MENDOCINO Local Agency Formation Commission

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MILLVIEW COUNTY WATER DISTRICT SPHERE OF INFLUENCE UPDATE

Prepared in accordance with Government Code §56425

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INTRODUCTION

OVERVIEW

This update is prepared in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH Act) which states, "In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local government agencies so as to advantageously provide for the present and future needs of the county and its communities, LAFCo shall develop and determine the Sphere of Influence (SOI) of each local governmental agency within the county" (GC §56425). A "SOI" is defined under the CKH Act as ".... a plan for the probable physical boundaries and service area of a local (government) agency" (GC §56076).

Decisions on organizational changes must be consistent with the SOI boundary and determinations. The adopted SOI is used by LAFCo as a policy guide in its consideration of boundary change proposals affecting each city and special district in Mendocino County. Other agencies and individuals use adopted SOIs to better understand the services provided by each local agency and the geographic area in which those services will be available. Clear public understanding of the planned geographic availability of urban services is crucial to the preservation of agricultural land and discouraging urban sprawl.

The following update will assess and recommend an appropriate Millview County Water District (Millview CWD or District) Sphere of Influence (SOI). The objective is to update Millview CWD's SOI relative to current legislative directives, local policies, and agency preferences in justifying whether to (a) change or (b) maintain the designation. The update draws on information from the Millview CWD Municipal Services Review (MSR), which includes the evaluation of availability, adequacy, and capacity of services provided by the District.

REVIEW PERIOD

SOI reviews and updates typically occur every five years, or as needed. A local agency's services are analyzed with a twenty year planning horizon, and a sphere is determined in a manner emphasizing a probable need for services within the next 5-10 years. Actual boundary change approvals, however, are subject to separate analysis with particular emphasis on determining whether the timing of the proposed action is appropriate.

EVALUATION CONSIDERATIONS

When updating the SOI, the Commission considers and adopts written determinations:

Sphere Determinations: Mandatory Written Statements

- 1. Present and planned land uses in the area, including agricultural and open space
- 2. Present and probable need for public facilities and services in the area
- 3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide
- 4. Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency
- 5. If the agency provides services related to water, sewer, or fire, then the present and probable need for these services by any disadvantaged unincorporated communities within the existing sphere should be considered

Policies specific to Mendocino LAFCo are also considered along with determinations in administering the CKH Act in Mendocino County. This includes considering the merits of the SOI, or any changes, relative to the Commission's seven interrelated policies, as listed below, with respect to determining the appropriate SOI.

General Guidelines for Determining Spheres of Influence

The following is excerpted from *Mendocino LAFCo's 2016 Policies and Procedures*, "Chapter 9: Spheres of Influence, MSRs, and Special Studies":

Section 1. Spheres of Influence

Reduced Spheres

The Commission shall endeavor to maintain and expand, as needed, spheres of influence to accommodate planned and orderly urban development. The Commission shall, however, consider removal of land from an agency's sphere of influence if either of the following two conditions applies:

- o the land is outside the affected agency's jurisdictional boundary but has been within the sphere of influence for 10 or more years; or
- o the land is inside the affected agency's jurisdictional boundary but is not expected to be developed for urban uses or require urban-type services within the next 10 years.

Zero Spheres

LAFCo may adopt a "zero" sphere of influence encompassing no territory for an agency. This occurs if LAFCo determines that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency (e.g., mergers, consolidations). The local agency which has been assigned a zero sphere should ultimately be dissolved.

Service Specific Spheres

If territory within the proposed sphere boundary of a local agency does not need all of the services of the agency, a "service specific" sphere of influence may be designated.

Agriculture and Open Space Lands

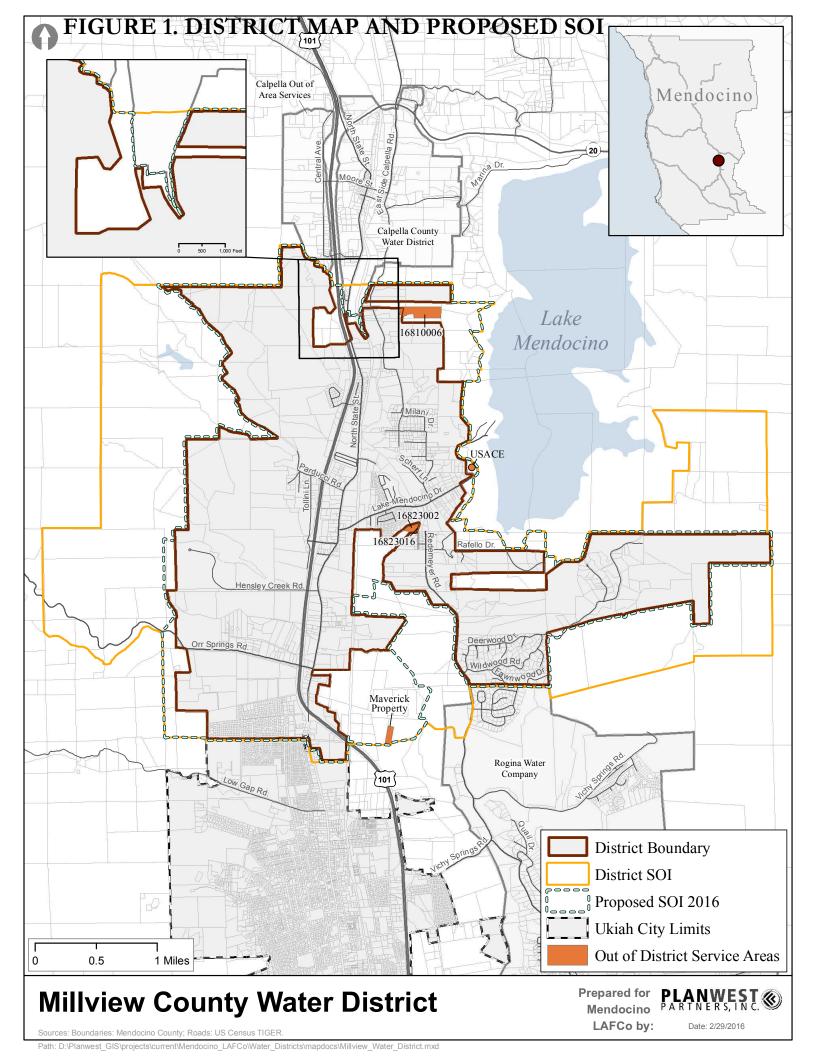
Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency's sphere of influence unless the area's exclusion would impede the planned, orderly and efficient development of the area. In addition, LAFCo may adopt a sphere of influence that excludes territory currently within that agency's boundaries. This may occur when LAFCo determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency's sphere. Exclusion of these areas from an agency's sphere of influence indicates that detachment is appropriate.

Annexations are not mandatory

Before territory can be annexed to a city or district, it must be within the agency's sphere of influence (G.G. §56375.5). However, territory within an agency's sphere will not necessarily be annexed. A sphere is only one of several factors that are considered by LAFCo when evaluating changes of organization or reorganization.

Islands or Corridors

Sphere of influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.



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CURRENT AGENCY OPERATIONS

The Millview County Water District (Millview CWD or District) provides water services to residential users, commercial users, and fire service connections within District boundaries. The Millview CWD owns and operates a water treatment plant and a well field located adjacent to the treatment plant. The primary source for Millview CWD is surface water rights with the well field used as a secondary source (MSR 2013). In January 2015 Millview began supplementing its surface water supply with groundwater from Well 6 and Well 35. The District was under a state-ordered moratorium on new water service connections until September of 2015 when the moratorium was rescinded.

BACKGROUND

The Millview CWD was formed on November 19, 1956 by the Mendocino County Board of Supervisors under the California Water Code Section 30000. It is located in the northwest corner of the Ukiah Valley Area Plan (UVAP) and provides services to an 8.5-square-mile area northeast and immediately north of Ukiah city limits (MSR 2013).

MUNICIPAL SERVICE REVIEW

In 2012, LAFCo prepared the *Ukiah Valley Special Districts Municipal Service Review* (MSR) which included the Millview County Water District. The Millview CWD section was finalized and accepted by the Commission on May 8, 2013. MSRs are a prerequisite for establishing, amending, or updating spheres of influence. As such, much of the information contained herein comes directly from the Millview CWD MSR.

SPHERE OF INFLUENCE

The District reports it's SOI to be beyond its service boundary as shown in Figure 1. This update will consider the area the District considers to part of its SOI.

Out of District Service

The Millview CWD provides out of district services to several properties located outside their district boundary but within their existing SOI (See Figure 1). As reported by the District, these served areas include:

- Mendocino Industrial Park, which receives private fire service only, not drinking water (APN 170-190-15)
- o Domestic water to private residences, including:
 - APN 168-230-16
 - APN 168-230-02
 - APN 168-100-06 (currently dormant but available)
- o US Army Corps of Engineers at 1160 Lake Mendocino Drive
- o Maverick Enterprises INC at 651 Ford Road
 - This property has a contract for water with RRFC, independent of the District; however, the water is treated and wheeled to the property via the Millview CWD (District Manager, April 2016).

This property's representative has been in contact with LAFCo staff and expressed interest in possibly annexing into the District. They report that in April of 2013 a 12-inch main line was extended from in front of the Hanco Tire store in the Raley's shopping center to the 651 Ford Road site. Maverick secured the necessary easements from both Caltrans and the Railroad Authority. There is a provision that provides a formula for reimbursement to Maverick should adjacent property owners seek to connect.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCo is required to evaluate disadvantaged unincorporated communities (DUCs) as part of a SOI review, including "....the present and probable need for those public facilities and services of any DUCs within the existing sphere of influence" (GC §56425). A DUC is defined as any area with 12 or more registered voters where the median household income (MHI) is less than 80 percent of the statewide MHI. Within a DUC, three basic services are evaluated: water, sewage, and fire protection. Millview CWD provides water services, and is therefore only responsible for assuring that these services are adequately provided to communities.

No specific MHI estimates are available for the Millview area. The unincorporated community of Calpella to the north neighbors the District. The 2013 MSR estimates Calpella's median household income to be \$53,725, which is 93 percent of the California Median Household Income of \$57,708 (MSR 2013; pp. 3-5). Therefore, Calpella is not considered to be a DUC.

The southern extent of the District's border is the City of Ukiah. Ukiah has an estimated MHI of \$42,609 (Census Quickfacts, 2010), which is 73 percent of the California MHI, thereby qualifying it as disadvantaged. Ukiah is incorporated, and therefore does not qualify as a DUC. It stands to reason that sections of unincorporated territory surrounding the City may also qualify as disadvantaged, though no area has been identified as such at this time. Should the District pursue annexation, DUC communities within the District's vicinity may be examined further.

Population and Growth

The community within the Millview CWD is situated on the northern edge of the City of Ukiah's city limits. The 2013 MSR estimates a population of approximately 5,156 persons living within the Millview CWD. Using the conservative growth rate of 1 percent a year, the MSR projects a population of 5,568 in 2020. With a higher projected growth rate of 1.63 percent a year, the population in 2020 would be expected to reach 5,828 (MSR 2013).

Land Use and Development

Residential connections include mobile home parks, apartments, and single family homes. Around 40 percent of the land within the District is designated as resource land and approximately 30 percent is designated as remote or rural residential. Some of the resource parcels within District boundaries are subject to a contract under the Williamson Act². Other designations within the District include Suburban Residential, Commercial, and Industrial.

¹ All Land use designation information from Mendocino County GIS Parcel Information Layer. October, 2014.

CAPACITY AND SERVICE

Water

The Millview CWD maintains an emergency inter-tie with the City of Ukiah to the south and a consecutive system intertie with the Calpella CWD to the north. The Millview CWD treats and wheels water to Calpella CWD. It contracts with Willow CWD for staffing and office services (District Manager, November 2015). The Millview CWD also contracts with the Redwood Valley CWD for management services (District Manager, April 2016). While Millview CWD shares office space and staff, it is governed by its own five-member Board of Directors (MSR 2013).

As reported in the 2013 MSR, the District was under a State imposed moratorium on new service connections since 2001 "in response to source and storage capacity deficiencies" (SWRCB 2015). In September of 2015, the State Water Resources Control Board (SWRCB) rescinded the moratorium.

The Millview CWD provides water to 1,489 connections (SWRCB 2015). The Millview CWD owns and operates a water treatment plant and well field located adjacent to the plant. The primary source for Millview CWD is surface water rights. The well field is used as a secondary source to provide water through the water treatment plant and to the distribution system for the majority of the year. During higher demand periods, ground water is blended with treated surface water. The District also wheels treated water to the Calpella CWD provided by Russian River Flood Control and Water Conservation Improvement District (RRFC) (MSR 2013).

The main water source is Russian River underflow and surface stream flows (UVAP, 2011). The Millview CWD produces about 1,522 acre-feet per year (AFY) of water from surface water rights. In addition, it can purchase up to 1,520 acre feet (AF) of Lake Mendocino water. Variation in supply can be caused by climatic conditions such as drought. Excluding 2009, production averaged 1,556 AFY and demand averaged 1,462 AFY. The surplus difference between production and demand is often sold to other water purveyors, such as the Calpella CWD. Under existing conditions, approximately 75 percent of the water produced is used for residential purposes. Commercial uses account for approximately 15 percent of the total production, and the remaining 10 percent is used for industrial and miscellaneous purposes. More water is used in the summer than in winter (MSR 2013).

The original moratorium order also addressed storage deficiency in Zone 1. Although no conditions were assigned related to storage capacity, SWRCB strongly advised in its rescission letter that Millview conduct a storage capacity evaluation based on the current Waterworks Standards.

The District reports in the 2013 MSR that their plant has sufficient capacity to meet estimated peak demand and has a storage capacity of 3.24 million gallons. According to the 2013 MSR, the Millview CWD's existing infrastructure is sufficient to meet current demand; as additional supplies are secured, the Millview CWD would need to increase treatment plant capacity and storage to meet demands of additional new services.

Relevant Local Agencies and Communities of Interest

The District is in close proximity to other agencies and shares services and facilities with several other special districts. As discussed above, the Millview CWD maintains an emergency inter-tie with the City of Ukiah to the south and the Calpella County Water District (CCWD) to the north. In addition, the Millview CWD treats and wheels water to CCWD.

The Ukiah Valley Sanitation District provides sewer service to portions of the Millview CWD boundaries. The Millview CWD lies within the Ukiah Valley Fire District, which provides fire protection. It also lies within the Russian River Flood Control and Water Conservation Improvement District Boundary (RRFC). The Calpella CWD lies directly to the north of the Millview CWD and portions of the two boundaries are coterminous. The District also shares portions of its southern boundary with the City of Ukiah.

The District recently entered into a shared staffing agreement with the Willow County Water District for operation and maintenance employees and a second agreement for management duties with the Redwood Valley County Water District. The Willow CWD also has shared staffing agreements with Calpella CWD, Redwood Valley CWD, and Hopland Public Utility District. The agreements represent a functional consolidation of these districts.

RELEVANT PLANNING AND SERVICE FACTORS

Local planning policies and land-use designations inform LAFCo SOI decisions. Below are relevant policies and service factors that are used as a guide.

County of Mendocino General Plan- Development Element (DE)

General Plan Water Supply and Sewer (Wastewater Treatment) Services Policies:

<u>Policy DE-186</u>: Coordinate community water and sewer services with General Plan land use densities and intensities.

<u>Policy DE-187</u>: The County supports efficient and adequate public water and sewer services through combined service agencies, shared facilities, or other inter-agency agreements.

Action Item DE-187.1: Work aggressively with water and sewer service providers to overcome current and projected system and supply deficiencies necessary to serve planned community growth.

Action Item DE-187.2: Support funding applications to improve and expand water and sewer service capabilities in areas planned for future growth or to resolve existing deficiencies.

Action Item DE-187.3: Work with communities and public water and sewer service entities to monitor, manage and/or maintain community-wide or decentralized water/sewer systems.

- <u>Policy DE-188</u>: Encourage water and sewer service providers to incorporate water conservation, reclamation, and reuse.
 - o Encourage the development and use of innovative systems and technologies that promote water conservation, reclamation, and reuse.
 - o Encourage the development of systems that capture and use methane emissions from their operation.
 - o Encourage the development and use of innovative systems and technologies for the treatment of wastewater.
- <u>Policy DE-189</u>: Oppose extension of water or sewer services to rural non-community areas when such extensions are inconsistent with land use and resource objectives of the General Plan, except where the extension is needed to address a clear public health hazard.

<u>Policy DE-190</u>: Development of residential, commercial, or industrial uses shall be supported by water supply and wastewater treatment systems adequate to serve the long-term needs of the intended density, intensity, and use.

<u>Policy DE-191</u>: Land use plans and development shall minimize impacts to the quality or quantity of drinking water supplies.

UKIAH VALLEY AREA PLAN

Excerpts from the Ukiah Valley Area Plan are below. Only items relevant to this document are included.

WATER MANAGEMENT

Water Distribution and Infrastructure

<u>Community Water Services</u>: There are five major providers of community water services in the Ukiah Valley. The City of Ukiah serves customers within the City, while Rogina Water Company and Millview, Calpella, and Willow County Water Districts serve the unincorporated areas. All suppliers are regulated by the State Water Resources Control Board, Division of Drinking Water (formerly known as the California Department of Health Services), and Rogina Water Company is additionally regulated by the California Public Utilities Commission. These water providers hold varying claims to water rights for current and future use.

The primary water source for water providers in the Valley is the Russian River and diversion of Eel River water with storage in Lake Mendocino. Property owners without access to the City or community systems obtain water from individual wells, springs or direct diversions of Russian River water. Some water needs are also supplied by wells that tap groundwater aquifers that are not connected to the underflow of the Russian River.

Policy WM1.1: Maintain and increase water supplies and systems for existing and future water system needs.

WM1.1a Identify Water Sources

Cooperate and coordinate with the City of Ukiah, LAFCO, the Water Agency, and local water districts in the provision of infrastructure and services within the Ukiah Valley.

WM1.2a Groundwater Stewardship Program

Assemble baseline information describing existing conditions of the Valley's groundwater system (quality, quantity, demand and re-supply), and develop a comprehensive groundwater protection program with specific protection and mitigation measures.

Policy WM2.1: Strive for efficient delivery of public water services.

WM2.1a Service Evaluation

Involve water agencies, City and agricultural water users in collaboration with LAFCO to perform mandated municipal service reviews.

WM 2.1b Water Rights and Distribution

Coordinate with water purveyors to actively participate in hearings and actions involving water rights and distribution of area water in order to ensure efficient and equitable use of available water rights and supplies.

DISCUSSION

Sphere of Influence

The Millview CWD provides water services external to the existing District boundary. It should be noted that the District has indicated an interest in annexation, though the extent of territory it wishes to include in an application has not been specified. This update reduces the District's existing sphere to remove the majority of agricultural lands and open space. Several areas are an exception to this:

- 1) The Maverick property and neighboring parcel, of which the Maverick property already receives service.
- 2) An area presently in the western part of the SOI between Orr Springs Road and the District boundary. This area is already within Ukiah Valley Sanitation District's boundary, changing how growth inducement concerns are evaluated.
- 3) The area already within the present SOI surrounding the US Army Corps of Engineers (USACE) property (See Figure 1). This SOI area (present and proposed) does not follow parcel lines; instead it follows a road right of way. The remaining portion of the USACE parcel excluded from the SOI is rather large and designated as open space (See Figure 2 in Appendix A).

The territory in the existing SOI which overlapped with Calpella CWD's boundary is also excluded from the updated SOI.

Shared Services

Recently, the Millview CWD entered into a staffing contract with the Willow CWD. The Willow CWD now provides office space, administrative staff, and field staff for Millview CWD, Redwood Valley CWD, Calpella CWD, and Hopland PUD. In addition the Millview CWD also entered into an agreement with the Redwood Valley CWD to provide the services of a General Manager. The shared staffing and management contracts are viewed as a step towards a functional consolidation between these agencies. Given the coordination of services between these districts, there may be opportunity to consider a structural consolidation in the future.

Water Supply

Water availability has long been an issue in the Ukiah Valley and is likely to constrain future development in the area (UVAP 2010, 6-3). Though not currently under a water moratorium, Millview CWD is a part of the regional community, utilizes the same water supply, and faces similar service challenges.

Challenges cited in the Ukiah Valley Area Plan include "decreased water diversion from the Eel River, as well as difficulties and lengthy time inherent in developing new supplies in the face of increasing demand. Various unknowns complicating growth planning include the water rights of water purveyors, the definition of Russian River underflow versus groundwater, continued refinement of water agreements, and changes in imports from the Eel River through the Potter Valley Project" (UVAP 2011, 6-3). Opportunities to help alleviate the Ukiah Valley water supply issues may be considered further at the regional level by LAFCo.

ANALYSIS

As presented in the introduction, when updating the SOI, the Commission considers and adopts written determinations. The following are the formal determinations for this SOI Update:

1.) Present and Planned Land Use

Similar to many other special districts in Mendocino County, the District boundary and existing SOI include agriculturally-designated lands and land under Williamson Act contract. The proposed 2016 SOI excludes the majority of territory identified as agricultural lands pursuant to GC §56016 and LAFCo's objective to preserve agricultural and open-space land.

The change of sphere designation to exclude these lands does not impact their non-serviced status, facilitates efficient patterns of land use, and is not likely to adversely impact the existing Williamson Act contracts, pursuant to GC §56426.6.

2.) Present and Probable Need for Public Facilities and Services

The Millview CWD provides out of district services to several properties within their existing SOI. The District reports that they are considering annexation and maintain a list of properties that wish to receive service or participate in annexation. Those properties receiving service outside of District boundaries represent a need for service external to District boundaries. Given present land use designations and services provided, growth and additional demand for services is anticipated.

3.) Present Capacity of Facilities and Adequacy of Public Services

Based on the information reported in the 2013 MSR and the SWRCB letter of moratorium rescission, the District has sufficient infrastructure and capacity to serve existing customers (including those out of District). Should the District pursue annexation, further study may be needed regarding future service capacity.

4.) Social and Economic Communities of Interest

The larger Ukiah Valley is a community of interest for purposes of coordinating common water supply and management needs. Multiple agencies provide water services in a community which shares geography and in most cases, the same water source. The District has a common interest with other local water purveyors to manage the water supply systems and watersheds of the Ukiah Valley.

5.) Present and Probable Need for Water, Sewer, or Fire Protection Services for Disadvantaged Unincorporated Communities (DUCs)

The City of Ukiah qualifies as disadvantaged but is incorporated and therefore does not qualify as a DUC. It stands to reason that sections of unincorporated territory surrounding the City may also qualify as disadvantaged, though no area has been identified as such at this time. Should the District pursue annexation, DUC communities within the District's vicinity may be examined further.

CONCLUSIONS

This update considers the present SOI relative to services provided and its consistency with LAFCo policy. Those properties receiving service within the existing SOI should remain within the updated sphere. Territories recognized as agricultural or open space are removed from the previous SOI with the exceptions listed in the above discussion (See proposed SOI in Figure 1).

REFERENCES

- (Census Quickfacts, 2010) U.S. Census Bureau: State and County QuickFacts. http://quickfacts.census.gov/qfd/states/06000.html
- Mendocino LAFCo, 2004 Policies and Procedures, Chapter 5- Policies That May Apply for Some Applicants, D. Sphere of Influence.
- (SWRCB 2015) State Water Resources Control Board. September 4th, 2015. Letter to MCWD. "Millview County Water District, ID 2310006 Compliance Order 02-03-01 C0-002 Rescinded".
- (UVAP, 2011) County of Mendocino, Ukiah Valley Area Plan. August 2, 2011. Prepared by the Mendocino County Planning and Building Services.
- Ukiah Valley Municipal Service Review, 2013. LAFCO of Mendocino County. May 6, 2013. E Mulberg & Associates

