

July 28, 2006

To: Los Trancos County Water District
Affected Agencies
Interested Groups and Individuals

From: Martha Poyatos
Executive Officer

Subject: Preliminary Report: Sphere of Influence Review -
Los Trancos County Water District

The Cortese Knox Hertzberg Act of 2000 requires that San Mateo Local Agency Formation Commission (LAFCo) prepare municipal service reviews and sphere of influence updates¹ for each city and special district in the County prior to January 2008. San Mateo LAFCo's service review and sphere of influence review program groups agencies regionally starting with agencies in the south county, including the Los Trancos County Water District. The Act requires that a municipal service review be conducted prior to or in conjunction with a sphere of influence update. In May, the Commission completed the municipal service review for Los Trancos County Water District and adopted determinations in nine areas as required by Government Code Section 56430 (Attachment A).

Government Code Section 56425 specifies that in determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement

¹Spheres of influence are plans for the probable physical boundary and service area of an agency and municipal service reviews are evaluations of service provision by an agency or agencies.

of its determinations with respect to each of the following:

- (1) *The present and planned land uses in the area, including agricultural and open-space lands.*
- (2) *The present and probable need for public facilities and services in the area.*
- (3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- (4) *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

This sphere of influence update incorporates information and determinations in the municipal service review including changes that have taken place since the sphere of influence was adopted and provides for public input on the four areas of determination listed above. Comments to LAFCo by affected agencies, organizations individuals are requested by August 9, 2006 in order to be included in the Executive Officer's report or at the LAFCo hearing, which will take place on August 16, 2006 at 2:30 p.m. in Board of Supervisors Chambers, 400 County Center, Redwood City.

Water District Enabling Legislation and Active Powers:

The Los Trancos County Water District was formed in 1955 pursuant to County Water Code 30,000-33901 which provides that water districts may: furnish water, provide sewer services, operate recreational facilities, provide for waste collection and disposal, operate fire protection facilities and reclaim land.

Section 56425 also requires that in reviewing a sphere of influence, the Commission shall establish the nature, location and extent of services provided by existing Districts. It should be noted that in 1994, government code provisions were added to require inventories of independent special district services if a LAFCo added special district members. In 1996 San Mateo LAFCo adopted an inventory of special district services as part of the seating of special district members on LAFCo. The purpose of inventories is to distinguish powers a district is actively providing and those powers, which are subject to LAFCo approval to activate. The inventory adopted by LAFCo as submitted by

Los Trancos County Water District (Attachment B) included the active service of residential water service. Activation of any other services would require LAFCo approval pursuant to Government Code Section 56824.10.

In submitting comments on the municipal service and sphere review the District stated: *"As of the April 29, 2005 sale of the Districts water distribution assets to the California Water Service Company, the District is a.) Using revenues available to the District to provide rebates to District customers that will serve to offset the rising cost of water in the District and b.) Acting as stewards of 3 parcels of District real estate which were not included in the sale to CalWater."* Further input from the District in the course of the service review includes District activities in the area of water conservation programs and emergency preparedness. In summary the District Board states: *"(it) is unanimous in its belief that the District plays and should continue to play a vital and necessary role in the Los Trancos, Vista Verde and Blue Oaks neighborhoods located in unincorporated San Mateo County. The recent sale of the District water distribution facilities to Cal Water has relieved the District of providing water distribution services. However, the District continues to manage a water-service rebate program for its constituents and continues to hold and manage three real estate parcels, one of which includes a lake with an approximately one million gallon capacity."*

District Service Area:

The District's current boundaries include the unincorporated Los Trancos Woods and Vista Verde neighborhoods and the Blue Oaks Subdivision in the Town of Portola Valley. The Los Trancos Woods and Vista Verde neighborhoods are in the sphere of influence of the Town of Portola Valley. The estimated population within District boundaries is 1,064. (See Map Attachment C)

Los Trancos County Water District Sphere of Influence

The sphere of influence for Los Trancos County Water District adopted by LAFCo in 1985 is a "zero" sphere of influence indicating that the District could be dissolved and service transferred to the Town of Portola Valley.

Changes that have occurred since the sphere adoption include:

- 1998-Annexation of the Blue Oaks Subdivision with zero property tax transfer to the District, developer funded improvements and a no interest loan to the District for water system improvements
- 2005-Sale of the District's water system and transfer of SFPUC water supply assurance to California Water Service Company (CalWater) and assumption of service by CalWater resulting in reduction of water rates
- 2005-District adopted a water rebate program in which property tax collected by the District is used to fund water rebates and the District entered into an agreement with CalWater to carryout the rebate program via CalWater water bills

As noted in the service review, in addition to implementing the rebate program, the District is examining water conservation programs within District boundaries. The District also owns three pieces of real estate, including a small lake. The service review process included extensive discussion concerning interest by the community and ability of the District to use these properties for some level of recreation service as permitted in the District's enabling legislation. In the course of the service review interest was also expressed in furthering the existing efforts in the areas of emergency preparedness.

Sphere of Influence Determinations:

As noted above, Section 56430 requires the Commission to make determinations concerning land use, present and probable need for public facilities and services in the area, capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide and existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency. The following section discusses these.

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

Lands uses within the District boundaries including various residential land use designations under the jurisdiction of the County of San Mateo and the Town of Portola Valley. While there are residentially zoned areas that are undeveloped, there are no open space or agricultural lands in within district boundaries.

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

The area within District boundaries consists of residential neighborhoods requiring basic municipal services. Service delivery patterns within District boundaries are summarized below:

Service Responsibility	Provider: Los Trancos/Vista Verde	Provider: Blue Oaks
Police	County Sheriff	County Sheriff via contract w/Town of Portola Valley
Fire	Woodside Fire Dist.	Woodside Fire Dist.
Sewer	West Bay Sanitary District (in progress/partial)	West Bay Sanitary District
Water	California Water Service Co.	California Water Service Co.
Streets	County of San Mateo	Town of Portola Valley
Animal Control	Peninsula Humane Society via contract with Animal Control Joint Powers Agreement	Peninsula Humane Society via contract with Animal Control Joint Powers Agreement
Park & Recreation	County of San Mateo	Town of Portola Valley
Library	County Library System	County Library System
Garbage Collection	Greenwaste	Greenwaste

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

Enabling legislation of Los Trancos County Water District authorizes the following services: water provision, fire protection, recreational facilities, waste collection and disposal, and land reclamation. Until the system was sold to CalWater, water provision was the only active service of the District. Since the District sold the water system to California Water Service Company, the District continues to collect property tax which funds a water rebate program and the District Board corresponds with District residents regarding water conservation programs and planning and resident input on the District's future. As noted above, residential water service including water conservation education and rebate programs are provided by California Water Service Company (See Attachment D for CalWater conservation programs).

In regard to the District's authority to provide recreation service, both the District and residents expressed interest in passive recreation use of District owned lands. Comments in the course of the service review include potential mini-parks, open space and trails and community meeting place. Comments also indicated the potential to use the District's lake as an emergency source of water.

In regard to capacity of public facilities and adequacy of public services the agency provides or is authorized to provide, the municipal service review acknowledges that the District successfully upgraded and transferred the water system to CalWater. In regard to recreation which is a service the District is authorized to provide, the service review acknowledged that: Lands owned by the District are in an unimproved state and would require yet to be determined improvements to serve either as an emergency source of water or facilities for passive recreation. The service review and determinations further recognized that other agencies overlap the Los Trancos County Water District's service area and that these agencies have the ability to provide land stewardship, passive recreation services and emergency response. Adopted determinations included a recommendation that the District actively pursue transfer of District lands to a potential successor agency.

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

The area included in the Los Trancos County Water District includes unincorporated Los Trancos Woods and Vista Verde and Blue Oaks Subdivision in the Town of Portola Valley. These areas are served by a single fire district, a single private water utility, private garbage company and the County of San Mateo for police services in the same manner as adjacent Town of Portola Valley. These areas are in the sphere of influence of the West Bay Sanitary District and the Town of Portola Valley and are accessed from Los Trancos Road off Alpine Road.

Los Trancos and Vista Verde unincorporated neighborhoods are represented by two separate neighborhood associations with a long history of neighborhood volunteerism promoting emergency preparedness as well as hosting community events such as annual picnics. As part of the Woodside Fire Protection District the community is also included in emergency preparedness programs offered by Woodside Fire Protection District. Each association has websites, which are used by the Water District to communicate with District residents. The Blue Oaks Subdivision is a distinct neighborhood within Town of Portola Valley, consisting of new homes and homes under construction on lots larger in size than those of Los Trancos Woods and Vista Verde. The Blue Oaks neighborhood as a Post-Proposition 13 annexation to the District did not involve a property tax transfer to the Los Trancos County Water District. Prior to sale of the system to CalWater, the District's water rates for Blue Oaks customers were higher than rates for Los Trancos Woods and Vista Verde, and the neighborhood is not eligible for the rebate programs implemented by the District because they are funded by property tax.

In the scheme of service delivery, Vista Verde, Los Trancos Woods and Blue Oaks are one community of interest in that they receive services from the same providers and similar service levels as surrounding areas. The existence of the two active homeowner associations in Los Trancos Woods and Vista Verde distinguish these areas from surrounding areas

in that both neighborhoods have historically organized volunteer and social activities through the associations.

Discussion and recommended sphere determinations:

The Los Trancos County Water District was formed to provide reliable water service to Los Trancos Woods and Vista Verde neighborhoods. In 1984 the Commission adopted a zero sphere of influence indicating at the time that the Town of Portola Valley could assume water service upon annexation. Since that time, while no progress has been made in annexation to the Town, the District has sold the water system and no longer provides water service or set water rates for customers within District boundaries. Moreover, in recent years, issues that have impacted smaller water entities in San Mateo County include changing Federal and State regulations that require additional compliance and related costs and the San Francisco Public Utilities Commission (SFPUC) Capital Improvements Program for the seismic upgrade of the Hetch Hetchy System (in excess of \$3 billion) which will be born by all member agencies. In this regard, since 1994 LAFCo has approved dissolution of two County-governed water districts because the County found it could not cost effectively provide water service and meet regulatory mandates. The Los Trancos County Water District has taken a step in this direction by transferring the water system to California Water Service Company and relinquishing water service responsibility.

In the course of the Municipal Service Review the District maintained that since the District had relinquished the responsibility for water service, the Board could focus on other services the District is authorized to provide including recreation. The Service Review acknowledges that other agencies such as the Town of Portola Valley, Midpeninsula Regional Open Space District and Woodside Fire Protection District could be possible partners or successor agencies for land stewardship and emergency preparedness. The County of San Mateo could also fulfill this role, as could Portola Valley Elementary School District, Sequoia High School District or San Mateo County Community College District. The Service Review also supports the District considering dissolution because it no longer provides the service it was created to provide.

In the course of the municipal service review the community has shown that there are close ties between the community, the neighborhood associations and the Water district, and that there is support for local control over the District owned lands with the possibility of recreational use. Strong support was also shown for continuance of the District in order to use of property tax for water rebates. In considering the sphere of influence of the District, one way to frame the discussion is whether LAFCo would form a district to meet these specific objectives. Given the existence of other agencies that have the ability to become successor to District owned land, no change to the District's "zero" sphere of influence.

Sphere of Influence Considerations

The following summarizes sphere considerations that could be adopted by the Commission in reaffirming the district's sphere.

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

Lands uses within the District boundaries including various residential land use designations under the jurisdiction of the County of San Mateo and the Town of Portola Valley. While there are residentially zoned areas that are undeveloped, there are no open space or agricultural lands in within district boundaries.

- (2) The present and probable need for public facilities and services in the area.**

The present and future needs for water service are the responsibility of California Water Service Company.

- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

Enabling legislation of Los Trancos County Water District authorizes the following services: water provision, fire protection, recreational facilities, waste collection and disposal, and land reclamation.

- a) The previously active power of water provision is now carried out by California Water Service Company, which includes water conservation and rebate programs.
- b) In regard to fire protection, the Woodside Fire Protection service area includes the boundaries of Los Trancos County Water District.
- c) In regard to recreation service, recreation facilities do not exist within District boundaries consistent with other similar unincorporated communities. District owned lands would require improvement to be used for recreation by the District or another entity.
- d) In regard to waste collection and disposal these services are provided by other entities.
- e) Land reclamation is not applicable to territory within District boundaries.

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The Vista Verde, Los Trancos Woods and Blue Oaks neighborhoods have unique social ties through neighborhood associations but are accessed via Los Trancos Road off Alpine Road and receive services in similar service delivery patterns and at levels similar to surrounding areas.

EXHIBIT A
Adopted May 17, 2006

**Recommended LAFCo Determinations Pursuant to Government
Code Section 56430 regarding Los Trancos County Water
District:**

1. Regarding infrastructure needs and deficiencies, the Commission determines:
 - a) Los Trancos County Water appropriately upgraded and transferred the water system infrastructure to California Water Service Company to benefit long term needs of the community.
 - b) Lands owned by the District are in an unimproved state and would require yet to be determined improvements to serve either as an emergency source of water or facilities for passive recreation.

2. Regarding growth and population projections for the affected area, the Commission determines:
 - a) Projected population growth estimates for build-out of the community range from 1,196 to 1,400 persons and are dependent upon sewer infrastructure and discretionary approvals by the land use jurisdictions.
 - b) Because the District no longer operates or owns the water system, it is not responsible for meeting water service demands of current and projected growth of resident population.
 - c) The rural residential nature of the community and growth projections do not indicate a substantial increase in demand for other services.

3. Regarding financial constraints and opportunities, the Commission determines:
 - a) Water rebates benefiting Los Trancos customers of California Water Service Company detract from the District's ability or a successor agency's ability to fund other services it might be able to provide and from the ability to pay down existing debt.
 - b) Use of property tax to provide rebates conflicts with the legislature's intended use of property tax and competes with other potential uses for property tax to fund services that might more equitably benefit the broader community.

Exhibit A
Los Trancos County Water District
LAFCo Adopted Municipal Service Review Determinations

4. Regarding cost avoidance opportunities, the Commission determines:
 - a) The Los Trancos County Water District's action to sell the water system to California Water Service Company effectively reduced current and future costs to ratepayers.

5. Regarding opportunities for rate restructuring, the Commission determines:
 - a) As noted above, the District successfully achieved beneficial rate restructuring by sale of the water system to California Water Service Company resulting in CalWater Bear Gulch rates based on 17,000 customers being applied to the District's small customer base of 278.

6. In regard to opportunities for shared facilities, the Commission determines:
 - a) Opportunities exist to partner with Town of Portola Valley, Midpeninsula Regional Open Space District and the Woodside Fire Protection District in pursuing goals of land stewardship and these agencies also have the potential to respond to other identified needs such as emergency preparedness and passive recreation.

7. In regard to government structure options, including the advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines:
 - a) A district that no longer delivers the service for which it was formed and collects property tax that is no longer needed to fund services should consider dissolution.
 - b) The District is encouraged to actively pursue transfer of land with potential successor agencies.
 - c) Continued existence of the district should include consideration of a sunset date for use of property tax as rebates in order to fund necessary services the district is authorized to provide.

Exhibit A
Los Trancos County Water District
LAFCo Adopted Municipal Service Review Determinations

8. Regarding evaluation of management efficiencies, the Commission determines:
 - a) Through the volunteer efforts of dedicated Board Members the district achieves substantial efficiency by eliminating costs of management and staff.
 - b) Further efficiencies can be examined by the District including transfer of land management/stewardship responsibilities either through a contractual arrangement or a potential successor agency.

9. Regarding local accountability and governance, the Commission determines:
 - a) Correspondence and verbal comments on the draft service review indicate satisfaction with District's accountability and governance.
 - b) Los Trancos County Water District has strong ties to the Community and works to engage the community in assessing community desires for use of District revenues and resources.
 - c) The Brown Act permits public agencies to meet outside their boundaries if no public meeting place exists within district boundaries. Based on attendance of over 50 persons at the Community Scoping Meeting and the level of interest in District activities, the Board is encouraged to hold public meetings at the public meeting location closest to district boundaries.

Information provided by CalWater on current conservation programs for Bear Gulch, which also includes Los Trancos:

*

BMP-02 Plumbing Retrofit: (showerhead, kitchen aerators, bathroom aerators, garden hose nozzle and leak detection tablets) This products are either distributed at the office, at public outreach, by our service person when checking for leaks or high bills and/or when customers request them.

*

BMP-06 Clothes Washer Rebate Program: this program is administered by BAWSCA and EGIA. The rebate amount is \$50.00 and \$75.00 for level 1, which cover Tier 2, and 3A, and Level 2 which cover level 3B. If Prop 50 fund are available, them rebates amount is \$100 and \$150 for level 1, which cover Tier 2 and 3A, and Level 2, which cover level 3B. Customers can down load an application form and check machine model at www.conservationrebates.com

*

BMP-07 Public Information: this program consist of bill inserts, newspaper ads, public outreach, showing consumption in their bill, etc.

*

BMP-08 School Education Program: Cal Water provide school assemblies to their schools in the service area. (This fall) Cal Water also purchase booklets, crayons, stickers)

*

BMP-14 Toilet Rebate Program: up to \$50 rebate when customers replace a toilet that flushes 3.5 gallon per flush or more. This program is offered to single family residences (SFR) (up to 2 toilet per SFR as well as multi-family residence (MFR). Customer should contact the office or the conservation coordinator to pre-qualify for this program as cal water need to know the number of toilets to be retrofitted to ensure that funds are available.

Coming soon, Cal Water will start implementing the following:

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BMP-05 Large Landscape Audit, /Water budget, possible ET Controller rebate program (This program will be administrated by BAWSCA)

*

BMP-09 Commercial Institutional and Industrial rebate (toilet rebates, cooling towers rebates, X-ray rebate etc. (This program will be administrated by BAWSCA)

Candida Sequeira

Water Conservation Coordinator

Customer Service Assistant

Direct: (408) 367-8230

Inventory of Special District Services

RECEIVED

District Name: Los Trancos County Water District

AUG 7 1996

LAFCO

District Type: County Water District
(county water district, fire protection district, etc.)

Enabling Act: Division 12 of the Water Code of the State of California

See attached "Statement of Creation"

1. Under your district's enabling act, what functions or services¹ may be provided by your district? Please list enabled services below:

- Collection, treatment and disposal of sewage
- Fire protection
- Collection and disposal of garbage, waste, & trash.

See attached note from Jorgensen & Siegle

2. Please list the services your district is presently providing (refer to the Rules and Regulations Affecting the Functions and Services of Special Districts, Section V Inventory of Special District Services and Exhibit B Classification of Functions and Services.) For each service presently furnished by the district, provide an appropriate description for the geographic area to which the service is provided (attach maps as necessary), the number of customer accounts and/or households or residents served or other appropriate units of service. Attach additional pages if necessary.

<u>Service</u>	<u>Description</u>
Water Service	Domestic Drinking water - 265 accounts all residential (See attached map)

Completed by: Stanley R. Meyer Telephone: 857-8035 Date: 8/5/96

Please Respond by: May 22, 1996

¹ This list should contain only district functions or services offered for consumption or use by the public. Other powers that may be included in your district's enabling act, such as the power to employ staff or sell bonds or engage in contracts etc. should not be listed here.

Los Trancos Water District

