



## **Inyo Local Agency Formation Commission**

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### **STAFF REPORT**

**MEETING DATE:** April 11, 2011

**AGENDA ITEM:** 7

**SUBJECT:** Dissolution No. 2011-01/Hidden Springs Water District

#### **EXECUTIVE SUMMARY**

The Hidden Spring Water District lies in the Charleston View California area, which is located in Southeast Inyo County. This Water District was formed in 1967 to provide a private water system to the residents of Charleston View, but has not done so since about 1983. The Hidden Springs Water District provides no services, and is not expected to provide any services in the future, and therefore, it is recommended that it be dissolved.

#### **STAFF RECOMMENDATION**

Staff recommends the Commission conduct a public hearing and approve Dissolution No. 2011-01/Hidden Springs Water District by adopting the attached resolution and schedule a protest hearing.

#### **APPLICATION INFORMATION**

<b>Application No.:</b>	Dissolution No. 2011-01
<b>Applicant:</b>	Hidden Springs Water District
<b>Property Owner:</b>	Numerous
<b>Location:</b>	North of Moon Path Lane; East of: Aster Way, Carpenter Way, Opal Street, and Quartz Street; Bordered on the Northeast by the state of Nevada. Charleston View, CA.
<b>Assessor Parcel Numbers:</b>	Numerous
<b>General Plan Designation:</b>	Numerous
<b>Zone Classification:</b>	Numerous
<b>Approx. Territory Size:</b>	14.125 Square Miles
<b>Surrounding Land Uses:</b>	Open Space

## DESCRIPTION

According to Inyo LAFCO's Municipal Service Review and Sphere of Influence Updates adopted on February 9, 2007, the Hidden Springs Water District was formed to provide a private water system, but is not doing so, and is not providing any services to the residence of Charleston View. The Water District is not expected to provide water services in the near future. The Hidden Springs Water District does not possess any known assets, the Water District Board has not constituted a quorum since December 1999, and the Water District does not levy any taxes or fees. As the Water District does not serve any purpose and is not expected to provide any water services in the future, LAFCO directed staff to move forward with dissolution of the Hidden Springs Water District at its May 8, 2009 meeting.

Water service within the Hidden Springs Water District area is provided by private wells. According to the residents of Charleston View the majority of the residences obtain their water from private wells, however not all residence have wells. The residences that do not have wells obtain their water by other means, not the Hidden Springs Water District.

Staff met with interested residents in Charleston View and conducted a public meeting in Tecopa on March 3, 2011 to discuss the contemplated dissolution and alternatives. Staff did not observe any discernible pattern of interest in forming a quorum or pursuing alternatives at these meetings. Residents did express interest in the well used by the Hidden Springs Water District for fire suppression purposes.

The well that provided water to the residents of Charleston View is located on private property, which is owned by the Mac Donald's (048-392-26). From 1967 to 1982 the well and associated infrastructures did provide water to residents. An Inyo County Environmental Health Small Water Systems Report dated February 2, 1982 notes high levels of bacteria, due to defects in the water system. A State of California Department of Health Services report dated February 2, 1983 further notes excessive levels of Nitrates in the water system. The water system was deemed to be defective and subsequently abandoned in favor of individual wells. Staff, in consultation with County Counsel and the Inyo County Recorder, reviewed the issue of the ownership of the well. Staff has determined that the well in question, which sits on private property, was never legally transferred to the district and, as such, is not an asset of the district.

## 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:

**Services & Alternatives** – The Hidden Springs Water District does not provide any services currently, and is not expected to in the future. Water is provided by private wells, which adequately serves residents in the area. Elimination of the Water District is the best alternative. As this action will dissolve an inactive district, the proposal will not alter service in other districts, and no objections have been received to dissolve the Water District.

**Cost and Revenues** - Water service is provided in the Charleston View area by private wells, which is not regulated. Dissolution of the inactive Water District will not alter existing services or facilities, and potentially will eliminate administrative and other costs. No change in property taxes is expected from eliminating the Water District. The proposal is not anticipated to alter service in any other district.

**Boundaries** – Elimination of the Hidden Spring Water District is logical and reasonable as it eliminates an unnecessary government entity. The proposal is not expected to substantially alter services provided by other agencies or quasi-public agencies. Water service is already provided by private wells, and will not be affected by the action.

**External Effects** – The proposed dissolution will not have a negative impact any adjacent areas, mutual, social, or economic interests, or on the local governmental structure of the County. Residents of Charleston View have expressed interest in the well that was used by the Hidden Springs Water District for fire suppression, however no legally binding document has been found to determine the ownership of the well other than the current property owner.

**Land Use** – The project merely involves dissolution of an inactive Water District, and will not negatively alter any land use or planning objective. The dissolution is not expected to alter population growth patterns or density, or the location or number of registered voters or inhabitants, either within the Water District or in the vicinity.

### **ENVIRONMENTAL REVIEW**

Section 15320 of the California Environmental Quality Act (CEQA) Guidelines indicates that reorganizations of local agencies are exempt from environmental review where the changes do not alter the geographic area in which previously existing powers are exercised. As the Water District does not provide any services or otherwise exercise its powers, the proposed dissolution is exempt from the provisions of CEQA. None of the exceptions to the exemptions described in CEQA Guidelines Section 15300.2 apply.

### **ELECTION**

Government Code Section 57102 indicates that if the Commission finds that the corporate powers have not been used, as specified in Section 56871<sup>1</sup>, and that there is a reasonable probability that those powers will not be used in the future, then the Commission may order the dissolution of a district without an election. However, Government Code Section 57113(a) indicates in part that an election shall be held if the following occurs:

- (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 10 percent of the number of landowners within any affected district within the affected territory whom own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners within an affected district is less than 300, the petition requesting the proposal to be submitted to the voters shall be signed by at least 25 percent of the landowners who own at least 25 percent of the assessed value of land within the territory of the affected district.

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<sup>1</sup> Government Code Section 56871 includes the following conditions: (1) There has not been a duly selected and acting quorum of the board of directors of the district; (2) The board of directors has not furnished or provided services or facilities of substantial benefit to residents, landowners, or property within the district; (3) The board of directors has not levied or fixed and collected any taxes, assessments, service charges, rentals, or rates or expended the proceeds of those levies or collections for district purposes; (4) That during the one-year period preceding a quorum of the duly selected and acting board of directors has not met for the purpose of transacting district business; (5) The district had no assets, other than money in the form of cash, investments, or deposits.

- (B) At least 10 percent of the voters entitled to vote as a result of residing within, or owning land within, any affected district within the affected territory. However, if the number of voters entitled to vote within an affected district is less than 300, the petition requesting the proposal to be submitted to the voters shall be signed by at least 25 percent of the voters entitled to vote.
- (2) In the case of a landowner-voter district, that the territory is uninhabited and a petition requesting that the proposal be submitted to confirmation by the voters has been signed by at least 10 percent of the number of landowners within any affected district within the affected territory, owning at least 10 percent of the assessed value of land within the territory. However, if the number of voters entitled to vote within an affected district is less than 300, the petition requesting the proposal to be submitted to the voters shall be signed by at least 25 percent of the voters entitled to vote.

## **CONCLUSION**

Staff recommends the Commission conduct a public hearing and approve Dissolution No. 2011-01/Hidden Springs Water District by adopting the resolution in Exhibit B and schedule the protest hearing. If a petition per the requirements of Government Code Section 57113 is submitted prior to conclusion of the protest hearing, then an election may be directed. Section 57008 indicates that protest hearings for LAFCO-initiated reorganizations shall be held in the affected territory. In addition to the findings required by Section 56668, the resolution includes additional findings as required by Section 56881(b) for LAFCO-initiated dissolutions relating to public service costs, accountability for community services needs, and financial resources.

## **EXHIBITS**

- A. LAFCO Mandatory Determinations Checklist
- B. Inyo LAFCO Draft Resolution No. 2011-01
- C. Exhibit Map

**EXHIBIT A –  
LAFCO MANDATORY  
DETERMINATIONS CHECKLIST**

**1) SERVICES AND ALTERNATIVES**

- a) **Need for Organized Community Services; Probable Future Needs:** *Applicants shall demonstrate the need and/or future need for governmental services and that the proposal is the best alternative to provide service (Gov. Code §56668(b)).*

The Hidden Springs Water District does not provide any services currently, and is not expected to in the future. Water is provided by the private wells, and adequately serves residents in the area. Elimination of potentially County administrative and other overhead costs is the best alternative.

- b) **Ability to Serve, Level and Range of Service, Time Frames, Conditions to Receive Service:** *Prior to annexation the applicants and proposed service providers shall demonstrate that the annexing agency will be capable of providing adequate services, which are the subject of the application and shall submit a plan for providing services (Gov. Code §56668(j)).*

No annexation is proposed. Water is already obtained by private wells within the Hidden Springs Water District boundaries, which provides adequate service. No additional planning studies are necessary or appropriate.

- c) **Timely Availability of Adequate Water Supply:** *The commission shall consider the timely availability of water supplies adequate for projected needs (Gov. Code §56668(k)).*

No change in water supply or demand is anticipated as a result of the dissolution. Existing water is obtained by private wells and is adequate for the current and projected need.

- d) **Alternatives to Service, Other Agency Boundaries, Local Government Structure:** *The commission shall give great weight to any resolution objecting to the action that is filed by a city or a district. The Commission's consideration shall be based only on financial or service related concerns expressed in the protest. (Gov. Code §56668.3(b)).*

No objections from any other public agency have been received.

- e) **Significant Negative Service Impacts:** *Services provided to the territory will not result in a significant negative impact on the cost and adequacy of services otherwise provided. (Gov. Code §56668(c)).*

As it dissolves an inactive district, the proposal will not alter service in other districts.

**2) COST AND REVENUE**

- a) **Present Cost/Adequacy of Governmental Services, Including Public Facilities:** *The commission shall consider existing government services and facilities, cost and adequacy of such services and facilities (Gov. Code §56668(b)).*

Water service is provided in the Charleston View Area by private wells. Dissolution of the inactive Water District will not alter existing services or facilities, and potentially will eliminate County administrative and other costs. The proposal is not expected to alter the cost of providing the water service in the Charleston View area or its adequacy.

- b) **Effect of Subdivision on Cost & Adequacy of Service in Area and Adjacent Areas:** *The commission shall consider existing and proposed government services and facilities, the cost and adequacy of such services and facilities and probable effect of the proposal on the area and adjacent areas (Gov. Code §56668(b)).*

The proposal is not expected to alter the cost of providing water service or its adequacy. The proposal is not anticipated to alter service in other districts.

- c) **Effect of Alternative Courses of Action on Cost & Adequacy of Service in Area and Adjacent Areas:** *The commission shall consider the cost and adequacy of alternative services and facilities (Gov. Code §56668(c)).*

Eliminating the inactive Water District will remove an entity which has very little potential to provide water service because existing private wells provide the water to the residents. Dissolution of the Hidden Springs Water District is the most cost effective and efficient alternative for the Residents of Charleston View and the County.

- d) **Per Capita Assessed Valuation:** *(Gov. Code §56668(a))*

The proposal merely dissolves an inactive Water District and is not anticipated to impact assessed valuation. The proposed consolidation is “revenue-neutral”.

- e) **“Best Interest”:** *The commission will consider whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district (Gov. Code §56668.3).*

The project does not involve annexation. Regardless, the proposal will be in the best interest of residents of Charleston View and future inhabitants within the district because it will eliminate an unnecessary and inactive entity, and thereby avoid potential administrative and other costs.

### 3) **BOUNDARIES**

- a) **Logical, Contiguous, Not Difficult to Serve, Definite & Certain:** *The proposed boundary shall be a logical and reasonable expansion and shall not produce areas that are difficult to serve (Gov. Code §56001). Lands to be annexed should be contiguous, and should not create irregular boundaries, islands, peninsulas or flags. The boundaries of the site shall be definite and certain and conform to existing lines of assessment and ownership (Gov. Code §56668(f)).*

The proposal does not involve annexation or expansion, and removes boundaries of an inactive Water District. Elimination of the Hidden Springs Water District is logical and reasonable as it eliminates an unnecessary government entity.

- b) **Spheres of Influence:** *The sphere of influence of any local agency which may be applicable to the proposal being reviewed (Gov. Code §56668(h)).*

The Water District boundary and its sphere coincide. The Water District is within the County of Inyo's sphere of influence, but the dissolution will not impact the County or any of its services as the action eliminates an inactive Water District, and water is provided by private wells. Notification has been relayed to the County, and no comments have been received.

#### 4) **EXTERNAL EFFECTS AND COMMENTS**

- a) **Effect on Adjacent Areas, Communities of Interest:** *The commission shall consider the effects of the proposal and alternative actions on adjacent areas, mutual, social and economic interests and on the local governmental structure of the county (Gov. Code §56668(c)).*

The proposed dissolution will not have a negative impact any adjacent areas, mutual, social or economic interests, or on the local governmental structure of the County. No feasible or superior alternatives are identified.

- b) **Effect on Other Community Services, Schools:** *LAFCO's review of services refers to governmental services whether or not those services are provided by local agencies subject to the Cortese-Knox-Hertzberg Act, and includes public facilities necessary to provide those services (Gov. Code §56668(b)).*

The proposal is not expected to alter services provided by other agencies or quasi-public agencies. Water service is already provided by private wells, and will not be affected by the action.

- c) **Other Agency Comments, Objections:** *All affected and interested agencies are provided application related material and notified of the proposal and proposed property tax redistribution plan. For district annexations and city detachments only, the commission shall also consider any resolution objecting to the action filed by an affected agency (Gov. Code §56668.3(a)(4)). The commission must give great weight to any resolution objecting to the action filed by a city or a district. The commission's consideration shall be based only on financial or service related concerns expressed in the protest (Gov. Code §56668.3(b), 56668(i)).*

Numerous notices have been distributed and published regarding the proposal, and LAFCO staff has not received any comments from outside interested agencies. No redistribution of property tax is anticipated.

- d) **Landowner, Owner, Voter, and Resident Comments:** *Any information or comments from the landowner or owners, voters, or residents of the affected territory (Gov. Code §56668(m))*

All landowners and registered voters within and within 300 feet of the Water District have been notified of the proposed dissolution, public notices have been published in the Pahrump Valley Times, and the Inyo Register and no information or comments have been received.

- e) **Environmental Justice:** *The extent to which the proposal will promote environmental justice, which means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services (Gove Code §56668(o)).*

The proposal will dissolve an inactive Water District, and will not alter the location of public facility or the provision of public services. Therefore, environmental justice issues do not apply.

## 5) LAND USE

- a) **Fair Share of Regional Housing Needs:** *The commission shall review the extent to which the proposal will assist the receiving entity in achieving its fair share of regional housing needs as defined by the council of governments (Gov. Code §56668(l)).*

The project merely involves dissolution of an inactive Water District, and will not alter the regional housing needs allocation.

- b) **Land Use, Information Relating to Existing Land Use Designations:** *The commission shall consider any information relating to existing land use designations (Gov. Code §56668(n)).*

The territory is designated and zoned for open space and rural residential uses, and is largely available for development. The dissolution is consistent with these designations, and will not alter permitted density and/or uses.

- c) **Population, Density, Growth, Likelihood of Growth in the Area and in Adjacent Areas Over Ten Years:** *The commission will consider information related to current population, projected growth and number of registered voters and inhabitants in the proposal area (Gov. Code §56668(a)).*

The dissolution is not expected to alter population growth patterns or density, or the location or number of registered voters or inhabitants, either within the Water District or the vicinity.

- d) **Proximity to Other Populated Areas:** *The commission shall consider population and the proximity of other populated areas, growth in the area and in adjacent incorporated and unincorporated areas during the next 10 years. (Gov. Code §56668(a)).*

The Water District's jurisdiction is largely undeveloped at this point. Future growth in nearby areas is highly speculative. Although the project is not expected to alter the distribution of development, it lies in close proximity to proposed religious and solar developments. The dissolution of the inactive Water District will not alter the proposed developments.

- e) **Consistency With General Plans, Specific Plans, Zoning:** *The commission shall consider the general plans of neighboring governmental entities (Gov. Code §56668(g)).*

The proposed dissolution is consistent with the Inyo County General Plan and zoning.

- f) **Physical and Economic Integrity of Agriculture Lands and Open Space Lands:** *LAFCO decisions will reflect its legislative responsibility to maximize the retention of prime agricultural land while facilitating the logical and orderly expansion of urban areas (Gov. Code §56668(e), §56016 and §56064).*

The territory is designated by the Inyo County General Plan and zoned for open space and rural residential, however the proposal is not expected to impact resources in nearby open space or agricultural lands.

g) **Urban Development Patterns:** *The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377 (Gov. Code §56668(d)).*

The project involves elimination of an inactive water service provider in an area that is served by an existing private wells. The dissolution will not alter development patterns or impact agricultural production in any way. The project is consistent with all applicable policies and Government Code Section 56377.

## **RESOLUTION NO. 2011-01**

### **A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF INYO, STATE OF CALIFORNIA, APPROVING DISSOLUTION NO. 2011-01/HIDDEN SPRINGS WATER DISTRICT**

**WHEREAS**, the Executive Officer of the Inyo Local Agency Formation Commission (LAFCO) filed a Certificate of Completion forming the Hidden Springs Water District to provide water service within the Charleston View area with the Inyo County Recorder on November 27, 1967; and

**WHEREAS**, the Hidden Springs Water District is not known to have exercised its powers during the last three years, provided water service, acquired property or other assets, collected taxes or fees, or otherwise been active; and

**WHEREAS**, water service is provided within the boundaries of the Hidden Springs Water District by private wells, and this service is considered adequate to meet the needs of existing and future residents in the area; and

**WHEREAS**, the Inyo LAFCO reviewed and approved a Municipal Service Review and Sphere of Influence Update on February 9, 2007, which recognized that the Hidden Springs Water District provides no services, and are sufficient to comply with Government Code Section 56375(a)(3) for LAFCO to initiate dissolution; and

**WHEREAS**, the Inyo LAFCO directed the Executive Director to proceed with dissolving the Hidden Springs Water District on May 8, 2009; and

**WHEREAS**, Section 15320 of the California Environmental Quality Act (CEQA) Guidelines indicates that reorganizations of local agencies are exempt from the requirements of CEQA, and none of the exceptions specified by CEQA Guidelines 15300.2 apply to the proposal; and

**WHEREAS**, the Inyo LAFCO held a duly noticed public hearing on April 11, 2011, to consider Dissolution No. 2011-01/Hidden Springs Water District, and considered the staff report and all written and oral testimony presented concerning Dissolution No. 2011-01.

**NOW, THEREFORE, BE IT RESOLVED**, that the Inyo LAFCO hereby makes the following determinations and findings regarding the project as required by the Cortese-Knox-Herzberg Local Government Reorganization Act of 2000, as updated (Government Code Section 56000 et seq.):

- 1.) Water services provided by private wells is and is expected to continue to be adequate to meet the long-term needs of the territory encompassing the Hidden Springs Water District, water supply is adequate to provide continuing water delivery services, and dissolution of the Hidden Springs Water District is not expected to alter water demand in any way; and
- 2.) The dissolution will be “revenue neutral” and in the best interest of the future residents of the territory proposed for dissolution, and is the most cost effective and efficient alternative; and
- 3.) Dissolution of the Hidden Springs Water District is logical and reasonable, the proposal will have no negative effects on adjacent areas of population or other community service

providers, and no outside agencies or other parties have objected to the proposed dissolution; and

- 4.) The area may experience significant additional population growth in the future, however the proposal will not cause negative effects on population growth; and the proposal is consistent with County General Plan and zoning designations and projected population growth for the area; and
- 5.) Public service costs of the proposal are likely to be less than or substantially similar to the costs of alternative means of providing the service; and
- 6.) The dissolution promotes public access and accountability for community services needs and financial resources; and
- 7.) The corporate powers of the Hidden Springs Water District have not been used, as specified in Government Code Section 56871, and there is a reasonable probability that those powers will not be used in the future; and
- 8.) Dissolution of the District is authorized without an election, pursuant to Government Code Section 56854, unless a petition meeting the requirements of Section 57113 is received.

**BE IT FURTHER RESOLVED**, the Inyo LAFCO finds that the dissolution of the Hidden Springs Water District is exempt from the requirements of CEQA per California Code of Regulations Section 15320; and

**BE IT FURTHER RESOLVED**, that the Inyo LAFCO hereby approves Dissolution No. 2011-01/ Hidden Springs Water District and said dissolution shall become effective upon filing of the Certificate of Completion by the Inyo LAFCO Executive Officer; and

**BE IT FURTHER RESOLVED**, that the Inyo LAFCO hereby directs the Executive Officer to schedule a protest hearing regarding the proposal pursuant to Government Code Section 56881(d) within the affected district at the next appropriate time, and approval of Dissolution No. 2011-01 shall become effective as of the date of the filing of a Certificate of Completion and the Executive Officer is hereby directed to issue a Certificate of Completion unless a petition or petitions with sufficient number of signatures to require an election pursuant to Government Code Section 57113 are submitted at said protest hearing.

**PASSED AND ADOPTED THIS 11<sup>th</sup> DAY OF April, 2011 BY THE FOLLOWING VOTE:**

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

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**Chairperson  
Inyo LAFCO**

**ATTEST:**

**Joshua Hart**

**Inyo LAFCO Executive Officer**

**By:** \_\_\_\_\_  
**Dan Stewart, Inyo LAFCO Secretary**