes that might alter land use patterns are anticipated, and the neighborhoods served by the CSDs are largely built out. While limited amounts of other private land in the area may be developed, it is unlikely that significant population growth will occur, and any that does occur will not be a result of the consolidation. The CSD's jurisdiction is largely developed, and is neither prime agricultural land nor valuable open space.

## **ENVIRONMENTAL REVIEW**

Pursuant to the California Environmental Quality Act (CEQA), a Negative Declaration/Initial Study (ND/IS) was distributed for public review between March 30 and April 28, 2009. The document was circulated through the State Clearinghouse to relevant agencies, and the Notice of Availability/Intent was posted with the Inyo County Recorder and published in the Inyo Register. Comments have been received from the following:

- Gayle J. Rosander, Caltrans District 9
- Lance Salisbury, California Department of Public Health

## **Responses to Comments**

The following summarized comments on the ND/IS were received. Responses are provided afterwards.

**Comment:** For any work done within State right-of-way or affecting West Line Street traffic, an encroachment permit will be required.

**Response:** The CCSD will obtain any required permits for any work undertaken with the right-of way of West Line Street or otherwise substantially affecting traffic along West Line Street, as appropriate.

**Comment:** The ND/IS is adequate and copies of the final documents should be transmitted to the California Department of Public Health (DPH).

**Response:** Copies of the final documents will be transmitted to DPH.

## **FINDINGS**

Based on the analysis and evidence summarized above, staff recommends the Commission make the following findings:

- 1.) Together with the draft ND/IS, all comments received and responses to those comments, and all other information in the record, the ND/IS demonstrates that there is no substantial evidence that

the project will have a significant effect on the environment, and that the ND/IS reflects Inyo LAFCO's independent analysis and judgment.

- 2.) There is a need for the services to be provided by the CCSD by existing and future residents of the area served by the WCSD and ICCSD.
- 3.) The Districts have demonstrated the ability to jointly provide water delivery and street lighting services to the neighborhoods currently served by each District separately, and have submitted an appropriate plan for services. Services to be provided by the CCSD will be adequate to meet the long-term needs of the territory proposed for consolidation after necessary improvements to facilities are made. Water supply is adequate to provide continuing water delivery services, and the consolidation will not substantially alter demand.
- 4.) There are no reasonable or feasible alternatives to service as no other agencies in the area provide water delivery service within the Districts' jurisdiction, and therefore, no comparisons for the sake of determining overall efficiency can be made. The consolidation will be "revenue neutral" and in the best interest of the future residents of the territory proposed for consolidation. Merging the ICCSD and WCSD is the most cost effective and efficient alternative.
- 5.) The proposed boundaries are logical, contiguous, not difficult to serve, definite, certain and conform to existing assessment lines. The proposal will have no negative effects on adjacent areas of population or other community service providers. No outside agencies have objected to the proposed consolidation.
- 6.) The proposal is consistent with County general plan and zoning designations and projected population growth for the area. The area is unlikely to experience significant additional population growth. The property proposed to be consolidated is not prime agricultural land or valuable open space.

## **ELECTION**

Government Code Section 57081 indicates in part the following:

- (a) If authorized by the commission pursuant to Section 56853, the protest proceedings shall be conducted for the consolidation of districts or the reorganization of all or any part of those districts into a single local agency pursuant to this section. The commission shall hold at least one noticed public hearing on the proposal within 30 days after approval of the application by the commission. After the conclusion of the hearing, the commission shall order the consolidation or reorganization without an election, except as otherwise provided in subdivision (b).
- (b) An election shall only be held if the commission finds either of the following:
  - (1) In the case of inhabited territory, that a petition requesting that the proposal be submitted to confirmation by the voters has been signed by either of the following:
    - (A) At least 25 percent of the number of landowners within the territory subject to the consolidation or reorganization who own at least 25 percent of the assessed value of land within the territory.
    - (B) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the territory.

Any petition must be submitted by the end of the protest hearing.

### **MATERIAL CHANGES**

Pursuant to Government Code Section 56853(b), the Commission may order a material change to the application. However, if the Commission so acts, the CSDs must be given 30 days to respond.

### **EXHIBITS**

- A. LAFCO Mandatory Determinations Checklist
- B. Draft Negative Declaration of Environmental Impact and Initial Study and Public Comments, including Map of Districts and Service Plan for Consolidated Districts
- C. LAFCO Applications for Consolidation, Resolutions of Application, and other submitted information
- D. Inyo LAFCO Draft Resolution No. 09-01
- E. Draft Modified Service Plan