

**LOCAL AGENCY FORMATION COMMISSION  
REGULAR MEETING AGENDA**

Wednesday, December 14, 2005  
9:00 a.m.

Board of Supervisors' Hearing Room, Room 381B  
Kenneth Hahn Hall of Administration  
500 West Temple Street, Los Angeles 90012

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A person with a disability may contact the LAFCO office at (818) 254-2454 at least 72 hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

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1. **CALL MEETING TO ORDER.**
2. **PLEDGE OF ALLEGIANCE WILL BE LED BY CHAIRMAN PELLISSIER.**
3. **PUBLIC HEARING**
  - a. Request from Los Angeles County Waterworks District No. 40, for approval of an Out-of-Agency Water Agreement (2005-40), with Frontier Homes.
  - b. City of Hawthorne Annexation No. 2005-32  
**(Continue without discussion to January 11, 2006)**
  - c. Gateway Region – Municipal Service Reviews and Sphere of Influence Updates
    - 1) Regional MSR and SOI Update of Affected Agencies
    - 2) Dudek -- Final Municipal Service Review of Water Providers in the Gateway Region and SOI Update of Affected Agencies
  - d. Santa Clara Region -- Water Municipal Service Review and Sphere of Influence Updates.

4. **PROTEST HEARING**

- a. Los Angeles County Waterworks District No. 40, Annexation No. 2004-09. (KB Homes Greater Los Angeles Inc.)
- b. Los Angeles County Waterworks District No. 40, Annexation No. 2005-08. (Anaverde LLC).

5. **GOVERNMENT CODE § 56857 NOTICES**

(For Informational Purposes Only, Receive and File)

Upon receipt of any proposed change of organization or reorganization that includes the annexation of territory to any district, if the proposal is not filed by the district to which annexation is proposed, Government Code Section 56857 requires LAFCO to place the proposal on its agenda for informational purposes only.

- a. Los Angeles County Waterworks District No. 40, Annexation No. 2005-35.
- b. Los Angeles County Waterworks District No. 40, Annexation No. 2005-37.
- c. Los Angeles County Waterworks District No. 40, Annexation No. 2005-38.
- d. Los Angeles County Waterworks District No. 40, Annexation No. 2005-39.

6. **OTHER ITEMS**

- a. Presentation of 15-year service pin to Larry J. Calemine.
- b. Approve minutes of the meeting held November 9, 2005.
- c. Approve November 2005 Operating Account Check Register.
- d. Receive and file Municipal Service Reviews and Spheres of Influence Update.
- e. Receive and file update on pending applications.

7. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on items that are not on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Speakers are reminded of the three-minute time limitation.

8. **FUTURE MEETINGS**

January 11, 2006  
January 25, 2006

9. **FUTURE AGENDA ITEMS**

Items not on the posted agenda which, if requested, will be referred to staff or placed on a future agenda for discussion and action by the Commission, or matters requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Commission subsequent to the posting of the agenda.

10. **ADJOURNMENT MOTION**

## **Staff Report**

**December 14, 2005**

### **Los Angeles County Waterworks District No. 40 Request for Approval of Out-of-Agency Water Service Agreement (2005-40) - Frontier Homes**

#### **Agenda Item No. 3a**

The item before you is a request by Los Angeles County Waterworks District No. 40 (the District) for approval of an out-of-agency water service agreement with Frontier Homes, pursuant to Government Code Section 56133(b).

Proposal: The subject territory consists of a 25± acre parcel located in the vicinity of 30<sup>th</sup> Street East and Newgrove Street in the City of Lancaster. The existing approved Tentative Map Nos. 60857 and 54315 allows for construction of 101 single-family residential units.

Issues: On December 7, 2004 Frontier Homes filed an application with the District to initiate proceedings to annex the territory into the boundaries of the District. To date, the District has not submitted said application to LAFCO for processing.

As homes will soon be available for occupancy, the District has requested the Commission's approval to contract with Frontier Homes to provide water-related services outside its jurisdictional boundary in anticipation of Commission approval of the annexation proposal.

Sphere of Influence: The subject territory is currently within the sphere of influence of the District.

CEQA: The City of Lancaster has determined that Tract 54315 (infill community) is categorically exempt from the provisions of California Environmental Quality Act (CEQA) pursuant to section 15332 of the State CEQA Guidelines. The City of Lancaster, as lead agency, adopted a Negative Declaration for Tract 60857 and made a determination that the project will not have a significant impact on the environment.

**Recommended Action**

1. Open the public hearing and receive testimony.
2. There being no further testimony, close the public hearing.
3. Find that the proposed agreement for Tract 54315 is categorically exempt from the provisions of CEQA pursuant to section 15332 of the State CEQA Guidelines. Acting in its role as a responsible agency with respect to the proposed agreement for Tract 60857, and under State CEQA Guidelines Section 15096, certify that the Commission has independently considered and reached its own conclusions regarding the environmental effects of the project and the negative declaration adopted by the City of Lancaster and has determined that the document adequately addresses the environmental impacts of the project. Finds that the Commission has complied with the requirements of CEQA with respect to the process for a responsible agency, and adopts by reference the environmental findings previously adopted by the lead agency, in connection with its approval of the project.
4. Pursuant to Government Code Section 56133(b), authorize Los Angeles County Waterworks District No. 40 to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization, and to enter into an out-of-agency water service agreement with Frontier Homes.

**Staff Report**

**December 14, 2005**

**City of Hawthorne Annexation No. 2005-32**

**Agenda Item No. 3.b.**

The City of Hawthorne submitted an application for annexation of certain County unincorporated territory on July 25, 2005. LAFCO, the County Supervisor's office, the County Chief Administrative Office (CAO) and the City of Hawthorne have all been working closely together to finalize this action.

The CAO has provided a draft Tax Transfer Resolution (TTR) to the City of Hawthorne for its adoption. A hearing by the Hawthorne City Council is required for adoption of the TTR before it can be returned to the County for final Board of Supervisor action.

Based on various public notice requirements placed on both the City and County it is expected that the final TTR will be ready so that LAFCO may consider the annexation proposal at the LAFCO meeting on January 11, 2005.

**Recommendation**

It is recommended that the LAFCO hearing date for consideration of the City Of Hawthorne application for annexation, No. 2005-32, be continued without discussion to January 11, 2006.

## **STAFF REPORT**

**December 14, 2005**

### **GATEWAY MUNICIPAL SERVICE REVIEW (MSR) AND SPHERE OF INFLUENCE (SOI) UPDATE FOR THE FOLLOWING CITIES:**

<b>CITY OF ARTESIA</b>	<b>CITY OF LA MIRADA</b>
<b>CITY OF BELL</b>	<b>CITY OF LAKEWOOD</b>
<b>CITY OF BELL GARDENS</b>	<b>CITY OF LONG BEACH</b>
<b>CITY OF BELLFLOWER</b>	<b>CITY OF LYNWOOD</b>
<b>CITY OF CARSON</b>	<b>CITY OF MAYWOOD</b>
<b>CITY CERRITOS</b>	<b>CITY OF NORWALK</b>
<b>CITY OF COMMERCE</b>	<b>CITY OF PARAMOUNT</b>
<b>CITY OF COMPTON</b>	<b>CITY OF PICO RIVERA</b>
<b>CITY OF CUDAHY</b>	<b>CITY OF SANTA FE SPRINGS</b>
<b>CITY OF DOWNEY</b>	<b>CITY OF SIGNAL HILL</b>
<b>CITY OF HAWAIIAN GARDENS</b>	<b>CITY OF SOUTH GATE</b>
<b>CITY OF HUNTINGTON PARK</b>	<b>CITY OF VERNON</b>
<b>CITY OF LA HABRA HEIGHTS</b>	<b>CITY OF WHITTIER</b>

#### **AGENDA ITEM NO. 3.c.1**

Agenda item 3.c.1 is consideration and approval of the Municipal Service Review (MSR) for the Gateway region and the corresponding sphere of influence (SOI) updates for the cities in the Gateway MSR area.

#### **Background**

Since 1971, LAFCOs have been required to develop and adopt a sphere of influence for each city and special district. A sphere is defined by Government Code section 56076 as “a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.”

Developing spheres is central to the Commission's purpose. Government Code section 56425 states, "In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and adopt a sphere of influence for each local governmental agency within the county . . . ."

Enacted in 2001, Assembly Bill 2838 requires that LAFCOs, for the first time, "... shall review and update the sphere not less than once every five years."

In addition, AB 2838 creates an entirely new LAFCO obligation, as provided in Government Code section 56430:

In order to prepare and to update SOIs in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission . . . . The commission ... shall prepare a written statement of its determinations with respect to each of the following:

1. Infrastructure needs or deficiencies;
2. Growth and population projections for the affected area;
3. Financing constraints and opportunities;
4. Cost avoidance opportunities;
5. Opportunities for rate restructuring;
6. Opportunities for shared facilities;
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
8. Evaluation of management efficiencies; and
9. Local accountability and governance.

The Commission has great latitude in how to gather information and perform these studies, including the ability to decide what portion of the County is appropriate for an analysis of specific types of services. Service reviews must be conducted before, or in conjunction with, an action to update an SOI.

The State Office of Planning and Research has issued advisory guidelines to assist LAFCOs as they endeavor to comply with this requirement.

### **Gateway MSR and SOI Update for Cities within the Gateway MSR area**

To assist in undertaking a service review for the cities in the Gateway MSR area, Burr Consulting has conducted research and analysis and prepared the enclosed MSR report for the Commission's review and adoption. It is recommended that the Commission retain the existing SOI boundaries for the following 22 cities within the Gateway MSR



area: Artesia, Bell, Bell Gardens, Bellflower, Carson, Cerritos, Commerce, Compton, Cudahy, Downey, Hawaiian Gardens, Huntington Park, La Habra Heights, La Mirada, Lakewood, Long Beach, Lynwood, Maywood, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon, and Whittier.

It is recommended that the Commission amend the SOI boundaries for the following four cities within the Gateway MSR area:

### **Carson**

The report recommends that the Carson SOI be expanded to include areas currently within the City of Compton and City of Los Angeles SOIs. The affected areas are primarily industrial, but also include single family homes, a mobile home park and a museum. Residents of both areas recommended that these areas be assigned to Carson's SOI for future annexation. These areas are contiguous to the City of Carson's current SOI and share the industrial community of interest along the western side of the Alameda Corridor. The neighboring cities have not succeeded in annexing the areas within their SOIs. The City of Compton is experiencing facility capacity and service adequacy issues while the City of Carson generally provides adequate services with minimal facility capacity issues.

### **Compton**

The report recommends that LAFCO remove the southwestern portion of the joint SOI area shared with the City of Los Angeles from the City of Compton's SOI. Residents of this area requested that the area be reassigned to the City of Carson's SOI. Most of this affected area (west of Avalon Blvd.) is outside the City's planning area. The report also recommended that LAFCO remove the SOI area located south of the City's boundary and east of Edison Way, and place it within the SOIs of the cities of Carson and Long Beach. The portion west of the Alameda Corridor is recommended to be added to the City of Carson's SOI, whereas the portion east of the Alameda Corridor is recommended to be added to the City of Long Beach's SOI. This southern SOI area is occupied by industrial uses, a mobile home park and a museum, and is not included in the City's planning area.

Since the SOI was adopted in 1973, the City has not succeeded in annexing the territory, and Compton's financial condition and current infrastructure needs pose challenges to its ability to serve additional territory. The City currently faces financial constraints including relatively low general fund revenues and a relatively high debt load. The City reported to LAFCO that it expects general fund revenue to increase significantly due to pending developments on underutilized commercial and industrial properties; however,

such revenues have yet to materialize. The City has unmet public safety infrastructure needs and faces relatively high demand for police and emergency medical services.

### **La Habra Heights**

The report recommends that the La Habra Heights SOI be expanded to include an unincorporated area between the City and the Los Angeles-Orange County line. La Habra Heights is the only city in Los Angeles County contiguous to the SOI area. Although the street network is more integrated with neighboring La Habra in Orange County, the area is accessible from La Habra Heights along Hacienda Boulevard. The City is the most affluent within the MSR area and faces few financing and service challenges.

### **Long Beach**

The report recommends that the Long Beach SOI be expanded to include the developed, industrial SOI area located west of Susana Road and north of Victoria Street. Other territory west of Long Beach along the east side of the Alameda Corridor is within the City of Long Beach SOI. Long Beach has greater service capacity and adequacy than the City of Compton in whose SOI the area is currently assigned. Placing the affected area within the City of Long Beach SOI would promote logical boundaries and enhance service levels.

### **Related Jurisdictional Changes**

No related boundary changes have been recommended in the MSR.

### **Compliance with CEQA**

MSRs are only feasibility and planning studies for possible future actions that have not been approved, adopted or funded, and therefore, conducting an MSR is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines section 15262.

The CEQA findings for each recommended SOI Updates are contained in the resolutions for each jurisdiction.

### **Other Local Agencies**

The Artesia Cemetery District, Belvedere Garbage Disposal District, Compton Creek Mosquito Abatement District, Downey Cemetery District, Firestone Garbage Disposal District, Greater Los Angeles Vector Control District, Little Lake Cemetery District, and

Walnut Park Garbage Disposal District were included in the MSR for Miscellaneous Governmental Services that was adopted by the Commission on June 23, 2004. The County Sanitation Districts 1, 2, 3, 8, 18, 19, 21, 23, and 29 were included in the MSR for the Los Angeles County Sanitation Districts that was adopted by the Commission on May 25, 2005. All water agencies within the Gateway area are addressed in a separate report—the MSR study of water providers in the Gateway area.

**Recommendation:**

In consideration of information gathered and evaluated during the MSR for the Gateway Region, the following recommendations are provided for consideration by the Commission:

- 1) Open the public hearing and receive testimony on the Municipal Service Review (MSR).
- 2) There being no further testimony, close the public hearing.
- 3) Adopt the attached Resolutions Making Determinations and Approving Updates to the SOIs for the cities in the Gateway Region.

## STAFF REPORT ADDENDUM

December 14, 2005

### AGENDA ITEM 3.C.1 ALTERNATE RECOMMENDATIONS

Based on discussions with LAFCO staff and representatives of the Cities of Carson, Long Beach, and Compton, the following alternative recommendations are subsequently proposed to the Commission for consideration.

It is recognized by LAFCO that there are times when various territory is subject to competing interests from adjacent municipalities and or communities of interest. After further consideration, LAFCO staff proposes the following alternative recommendations, which differs from the initial staff report. Please refer to the attached staff report outlining the following changes:

**Area 1** - This area was previously part of a joint Los Angeles/Compton sphere of influence. It is presently recommended in the staff report as an expansion of the City of Carson's sphere of influence and a reduction of the City of Compton's sphere of influence. The alternative recommendation is to approve the territory as a joint Carson/Los Angeles/Compton sphere of influence.

**Area 2** – This area was previously in the City of Compton's sphere of influence. It is presently recommended in the staff report as an expansion of the City of Carson's sphere of influence and a reduction of the City of Compton's sphere of influence. The alternative recommendation is to approve the territory as a joint Carson/Compton sphere of influence.

**Area 3** - This area was previously in the City of Compton's sphere of influence. It is presently recommended in the staff report as an expansion of the City of Long Beach's sphere of influence and a reduction of the City of Compton's sphere of influence. The alternative recommendation is to approve the territory as a joint Long Beach/Compton sphere of influence.

Adoption of these alternative recommendations will provide an opportunity for the residents and property owners in these areas to decide in the future, which municipality is best suited to serve their area.

## **STAFF REPORT**

**December 14, 2005**

### **MUNICIPAL SERVICE REVIEW WATER SERVICE PROVIDERS – GATEWAY REGION AND SPHERE OF INFLUENCE (SOI) UPDATES**

#### **AGENDA ITEM NO. 3.c.2**

Agenda item 3.c.2 is consideration and approval of the Municipal Service Review (MSR) for Water Service Providers in the Gateway region and the corresponding sphere of influence (SOI) updates for the following agencies:

1. Central Basin Municipal Water District
2. La Habra Heights County Water District
3. Orchard Dale Water District
4. Pico Water District
5. Sativa –Los Angeles County Water District
6. Water Replenishment District of Southern California

#### **Background**

Since 1971, LAFCOs have been required to develop and adopt a sphere of influence of each city and special district. A sphere is defined by Government Code section 56076 as “a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.”

Developing spheres is central to the Commission’s purpose. Government Code section 56425 states “In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and adopt a sphere of influence for each local governmental agency within the county . . . .”

Enacted in 2001, Assembly Bill 2838 requires that LAFCOs, for the first time, “... shall review and update the sphere not less than once every five years.”

In addition, AB 2838 creates an entirely new LAFCO obligation, as provided in Government Code section 56430:

In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission . . . . The commission . . . shall prepare a written statement of its determinations with respect to each of the following:

1. Infrastructure needs or deficiencies.
2. Growth and population projections for the affected area.
3. Financing constraints and opportunities.
4. Cost avoidance opportunities.
5. Opportunities for rate restructuring.
6. Opportunities for shared facilities.
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.
8. Evaluation of management efficiencies.
9. Local accountability and governance.

The Commission has great latitude in how to gather information and perform these studies, including the ability to decide what portion of the County is appropriate for an analysis of specific types of services. Service reviews must be conducted before, or in conjunction with, an action to update a sphere of influence.

The State Office of Planning and Research has issued advisory guidelines to assist LAFCOs as they endeavor to comply with this requirement.

### **MSR Water Service Providers - Gateway and SOI Updates**

To assist in undertaking a service review of water providers in the Gateway region, Dudek and Associates has conducted research and analysis and prepared the enclosed MSR report for the Commission's review and adoption.

Staff recommends that the Commission retain the existing sphere of influence boundaries and approve the sphere of influence updates for the following water service providers within the MSR area: Central Basin Municipal Water District, La Habra Heights County Water District, Orchard Dale Water District, Pico Water District and the Water Replenishment District of Southern California.

In the case of the Sativa – Los Angeles County Water District, staff recommends that the Commission adopt a zero sphere of influence for the agency, as suggested in Dudek's MSR report, with possible future dissolution of the agency to be considered by the Commission. The District has been highly uncooperative in providing staff with any information and has refused to provide any financial accounting statements other than their budget for 2003-2004. Staff recommends a further study of the District's financial and management practices under Government Code Section 56375, and to determine

whether the surrounding water agencies can provide service to the area should there be a recommendation to dissolve it.

### **Population Growth Projections**

Growth projections for the Water MSR were derived from two sources: data that was submitted by the agency and data generated based on SCAG Regional Transportation Plan (RTP) 2004 growth forecasts. To establish projections for districts, Census tract data was compiled by the County of Los Angeles Urban Research Division based on the 2000 Census, and SCAG growth forecasts were applied.

The Water MSR indicates the discrepancies between the two forecasts. Where available, population projections provided by the Districts were used, otherwise SCAG data was utilized for the purpose of making the determinations in this report.

### **Related Jurisdictional Changes**

There are no related boundary changes proposed as a part of this approval.

### **Compliance with CEQA**

MSRs are only feasibility and planning studies for possible future actions that have not been approved, adopted or funded, and therefore, conducting an MSR is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines section 15262.

The CEQA findings for each recommended SOI Updates are contained in the resolutions for each jurisdiction.

### **Comments Received**

The following agencies submitted comments regarding the Municipal Service Review of Water Service Providers for the Gateway region. All appropriate comments were incorporated in the report.

- City of Whittier
- Orchard Dale Water District
- La Habra Heights County Water District
- Sativa County Water District

**Recommendations:**

In consideration of information gathered and evaluated during the MSR of Water Service for the Gateway region, the following recommendations are provided for consideration by the Commission:

1. Open the public hearing and receive testimony on the Municipal Service Review.
2. There being no further testimony, close the public hearing.
3. Adopt the attached Resolutions Making Determinations and Approving Updates to the Spheres of Influence for the water service providers in the Gateway Region.



## **STAFF REPORT**

**December 14, 2005**

### **MUNICIPAL SERVICE REVIEW WATER SERVICE PROVIDERS – SANTA CLARA REGION AND SPHERE OF INFLUENCE (SOI) UPDATES**

#### **AGENDA ITEM NO. 3d**

Agenda item 3d is consideration and approval of the Municipal Service Review (MSR) for Water Service Providers in the Santa Clara region and the corresponding Sphere of Influence (SOI) updates for the following agencies:

1. Castaic Lake Water Agency
2. Golden Valley Municipal Water District
3. Green Valley County Water District
4. Los Angeles County Waterworks District #36
5. Newhall County Water District

#### **History**

On October 20, 2004, Dudek and Associates published its draft Municipal Service Review (MSR) of Water Providers in the Santa Clara Region (Santa Clarita Valley). That draft report emphasized the following deficiencies:

1. That Los Angeles County Waterworks District #36 (CWWD #36) has an aging system with a backlog of infrastructure maintenance that is not serviceable or, in other cases, required extensive capital improvement. The report recommended removal of the service areas where the Water District can not service or provide appropriate maintenance. Furthermore, the draft report recommended a zero (0) sphere of influence be adopted for the District indicating that the District, for the reasons stated above, should possibly be dissolved and merged or consolidated with another District.
2. That the Golden Valley Municipal Water District has significant management and financing issues.
3. That the Newhall County Water District (NCWD) provides service outside of its boundaries. There was evidence that key Board members had issues that were in direct conflict with the existing needs of the community and that the Board majority displayed a resistance in supporting present development and/or annexation thus avoiding future water needs despite the fact that their water consultant advised there is sufficient water available. Contrary to the preceding, however, NCWD annexed areas where it did not have infrastructure or capacity to

serve even though the Santa Clarita Water Division (SCWD) of the Castaic Lake Water Agency had existing infrastructure.

4. That three separate agencies, NCWD, SCWD, and the Valencia Water Company (VWC) provided retail water service to overlapping areas. Of note; both SCWD and VWC are under the jurisdiction of the California Public Utilities Commission (CPUC).

Based on the preceding report, staff recommended that a zero (0) sphere of influence also be adopted for NCWD and the Golden Valley Municipal Water District.

Of further note; an Assembly Bill (AB134) was enacted to provide service boundaries for SCWD, some of which overlap with a portion of NCWD's boundary. The bill also provided for an agreement to allow SCWD to serve areas within NCWD's boundaries, but, only with approval by the NCWD Board.

It became clear that a detailed water study was needed of the entire surrounding area of the City of Santa Clarita Valley area, so the LAFCO staff could formulate a set of reasonable and logical determinations to provide sound recommendations to the Commission. Staff, therefore, recommended that there be a comprehensive study by a qualified consultant to thoroughly review the interrelationship of these major water districts.

At its December 8, 2004 meeting, the Commission adopted a motion to continue the Santa Clara Water MSR and SOI Updates until a more comprehensive water study could be completed based on the recommendations made in the Dudek study. A study contract was let to Stetson Engineers, Inc. that became a collaborative effort which included the Castaic Lake Water Agency (CLWA), its retail subsidiary Santa Clarita Water Division (SCWD), Newhall County Water Division (NCWD), County Water Works District (CWWD) #36 and Valencia Water Company (VWC). While both SCWD and VWC are private retail water providers under the California Public Utilities Commission (CPUC) regulation they participated in the study and cooperated extensively with all parties to get a better understanding of all of the stakeholders in the region.

### **Special Note**

Funding for the Santa Clara valley water study was paid for by the key agencies providing water to the area. They are the Castaic Lake Water Agency with its retail subsidiary Santa Clarita Water Division, Newhall County Water District, County Water Works District #36 and Valencia Water Company. It was understood by all parties that

LAFCO alone would select an independent consultant to perform the study, administer the contract and make the final independent MSR and SOI recommendations based on the consultant's report.

During the period when Stetson Engineering, Inc., performed their task of gathering information, etc., the Castaic Lake Water Agency/Santa Clarita Water Division and Newhall County Water District came together in an attempt to try and work out sphere of influence and boundary differences existing between them. Through a series of meetings and a very cooperative effort the agencies did successfully negotiate a Memorandum of Understanding (MOU) towards that end. The MOU was voted on, agreed to and signed by the Boards of the affected agencies.

LAFCO submitted a copy of the MOU to the consultant, Stetson Engineers, for review. Once their review was completed Stetson Engineers elected to incorporate the MOU into their report.

As an aside, there must be a note of thanks to the Valencia Water Company. While they are not a LAFCO district, they stepped up to the plate and fully cooperated and participated so that LAFCO could obtain insight and understanding of all water service providers and their relationship to each other in the area.

### **Revised Report December 14, 2005**

#### **SOI/MSR Background**

Since 1971, LAFCOs have been required to develop and adopt a sphere of influence of each city and special district. A sphere is defined by Government Code section 56076 as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

Developing spheres is central to the Commission's purpose. Government Code section 56425 states "In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and adopt a sphere of influence for each local governmental agency within the county . . . ."

Enacted in 2001, Assembly Bill 2838 requires LAFCOs, for the first time, "... shall review and update the sphere not less than once every five years."

In addition, AB 2838 creates an entirely new LAFCO obligation, as provided in

Government Code section 56430:

In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. . . . The commission . . . shall prepare a written statement of its determinations with respect to each of the following:

1. Infrastructure needs or deficiencies.
2. Growth and population projections for the affected area.
3. Financing constraints and opportunities.
4. Cost avoidance opportunities.
5. Opportunities for rate restructuring.
6. Opportunities for shared facilities.
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.
8. Evaluation of management efficiencies.
9. Local accountability and governance.

The Commission has great latitude in how to gather information and perform these studies, including the ability to decide what portion of the County is appropriate for an analysis of specific types of services. Service reviews must be conducted before, or in conjunction with, an action to update a sphere of influence.

The State Office of Planning and Research has issued advisory guidelines to assist LAFCOs as they endeavor to comply with this requirement.

### **MSR Water Service Providers - Santa Clara Region and SOI Updates**

To assist in undertaking a service review of water providers in the Santa Clara (Santa Clarita Valley) region, Dudek and Associates has conducted research and analysis and prepared the enclosed MSR report for the Commission's review and adoption. The report provided by Stetson Engineers, Inc. is incorporated therein and made part of the Dudek report.

Staff recommends that the Commission retain the current spheres of influence for the Castaic Lake Water Agency, Golden Valley Municipal Water District, and the Green Valley Municipal Water District. Although there was a previous recommendation to adopt a zero sphere of influence for the Golden Valley Water District, additional accounting information, subsequently provided to Dudek, showed that the agency is financially stable.

In the case of Los Angeles County Waterworks District #36, the MSR report indicates that the District has an area of Parcel Map 20685 that overlaps with VWC's service area. Staff recommends excluding this area from the CWWD #36's SOI. The District should apply to LAFCO if it wishes to annex the gap area, which includes Tract Map 52584 (Hasley Golf Course), shown as Figure 17b of the Stetson report.

In the case of Newhall County Water District, the MSR report indicates that the District has an area currently being serviced by the VWC, where it does not have any infrastructure. Staff recommends excluding this area from NCWD's SOI boundary.

In addition, staff recommends removal of those areas from NCWD's SOI in conformance with the MOU between NCWD and CLWA.

LAFCO encourages Newhall to apply to annex those areas identified as being serviced outside of the agency's boundaries, and those areas noted for potential annexation into the District.

### **Population Growth Projections**

Growth projections for the Water MSR were derived from two sources: data that was submitted by the agency and data generated based on SCAG Regional Transportation Plan (RTP) 2004 growth forecasts. To establish projections for districts, Census tract data was compiled by the County of Los Angeles Urban Research Division based on the 2000 Census, and SCAG growth forecasts were applied.

The Water MSR indicates the discrepancies between the two forecasts. Where available, population projections provided by the Districts were used, otherwise SCAG data was utilized for the purpose of making the determinations in this report.

### **Related Jurisdictional Changes**

No boundary changes are proposed for the spheres of influence of the Castaic Lake Water Agency, the Golden Valley Municipal Water District, and the Green Valley County Water District.

Reductions to the spheres of influence are proposed for the Los Angeles County Waterworks District #36 and Newhall County Water District, as recommended in the MSR report.

### **Compliance with CEQA**

MSRs are only feasibility and planning studies for possible future actions that have not been approved, adopted or funded, and therefore, conducting an MSR is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines section 15262.

The CEQA findings for each recommended SOI Updates are contained in the resolutions for each jurisdiction.

### **Comments Received**

The following agencies submitted comments regarding the Municipal Service Review of Water Service Providers for the Santa Clara region. All appropriate comments were incorporated in the report.

- Castaic Lake Water Agency
- Golden Valley Municipal Water District
- Los Angeles County Waterworks District #36
- Newhall County Water District

### **Recommendations:**

In consideration of information gathered and evaluated during the MSR of Water Service for the Santa Clara region, the following recommendations are provided for consideration by the Commission:

1. Open the public hearing and receive testimony on the Municipal Service Review.
2. There being no further testimony, close the public hearing.
3. Adopt the attached Resolutions Making Determinations and Approving Updates to the Spheres of Influence for the water service providers in the Santa Clara Region.

### **Recommended Future Actions**

This Municipal Service Review and Sphere Of Influence process is only the first step in a

two part process. Based on the recommendations by Stetson Engineers, Inc., and the commission's adoption of the SOI/MSR recommendations contained therein, the following detachments and annexations are further recommended to "clean up" open boundary issues:

**Newhall County Water District**

1. Annexation of Tract Map 51644, the remaining portion of the Tesoro #2 Tract that is outside of the District's boundaries, as well as other small areas being provided service outside their service area and amend the CLWA SOI to reflect Tesoro #2 area development annexation to NCWD.
2. Annexation of Tract Map 45084, that portion which can not be served by WWD#36.
3. Detachment of Tract Map 52302 from NCWD which is being serviced by VWC. NCWD does not have any distribution pipelines in this area.
4. Detachment of those areas within NCWD's SOI in accordance with the agreements outlined in the Memorandum of Understanding (MOU) between CLWA and NCWD, and as shown in Figure 24 of the Stetson report.

**Castaic Lake Water Agency**

1. (See NCWD comments #1 above)

**Los Angeles County Waterworks District #36**

1. Future annexation of gap area that includes Tract Map 52584 (Hasley Golf Course). The agency has existing infrastructure in this area.
2. Detachment of that portion of Parcel Map 20685 overlapping VWC's service area.

The agencies are encouraged to submit applications to initiate proceedings regarding these recommended changes in organization.

## **Staff Report**

**December 14, 2005**

### **Protest Hearing on Annexation No. 2004-09 to Los Angeles County Waterworks District No. 40**

#### **Agenda Item No. 4A**

On November 9, 2005 your Commission approved a request initiated by KB Home Greater Los Angeles Inc. to annex 9.5 acres of uninhabited territory into the boundaries of the Los Angeles County Waterworks District No. 40. The Protest Hearing before you today will satisfy the requirements of Government Code section 57000.

The annexation proposal is summarized as follows:

*Proposal Area:* The project site is developed with 44 single family residences. The parcel is located at the southwest corner of 30<sup>th</sup> Street East and Avenue K, in the City of Lancaster.

*Population:* The population is estimated at 132, based on 4 individuals per single family dwelling. Staff previously reported that this territory was inhabited when the proposal was before your Commission for consideration. Staff has since confirmed that the territory is uninhabited, as less than 12 voters are registered in the territory.

*Landowner:* There are numerous individual owners.

*Topography, Natural Boundaries and Drainage Basins:* The parcel serves as an infill site.

*Zoning, Present and Future Land Use:* The site is zoned in the R-7000 Zone for detached single family residences.

*Surrounding Land Use:* The area to the north, south east and west is also zoned R-7000 - single family homes.

*Governmental Services and Control, Availability and Adequacy:* The Developer has installed a new main line. The District initiated water services to the newly purchased homes, in compliance with the out-of-agency water services agreement approved by LAFCo on January 12, 2005. Activation of the new water services has not presented a financial hardship to the existing community; nor will it result in any change to the existing level of service to the surrounding communities.



*Public Facilities and Services:* Public Facilities and Services are provided by Los Angeles County Sanitation Districts, Verizon California, Southern California Edison, The Gas Company and Adelphia.

*Effects on agricultural or open-space lands:* There are no agricultural or open-space lands within the area subject to annexation proceedings.

*Boundaries and Lines of Assessment:* The project site conforms to recorded lines of assessment.

*Sphere of Influence:* The subject territory is currently within the sphere of influence of Los Angeles County Waterworks District No. 40.

*Tax Resolution:* All affected agencies have adopted the appropriate tax transfer resolution.

*CEQA:* The City of Lancaster, as lead agency, approved a Negative Declaration on June 16, 2003.

*Opposition:* No correspondence has been received.

### **Recommended Action**

1. Open the protest hearing and receive written protests.
2. Close protest hearing.
3. Instruct the Executive Officer, pursuant to Government Code Section 57075, to determine the value of protests filed and not withdrawn and report back to the Commission with the results.
4. Based upon the results of the protest hearing either terminate the annexation proceedings if a majority protest exists, or adopt a resolution ordering Annexation No. 2004-09 to Los Angeles County Waterworks District No. 40.
5. Pursuant to Government Code section 56883, instruct the Executive Officer to revise the Resolution Making Determinations Approving Annexation No. 2005-08 to Los Angeles County Waterworks District No. 40 to conform to the determination that the territory is uninhabited.

**RESOLUTION NO. 2005-\_\_P**

**RESOLUTION OF THE LOCAL AGENCY FORMATION  
COMMISSION FOR LOS ANGELES COUNTY ORDERING LOS ANGELES  
COUNTY WATERWORKS DISTRICT NO. 40**

**ANNEXATION NO. 2004-09**

WHEREAS, the KB Homes Greater Los Angeles Inc. filed an application to initiate proceedings before the Local Agency Formation Commission for Los Angeles County (the "Commission") pursuant to Part 3, Division 3, Title 5 of the California Government Code (commencing with section 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for the annexation of territory to the Los Angeles County Waterworks District No. 40; and

WHEREAS, the principal reason for this annexation is to provide continuous water services to approved Tract 54365, developed with 44 single-family dwelling units, in the City of Lancaster; and

WHEREAS, a description of the boundaries and map of the proposal is set forth in Exhibits "A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, the subject territory is uninhabited and consists of approximately 9.5 acres; and

WHEREAS, the short-form designation given this proposal is "Annexation No. 2004-09 to Los Angeles County Waterworks District No. 40;" and

WHEREAS, on November 9, 2005, the Commission approved Annexation No. 2004-09; and

WHEREAS, pursuant to Government Code Section 57002, the Executive Officer of the Commission has set December 14, 2005 as the date for the protest hearing and has given notice thereof: and

WHEREAS, at the time and place fixed in the notice, the hearing was held, and any and all oral or written protests, objections and evidence were received and considered; and

WHEREAS, the Commission, acting as the conducting authority, has the ministerial duty of tabulating the value of protests filed and not withdrawn and either terminating these proceedings if a majority protest exists or ordering the annexation.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission finds that the number of landowners within the boundary of the territory is 44.
2. The Commission finds that the number of written protests filed in opposition to Annexation No. 2004-09 and not withdrawn is \_\_\_\_, which, even if valid, represents less than 50 percent of the number of landowners owning at least 50 percent of the total assessed value of land within the affected territory.
3. The Commission hereby orders the annexation of the territory described in Exhibit "A" hereto, which description is incorporated herein by reference, as follows:
  - a. Annexation of the subject territory to the Los Angeles County Waterworks District No. 40.

4. Pursuant to Government Code section 56886, the annexation shall be subject to the following terms and conditions:

- a. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as the Los Angeles County Waterworks District No. 40 may legally impose.
- b. The regular County assessment roll shall be utilized by the Los Angeles County Waterworks District No. 40
- c. The subject territory will not be taxed for existing bonded indebtedness of the District.

5. The Executive Officer is directed to transmit a certified copy of this resolution to the General Manager of the District, upon the District's payment of the applicable fees required by Government Code Section 54902.5, and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code Section 57000, *et seq.*

PASSED AND ADOPTED this 14th day of December 2005.

Ayes:

Noes:

Absent:

Abstain:

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LARRY J. CALEMINE, Executive Officer

## **Staff Report**

**December 14, 2005**

### **Protest Hearing on Annexation No. 2005-08 to Los Angeles County Waterworks District No. 40**

#### **Agenda Item No. 4B**

On November 9, 2005 your Commission approved a request initiated by Los Angeles County Waterworks District No. 40 to annex 371 acres of inhabited territory into the boundaries of District No. 40. The Protest Hearing before you today will satisfy the requirements of Government Code section 57000.

The annexation proposal is summarized as follows:

*Proposal Area:* The proposal area consist of the City Ranch Specific Plan area, a master planned residential community in the city of Palmdale. The development consists of approximately 1,419 single-family residential units. The project site is located south of Elizabeth Lake Road and west of 20<sup>th</sup> Street West, in the City of Palmdale.

*Population:* The population is estimated at 4,867 (based on 3.43 persons per household).

*Landowner:* There are numerous owners of record.

*Topography, Natural Boundaries and Drainage Basins:* The area is comprised almost entirely of the Anaverde Valley, with a portion of the Sierra Pelona foothills to the south. The Anaverde Valley consists of a relatively flat alluvial fan with intervening drainage courses of Anaverde Creek. The south and southeast portions consist of the northern flank of the Sierra Pelona and is characterized as an area of steep slopes with deeply incised drainage courses.

*Zoning, Present and Future Land Use:* The present land use designation is City of Palmdale General Plan designation "City Ranch Specific Plan."

*Surrounding Land Use:* The area to the north and east is residential housing. The area to the south and west is vacant residential/commercial.

*Governmental Services and Control, Availability and Adequacy:* A water supply and distribution system has been constructed by the developer. All requirements for public facilities and services (i.e., school, parks, fire and police services, etc.) associated with the project have been approved by the City of Palmdale (including, but not limited to sewer, water, storm drain, street lighting, and landscaping).

*Effects on agricultural or open-space lands:* The development is in compliance with open space requirements. Thirteen (13) lots are designated as open space and one 15.7 acre lot is designated as natural open space. The project will have no impact on agricultural lands.

*Boundaries and Lines of Assessment:* The project site conforms to recorded lines of assessment.

*Sphere of Influence:* The subject territory is within the adopted sphere of influence of District No. 40.

*Tax Resolution:* All affected agencies have adopted the appropriate tax transfer resolution.

*CEQA:* The City of Palmdale, as lead agency, adopted an Environmental Impact Report on March 18, 1992.

*Correspondence:* The Los Angeles County Waterworks District received one letter opposing the amount of fees charged to out-of-district residents. This issue will be remedied once the annexation proposal has been finalized.

**Recommended Action**

1. Open the protest hearing and receive written protests.
2. Close protest hearing.
3. Instruct the Executive Officer, pursuant to Government Code Section 57075, to determine the value of protests filed and not withdrawn and report back to the Commission with the results.
4. Based upon the results of the protest hearing either terminate the annexation proceedings if a majority protest exists, or adopt a resolution ordering Annexation No. 2005-08 to Los Angeles County Waterworks District No. 40.

**RESOLUTION NO. 2005-\_\_P**

**RESOLUTION OF THE LOCAL AGENCY FORMATION  
COMMISSION FOR LOS ANGELES COUNTY ORDERING  
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40**

**ANNEXATION NO. 2005-08**

WHEREAS, the Los Angeles County Waterworks District No. 40 filed an application to initiate proceedings before the Local Agency Formation Commission for Los Angeles County (the "Commission") pursuant to Part 3, Division 3, Title 5 of the California Government Code (commencing with section 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for the annexation of territory to the Los Angeles County Waterworks District No. 40; and

WHEREAS, the principal reason for this annexation is to provide uninterrupted water services to approved Tract Nos. 53840, 54438, 54116, 54117, and 53888, collectively known as Phase I of the Anaverde Development in the City of Palmdale; and

WHEREAS, a description of the boundaries and map of the proposal is set forth in Exhibits "A" and "B," attached hereto and by this reference incorporated herein; and

WHEREAS, the subject territory is inhabited and consists of approximately 371 acres; and

WHEREAS, the short-form designation given this proposal is "Annexation No. 2005-08 to Los Angeles County Waterworks District No. 40;" and

WHEREAS, on November 9, 2005, the Commission approved Annexation No. 2005-08; and



WHEREAS, pursuant to Government Code Section 57002, the Executive Officer of the Commission has set December 14, 2005 as the date for the protest hearing and has given notice thereof: and

WHEREAS, at the time and place fixed in the notice, the hearing was held, and any and all oral or written protests, objections and evidence were received and considered; and

WHEREAS, the Commission, acting as the conducting authority, has the ministerial duty of tabulating the value of protests filed and not withdrawn and either terminating these proceedings if a majority protest exists or ordering the annexation directly or subject to confirmation by the registered voters..

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission finds that the number of registered voters within the boundary of the territory is 568 and the number of property owners is \_\_\_\_.
2. The Commission finds that the number of written protests filed in opposition to Annexation No. 2005-08 and not withdrawn is \_\_\_\_, which, even if valid, represents less than 25 percent of the number of registered voters residing within the boundaries of the affected territory, and less than 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory.

3. The Commission hereby orders the annexation of the territory described in Exhibit “A” hereto, which description is incorporated herein by reference, as follows:
  - a. Annexation of the subject territory to the Los Angeles County Waterworks District No. 40.
  
4. Pursuant to Government Code section 56886, the annexation shall be subject to the following terms and conditions:
  - a. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as the Los Angeles County Waterworks District No. 40 may legally impose.
  - b. The regular County assessment roll shall be utilized by the Los Angeles County Waterworks District No. 40.
  - c. The subject territory will not be taxed for existing bonded indebtedness of the District.
  
5. The Executive Officer is directed to transmit a certified copy of this resolution to the General Manager of the District, upon the District’s payment of the applicable fees required by Government Code Section 54902.5, and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code Section 57000, *et seq.*

PASSED AND ADOPTED this 14th day of December 2005.

Ayes:

Noes:

Absent:

Abstain:

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LARRY J. CALEMINE, Executive Officer

## Staff Report

December 14, 2005

Agenda Item No. 5

### GOVERNMENT CODE § 56857 NOTICES (For Informational Purposes Only, Receive and File)

Upon receipt of any proposed change of organization or reorganization that includes the annexation of territory to any district, if the proposal is not filed by the district to which annexation of territory is proposed, Government Code section 56857 requires LAFCO to place the proposal on its agenda for informational purpose only. Within 60 days of the meeting date, the annexing district may adopt and submit to LAFCO a resolution requesting termination of the annexation proceedings. The law requires that the annexing district "present written findings supported by substantial evidence in the record that the termination request is justified by a financial or service related concern." Prior to the commission's determination of termination of proceedings the resolution is subject to judicial review.

#### Waiver of 60-Day Termination Period

Under section 56857, LAFCO may not hear and consider the proposed annexation until the 60-day termination period has expired. The Code provides, however, that the commission may waive the 60-day termination period if the annexing district adopts and submits to LAFCO a resolution supporting the change of organization or reorganization.

The following is a summary of the annexation proposal filed with LAFCO:

a. Project Description – Annexation No. 2005-35

On November 18, 2005, A & JK Street East, LLC, filed an application for annexation of 14.83± acres of uninhabited territory into the boundaries of Los Angeles County Waterworks District No. 40. APN Nos. 3170-007-029, -030 and -032.

Project Location

The project site is located at the southeast corner of Avenue K and 25<sup>th</sup> Street East, in the City of Lancaster.

b. *Project Description – Annexation 2005-37*

On November 8, 2005, Ave J & 27<sup>th</sup> Street, LLC, filed an application for annexation of 20.19± acres of uninhabited territory into the boundaries of Los Angeles County Waterworks District No. 40. APN Nos. 3150-027-015, -016 and -024.

*Project Location*

The project site is located on the northwest corner of 27<sup>th</sup> Street East and Avenue J, extending to the southeast corner of Avenue J and 30<sup>th</sup> Street East, in the City of Lancaster.

c. *Project Description – Annexation 2005-38*

On November 8, 2005, Ave J & 35<sup>th</sup> Street East, LLC, filed an application for annexation of 40.98± acres of uninhabited territory into the boundaries of Los Angeles County Waterworks District No. 40. APN Nos. 3150-013-003, and -032.

*Project Location*

The project site is located on the northwest corner of 32<sup>nd</sup> Street East and Avenue J, extending to the southeast corner of Avenue J-4 and 35<sup>th</sup> Street East, in the City of Lancaster.

d. *Project Description – Annexation 2005-39*

On November 18, 2005, Global Investments & Development LLC, filed an application for annexation of 7.86 ± acres of uninhabited territory into the boundaries of Los Angeles County Waterworks District No. 40. APN No. 3150-012-032.

*Project Location*

The project site is located in the vicinity of 26<sup>th</sup> Street East and Avenue J-4, in the City of Lancaster.

**Recommended Action**

Receive and file.