

Sativa L.A. County Water District

Municipal Service Review

August 2012





Administrative Draft

Prepared for:

Local Agency Formation Commission for the County of Los Angeles 80 South Lake Avenue, Suite 870 Prepared by:

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Prepared for:



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1. Executive Summary

A Municipal Service Review (MSR) is a comprehensive study to determine the adequacy of governmental services being provided by the local agencies under the Local Agency Formation Commission (LAFCO). The MSR is used by LAFCO, other governmental agencies, and the public to better understand and improve the provision of services and to identify opportunities for greater cooperation between service providers. The purpose of this MSR is to evaluate the Sativa Los Angeles County Water District (District) for Local Agency Formation Commission for the County of Los Angeles (LAFCO).

An MSR allows the LAFCO to evaluate how agencies currently provide municipal services within the MSR study area and to evaluate the impacts on those services from future growth and other changes that may occur in the study area over the next 10 to 20 years. The MSR report is also required to identify potential opportunities to address any shortfalls, gaps, opportunities for increased efficiency and/or impacts on services and governmental structure that may currently exist or are anticipated in the future. MSRs are also required to be conducted prior to, or concurrent with, sphere of influence (SOI) updates.

Beginning in 2001, Local Agency Formation Commissions (LAFCOs) were mandated to review and, as necessary, update the SOI of each city and special district. SOIs are boundaries, determined by LAFCO, which define the logical, ultimate service area for cities and special districts. No SOI can be updated, however, unless the LAFCO first conducts a MSR. The mandate to conduct MSRs is part of the Cortese-Knox-Hertzberg (CKH) Act of 2000. Per Section 56425 of the CKH Act, LAFCO must review and if necessary, update each SOI at least every five years.

The MSR and SOI update are one of many LAFCO responsibilities, but is often considered the most important as it provides the mechanism to shape the orderly and logical development of the local government agencies. The MSR process consists of three primary processes:

The Municipal Service Review Report reviews the agency/focus area of service delivery. Additionally, the agency's infrastructure, governance functions, and capacity based on projected growth in the area are evaluated along with any identified issues, needs and/or deficiencies. The MSR process then requires responses to specific questions or "determinations" as described below:

- Growth and population projections for the affected area.
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
- Financial ability of agencies to provide services.
- Status of, and opportunities for, shared facilities.
- Accountability for community service needs, including governmental structure and operational efficiencies.
- Any other matter related to effective or efficient service delivery, as required by the LAFCO Commission.
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- ▶ The Stakeholder Input Process provides a forum for representatives from the stakeholder agencies, to provide information in preparation of the MSR and to identify issues gaps or opportunities for efficiencies not otherwise reflected in this report. A summary of the stakeholder input and comments are included in Section 3: Key Findings and Research.
- ▶ The Sphere of Influence Update is the third part of the MSR process. Based on the information in the MSR report, LAFCO Staff's recommendation, and stakeholder input the LAFCO Commission will make a decision to retract, expand, or maintain the existing SOI boundaries.

1.1 Sativa Los Angeles County Water District MSR Summary

This MSR evaluates the study area defined by the jurisdictional boundary of the District, which serves a 0.28 square mile area in the Willowbrook area of unincorporated Los Angeles County and a small portion of the City of Compton. The District is bounded on the west and south by the City of Compton. The District's boundaries are Mona Boulevard on the east, Otis Street on the south, Wilmington Avenue and Paulsen Avenue on the west, and 131st Street on the north.

District issues identified in this MSR include management inefficiencies, lack of financial strength, and failure to follow State requirements regarding independent audits. Refer to Section 7.3.

It is strongly recommended that the Board consider the dissolution of the Sativa Los Angeles County Water District; and increasing the Central Basin Municipal Water District's sphere of influence to include all of the Sativa Los Angeles County Water District's



former sphere of influence. Please refer to Section 10.1: Sphere of Influence (SOI) and District Recommendation.

Growth and population projections

The District's service area is currently built out with a population of approximately 6,320 persons. There is no anticipation of any significant further growth.

Present and planned capacity of public facilities including infrastructure needs or deficiencies

The District is currently able to meet its water demands through a combination of three active ground water wells and purchasing leased water. The District also has an emergency water interconnection with the City of Compton.

The District has plans to drill a replacement well to increase water production supply and pressure. The District also plans to relocate water mains from the rear of customers' properties to the front of the properties, to avoid structures being built over existing service lines. Both projects are proposed to be funded through grants, loans, or rate increases.

Financial ability of agencies to provide services

The District has the financial capacity to continue to provide services on the same level as it has in the past with the current infrastructure. However, it lacks the ability to accomplish major repairs or upgrade District facilities, such as installing water meters, without substantially raising water rates or securing loans, or grants.

Status of, and opportunities for, shared facilities

There does not appear to be any opportunities for shared facilities, unless the District is dissolved and the successor agency utilizes its own equipment, staff, and Board of Directors.

Accountability of community service needs

The District is governed by a five-member Board of Directors, each elected by voters within five separate voting districts within the District. The governing board is responsible for a complete range of public governance actions and holds regularly scheduled meetings every other Tuesday to inform the public about the

District and recent water activities. The District's board meetings are publicly noticed through posting agendas at the District's administrative office located at 2015 E Hatchway Street.

In order to ensure that the District's operations and finances are made readily available to the public it is recommended that the District create a public website.

Any other matter related to effective or efficient service delivery

It is recommended that LAFCO consider the dissolution of the District and increasing the Central Basin Municipal Water District's SOI to include the District's former SOI.

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

Senate Bill 244, recently enacted on February 10, 2011, imposed state mandates on local governments, including cities, counties and LAFCOs. This bill requires LAFCO to make determinations regarding "disadvantaged unincorporated communities." A "disadvantaged community" is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. "Severely disadvantaged community" means a community with a median household income less than 60 percent of the statewide average (Water Code Section 79505.5).

The District is generally located within two census tracts one of which is considered to be a disadvantage community while the other is considered to be a severely disadvantaged community. Please refer to **Section 10: Determinations and Findings**.



2. Agency Profile

The District serves an approximately 180-acre or 0.28 square miles area in the Willowbrook area of unincorporated Los Angeles County and a small portion of the City of Compton. The District is adjacent, on the west and south, to the City of Compton. The District is generally bordered by South Mona Boulevard to the east, Oris Street to the south, North Paulsen Avenue to the west, and 131st Street to the north. The District is responsible for providing water to 1,661 service connections, of which only 1,631 are currently active. The District serves a population of approximately 6,320 people. The District's existing sphere of influence is coterminous with the District's boundaries. **Figure 2-1: Regional and Vicinity Map** depicts the District's service boundaries.

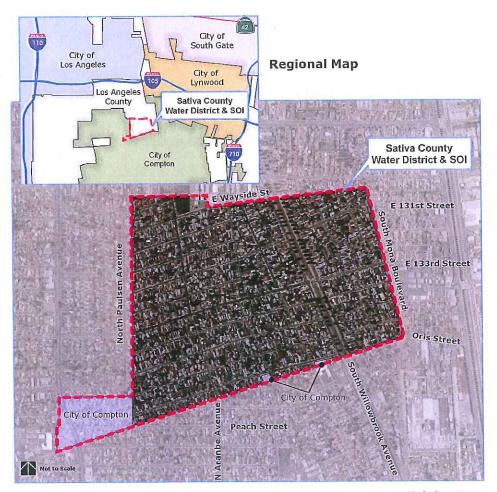


Figure 2-1: Regional and Vicinity Map

Vicinity Map

As previously discussed, the District is primarily located within the unincorporated area of Los Angeles County with three separate areas that total to approximately 11 acres that lie within the City of Compton. There is an approximately 10.5 acre area that is bounded to the south, west, and north by the City of Compton and two areas, each less than a quarter of an acre in size, located north of Otis Avenue. The 10.5 acre area consists of 56 parcels primarily developed as single-family residences, a portion of North Wilmington Avenue and a vacant lot. The two less than a quarter of an acre areas include a park and a paved parking area that serves the Sacred Heart Church.

Apart from the area located within the City of Compton, the District's service area is 100% residential with only 12 vacant lots. Original lot sizes in the service area were 50' by 100' however, a large number of these lots have been subdivided to 25' by 100'. This increased density has created higher services demands for the District. There is no projected growth in the District through 2020.

2.1 History

The District was originally named Sativa Water and Electric, and was formed in 1913 and owned by Joseph Sativa. The present District was formed in 1938 under the County Water District Act (California State Water Code Section 30000 et seq.)

2.2 Sativa Los Angeles County Water District - Today

The District relies on groundwater drawn from the Central Basin through three wells located throughout the District, known as "wells # 2, 3, and 5". The District had a fourth well known as "well #4", which has been decommissioned due to high levels of contaminants.

The District also has a water inter-connection with the City of Compton to provide emergency water services. This metered water inter-connection consists of a 12" waterline in the City of Compton that transitions to a 8" waterline in the District's service boundary. The emergency metered water inter-connection that was established in 2007 and to this date has not been used.

The primary source of District revenue is water sales and service. The District has no long-term debt, with limited reserves, and utilizes a "pay-as-you-go" system for improvements.



The District does not have meters, and bills a flat monthly fee. Residents can pay monthly, quarterly, semi-annually, or annually. The last rate increase was approved by the District's governing board in 2009, when the monthly flat fee was raised to \$55.00.

The District is one of the few water districts in urbanized, developed areas in the State of California that does not have metered water connections. In a determination made by the District's legal counsel on March 21, 2006, it was concluded that the District is not required to install meters, pursuant to Section 525 of the California Water Code, as the District has less than 3,000 service connections and less than 3,000 acre-feet of annual water demand. However, if at some point in the future, the District directly or indirectly provides water to 3,000 customers or delivers more than 3,000 acre-feet annually that would trigger a requirement that the District install meters within ten years. Per Assembly Bill (AB) 2572 water meters must be installed on all new water service connections on and after January 1, 1992. Please refer to Appendix A to view a copy of the legal counsel's determination.



Figure 2-2: District Service Area and SOI

The District has Central Basin pumping rights of 474 acre-feet per year and leases additional water rights to meet the annual demand of 804 acre-feet. The District's pumping rights were determined through a 1965 court order. The District leases 330 acre-feet per year at \$255 per acre-foot to fulfill their demand. It

is anticipated that the District will continue to lease water to meet its existing and future demands until a replacement for well #4 can be drilled or alternative sources of water, such as recycled water can be obtained.

The water is held in four active tanks. Only three tanks are used at any given time and are rotated periodically.

As previously discussed, well #4 was closed in 2009 because the water pumped through that well had traces of manganese and iron that exceeded state water quality levels. The District investigated several methods to treat the water, but ultimately decided to discontinue use of the well as it was determined to be unsustainable.

Well #5, built in 1994, is a 910 ft. deep well that if need be could sustain the entire District demand.

The District has proposed a new well on property recently purchased adjacent to well site #4. Where it is proposed to dig a 910-ft deep well. However the District does not have the financial capacity to move this project forward. The District has tried to get a grant to build the well for the past three years.

The District applied for a \$950,000.00 grant from the Los Angeles County share of the money received from the 2009 American Recovery and Reinvestment Act to build the additional well. The application was denied as the project was not deemed to be a top priority project.

The District currently does not have any conservation programs. It distributes water conservation related handouts and conducts water use surveys twice per year.



Table 2-1: **District Summary Chart**

Agency Information				Service Area Information							
Address: 2015 E. Hatchway St.				Service Area:			180 ac. or 0.28 sq. miles				
Compton, CA 90222				2012 Population:				6,320			
Contact:		sa Johnson		Projected Population:							
Phone: (310) 631-8176				2015 6,320							
Website: No website				2020 6,320							
					2025 6,320						
± .				2030 2035				6,320			
Financial Info	ormat	on (EV 201	1 - 201	2)			155	6,320	ga -ut-ti		
Revenues	Ullilat	\$1,312,185		-	xpenses:			\$1,032	418 3	- <u> </u>	
(including		\$1,312,103	-10	5-2	хрепзезі			Ψ1,002	, 110.50	,	
interest inco	me):										
Net Income a		\$279,767.1	1	C	apital Imp	rovement		\$0.00			
year end:				Budget:							
System Info	rmatio	n									
Number of Em	ployee	s:	6 staff	f members, 5 people on board of directors							
Number of Gro	oundwa	ater Wells:		erating wells - #s 2, 3, and 5							
1 inac				active well - # 4							
					Acre-feet per year (AFY) – 1965 court order						
Leased Water: 330 A				AFY @ \$225 per AF							
Miles of Pipe:		50-005	8 mile	les							
Number of Pu			3				200				
Number of Pre		Zones:	1								
Storage Capacity: 50,00											
Typical Mont			ater Bill	_	3200						
Fixed Distrib		NA			ater	NA		Monthly		\$55.0	00
and Customer				C	harge:			Bill:			
Charge:											Value Total III II II II
Service Area		The second secon		nd				10 years			
Water Suppl	y (AFY)	2010		2015	2020	2	2025	203		2035
Groundwater		47	_	474	474		474		174	474	
Leased Water			33	-	330	330		330		330	330
Total Supply 80				-	804	804	·	804		04	804
Demand Proje			80		804	804		804		304	804
Planned Water Conservation				0	0	0	ec No.	0		0	0
Total Demand 8				4	804	804		804	8	04	804

Table Notes: 1) Sativa Los Angeles County Water District LAFCO Supplemental Questionnaire – July 25, 2012

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3. Key Findings and Research

The purpose and intent of municipal service review is to gather data and information to document an agencies capacity to provide efficient and cost-effective water services to property owners, residents, and businesses within the District's service boundaries. To meet this requirement, LAFCO and the Hogle-Ireland and Mocalis Group team prepared this service review based on sound, defensible data and information, with a focus on ensuring the future provision of safe and efficient water services, and through an open and inclusive process with input from the affected and surrounding agencies.

In order to create a comprehensive, future-focused service review, the project team met with representatives from the District, City of Compton Municipal Water Department, and the Central Basin Municipal Water District (CBMWD). The purpose of these discussions was to encourage the affected agency and stakeholder groups to:

- Identify new strategic approaches and joint opportunities for regional collaboration.
- Discuss service, infrastructure and governance efficiencies, deficiencies and/or opportunities for improvement.
- Introduce other pertinent information that may have been overlooked in the preparation and approval of this municipal service review report.

3.1 Affected Agency and Stakeholder Groups

During May 2012, the project team met with the following stakeholders:

Table 3-1:
Affected Agency and Stakeholder Groups

Agency	Representative	Title	Meeting Date	
	Theresa Johnson	Manager	5/16/2012	
Cathan Lan America Country	Johnny Johnson	Board President		
Sativa Los Angeles County	Luis Landeros	Board Member		
Water District	April McCall Board Secretary			
	Elizabeth Hicks	Board Treasurer		
City of Compton Municipal	Alex Santos	Production		
Water Department		Supervisor	5/21/2012	
take or Australia W.C. 2004 ■ Manifester - Supplement Section and	Kambiz Shoghi	General Manager		
Central Basin Water District	David Hill	Water Resources & Planning Manager	6/19/2012	

During each of the meetings the affected agency and related stakeholders were presented a letter (please see **Appendix B**) to introduce the MSR process and have a frank discussion regarding the provision of existing and future water services. After each of the meetings, representatives were provided with a questionnaire to solicit additional information regarding growth and population projections, present and planned capacity of public facilities, opportunities for shared facilities, and any additional information that was not discussed during the in-person meetings. Copies of the completed questionnaires are included in **Appendix B**.

The stakeholder agencies were able to provide valuable information about their past and present interactions with the District, interconnections between the stakeholder agencies and the District, existing and future population projections, and the operability of the District in relationship to their own water service provisions.

Key findings from each of the stakeholder interviews include:

Central Basin Municipal Water District

- CBMWD does not have a direct connection with the District for water or recycled water.
 - ▶ The District does not have a connection to the Metropolitan Water District.
- ► CBMWD is primarily a water wholesaler however retail water service is provided within CBMWD's statutory authority.



- ▶ CBMWD provides retail services to a select area of unincorporated Los Angeles County.
- CBMWD could provide effective management for retail water service to the District's customer base. However, an evaluation of infrastructure and potential cost implications would be needed and subject to approval by CBMWD's Board of Directors.
 - ➤ CBMWD's high quality financial rating would allow access to adequate sources of funding for potential improvements.
 - ➤ The CBMWD service area includes multiple Los Angeles County unincorporated areas, almost all of which are served by investor owned utilities (IOU). The District's area is bordered by two IOU's including Golden State Water Company and Park Water Company and the City of Compton (non-IOU).
- The fact that the District does not have individual property meters severely limits the ability of the District to implement and measure the positive impact of conservation measures.
 - ▶ It is very expensive to install meters, with costs ranging from hundreds of thousands of dollars to millions of dollars.
 - As the District was incorporated in 1938, much of the existing mainlines are probably pre-World War II, and have probably reached the limit of their life expectancy.

City of Compton Municipal Water Department

- The City of Compton has a water interconnection with the District. The waterline varies in diameter with a 12" water line in the City of Compton that transitions to an 8" waterline within the District's boundaries.
- The City of Compton has a positive working relationship with the District with no past conflicts.
- The City of Compton has the ability to service the District in the event that the District is dissolved.

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4. Growth and Population Projections

The District is primarily located within the unincorporated area of Los Angeles County adjacent to the north end of the City of Compton. The District encompasses an approximately 180 acre area or approximately 0.28 square miles. Of this 180 acre area, approximately 169 acres lie within the unincorporated area of Los Angeles County, while 11 acres lie within the City of Compton.

4.1 Regional Summary

In accordance with the 2012 Southern California Association of Governments (SCAG) Regional Transportation Plan (RTP), the unincorporated area of Los Angeles County had a 2008 population of 1,052,800 persons and a projected 2035 population of 1,399,500 persons. This population increase of 346,700 represents a growth rate of approximately 32% percent from 2008 to 2035. It is important to recognize that the unincorporated area of Los Angeles County encompasses an approximately 2,600 square mile area. The unincorporated area of Los Angeles County is unofficially grouped into 137 non-contiguous areas, some of the unincorporated areas are as small as a few blocks, some are urban centers with more than 150,000 residents and some, with sparse populations, cover hundreds of square miles in the high desert.

Given the vast size and varying demographics of the unincorporated area of Los Angeles County, a more realistic estimate of the future population projections of the District can be derived by evaluating the population projections of the cities surrounding the District including Compton and Lynwood.

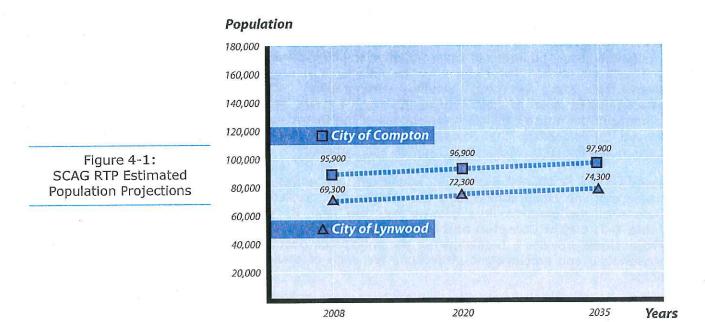
Based on the SCAG RTP population, household, and employment projections the cities surrounding the District are projected to experience moderate to little growth over the next 23 years. **Table 4-1: City of Compton and Lynwood Population Growth Projections** provides a breakdown of the anticipated population, households, and employment projections for each of these two cities.

Table 4-1: City of Compton and Lynwood Population Growth Projections

10 Table 20	SCAG 2008 Regional Transportation Plan (RTP)	SCAG 2020 RTP Projection	SCAG 2035 RTP Projection	Overall Increase
A TORRESPONDE TO	City	of Compton		
Population	95,900	96,900	97,900	2,000
Households	22,900	23,100	23,100	200
Employment	30,600	31,200	32,200	1,600
	City	of Lynwood		
Population	69,300	72,300	74,300	5,000
Households	14,600	15,300	15,700	1,100
Employment	13,200	13,800	14,500	1,300

Table Notes:

¹⁾ Southern California Association of Governments (SCAG) 212 Regional Transportation Plan (RTP) Growth Forecast





4.2 Local Summary

As it exists today, the District's service area is primarily built out with an estimated population of 6,320 persons and 1,631 active service connections. There are only 12 vacant lots within the District's service area. While there are no plans for future redevelopment within the District's service area, several of the original lots, which were sized at $50' \times 100'$ have been subdivided into lots sized at $25' \times 100'$. These subdivisions have created higher densities and as result increased water demand. There are no plans for future redevelopment within the service area and the existing population of 6,320 persons is not anticipated to increase or decrease significantly over the next 20 years. Any development that would occur within the District's service boundaries would occur as a result of residential subdivisions and/or redevelopment projects.

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Infrastructure Needs and Deficiencies

5.1 Water Sources

The District serves a 180 acre or 0.28 square mile area in the Willowbrook area of unincorporated Los Angeles County and a small portion of the City of Compton. The source of the District's water supply is exclusively ground water.

5.2Water Supply and Demand

The District is responsible for providing water to 1661 service connections, of which only 1631 are currently active connections, serving a population of approximately 6,320 persons. The service area is 100% residential. There are currently only 12 vacant lots in the service area. Original lot sizes in the service area were 50' \times 100'. A large number of those lots have been subdivided to 25' \times 100', creating higher densities and higher demand in excess of original allocation rights.

The District has Central Basin pumping rights of 474 acre-feet per year and an annual water demand of 804 acre-feet. To meet the excess demand created by the lot subdivisions, the District leases additional water rights of 330 acre-feet per year at a rate of \$255 per acre-foot. The District also has a standby and emergency intertie meter connection with the City of Compton that was established in 2007 and to this date has not been used.

There is no significant projected growth in the District through 2035.

5.3 Existing and Proposed Supplies and Facilities

The District's water supply consists solely of groundwater, which is pumped through District wells in the Central Basin. The District has three operating wells and one inactive well, # 4, all located on District owned property. Well # 4 was abandoned and sealed in 2009. The District has plans to drill a replacement well on the lot adjacent to well number 4, which will be a large well to increase water production supply and pressure. The District also plans to relocate water mains from the rear of customers' properties to the front of the properties, to avoid structures being built over existing service lines. Both projects are proposed to be funded through grants, loans, or rate increases. The District is anticipated to rely on a combination of groundwater and leased water to meet its consumer demand through 2035.

As the District has no metered connections, it severely limits the District's ability to actively encourage and monitor conservation measures. Although the District has an exemption from installing meters (please refer to **Appendix A**), incentives for reducing demand through conservation can be measured only with meters in place. Without meters, neither the consumer nor the District can measure the positive impacts of conservation including the possibility for decreased water demands and the potential for cost savings for both the customer and the District.

Table 5-2: Service Area Water Supply and Demand provides a summary of the District's water supplies as well as projected water demands.

Table 5-2:
Service Area Water Supply and Demand

Water Supply (AFY)	2010	2015	2020	2025	2030	2035
Groundwater	474	474	474	474	474	474
Leased Water	330	330	330	330	330	330
Total Supply	804	804	804	804	804	804
Demand Projection	804	804	804	804	804	804
Planned Water Conservation	0	0	0	0	0	0
Total Demand	804	804	804	804	804	804

Table Notes:

¹⁾ Sativa Los Angeles County Water District LAFCO Supplemental Questionnaire - July 25, 2012



6. Financing Opportunities or Constraints

The District is funded through service charges and fees. Revenues are accounted for through an enterprise fund, and are adequate for expenses. The District has no long term debt associated with the water system improvements.

6.1 Revenues

The District's operating revenue is generated through water sales and service. In addition to operating revenue, the District also collects interest income. For the fiscal year 2011-2012, the District has estimated total operating revenue of \$1,312,185.46 and interest income of \$3,191.09 for total revenue of \$1,315,376.55.

6.2 Expenses

The expenses that the District incurs on an annual basis are divided into four categories including: Operating Expenses, General and Administrative costs, water treatment, and Other Operational Expenses. A brief description of each of these categories is provided below.

Operating Expenses

The District's Operating Expenses include purchasing leased water and pumping costs, which includes the electricity used to pump water from the Central Basin. For FY 2011-2012 the District estimates water purchasing costs of \$211,989.86 and pumping costs of \$66,109.52 for a total of \$278,099.38.

General and Administrative Costs

The District's General and Administrative Costs includes but is not limited to the board of directors stipend, employee pay and benefits, office repair and maintenance, utilities, equipment, and general maintenance. For FY 2011-2012 the District estimated a total of \$687,921.41 for General and Administrative Costs.

Water Treatment

In order to ensure that the water pumped from the District's ground water wells is potable and treated in accordance the State of California water quality requirements, the District has estimated \$8,850.52 for water treatment costs for FY 2011-2012.

Other Operational Expenses

For FY 2011-2012 the District has estimated \$61,216.10 in Other Operational Expenses, which includes the depreciation of District owned assets and facilities.

The District's total expenses for FY 2011-2012 are \$1,035,609.44.

6.3 Net Income

For FY 2011-2012 the District has estimated total revenues of \$1,315,376.55 against total expenses of \$1,035,609.44, for a net income of \$279,767.11. It is important to recognize that for FY 2009-2010, the District had total revenues of \$1,029,669.68 against total expenses of \$1,019,173.59, for a net income of \$10,496.09. This stark difference of \$269,271.02 in net income between the actual FY 2009-1010 and estimated FY 2011-2012 is accounted for by increased revenues and decreased expenditures. Most notably, the abandonment costs for well #4 in FY 2009-2010 at \$66,575.42 and Professional fees in FY 2009-2010 at \$43,496.33. In addition, the District has estimated an increase of revenue of \$286,127.03 from FY 2009-2010 to FY 2011-2012, which could be accounted for by the District's rate increase from \$41.00 per service connection to \$55.00 per service connection that took effect in 2009.

The project team has followed up with the District to obtain a more complete explanation as to how the District's net income can increase so significantly within a two-year time period. However, as of this writing the project team has not been able to receive a response from the District.

Table 6-1: Sativa Budget Summary provides a summary of the District's FY 2009-2010, FY 2010-2011, and FY 2011-2012 budgets. A complete copy of the District's budget for each of the aforementioned fiscal years can be found in **Appendix C**.



Table 6-1: Sativa Budget Summary

	Revenue		
	Actual 2009- 2010	Budget 2010- 2011	Budget 2010- 2011
Operating Revenue	1,026,058.43	1,192,895.87	1,312,185.46
Interest Income	3,611.25	2,900.99	3,191.09
Total Revenue	1,029,669.68	1,195,796.86	1,315,376.55
	Expenses		
Operating Expenses	240,184.84	252,383.10	277,621.41
General and Administrative Costs	712,274.40	625,383.10	687,921.41
Water Treatment	12,681.35	8,045.93	8,850.52
Other Operational Expenses	54,033.00	55,561.00	61,216.10
Total Expenses	1,019,173.59	941,373.13	1,035,609.44
	Net Income		
	10,496.09	254,423.73	279,767.11

Table Notes:

6.4 Annual Audit and Budget

In accordance with California Government Code 26909(a)(2):

"When an audit of a special district's accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards and a report thereof shall be filed with the Controller and with the county auditor of the county in which the special district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination."

The Los Angeles County Auditor-Controller last prepared an audit of the District on August 3, 2005 for the fiscal years 2002, 2003, and 2004. A financial audit of the District has not been performed since then. It is highly recommended that the District perform an annual audit, not only to ensure compliance with the California Government Code but to demonstrate to their customers, the Los Angeles County Auditor-Controllers office, and LAFCO that the finances and expenditures of the District and being prepared in accordance with State Law.

Table 6-1: Sativa Budget Summary provides an overview of the District's budget for FY's 2009-2010, 2010-2011, 2011-2012 while the entire budget for each of the aforementioned fiscal years can be found in **Appendix C**. In evaluation of the District's budget

¹⁾ Sativa Los Angeles County Water District LAFCO Supplemental Questionnaire - July 25, 2012

there were several questionable expenses that were found. Each of these expenses are briefly described below:

- The District has a budget expense of \$39,370 for fiscal year 2011-2012 for their board of directors meeting stipend. However, as there are five board members who meet 26 times per year and receive \$150 per meeting, the stipend should be closer to \$19,500 rather than more than double at \$39,370. It is important to note that per email correspondence between the project team and Theresa Johnson, Office Manager, on July 5, 2012 Ms. Johnson indicated that board members receive no additional compensation such as health insurance apart from the \$150.00 per meeting. Furthermore, Ms. Johnson did not indicate if the Board attends any additional meetings apart from the 26 regularly scheduled meetings. Please refer to **Appendix B**.
- ▶ The budget includes an audit expense of \$505.96 for fiscal year 2009-2010; however, the District's last audit was prepared on August 3, 2005 for the fiscal years 2002, 2003, and 2004. It is uncertain as to if an audit report was prepared and the results of this audit.
- For fiscal year 2011-2012 the District has estimated auto fuel expenses of \$5,403.33 or about \$450.00 per month. As the District is approximately 0.28 square miles and does not have meters that need to be read, the estimated fuel charges are questionable.
- ▶ For fiscal year 2009-2010 the District had payroll taxes of \$13,105.91. These taxes jumped significantly to \$30,489.08 in fiscal year 2010-2011 and are estimated at \$33,537.99 for fiscal year 2011-2012. It is unknown why the District's payroll taxes increased so significantly especially considering that the District's staff has not increased.
- ▶ The District's estimated telephone expenses for fiscal year are estimated at \$14,197.52 or about \$1,200 per month. This number appears to be high considering that there are six employees who work for the District and that the District's 0.28 square mile service area is all within one area code.

6.5 Financial Ability of Agency to Provide Services

Based on the analysis provided above, the District has the financial capacity to continue to provide services on the same level as it has in the past with the current infrastructure. However, it lacks the ability to accomplish major repairs or upgrade District



facilities, such as installing water meters, without substantially raising water rates or securing loans.

Sativa L.A. County Water District

Municipal Service Review

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7. Economies of Service

7.1 Cost Avoidance Opportunities

As previously discussed, the District does not have meters and charges a flat rate of \$55.00 per service connection. This rate of \$55.00 per service connection was last updated in 2009.

It is important to recognize that the District is adjacent to, within, and within close proximity to several water agencies that have the capacity to provide services to the District in the event that the District were dissolved. These water districts include the City of Compton Municipal Water Department, Central Basin Municipal Water District, as well as Golden State Water Company and Park Water Company. Both Golden State Water Company and Park Water Company are investor owned utilities (IOUs) that are governed by the California Public Utilities Commission. Each of these water agencies are briefly described below.

City of Compton Municipal Water Department (CCMWD)

The City of Compton Municipal Water Department (CCMWD) provides water service to approximately 80% of the City of Compton as well as some unincorporated areas. The City is a member agency of the Metropolitan Water District. The CCMWD receives 80% of its water from ground water wells and 20% from the Metropolitan Water District.

The CCMWD updated their water rates on July 1, 2012. The updated water rates includes rates for areas within the incorporated area of the City of Compton and rates for areas that are served by the CCMWD service area, but within the County of Los Angeles. The monthly meter fee and charge for the amount of water used for the unincorporated area of Los Angeles County are 50% higher than the rates charged for customers within the incorporated area of the City of Compton.

The CCMWD charges \$45.81 per month for a 3/4" water connection in the unincorporated area of Los Angeles County. The CCMWD charges \$4.07 per hundred cubic feet (HCF) of water used when 20 or less HCF of water is used. When 21 or more HCF of water is used the CCMWD charges \$4.70 per HCF.

Central Basin Municipal Water District (CBMWD)

Central Basin Municipal Water District (CBMWD) was established by a vote of the people in 1952 to protect the Central Groundwater Basin from over pumping. Today, CBMWD wholesales potable water to 26 cities, mutual water companies, investor-owned utilities, water districts and private water companies in the region. In addition, CBMWD supplies recycled water to the region for municipal, commercial, and industrial use. CBMWD supplies imported and recycled water to its customer agencies to help protect the Central Groundwater Basin and develop a more balanced portfolio of water supplies.

CBWMD is governed by a five member Board of Directors elected from within the service area. Each Director serves a four-year term once elected.

CBMWD's service area covers approximately 227 square miles and includes 24 cities and several unincorporated areas in Southeast Los Angeles County including the District. CBMWD maintains an official population of approximately 1.65 million people according to the Southern California Association of Governments (SCAG), but due to the undercounting of the area's immigrant population, the number is believed to be closer to two million. Please refer to **Figure 7-1: Central Basin Service Area** to view CBMWD's service area in relationship to the District's service area.

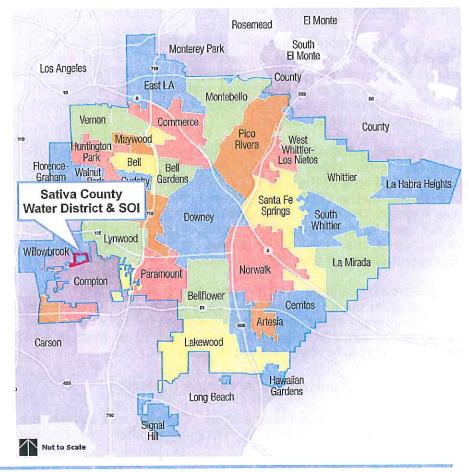


Figure 7-1: Central Basin Service Area

Economies of Service



CBMWD is one of the 26 member agencies of the Metropolitan Water District. CBMWD's Board of Directors appoints two representatives to serve on the 38-member Metropolitan Water District Board of Directors.

Although CBMWD is primarily a water wholesaler, CBMWD could provide effective management for retail water service to Sativa's customer base, since retail service is provided within their statutory authority. CBMWD does not have established retail water rates and would need to establish these rates based on their cost to produce and sell water in the event that the District was to be dissolved.

CBMWD is primarily a water wholesaler however retail water service is provided within CBMWD's statutory authority.

Golden State Water Company (GSWC)

The Golden State Water Company (GSWC) is an IOU that distributes water to communities throughout California. GSWC relies on a myriad of complex infrastructure systems including numerous wells, pumping stations, thousands of miles of mains and service lines. The GSWC has been in operation for over 80 years and is a wholly owned subsidiary of American States Water Company. The GSWC currently has a service area directly to the north of the District. Please refer to **Figure 7-2: GSWC and PWC Service Areas** below to view the District's service area in relationship to GSWC and Park Water Company's (PWC) local service areas.

The GSWC updated its rates on January 1, 2012. The GSWC charges a fixed service charge of \$20.95 per month for a 3/4" water connection. The GSWC charges \$3.466 for the first 11 hundred cubic feet (HCF) of water used, 3.986 for the next four HCF of water used, and \$4.583 for any water used over 15 HCF.

Park Water Company (PWC)

Park Water Company (PWC) is an IOU that provides water service to approximately 28,000 accounts. PWC's service area is divided into three separate water systems including: Compton/Willowbrook (Compton West), Lynwood/Rancho Dominguez (Compton East), and Bellflower/Norwalk.

PWC obtains its water supply from three sources including: imported water, groundwater, and recycled water. PWC's potable

imported and recycled water supplies are purchased from the CBMWD. PWC's groundwater supply is pumped from the adjudicated Central Groundwater Basin. PWC currently has a service area directly to the east of the District.

The PWC updated its rates on January 27, 2012. The PWC charges a fixed service charge of \$25.50 per month for a 3/4" water connection. The GSWC charges \$3.449 for the first 12 hundred cubic feet (HCF) of water used and \$3.947 for any water used over 12 HCF.

Please refer to **Figure 7-2: GSWC and PWC Service Areas** below to view the District's service area in relationship to GSWC and PWC's local service areas.

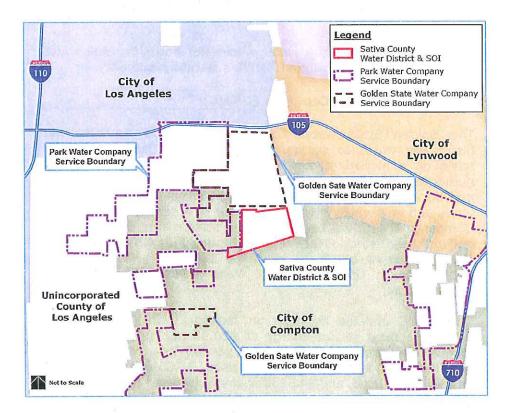


Figure 7-2: GSWC and PWC Service Areas

Table 7-1: Water District Rate Comparison provides a summary of the charges anticipated from CCMWD, GSWC, PWC, and the District assuming that 18 HCF of water is used at a single-family residence with a 3/4" connection. Based on the District's 1,631 active water connections and an annual demand of 804 AFY, it is assumed that each connection within the District uses 18 HCF per year. It is important to note however, that as the District does not have meters, it does not charge a monthly meter fee as the other adjacent and nearby water agencies do. Furthermore,



the District's reserves for capital improvements are far less than the adjacent and nearby water agencies.

Table 7-1: Water District Rate Comparison

CCI	MWD	GSW	C
Rate Tier	Rate as of July 1, 2012	Rate Tier	Rate as of June 2012
Tier 1 (0-20 HCF)	18 @ \$4.70 = \$84.60	Tier 1 (0-11 HCF)	11 @ \$3.466 = \$38.13
Time 2 (20 + HCF)	N/A	Tier 2 (11-15)	4 @ 3.986= \$15.94
Tier 2 (20+ HCF)	N/A	Tier 3 (15+)	3 @ 4.583 = \$13.75
Fixed Distribution and Customer Charge	\$45.81	Fixed Distribution and Customer Charge	\$20.95
Total	\$130.41	Total	\$88.77
P	WC	Sativa Los Angeles Co (Distri	
Rate Tier	Rate as of January 27, 2012	Rate Tier	Rate as of 2009
Tier 1 (0-12 HCF)	12 @ \$3.449 = \$41.39		
Tier 2 (12+ HCF)	6 @ 3.947 = \$23.68	Fixed Rate	\$55.00
Fixed Distribution and Customer Charge	\$25.50	Tixed Nate	Ψ35.00
Total	\$90.57	Total	\$55.00

Table Notes:

1) Water usage is billed by hundred cubic feet (HCF). $1\ HCF = 748\ gallons$. One billing unit is equivalent to one HCF (748 gallons).

Based on the analysis above, there does not appear to be any cost avoidance opportunities for the District as it is presently constituted. However, in the event of District dissolution, there would be an opportunity for the succeeding agency to obviate a substantial portion of the District's current expenses, including but not limited to such expenses as Board of Directors' stipends and a major part of employee wages and benefits. There would also be a greater opportunity to install metered connections and encourage water conservation.

7.2 Opportunities for Shared Facilities

There does not appear to be any opportunities for shared facilities, unless the District is subject to dissolution and the successor agency utilizes its own equipment, staff, and Board of Directors.

7.3 Evaluation of Management Efficiencies

An evaluation of the District's management efficiencies reveals a very disturbing and pervasive pattern of unacceptable actions or lack of actions regarding District responsibilities. Consider the following:

(From the December 14, 2005 Staff Report of the Local Agency Formation Commission for the County of Los Angeles (LAFCO), page 2):

"The (Sativa) 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."

(From the Independent Auditor's Report, County of Los Angeles, Department of Auditor-Controller, August 3, 2005):

The Los Angeles County Auditor-Controller's office last performed an audit for the District on August 3, 2005 for the fiscal years 2002, 2003, and 2004, which was the last audit prepared by them for the District. It should be noted that the Auditor-Controller's office subsequently informed the District that the Auditor-Controller's office would not have the resources to conduct future audits of the District, and that the District should have a 3rd party consultant prepare their annual audits, as provided by the California Government Code.

California Government Code Section 26909(a)(2) states:

"(2) Where an audit of a special district's accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards and a report thereof shall be filed with the Controller and with the county auditor of the county in



which the special district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination."

The District budget reflects audit expenses of \$505.96 in FY 2011-12. According to the Auditor-Controller's office, the District has not filed any audit reports with them since the last audit was performed by the Auditor-Controller's office in 2005. What was being audited in FY 2011-12, and who got the results?

The District's history of inaccurate or non-existent records has greatly reduced the ability of the project team to make accurate findings or forecasts from official records without referring questions of substance to the District's staff. The District's staff has been very uncooperative in providing accurate information in a timely manner, if at all. This mirrors the experience of LAFCO's staff, as described in the LAFCO Staff Report of December 14, 2005.

Additionally, when information has been provided, it often is not accurate or reliable. An example can be found on page 2 of the Agency Profile sheet produced by the District on July 5, 2012 as part of the information it provided in response to LAFCO's Supplemental Request for Information. It states in the opening paragraph that the District's service area is approximately one-half square mile. A few lines further down, it states that the District's service area is 2 ½ square miles, a difference of 500 percent. However, based on the project team's review of the most recent Geographic Information Systems (GIS) "shapefile" of the District's service area it is estimated that the District's service area is approximately 180 acres or 0.28 square miles.

Similarly, it states on that same page that the District has approximately 1,488 service connections, but on page 8 of the same report it states that there are 1,580 service connections.

Another example is found on page 7 of the report, under Average Annual Demand. The District states that it presently has 6,320 residential service connections, but that by the year 2015 the District will have shrunk to only 1,606 connections, leaving a customer base 25% of the District's original size. **This is surely not the case.**

Another example is found in the District's current budget for Board meeting stipends. The current total budgeted amount is \$39,370.00 and the Board members are paid \$150.00 for each Board meeting they attend. Board meetings are scheduled for 26 regular meetings a year. 26 meetings X 5 Board members X

\$150.00 = \$19,500.00 for Board stipends per year. But the adopted budget states \$39,370.00 for Board stipends.

The project team emailed the District's office manager on July 31, 2012, and specifically asked about Board meetings:

"6. We understand that the Board meets twice a month for a total of 26 meetings. Are there any other meetings that the Board attends? Is so, can you please specify?"

The District's answer: "The Board meets every other Tuesday. Totaling 26 regular meetings."

The project team remains unable to determine where the other \$19,870.00 in Board stipends goes.

A review of the budget raised questions about other budget items, including bank charges, fuel costs, telephone expenses, auto expenses, audit expenses, professional fees, and payroll taxes.

It seems only a forensic auditor can provide accurate answers to these questions.



8. Government Structure Options

The purpose of evaluating government structure options as part of the Municipal Service Review (MSR) is to encourage the current and future orderly formation of local government agencies, create logical boundaries, and promote the efficient delivery of services. This MSR is an informational document that will be used by the Local Agency Formation Commission for the County of Los Angeles (LAFCO) and staff, agencies and organizations, stakeholders, and the public to discuss future governance options for the District. One of the required components to be addressed in the MSR is a list of all possible government structure options including an analysis of all possible advantages and disadvantages of agency reorganization.

There are several advantages and disadvantages that may occur from reorganization including:

Advantages

- Reduction in cost or fees due to economies of scale
- Improved service delivery in terms of both water delivery and administrative functions including customer service and billing
- Simplification of jurisdictional boundaries.

Disadvantages

- Political opposition
- Loss of local control and accountability
- No or limited cost savings
- Discontinuity of services during the reorganization process

The Commission is not required to implement any of the governmental structure options described in this report. However, the Commission must update or reaffirm the sphere of influence of the District, which as it exists today is concurrent with the District's boundaries.

It is important to note that at the time this report was prepared, the District had no plans to expand or retract its sphere of influence or service boundary.

8.1 Options

The LAFCO Staff and Commission should consider the following three options when evaluating the sphere of influence (SOI) for the Sativa Los Angeles County Water District: Maintain the status quo; expand the SOI; reduce the SOI, and having water services

provided by the City of Compton Municipal Water Department (City) or the CBMWD.

Maintain the Status Quo

This option would maintain the existing District boundaries and current SOI. In this scenario, the District would continue to provide water services in the same manner as it does today, maintain the existing infrastructure, and carry out administrative functions including customer service and billing.

Residents, landowners, and business owners within the District will continue to pay the same uniform \$55.00 monthly flat rate. As the District's service boundaries are built-out, there are no anticipated increases in population and water demands that would have an impact on the ability of the District to continue to provide water services.

Expand the Sphere of Influence

The District currently does not have plans to expand its SOI or existing service boundary. Considering that the District does not have water rights or infrastructure that could be expanded beyond their jurisdictional boundaries, an expansion of the District's SOI is highly unlikely

Reduce the Sphere of Influence

As previously discussed, the District's SOI boundary is coterminous with the District's service area. Reducing the District's SOI to a zero SOI would provide the basis for the future dissolution of the District.

Potential Agency Merger

As previously discussed, the District is located adjacent to the City of Compton, and in fact supplies water to a small area within the City. During meetings with the City and CBMWD, both agencies indicated that they would have the ability and capacity to provide water services to the District in the event that the District was dissolved. However, considering that the City is currently experiencing serious financial problems, it seems an illogical decision to merge the District into the City, particularly since the District may be facing substantial facilities upgrades in the near future, such as installing District-wide water meters.



9. Local Accountability and Governance

The District is governed by a five-member board of directors, elected from within each of the five electoral districts in the District. Members for each of the districts must reside in the district they represent and are elected by voters within that district. All board members serve a four-year term.

Table 9-1: Sativa Los Angeles County Water District Governance below provides a summary of the governance and local accountability of the District.

Table 9-1:
Sativa Los Angeles County Water District Governance

Date formed:	1913
Statutory Authorization:	County Water District Act (California State Water Code Section 30000 et seq.)
Board Meetings:	Twice a Month

Board of Directors	Title	Compensation
Johnny E. Johnson	President	
Ruben Hernandez	Vice President	\$150.00 per meeting. No other benefits
April McCall	Secretary	including health insurance are provided
Elizabeth Hicks	Treasurer	to board members
Luis Landeros	Board Member	

Table Notes:

1) Sativa Los Angeles County Water District LAFCO Supplemental Questionnaire - July 25, 2012

The District has water rights and owns a complete water infrastructure, including an office and maintenance facilities, wells, storage tanks, and a distribution system, not including water meters. The governing board is responsible for a complete range of public governance actions and holds regularly scheduled meetings twice a month to inform the public about the District and recent water activities. The District's board meetings are publicly notified through newspaper publications and are open to the public.

The District was originally named Sativa Water and Electric, and was formed in 1913 and owned by Joseph Sativa. The present District was formed in 1938 under the County Water District Act (California State Water Code Section 30000 et seq.)



10. Determinations and Findings

California Government Code Section 56430 provides that LAFCOs, upon receipt and consideration of an MSR, are required to adopt written findings addressing each of the following seven topics:

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

Below is a summary of what each determination will assess as well as an overview of the findings for each determination.

1. Growth and population projections for the affected area.

This determination requires an analysis of current and future population and demographic characteristics related to city and special district service plans and delivery. Local and regional growth projections should be analyzed for compatibility with planned facilities.

The District is fully built out with a population of approximately 6,320 people. There is no future growth projected in the District. The existing water infrastructure and facilities are adequate to continue to serve the District.

The cities adjacent to the District are projected to experience moderate to little growth from 2012 to 2035. **Table 10-1: City of Compton and Lynwood Population Projections** provides a breakdown of the anticipated population growth for those cities.

Table 10-1:
City of Compton and Lynwood Population Projections

City Name	SCAG 2008 regional Transportation Plan (RTP) Population	SCAG 2035 RTP Population	Population Increase	Annual Growth Rate through 2035
Compton	95,900	97,900	2,000	0.08%
Lynwood	69,300	74,300	5,000	0.27%

Table Notes:

2. Present and planned capacity for public facilities and adequacy of public services, including infrastructure needs or deficiencies.

The purpose of this determination is to evaluate existing infrastructure to determine existing sufficiency and future demand. The analysis will address future planned expansions within the MSR study area, both locally and regionally.

The existing facilities are adequately serving the existing District, and, given the fact that the District is fully built out, have the future capacity to continue to adequately serve the District. The only facility not presently provided is water meters. The District is also planning on replacing Well No. 4, which was taken out of service in 2009.

3. Financial ability of agencies to provide services.

The purpose of this determination is to analyze the present and future ability of the District to financially support the current and long-term municipal service needs.

Based on the analysis provided in **Section 6: Financing Opportunities or Constraints**, the District has the financial capacity to continue to provide services on the same level as it has in the past with the current infrastructure. However, it lacks the ability to accomplish major repairs or upgrade District facilities, such as installing water meters, without substantially raising water rates or securing loans.

¹Southern California Association of Governments (SCAG) 212 Regional Transportation Plan (RTP) Growth Forecast



4. Status of, and opportunities for, shared services.

The purpose of this determination is to analyze potential opportunities, if any, for enhancing operational efficiencies by sharing services and/or facilities.

An increased level of efficiency and effectiveness can be reached by dissolving the District and having the CBMWD provide water services to the District's service area. The revenues collected by the District can be transferred to CBMWD to fund water resources, infrastructure repair and maintenance, and administrative functions. In accordance with Section 56430(b) of the Cortese-Knox-Hertzberg Local Government Reorganization Act, "the commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies."

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

The purpose of this determination is to evaluate the current and alternative government structure of the District. This evaluation includes opportunities for public participation provided by the District.

The District is governed by a five-member Board of Directors, each elected by voters within five separate voting districts within the District. The governing board is responsible for a complete range of public governance actions and holds regularly scheduled meetings every other Tuesday to inform the public about the District and recent water activities. The District's board meetings are publicly notified through posting agendas at the District's administrative office located at 2015 E Hatchway Street.

In order to ensure that the District's operations and finances are made readily available to the public it is recommended that the District create a public website. At a minimum the website should provide the following information:

- Board member names and contact information,
- Date, time, and location of board meetings,
- Meeting minutes from past board meetings,

- Agendas for upcoming board meetings,
- Relationship between the District and adjacent cities,
- A description of how water service is currently provided to the area,
- > The most current water rates, and
- Conservation measures to help reduce water consumption.
- 6. Any other matter related to effective or efficient service delivery, as provided by Commission policy.

The purpose of this determination is to provide an analysis of any other matters as related to the data analysis provided in the previous sections of this report, the affected and stakeholder agency interviews, and distributed questionnaires.

Please refer to Section 10.1: Sphere of Influence (SOI) and District Recommendation below.

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

Senate Bill 244, recently enacted on February 10, 2011, imposed state mandates on local governments, including cities, counties and LAFCOs. This bill requires LAFCO to "disadvantaged determinations regarding make unincorporated communities." Disadvantaged unincorporated communities are defined as territory that constitutes all or a portion of a "disadvantaged community" including 12 or more registered voters or some other standard as determined by the LAFCO Commission. A "disadvantaged community" is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. "Severely disadvantaged community" means a community with a median household income less than 60 percent of the statewide average (Water Code Section 79505.5).

The legislation will impact LAFCO operations in three respects:

- 1. Municipal Service Review (MSR) determinations.
- 2. Sphere of Influence updates on or after July 1, 2012
- 3. Annexation approval restrictions of territory adjacent to disadvantaged communities.



Item numbers one and two are further described below, however as this MSR does not concern the approval of an annexation, item number three will not be discussed in this report.

1. Municipal Services Reviews - §56430

The Commission is required to prepare specific written determinations on infrastructure needs or deficiencies related to sewer, water, and fire protection services in any disadvantaged unincorporated community within or contiguous to the sphere of influence of a city or special district that provides those services.

2. Spheres of Influence - §56425

After July 1, 2012 the Commission is required to adopt additional determinations for an update of a sphere of influence of a city or special district that provides public facilities, or services related to sewer, water, or fire protection. The Commission must make determinations regarding the present and probable need for those public facilities and services in any disadvantaged unincorporated communities within the existing sphere of influence.

In accordance with the 2010 United States Census, the median statewide household income is \$54,459. Eighty percent of the median statewide household income is \$43,567. As the District does not conform to city boundaries, census tracts were used to determine the median household income. The unincorporated areas of the District includes two census tracts identified as tract # 5414 and 5415. It is important to note that these census tracts are not contiguous with the District's service boundary and encompass a much larger area as shown in Figure 10-1: Census Tract Locations below. Census tract # 5414 has an annual average household income of \$30,417 or 56% of the statewide annual median household income, making it a severely disadvantaged community. Census tract # 5415 has an annual average household income of \$40,202 or 74% of the statewide annual median household income, making it a disadvantaged community. Each of these two census tracts along with the surrounding census tracts are further described in Table 10-2: Census Tract Annual Median Household Income below.

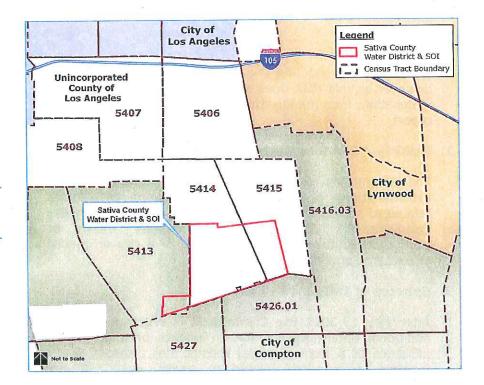


Figure 10-1: Census Tract Locations

Table 10-2: Census Tract Annual Median Household Income

Census Tract	Statewide Annual Median Income	Annual Median Household Income	Percentage of Annual Statewide Annual Median Income
5406		\$31,366.00	58%
5407		\$36,814.00	68%
5408		\$33,000.00	61%
5413		\$40,202.00	74%
5414	\$54,459.00	\$30,417.00	56%
5415		\$52,500.00	96%
5416.03		\$42,014.00	77%
5426.01		\$37,363.00	69%
5427		\$40,938.00	75%

Table Notes:

^{1) 2010} United States Census



10.1 Sphere of Influence (SOI) and District Recommendation

It is strongly recommended that the Commission consider the dissolution of the Sativa Los Angeles County Water District; and increasing the Central Basin Municipal Water District's sphere of influence to include all of the Sativa Los Angeles County Water District's former sphere of influence. This determination is based on the following findings:

- ▶ The District's use of a "pay as you go" financial approach has resulted in lower customer rates, but has failed to achieve a responsible method of assuring that the system facilities can be maintained at the level required of a public water system.
- The District does not have the present financial ability to fund major facilities replacements that will be required for an aging system. Because the customer base is so small, any loans or rate increases to pay for needed system replacements will result in unacceptably high costs to the customers. A significant portion of the District's existing budget could be obviated if the District were subject to dissolution, and that money could be used by the successor agency towards creating a system replacement fund. In addition, a large agency such as CBMWD can more effectively spread future costs at less impact upon its larger base of customers.
- The District's management deficiencies have been adequately documented previously herein. The fact that one-third of the District's employees are related to the Board President leads to an unavoidable appearance of nepotism. Because of the District's demonstrated inability or unwillingness to provide accurate, timely answers to official inquiries, the family linkage between a policy maker and staff is very troubling.

In order to establish a basic level of confidence in the reliability of District records, it is also recommended that the Commission order a forensic audit of the District's financial records.

Sativa L.A. County Water District

Municipal Service Review

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Appendix A – Meter Legal Determination

CONFIDENTIAL/ATTORNEY-CLIENT PRIVILEGE AND WORK PRODUCT COMMUNICATION NOSSAMAN LLP MEMORANDUM

TO:

Sativa Los Angeles County Water

District

FROM:

Alfred Smith and Melissa A. Poole

DATE:

March 21, 2006

RE:

Applicability of Recent Legislation Requiring Installation of Water Meters

(AB 2572 - Kehoe)

280841-0001

<u>Issue</u>: Does AB 2572, which requires the installation of water meters, apply to Sativa Los Angeles County Water District ("Sativa")?

Short Answer: If Sativa does not directly or indirectly provide water to more than 3,000 customers or deliver more than 3,000 acre-feet of water annually, the requirement to install water meters on all service connections prior to 2025 does not apply. If at some point in the future Sativa directly or indirectly provides water to 3,000 customers or delivers more than 3,000 acre-feet annually that would trigger a requirement that Sativa install meters within 10 years. As Sativa is likely aware, existing law (renumbered by AB 2572) requires Sativa to install water meters on all new water service connections on and after January 1, 1992.

Analysis:

Assembly Bill 2572 (Kehoe) of the 2003-2004 Legislative Session amended the California Water Code to require all urban water suppliers that do not receive water from the Central Valley Project to install water meters on all municipal and industrial service connections located within its service area before January 1, 2025. Cal. Water Code §527(a)(1)¹. In addition, once meters are installed, urban water suppliers are required to "charge each customer that has a service connection for which a water meter has been installed based on the actual volume of deliveries as measured by the water meter." §527(a)(2)(A). Section 527(b) provides that an urban water supplier required to install meters may recover the costs associated with the purchase, installation and operation of the water meters by raising rates, fees, or charges. Urban water suppliers that do receive water from the Central Valley Project are also required to install meters on a more expedited time schedule. §526.

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¹ All references are to the California Water Code.

Memorandum March 21, 2006 Page 2

Section 528(c) provides that the term "urban water supplier" is defined pursuant to Section 10617 which provides that an "urban water supplier" is "a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually." "Customer" is defined as "a purchaser of water from a water supplier who uses the water for municipal purposes, including residential, commercial, governmental, and industrial uses." §10612. Thus, if Sativa does not directly or indirectly provide water to more than 3,000 customers or deliver more than 3,000 acre-feet of water annually, the requirement to install water meters on all service connections prior to 2025 would not apply. However, if Sativa's activities would classify it as an "urban water supplier," the requirement to install meters prior to 2025 would apply.

AB 2572 amended and renumbered Water Code section 110. Pursuant to AB 2572, former section 110 is now Water Code section 525. Section 525, originally enacted in 1991, requires "every water purveyor who ... delivers water service to any person shall require, as a condition of new water service on and after January 1, 1992, that a suitable water meter to measure the water service shall be installed." "Water purveyor" is defined in Section 512 as "any person who furnishes water service to another person." Section 525 is therefore distinguishable from section 527 discussed above, because section 525 applies to all water purveyors, whereas section 527 applies only to water suppliers with over 3,000 customers or water suppliers delivering more than 3,000 acre-feet per year. Section 525 also only applies to "new" installations, whereas 527 applies to all connections within the service area.

Section 525 is properly interpreted to apply to all "new" connections installed on or after January 1, 1992; but it does not appear to apply when service is merely changed. Section 523 provides: "The Legislature finds and declares that the California goal for measurement of water use is the achievement by January 1, 1992, of the installation of water meters on all new water service connections after that date." In addition, the legislative history supports this interpretation of the statute. Thus, pursuant to Section 525, as to connections installed on or after January 1, 1992, Sativa is to require as a condition of new water service the installation of a water meter.

Section 528 sets forth provisions applicable to "water purveyors" who become "urban water suppliers", i.e. the purveyor reaches the point where it delivers water to more than 3,000 customers or delivers more than 3,000 acre-fee of water annually. A "water purveyor" that becomes an "urban water supplier" after January 1, 2005, is required to install water meters on all municipal and industrial service connections and charge each customer with a meter based on the actual water delivered within 10 years of meeting the definition of an urban water supplier. §528.

It also should be noted that in fulfilling the requirements of the statute, Section 521(g) provides that "an urban water supplier should take any available necessary step consistent

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² AB 2572 Assembly Water Parks & Wildlife Committee Analysis ("Existing law requires the installation of a water meter as a condition of water service to any connection installed after 1992.") Similarly, the Legislative Counsel's Digest provides: "Existing law generally requires the installation of a water meter as a condition of water service provided pursuant to a connection installed on or after January 1, 1992."

Appendix A – Meter Legal Determination

Memorandum March 21, 2006 Page 3

with state law to ensure that the implementation of this chapter does not place an unreasonable burden on low-income families."

Sativa L.A. County Water District

Municipal Service Review

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Appendix B - Agency Correspondence



June 19, 2012

Art Aguilar, General Manager Central Basin Water District 6252 Telegraph Road Commerce, CA 90040

Dear Mr. Aguilar:

Our meeting with you on June 19, 2012 is for the purpose of reviewing the last Mandatory Service Review (MSR) of the Sativa County Water District, dated November 1, 2005. State law requires an updated MSR every five years, and the Los Angeles Local Agency Formation Commission has retained Hogle-Ireland to prepare an updated MSR for the Sativa County Water District.

Some of the agencies we will be meeting with concerning the Sativa County Water District include the City of Compton and the Sativa County Water District.

What we hope our meeting with you will produce is a frank discussion on what may have happened or transpired concerning the Sativa County Water District since its last MSR, which should be considered in an updated MSR.

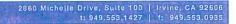
In case you do not have a copy of the last MSR, we can provide you with a digital copy upon your request.

If you should have any questions prior to the meeting, please call me at our Irvine Office at 949-553-1427.

Sincerely,

Keith Carwana, Project Manager Hogle-Ireland, Inc.

www.hogleireland.com





Advance Planning | Community Design & GIS | Community Engagement | Contract Staffing | Entitlement Services | Environmental Planning

May 21, 2012

Bryan Batiste, City Manager City of Compton 205 S. Willowbrook Avenue Compton, CA 90220

Dear Mr. Batiste:

Our meeting with you on May 21, 2012 is for the purpose of reviewing the last Mandatory Service Review (MSR) of the Sativa County Water District, dated November 1, 2005. State law requires an updated MSR every five years, and the Los Angeles Local Agency Formation Commission has retained Hogle-Ireland to prepare an updated MSR for the Sativa County Water District.

Some of the agencies we will be meeting with concerning the Sativa County Water District include the Central Basin Municipal Water District and the Sativa County Water District.

What we hope our meeting with you will produce is a frank discussion on what may have happened or transpired concerning your City and the Sativa County Water District since its last MSR that may affect your City, which should be considered in an updated MSR.

In case you do not have a copy of the last MSR, we can provide you with a digital copy upon your request.

If you should have any questions prior to the meeting, please call me at our Irvine Office at 949-553-1427.

Sincerely,

Keith Carwana, Project Manager Hogle-Ireland, Inc.

www.hogleireland.com

2860 Michelle Drive, Suite 100 | Irvine, CA 92606 t: 949.553.1427 | 1: 949.553.0935



Advance Planning | Community Design & GIS | Community Engagement | Contract Staffing | Entitlement Services | Environmental Planning

May 16, 2012

Theresa Johnson, Manager Sativa County Water District 2015 E Hatchway St. Compton, CA 90220

Dear Ms. Johnson:

Our meeting with you on May 16, 2012 is for the purpose of reviewing the last Mandatory Service Review (MSR) of the Sativa County Water District, dated November 1, 2005. State law requires an updated MSR every five years, and the Los Angeles Local Agency Formation Commission has retained Hogle-Ireland to prepare an updated MSR for the Sativa County Water District.

Some of the agencies we will be meeting with concerning the Sativa County Water District include the Central Basin Municipal Water District and the City of Compton Municipal Water Department.

What we hope our meeting with you will produce is a frank discussion on what may have happened or transpired with the Sativa County Water District since its last MSR.

In case you do not have a copy of the last MSR, we can provide you with a digital copy upon your request.

If you should have any questions prior to the meeting, please call me at our Irvine Office at 949-553-1427.

Sincerely,

Keith Carwana, Project Manager Hogle-Ireland, Inc.

www.hogleireland.com

2860 Michelle Drive, Suite 100 | Irvine, CA 92606 t: 949,553.1427 | f: 949,553.0935

Sativa L.A. County Water District

Municipal Service Review

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Advance Planning | Community Design & GIS | Community Engagement | Contract Staffing | Entitlement Services | Environmental Planning

June 19, 2012

David Hill, Water Resources & Planning Manager Central Basin Water District 6252 Telegraph Road Commerce, CA 90040

Dear Mr. Hill:

As you may be aware as part of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 LA LAFCO is mandated to conduct Municipal Service Review (MSR) every five years. LA LAFCO has retained Hogle-Ireland, Inc. in conjunction with the Mocalis Group I, LLC to prepare a MSR for the Sativa County Water District. The LAFCO Commission must make determinations on six (6) topics required under the CKH Act for purposes of adopting the MSR:

- 1. Growth and population projections in the affected area
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
- 3. Financial ability of agencies to provide services.
- 4. Status of, and opportunities for, shared facilities.
- Accountability for community service needs, including governmental structure and operational efficiencies.
- Any other matter related to effective or efficient service delivery, as required by Commission.

To assist us with the completion of the MSR and to better understand issues related to the provision of service in the area we are asking for you to provide, to the best of your ability, responses to the questions listed on the following page.

Thank you for your assistance,

Keith Carwana Project Manager Hogle Ireland, Inc. Jim Mocalis President Mocalis Group I, LLC

www.hogleireland.com

2860 Michelle Drive, Suite 100 | Irvine, CA 92606 t: 949.553.1427 | 1: 949.553.0935 1. How much population growth is anticipated within the agency service area and sphere of influence over the next 5, 10, 15 years?

Central Basin's 2010 UWMP indicates a population increase in the service area of about 2% every 5 years or about a .5% annual increase. So considering the 2010 population at 1.65 million, the population is expected to increase to 1.68 in 2015, 1.72 in 2020 and 1.75 in 2025. The Sativa District is a built out community with little opportunity for growth, so increase in population would be minimal at best. (Source - Page 2-2 and 2-3, Central Basin 2010 UWMP)

2. How much is municipal service demand anticipated to increase within the agency's sphere of influence over the next 5, 10, 15 years?

The region saw it largest imported water demand period in FY 2006-07 when Central Basin sold 68,100 AF plus another 51,150 AF for groundwater replenishment, for total imported water sales of 119,200 AF. With groundwater withdrawal in Central Basin of 149,000 AF, total municipal demand reached 268,000 AF. However, with the economic downturn in late 2008 and the recent 4-year drought, imported sales have fallen off substantially. In FY 2011-12, Central will import about 38,000 AF, plus another 13,000 AF for replenishment, for a total of about 51,000 AF. Groundwater withdrawals are down to about 139,000 AF for a total demand of about 190,000 AF. Quite a difference!

So going forward, we would expect municipal demand to pick up as the economy recovers. Total expected municipal and groundwater replenishment demand for imported water for 2015 is expected to be 72,025 AF; for 2020, about 73,685 AF; and for 2025, about 75,670 AF. Groundwater is expected to remain steady at 145,000 AF annually. We do not expect the Sativa District's water demand to increase; however, because the Sativa District does not maintain water meters for any of the properties in its service area, water demand can only be measured on the macro level. A lack of water meters also minimizes to measure any benefits of conservation measures. (Source - Table 2-3, Page 2-4, 2010 UMMP)

3. What is the current adequacy of service provided within the agency boundaries?

All municipal and industrial demands within the Central Basin service area are being met. Imported water provides a substantial back-up supply for the region, if needed. Metropolitan Water District maintains a six-month emergency supply of surface water storage should imported sources be disrupted for any reason.

Adequacy of existing service for the Sativa District is probably reasonable unless one of their wells break down which could put its supplies at risk and require imported water purchases. Since there is no connection to the MWD system, imported water is not really a viable option.

4. To what extent are the service providers able to meet anticipated growth in demand?

Growth in the Central Basin service area is quite minimal over the next 5, 10 and 15 years, so any increase in demand can be easily managed by most retail agencies. For the Sativa District, it is mostly a built out service area, so a substantial increase in demand is highly unlikely.

5. What are the present and planned land uses within the existing sphere of influence?

The region is mostly built out so any changes in land use will only be through redevelopment. Rehabilitation of underutilized property could result in higher water usage.

6. What contiguous unincorporated areas could potentially be included in the agency's sphere of influence?

The Central Basin service area has multiple Los Angeles County unincorporated areas, almost all of which are served by investor owned utilities (IOU). The Sativa District area is bordered by two IOU's and the City of Compton.

7. Which service provider(s) is (are) best equipped to serve the unincorporated areas contiguous to the agency boundaries?

At this point, water service for most of the unincorporated areas of Los Angeles County within Central Basin's service area is being provided by IOU's. These include the Golden State Water Company and Park Water Company. Also bordering Sativa is the City of Compton (non-IOU). Central Basin Municipal Water District could provide effective management for retail water service to Sativa's customer base, since retail service is provided within our statutory authority. However, an evaluation of infrastructure and potential cost implications would be needed and subject to approval by the Central Basin Board of Directors. Plus, Central Basin's high quality financial rating would allow access to adequate sources of funding for potential improvements.

8. What is the current capacity of public facilities and adequacy of public services that the local agencies are providing?

Unknown.

9. What opportunities exist for service providers in and near the agency boundaries to share public facilities to more effectively and efficiently deliver services?

Always possible, but the two IOU's are competitors for new services. Therefore, we would expect these agencies to provide competing proposals for service to the California Public Utilities Commission. Again, Central Basin could take over management duties for the Sativa District.

10. Do the service providers of interest have adequate public facilities and other infrastructure to accommodate anticipated growth in service demand in the area? Most service providers do have adequate facilities and infrastructure. However, the delivery capability varies from service area to service area.

11. What cost avoidance opportunities, financing constraints and financing opportunities exist in providing water service to the area of interest?

The main issue will be condition of the infrastructure. Since Sativa District was incorporated in 1938, much of the existing mainlines are probably pre-WWII, and have probably reached the limit of their life expectancy. The other issue is the need for water meter installation. The area in question has an exemption from installing meters, but incentives for reducing demand through conservation can only be measured with meters in place. So costs could be hundreds of thousands of dollars.

12. How do cost avoidance opportunities, financing constraints and financing opportunities affect the optimal service delivery to areas contiguous to the agency?

Central Basin offers conservation programs for residents in all areas of the District service area as method of cost avoidance to limit the impact of taking imported water, including Sativa. The fact that Sativa does not have individual property meters, however, severely limits measuring the positive impacts of conservation. Without a means of determining savings, access to funding assistance could be limited because of reporting requirements of grants. However, long-term financing opportunities are probably improved because of the ability to raise the flat rate of all residential properties to pay for the bonds sold to provide the needed funding for larger capital improvements. This could be accomplished through Central Basin due to its excellent financial rating.

IOU's have the ability to spread infrastructure costs throughout a larger service area (with California PUC approval).

The PUC allows IOU's to break down their service areas into "districts" to allow for local conditions and costs to determine the rates. Thus, each district has its own rate case to make to the PUC. So yes, IOU's can and do spread costs throughout each of their "districts."

13. What opportunities for rate restructuring exist?

A volumetric commodity charge would be appropriate to allow property owners the ability to control their water usage and thus benefit themselves, but without individual meters, this is probably unworkable. The flat rate would have to be increased to cover system improvements.

14. What government structure options exist relevant to the provision of water service in the areas of agencies, and what are the advantages and disadvantages of consolidating or reorganizing service providers? The Sativa service area lies within unincorporated Los Angeles County. Potentially, Los Angeles County itself could provide water service as it does through their network of "Waterworks Districts." However, it is unknown if this is even logistically possible for Los Angeles County. Other government structure options include water service from the City of Compton, Central Basin Municipal Water District, and the IOU's (Golden State Water Company and Park Water Company).

Advantages for the residents would include having a water agency that provides greater assurance for meeting state and federal water quality standards. A disadvantage for other agencies to take over water service would include the burden of unknown infrastructure improvements.

15. To what extent are service providers in the area of interest accountable to the population being served?

If an Investor Owned Utility (IOU) is determined as the best agency to take over water service in the Sativa service area, then the California Public Utilities Commission (CPUC) becomes the authority responsible for insuring the public's right of redress for any management or major billing issues. This is typical for many cities and areas across the state that is served by an IOU. If a city, such as Compton is chosen as the best option for providing service, then the Compton City Council becomes the local authority. If Central Basin is chosen as the best option, then the Central Basin Board of Directors becomes the major authority. The ;atter two options increase local control.

16. What governance structures currently exist among the service providers of interest?

Please see the answer for question #14.

17. What is the consultant's evaluation of current and potential management efficiencies as they relate to optimal service provision and optimal spheres of influence?

Unknown.

Sativa L.A. County Water District

Municipal Service Review

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Sativa Water Di

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SATIVA LOS ANGELES COUNTY WATER DISTRICT

July 5, 2012

AGENCY PROFILE

The District was incorporated on December 30, 1938 in the State of California. The District supplies domestic water service to a portion of the Willowbrook area, an unincorporated area of the County of Los Angeles. The service area is approximately 2.5 square mile and contains approximately 1,580 customer's service connections.

Contact Information

Mailing/Site Address:

2015 E Hatchway Street, Compton, CA 90222-3519

Website:

Phone Number:

(310) 631-8176 (FAX) (310) 632-5492

Staff:

Theresa Johnson Title: Office Manager

Toshia Williams

Title: Administrator Manager

Patrick Udeh Jonathan Dredd Title: Chief Plant Operator Title: Assistant Plant Operator

Rosa Hernandez Title: Office Clerk

Peter Ovalle

Title: Field/Maintenance Worker

Contact's E-mail Address:

theresajhn068@aol.com

Types of Service:

Water

Population Served:

6,320

Size of Service Area:

2.5 square miles

Date of Formation:

December 30, 1938

Governing Body:

Sativa Los Angeles County Water District Board of Directors

Johnny E. Johnson, Board President Ruben Hernandez, Board Vice President April McCall, Board Secretary Elizabeth Hicks, Board Treasurer Luis Landeros, Board Member

Number of Directors:

Nature/ Length of Terms:

4 years, staggered terms

Is governing body landowner or population?

Population based.

Are Directors elected or appointed?

Elected.

Are elections or appointments at large or by district?

District

Directors of Sativa Los Angeles County Water District receives \$150 per day for each day's attendance at meetings of the Board or the each day's service rendered as a member of the Board by request of the Board. Public Participation: The public is notified of District meeting through posting agendas: 1) at the District's Administrative Office located on Hatchway Street.

Sativa Water Di

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P.3

Sativa County Water District - Municipal Service Review Follow-Up Keith Carwana to you + 1 moreshow details Sativa_Audit_Cover_Letter.pdf (1.5 MB

Good afternoon Ms. Johnson,

Thank you again for completing the LAFCO questionnaire and providing us with a copy of your FY 2010-2011 and 2011-2012 budget. After reviewing the completed materials we had a few follow up questions we were hoping that you could help us address. We are working on completing a draft copy of our Municipal Service Review this week and would appreciate it if you could provide us with responses before then. If it is easier to discuss the responses over the phone, we will be available whenever it is most convenient for you.

- In the budget, what is the column heading titled "Actual 2010" showing? Is it the FY 2009-2010 or the FY 2010-2011 budget? FY 2009-2010"
- 2. What is the size of the District's service area? The Agency Profile provided states that it is approximately one-half square mile and also 2.5 square miles. However measuring the District's boundaries we receive a size of approximately 0.28 square miles.

2.5 Miles

3. Is the District's service area strictly residential? Are there any commercial, industrial, or institutional sites that consume larger amounts of water? Are they charged the same \$55 flat rate?

Yes strictly residential. No commercial or industrial or institution sites in the district.

4. Where does the District lease their water from? What are the terms of the lease agreement?

The district lease it water from various outside entities the term each fiscal year.

5. Do Board members receive health insurance or any other benefits apart from the \$150.00 they receive per day for each day's attendance at meetings of the Board?

No.

6. We understand that the Board meets twice a month for a total of 24 meetings. Are there any other meetings that the Board attends? If so, can you please specify?

The Board meets every other Tuesday. Totaling 26 regular meetings.

Sativa Water Di

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7. On page seven of the returned questionnaire (question #23), can you please clarify why the average annual water demand fluctuates from 6,320 AFY today to 1,606 AFY in the year 2015 and 1,633 AFY sin the year 2020?

ESTIMATED

2012 AVERAGE ANNUAL SERVICE WATER DEMAND: 760 A/F

2015 AVERAGE ANNUAL SERVICE WATER DEMAND: 760 A/F

2020. AVERAGE ANNUAL SERVICE WATER DEMAND: 760 A/F

8. In the budget, can you please clarify what account number "610.00, Bank Charges" is?

Account number 610.05 bank charges: bank debits to account

9. If we understand correctly, there are 5 board members representing each of the District's 5 service divisions. Can you provide us with a map showing each of the 5 service divisions?

Sativa has district not divisions. Member live within District and are elected by registered voters within the District's Boundaries.

10. What is the estimated charge to drill a well to replace well #4, which as we understand was abandoned in 2009?

Estimate cost to drill replacement Well is approximately \$700,000

11. In the budget, can you please clarify why account number "610.19, Field Supplies" fluctuates from \$51,909.06 in 2010 and then decreases to \$25,194.01 in FY 2010-2011 and further decreases to \$2,713.41 in FY 2011-2012?

Verification needed - possible equipment was added into supplies

12. In the cover letter from the 2005 County Auditor's report (please see attached), it was mentioned that there are two employees that are related to each other and to the President of the District's Board of Directors. Can you please identify these employees and whether or not they have access to the cash and/or accounting records?

Yes. The Office Manager and Administrator Manager are related to Board President.

Board President – access to cash or accounting records. No Office Manager – has access to the records for cash, but does not have access to the actual cash.

Administrator Manager – has access to cash & cash receipts Office Clerk - has access to the cash in the register

Sativa Water Di

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p.5

Thank you again for your help and please do not hesitate to contact me should you have any questions or would like to further discuss.

Keith Carwana

Project Manager

Hogie-Ireland, Inc.

A Land Planning & Development Consulting Firm

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Appendix B - Agency Correspondence

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Sativa Water Di

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LA EGO
LAFCO LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY
MUNICIPAL SERVICE REVIEW - WATER SERVICE
Supplemental Request for Information GENERAL INFORMATION
Contact Person
Zin Code coma area
Address 2015 E. HATCHWAY STREET City COMPTON Zip Code 90222-3519 Telephone Agency Website
310-631-8176 310-632-5492
Email Address of Contact Person Theresajhn068@aol.com
Please provide a map showing the agency's boundaries, all areas served, pressure zones, water mains, and storage
facilities. Show any private or mutual water companies within your sphere of influence (SOI) if their boundaries are
known.
Is your agency a water wholesaler?
V No
Yes, our agency replenishes groundwater basins with pumping rights held by cities, mutual water companies,
private companies, and/or investor-owned utilities.
The second secon
Yes, our agency sells imported water to cities, mutual water companies, private companies, and/or investor-owned utilities.
Please name other agencies you provide water to. Email Address of Contact Person
None
Note
2. What is the source of your wholesale water?
Sativa do not have wholesale water. The District is a retail special district and relies on groundwater for its
source of supply is from three wells located on District's owned land, and five storage tanks. These storage
tanks have a capacity of 10,000 gallons each, which is estimated to be equivalent of seven days of normal usage. Normal operating procedure for the District is to utilize two wells while maintaining the third well in a
reserve status except during peak usage days (estimated to occur five to seven times per year). This is
standard procedure which allows for sufficient reserve capacity in case of pump failure or other disruption in
the operation of a well.

Page 1

3. How many acre-feet of water a	re provided to ea	ach agency?				
None						
2						
(ie)						
4. Please describe the range of	services the age	ncy provides ar	d to whom ser	rices are p	rovided.	
None	ů.					
2				ä		
25		8				
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,						
*						
	* 6					
2 22			ut balanala l	mul2	Yes √	No
5. Does your agency deliver, sup		20		-	- Zen	3 00 00
6. If the agency provides service list then and briefly describe the	s to municipalitie se services.	es, mutual wate	r companies, a	nd private	companies,	please
No		ŭ.		-		Ø.
19-76-19-1						
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Sativa Water Di

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1	A I	-60			According to the control of the cont	Programme and the second secon	
LA	1	<u>-LU</u>	LOCAL AGENCY	FORMATION	COMMISSION	FOR THE	COUNTY

7. Does the agency's water service extend	d beyond the City's boundari	ies or District service boundaries?	
Yes 🗸 No			
If yes, please explain why?			
			18-21-18-
		9) t
8. Is the City or District obligated by law	or by contract to provide se	rvice beyond its boundaries, or to a	nother
agency? Please explain.	of by contract to provide bet		
No		7	
			-
Please answer questions 9 and 10 only if	you provide service to anoth	er agency by contract.	
9. Does the City/District contract agency	y jointly plan for future dema		
		9	
		4	
10. Which agency is responsible for up	grade and maintenance of in	nfrastructure?	

*		49	958
		3	
G G			
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Sativa Water Di

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LAFCO LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY

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				10	
					61
N 8					
12. Indicate whether there a	re geographic areas	in other jurisdictions wh	ich you are frequ	ently called upo	n for
water supply assistance. Des	scribe these areas an	d why your agency may l	be better suited	to provide servi	ce.
The Los Angeles Public Work	s to fill Water Sweep	pers on occasion.			
			*		
		nika pasarana a			Α.,
13. List any water retailers ti	hat provide service to	o customers within your	agency's bounda	aries and describ	e why
they are providing service	4				
None					100
		0			#
	5	0			
					SP
					T
	to a particular agenc	cy determined?			
None 14. How is water allocation					
None					
None 14. How is water allocation					8
None 14. How is water allocation			343		
None 14. How is water allocation			25		3 3
None 14. How is water allocation					
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None 14. How is water allocation					
None 14. How is water allocation			383		
None 14. How is water allocation			20		

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Sativa Water Di

3106325492

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LAFCO LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY

15. Does your agency receive service from another	agency or have a reciprocal/joint service agreement with
another agency? Explain.	

No, but we do have an inter connection with the Compton for emergency purposes only.

16. List service-related joint powers authority or joint decision-making efforts in which the agency participates, and any savings derived through these partnerships.

None

17. Does your agency face revenue/operating constraints that affect the level of service and condition of infrastructure of your agency?

The District operates its water utility as an enterprise activity. The District has no long term debt associated with water system improvements.

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				80			
	(10)					95	
8. Are there any finar	icing constraints	in meeting fut	ture demand n	eeds?	b		
Vo.		g**			900 PACE	01	./5
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*		10		9000			
					50		
		- 1					15.00.0
. Please describe wat	ter conservation	programs that	t are being imp	lemented?			
	œ.	*					
	e:		og i			*	
>			8.				4
0. Describe current w		d peak demand	d by zone or su	b-area. If ma	ster plan ha	s been pro	vided,
ou may cite page num	nber.		1000		() ()		
ou may cite page nun Chief Plant Operator	nber. r has to provide t		1000		() ()		
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21. Provide the total number of w	ater service connections by type f	for the following areas:				
Within Service Boundary	Outside Boundary within	SOI Outside of SOI				
Domestic & Commercial 1631	Domestic & Commercial 0	Domestic & Commercial 0				
Agriculture 0	Agriculture 0	Agriculture 0				
Reclaimed 0	Reclaimed 0	Reclaimed 0				
Other 0	Other 0	Other , 0				
22. Provide the following information:						
Average Daily Demand (MGD)			#1 #2 —			
Maximum Daily Demand (MGD)						
Miles of Pipe 8 miles						
Number of Pump Stations 3						
Number of Pressure Zones 1		*				
Storage Capacity 50,000		9				
Population Served 6,320	0					
L	AVERAGE ANNUAL D	EMAND				
23. Please provide the following	information for forecasted service	demand:				
Existing	<u>Year 2015</u>	<u>Year 2020</u>	8			
Residential 760	Residential	760 Residential	760			
Commercial/Industrial 0	Commercial/Industrial	0 Commercial/Industrial	0			
Municipal 0	Municipal	0 Municipal	.0			
Other 0	Other	0 Other	0			
Unaccounted for 0	Unaccounted for	0 Unaccounted for	٥			
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		GROUND WA	TER		
24. Please provide the per	centage of grour	ndwater derived from t	he following sour	ces:	
Central Basin	100%	Raymond Basin	0.00%	Sylmar Basin	0.00%
Hollywood Basin	0.00%	San Fernando Basir	0.00%	Verdugo Basin	0.00%
Chino/Spadra/Six Basins	0.00%	Santa Monica Basin	0.00%	West Coast Basin	0.00%
Main San Gabriel Basin	0.00%	Saugus Formation 8	Alluvial Aquifer	0.00%	
25. Please provide the p	ercentage of wat	ter imported from the f	ollowing sources:		
Los Angeles Aqueduct	0.00%	Metropolitan Water	District 0.009	%	
State Water Project	0.00%	Other	0.00	%	
26. Describe the process your boundaries. Indica Owner must have Calif (currently \$110.00).	te the number of fornia ID, Proof o	f new hookups by type of ownership or rental a	for the most recei	nt year.	
			95.		(9 (4
27. Explain how connect other levies on new Do	existing custome	ers subsidize new capac		covered through conn	ection fees o
Connection fees are e	stablished by Bo	aro's approvai.		*	
		22 - 25	£		
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28. Is your agency planning construction of any new facilities? If so, please provide a detailed description of the project(s) and how it is being funded. * Note: If you have already provided this information in the Capital Improvement Plan (CIP), reference the CIP.

The Capital Improvement Project is reviewed annually as part of the budget process.

29. Does your agency have water storage facilities? If yes, please indicate the net change in stored amounts for the past three years.

No.

Storage Tanks:

Well 2 - have one 10,000 gallon tank

Well 3 - have two 10,000 gallon tanks

Well 4 - have one 10,000 gallon tank

Well 5 - have one 10,000 gallon tank

Total: 5

30. How are infrastructure upgrades, replacement, and maintenance funded? Describe policies for depreciation and replacement of infrastructure?

District infrastructure upgrade, replacement, and maintenance are funded through district funds.

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		•0				
. Does the agency	have franchise agreeme	nts with other wa	ter retailers that pr	ovide service w	ithin the agend	cy's
No.						
	, 4					
				is .		
1 65						
	. 6	85				
an they be obtaine	egulatory standards that d?	apply to the servic	es your district pro	vides? Are they	published and	l who
		apply to the servic	es your district pro	vides? Are they	published and	l who
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No.						

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Standards are in compliance with	n the California Hea	llth Department, Dri	inking Water star	ndards.		
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	{ 3					88

36. How does the department/district monitor and track its workload?

Sativa uses performance evaluation and productivity monitoring to track workloads and improvement. The District has 2 staff operators with Treatment and Distribution certification, the Chief Plant Operator and Assistant Plant Operator.

37. How many employees does your agency have? Provide a list of title positions held and the number of employees in each position.

Full Time Employees	6
Part Time Employees	0
Contract Employees	0
Seasonal Employees	0

The District have (1) Chief Plant Operator, (1) Assistant Plant Operator, (1) Field Maintenance, (1) Administrator (1) Office Manager and (1) Office Clerk.

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Sativa L.A. County Water District

Municipal Service Review

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Appendix C – Sativa Budget

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ACCT.	444	ACTUAL 2009-2010	BUDGET 2010-2011	BUDGET 2011-2012
	OPERATING REVENUE			
410.01	WATER SALES AND SERVICE	995,176.86	1,163,885.56	1,280,274.12
420.00	OTHER OPERATING REVENUE	30,881.57	29,010.31	31,911.34
167	TOTAL OPERATING REVENUE	1,026,058.43	1,192,895.87	1,312,185.46
510.00	OPERATING EXPENSES			
510.01	WATER PURCHASE/REPLENISH	171,400.70	192,718.05	211,989.86
510.02	PUMPING COSTS (ELECTRICITY)	68,784.14	60,099.56	66,109.52
**	TOTAL EXPENSES	240,184.84	252,817.61	278,099.38
	GENERAL AND ADMINSTRATIVE		æ	
610.02	ABANONMENT COSTS (WELL #4)	66,575.42		*
610.03	AUTO EXPENSE (FUEL)	7,270.04	4,912.12	5,403.33
610.00		6,431.64	4,345.75	4,780.33
610.07	BLANKET BOND	1,156.00	374.00	411.4
610.09	BOARD OF DIRECTORS (STIPEND)	39,015.35	35,791.47	39,370.6
610.10	DONATIONS	100.00	10 50	•
610.11	DUE AND SUBSCRIPTIONS	3,860.47	3,527.42	3,880.1
610.13	ELECTION/COMMUNITY EXPENSES	41.04	-	•
610.04	MANAGER AND	505.96	•	<u> </u>
610.15		5,563.10	6,419.62	7,061.5
610.17	20 12	15,824.49	12,474.05	13,721.4
610.19	(2.5 CHR. 1994)	51,909.06	25,194.01	2,713.4
610.20	er over the control of the control o	10,158.67	15,016.00	16,517.6
610.21		4,075.00	2,500.00	2,750.0
610.22	INSURANCE - WORKERS COMP	18,233.00	20,407.70	22,448.4
610.23	c comparative consistencial francisco	51,162.90	71,818.68	79,000.5
610.24		9,265.10	10,511.55	11,562.7
610.2		33,866.98	30,005.98	30,306.5
610.2	C. C	43,736.21	37,964.78	41,761.7
610.3	1 PAYROLL TAXES	13,105.91	30,489.08	33,537.9
610.2	Per Avantaria de la compania del compania del compania de la compania del la compania de la compania del la compania de la compania de la compania del la compania de la compania del la compania		18,026.19	19,828.
	D CASUAL	~	-	2
610.3		215.28	453.86	499.
610.3		8,662.35	9,167.01	10,083.
610.3		43,496.33	13,555.27	14,910.

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	S ANGELES COUNTY WATER DISTRICT PROPOSE	n RUDGET FISCAL YEA	R 2011-2012	970
SATIVA LO: 610.41	S ANGELES COUNTY WATER DISTRICT PROPOSE SALARIES AND WAGES	254,316.25	247,550.34	272,305.37
	SECURITY	7,684.01	8,445.85	9,290.44
610.43	SEMINARS	775.00	100.00	110.00
610.45 610.46	MEETINGS	50.00	-	⊘
SERVICE AND A STATE OF	OFFICE SUPPLIES	2,133.03	1,064.68	1,171.15
610.49	TELEPHONE	11,791.84	12,906.84	14,197.52
610.53	UTILTIES	1,293.97	2,360.85	2,596.94
610.57	TOTAL EXPENSES	638,428.94	625,383.10	660,221.44
		12,681.35	8,045,93	8,850.52
520.00	WATER TREATMENT	652,404.26	633,429.03	669,071.96
al al				a e
500.04	DEPRECITATION	54,033.00	55,651.00	61,216.10
620.01	TOTAL	706,437.26	689,080.03	730,288.06
	TOTAL			.*
410.00	TOTAL REVENUES	1,026,058.43	1,192,895.87	1,312,185.46
510.00	SOURCE OF SUPPLY & PUMPING	(240,184.84)	(252,383.10)	(277,621.41)
510.00	GENERAL AND ADMINISTRATIVE	(712,274.40)	(625,383.10)	(687,921.41)
520.00		(12,681.35)	(8,045.93)	(8,850.52)
620.00		(54,033.00)	(55,651.00)	(61,216.10)
620.00	OPERATING INCOME	6,884.84	251,432.74	276,576.02
				161
. 445.00	INTEREST INCOME (NON-OP REV)	3,611.25	2,900.99	3,191.09
115.00	NET INCOME	10,496.09	254,333.73	279,767.11
400.00	CONTRACTOR OF THE PROPERTY OF	(10,496.09)	(254,333.73)	(279,767.11)
150.00	200		-7#	-
	TOTAL			

Sativa L.A. County Water District

Municipal Service Review



Prepared for:



Prepared by:

