

June 3, 2013

8

TO: Local Agency Formation Commission
FROM: Executive Officer
Special District Consultant
SUBJECT: Five-Year Sphere of Influence and Service Review:
Ramona Municipal Water District (MSR13-30;SR13-30)

EXECUTIVE SUMMARY

This special study has been prepared as part of LAFCO's Five-Year Sphere of Influence and Municipal Service Review (MSR) Program. The study includes background information about the Ramona Municipal Water District and several service issues that emerged since the last Sphere and Service Review in 2007. The primary services reviewed in this study are sewer treatment and recycled water services. Special emphasis has been focused on these services and anticipated decisions regarding needed facilities and disposal of recycled water. Additionally, recent development project processing has focused upon the issue of these services in the District service area including the Montecito Ranch Project. The report concludes with recommendations to affirm the *coterminous* sphere for the Ramona Municipal Water District.

SPHERE OF INFLUENCE BACKGROUND

Over thirty years ago, the State Legislature instructed LAFCOs to establish a sphere of influence for each local governmental agency under LAFCO jurisdiction. Spheres, which are defined in State Law as...*a plan for the probable physical boundaries and service area of a local agency*, promote logical and orderly development and coordination of local agencies, inhibit duplication of services, and support efficient public service delivery. Inclusion within an agency's sphere is a prerequisite for—but not a guarantee of—annexation as spheres are only one of several factors that commissions must consider in reviewing proposals for jurisdictional changes.

San Diego LAFCO has maintained spheres of long standing for all independent and dependent special districts and each city in San Diego County; nevertheless, spheres must be periodically reevaluated to ensure that they reflect current conditions and remain credible planning tools. Changes such as general plan and zoning amendments or new legislation concerning revenue streams can positively or negatively affect agencies' abilities to extend service into new territory. In 1990, San Diego LAFCO adopted Policy L-109, which coupled with adopted implementing procedures, require spheres be revisited at five-year intervals, commencing in 2008 and every five years thereafter, State Law requires that LAFCOs shall, as necessary, review and update each sphere of influence [Government Code 56425(g)]. LAFCOs are also required to prepare a *Municipal Service Review* (MSR) to analyze information regarding the efficiency and effectiveness of municipal services when adopting a new sphere or updating an existing sphere. MSRs are not required when an existing sphere can be affirmed or adjusted slightly and then affirmed.

Policy L-102 discourages major amendments to a sphere that has been adopted, affirmed or updated—with noteworthy exceptions to accommodate: (1) a public health or safety risk such as septic system failure; (2) a proposal involving property that is split by a sphere boundary; (3) a reorganization between two consenting districts; and (4) a situation where the sphere review failed to anticipate a need for public services—and conditions have significantly changed.

Since your Commission initiated the first sphere review and MSR program in 2001, all local agency spheres have been included in at least one cycle of review and affirmation or update. Selected categories of local agencies, such as Fire Protection Districts, or County Sanitation Districts have been addressed in multiple review cycles. MSRs have been prepared for numerous complex projects, and when warranted, sphere updates have been approved. The chronology of sphere review and MSR activity is annually updated and made available in the Commission's *Directory of Sphere of Influence and Municipal Service Review Actions*.

The current *Five-Year Sphere of Influence and Service Review Program*, which conforms to the five-year cycle requirements of State Law and Commission Policy L-102, was initiated by sending a service-specific questionnaire to each of the 100 local agencies under San Diego LAFCO's jurisdiction. Every agency has responded. The information submitted is being analyzed and LAFCO data bases updated. All spheres will be reviewed and recommendations for affirmation, adjustment, or comprehensive update of groups of agencies will be presented to the Commission as each review has been completed.

RAMONA MUNICIPAL WATER DISTRICT

Category: Municipal Water District

Principle Act: Municipal Water Districts are empowered by Water Code § 71000 et seq. to acquire and operate works for production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes; to operate drainage or reclamation works connected with such undertakings; acquire and operate facilities and services for collection, treatment, and disposal of sewage; produce and distribute recycled water. These type districts may also provide parks and landscape improvements, operations and maintenance as well as fire and emergency medical services. Most municipal water districts provide water and wastewater services.

Governance: Elected five-member Board of Directors

District Area: 71.67 square miles

Population: 33,750 (2010 SANDAG estimate)

Services: The Ramona Municipal Water District (RMWD) provides potable water, wastewater, fire and emergency medical services, and park and recreation services within the unincorporated east-county community of Ramona. The district was formed in 1956 to replace the Ramona Irrigation District. Initially, the district was authorized to provide only potable and agricultural water services; however, in subsequent years, the following new services have been authorized through activations of latent powers:

- **1971**- Wastewater service activated in a limited area of the San Diego County Estates; and
- **1975** – Park and recreation service activated in limited area; and
- **1980** – The County-dependent Ramona Sanitation District (SD) was dissolved and service responsibility covering the Ramona Current Urban Development Area (CUDA) transferred to the Ramona MWD; and
- **1981** – Fire protection and emergency medical services activated throughout the district; Ramona Fire Protection District (FPD) dissolved; and
- **1993** – The County-dependent Mt. Woodson Ranch Sanitation District was dissolved and responsibility for wastewater service transferred to the Ramona MWD.

Potable and Agricultural Water Services: The Ramona MWD has 9,273 potable water and 211 non-potable water connections. The District is a member of the San

Diego County Water Authority (SDCWA). The SDCWA is the primary water source to the District except when local water supply in Lake Sutherland is available for purchase from the City of San Diego. The District owns the Bargar Potable Water Treatment Plant near Lake Sutherland but that plant is currently non-operational.

Fire and Emergency Medical Services: The District has provided fire protection and emergency medical services since 1981 with the activation of latent powers and dissolution of the Ramona Fire Protection District. In 1993 the District contracted with CAL FIRE to provide services with CAL FIRE personnel.

Park and Recreation Services: The District has provided park and recreation services since 1975 on district owned property east of Elm Street known as the Well Field. The District contracts with a nonprofit organization to oversee leases with various local organizations and manage use of the property including an annual rodeo, youth sports, a senior citizens center and other community related activities.

Wastewater/Water Reclamation Services: The Ramona MWD currently provides wastewater services in two specific areas of the District. The District approved a Wastewater Master Plan in 1998 and has undergone various improvements to both the Santa Maria and San Vicente wastewater treatment facilities over the past ten years. The district reports that it has current capacity for 9,000 Equivalent Dwelling Units between the two treatment facilities. In January 2013, the District Board of Directors initiated a study of alternatives to determine needed facility improvements and possible funding methods to generate revenue to fund projected Capital Improvement Program (CIP) and replacement projects over the next ten years to the Santa Maria Wastewater/Reclamation System area. The District is also undergoing a planning process to make improvements to the San Vicente plant to reduce brine disposal operating costs.

Santa Maria Water/Reclamation Plant: The Santa Maria Facility and system is permitted by the San Diego Regional Water Quality Control Board (RWQCB) for 1.0 million gallons per day (mgd) of 30 day average dry weather effluent flow. Average flows have been significantly less than permitted primarily because of water conservation efforts and the increasing cost of potable water. The system utilizes two disposal methods for treated effluent. The first is a wet weather storage and spray field system (leased area on Rangeland Road) that can handle up to 780,000 gallons per day (gpd). The second is tertiary treatment of effluent and pumping of an approximately average of 160,000 gpd to the Mt. Woodson Golf Course for irrigation. The District reports that in FY 2011-12, it sold 180 acre feet of recycled water at \$1,068 per acre foot to Mt. Woodson Golf Course. District staff report that there remains available treatment capacity in the plant for 718 Equivalent Dwelling Units or approximately 143,600 gpd of flow for future user connections.

In January 2013, a Draft Facilities Plan was presented to the Board of Directors for planning of reclamation system operations and improvements. The draft plan outlines a number of needed upgrades and replacements to both extend the useful life of the facilities and to improve operational efficiencies. The estimated cost of proposed improvements is \$16.5 million. The proposed improvements would not add capacity to the wastewater treatment facility but would enhance the ongoing operations and capacity to distribute treated effluent to meet RWQCB requirements. The District is also seeking special financial services study proposals to evaluate options for establishing fees to fund the cost of needed improvements over the future life of the facility improvement projects. The District Board of Directors initiated study is expected to identify alternatives to determine needed facility improvements and possible funding methods to generate revenue to fund projected CIP and replacement projects over the next ten years to the Santa Maria Wastewater/Reclamation System area.

San Vicente Water/Reclamation Plant: The San Vicente Facility and system provides service to the San Diego Country Estates and adjacent area of Rancho Vicente (Rancho San Vicente Homes). The plant is permitted by the RWQCB for 0.80 mgd of 30 day average dry weather effluent flow. Average flows have been 0.610 mgd over the past several years, therefore producing approximately 1.87 acre feet of reclaimed water per day. The RWQCB permit and regulations require that a storage capacity be provided for up to eighty four (84) days of wet weather storage at the plant permitted capacity or approximately 221 acre feet. The San Vicente plant has three storage ponds for storage of both secondary and tertiary treated effluent. The plant has no spray fields or other disposal capability onsite so the District has long term agreements to sell treated effluent to local property owners. District staff report that there remains available treatment capacity in the plant for 229 Equivalent Dwelling Units or approximately 45,800 gpd of flow for future user connections.

The District has a three party Effluent Disposal Agreement, entered into with The Spangler Peak Ranch and the San Diego Country Estates Association. The two parties agreed to purchase specified amounts of treated effluent each year; during 2011-12 and thereafter, it is estimated that each party will purchase up to 320 acre feet per year. Under certain circumstances the parties may assign or chose to not take water; however, if certain conditions occur, the District may force either party to purchase water. The three-party agreement will expire in 2018. The San Vicente Golf Course uses a combination of the recycled water and well water resources for its irrigation. It does not currently purchase any potable water from the District.

There are benefits of having multiple purchasers of the treated effluent in systems that are in areas such as the District as it has no direct disposal system such as an ocean outfall. These benefits are: 1) available alternative disposal systems in case of

equipment failure such as a storage pond out of service or pump failure; and 2) the inability of either party to take and store effluent in a timely manner. Since general weather patterns over the past twenty plus years have been semi-arid, there have not been prolonged periods where either party has been unable to take the available water. Both parties pay a modest fee for the water plus energy cost for pumping from the plant to the parties' pipeline system, and pump stations. Together these costs are significantly less than the retail cost of water or even for water that might be available from well sources. As a reference point, for recycled water purveyors with customers in need of the water, the industry guideline is to retail tertiary treated water at a price of 85% to 100% of the alternative retail water price. Therefore since the District is in a critical need to dispose of the effluent, it is being sold at less than 5% of the retail cost of imported water (\$35 – \$50 versus \$1,900 per acre-foot). A comparison of the cost of recycled water is provided in Attachment A.

Possible New or Expanded Reclamation Project: Residents of the San Diego Country Estates have expressed interest in purchasing more of the recycled water effluent for use in the community. One project that has been analyzed by the Association is to expand one of the existing ponds on the golf course at a nominal cost. This would require minimal permit review and minimize operational impacts to the golf course. In order to obtain revised permits that meet Regional Water Quality Control Board (RWQCB) requirements, any larger project that includes new or significantly expanded storage and pipeline improvements, may require new permits as well as dedicated areas for usage of the water. A 2007 private preliminary study of the potential to use reclaimed water in areas of open space and landscaping in the Estates estimated construction cost of over \$1.6 million, not counting costs for possible permits, etc. Since the larger project has been considered only at a planning level, it is not known if the community will have concerns regarding the construction of a storage pond and pipelines to supply and store the water. No plan for funding sources or operating cost analysis for an expanded facility and use has been developed.

Since the existing three party agreements will not expire until 2018, it is reasonable to expect that any alternative contract arrangement concept could be further studied by the San Diego Country Estates Association and brought to the 2018 contract renewal discussions.

Projected Growth and New Development: The District has experienced very modest development and population growth in the most recent five year period. The current 2010 population estimate of 33,750 is a slight decrease from 2009 estimates, according to 2010 census figures. The recently approved County General Plan Update reveals a projected reduction in density in several areas of the Ramona Planning Area.

The District's projected 2020 population estimate from its 1998 Water Master Plan is 49,543. Several significant development projects are planned within the next five years including the recently approved Montecito Ranch Development on 935 acres (417 dwelling units and an 8 acre park); and the proposed Cummins Ranch project on a 400 plus acre site. The District maintains that water facilities are capable of meeting current and future demand but wastewater capacity may have to be expanded to serve any major new approved developments. For example, in the Montecito Ranch project approval process, a difference of approach arose for providing wastewater treatment facilities and services. After prolonged discussions between the developer, the County Planning Department and the Ramona MWD staff, the Board of Supervisors approved an alternative treatment plan that includes a separate Community Services District operation of a stand alone wastewater treatment plant and reclamation system. LAFCO staff reviewed the documentation of the various positions of the proposals and provided input during this process. Formation of a new local agency (Community Services District) within the Ramona MWD service area conflicts with provisions and priorities in State Law (Government Code Sections 56001, 56301 and 56886.5). Therefore, additional study appears warranted of the needed facilities, operating scenarios and jurisdictional alternatives.

District Sphere of Influence: LAFCO adopted a coterminous sphere of influence for the Ramona MWD in 1983. The coterminous sphere was affirmed in May, 2007 in conjunction with a service review of agencies that provide fire protection services, and again in August, 2007 as part of a comprehensive sphere review of all special districts in San Diego County. No sphere or jurisdictional changes have occurred since the 2007 affirmations and no new information that would warrant a sphere change has been presented. District responses to the 2012 Five-Year *Sphere of Influence and Service Review* indicate that the District does not anticipate proposing a sphere change.

Related Future Service Issue: As detailed earlier in the report, staff believes it is important to note that there has been an issue of disagreement by the District with a proposal approved by the County of San Diego providing for sewer service within the new development at Montecito Ranch (mentioned above) by establishment of a Community Services District (CSD). The primary issue involves the timing of and cost of connecting to the Santa Maria Wastewater Plant. The project proponent developed an alternative treatment plan and it was approved by the Board of Supervisors in 2012. Establishment of the CSD would require further LAFCO review and consideration. Based upon informal discussions with various parties involved in the project, it appears that some progress on studying alternatives for an optimal service solution may be occurring. Both State Law and good governance policy encourage existing service

agencies to provide increased services where feasible and appropriate to reduce duplication and overlap of administration and higher costs.

CONCLUSION AND RECOMMENDATIONS

The Ramona MWD serves a suburban area of the county with a variety of essential local services. The community and the District have evolved over the past forty plus years and face a series of challenges with expected slower annual growth and increasing costs of service. While some of the issues identified will continue to challenge the resources of the District, it is expected that each of them can be addressed successfully in the next five-year review cycle. The District provides its services through a combination of in-house and contracted services. Many of the District facilities have aged to the point of requiring major renovations to extend the useful life and operational service, especially in the wastewater facilities area. As pointed out in the report, plans for the replacement of facilities and how to pay for them are under review by the District. Decisions on how to do these upgrades and replacements are the responsibility of the Board of Directors and will require analyses and input from the community. Plans for future development and how capacity can be provided to serve it will also require more planning and consideration by the Board of Directors. For the reasons discussed in this study, the existing coterminous sphere for the Ramona MWD should be affirmed. Therefore, it is

RECOMMENDED: That your Commission

- (1) Find in accordance with the Executive Officer's determination that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, the sphere affirmations, transitional sphere designation(s), special study areas and/or minor sphere amendment(s) are not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility for the proposed projects to significantly impact the environment, and the activity is not subject to CEQA; and
- (2) Find in accordance with the Executive Officer's determination, that pursuant to § 15306 of the State CEQA Guidelines, the municipal service review is not subject to the environmental impact evaluation process because the service review consists of data collection and research that will not result in a disturbance to an environmental resource; and
- (3) For the reasons set forth in the Special Study: *Ramona Municipal Water District*, adopt the written statements on file specifying the functions and classes of services and affirm the existing coterminous sphere for the Ramona Municipal Water District; and

(4) Direct the Executive Officer to prepare written Statements of Determinations and associated resolutions, consistent with the recommendations in the June 3, 2013 LAFCO staff report.

Respectfully Submitted,

MICHAEL D. OTT
Executive Officer

HARRY EHRLICH
Special District Consultant

MDO:HE:trl

Attachments

Recycled Water Cost Comparison
Vicinity map





**RAMONA MUNICIPAL WATER DISTRICT
RECYCLED WATER COST COMPARISON WITH POTABLE WATER**

Description	Estimates*		
	Produced Water* (Acre Feet)	SDCEA Ratepayers* (Acre Feet)	Spangler Ranch* (Acre Feet)
San Vicente WPF Plant	600 AF	300 AF	300 AF
3,771 EDU's @ 200 GPD Cost of Recycled Water \$2,183,484 per RMWD Budge for 2012-13	\$ 3,639 AF	\$ 3,639 AF	\$ 3,639 AF
Cost of Wastewater Purchased per EDU	\$ 579 per EDU	\$ 579 per EDU	_____
Cost to Supply Recycled Water by Pumping per acre feet	\$ 35 AF	\$ 35 AF	\$ 35 AF
Cost of Potable Water per acre feet	\$ 1,995 AF	\$ 1,995 AF	\$ 1,995 AF
		Santa Maria Area*	Mt. Woodson HOA*
Santa Maria WPF Plant	873 AF	793 AF	180 AF
4,282 EDU's @ 200 GPD Cost of Recycled Water \$2,603,083 per RMWD Budget for 2012-13	\$ 2,675 AF	\$ 2,675 AF	\$ 2,675 AF
Cost of Wastewater purchased per EDU	\$ 607 per EDU	\$ 607 per EDU	\$ 607 per EDU
Sale of Recycled Water to Mt. Woodson GC	\$ (44) per EDU	\$ (44) per EDU	\$ (44) per EDU
Cost of Potable Water per acre feet	\$ 1,995 AF	\$ 1,995 AF	\$ 1,995 AF

Ramona MWD

MSR/SR 13-30

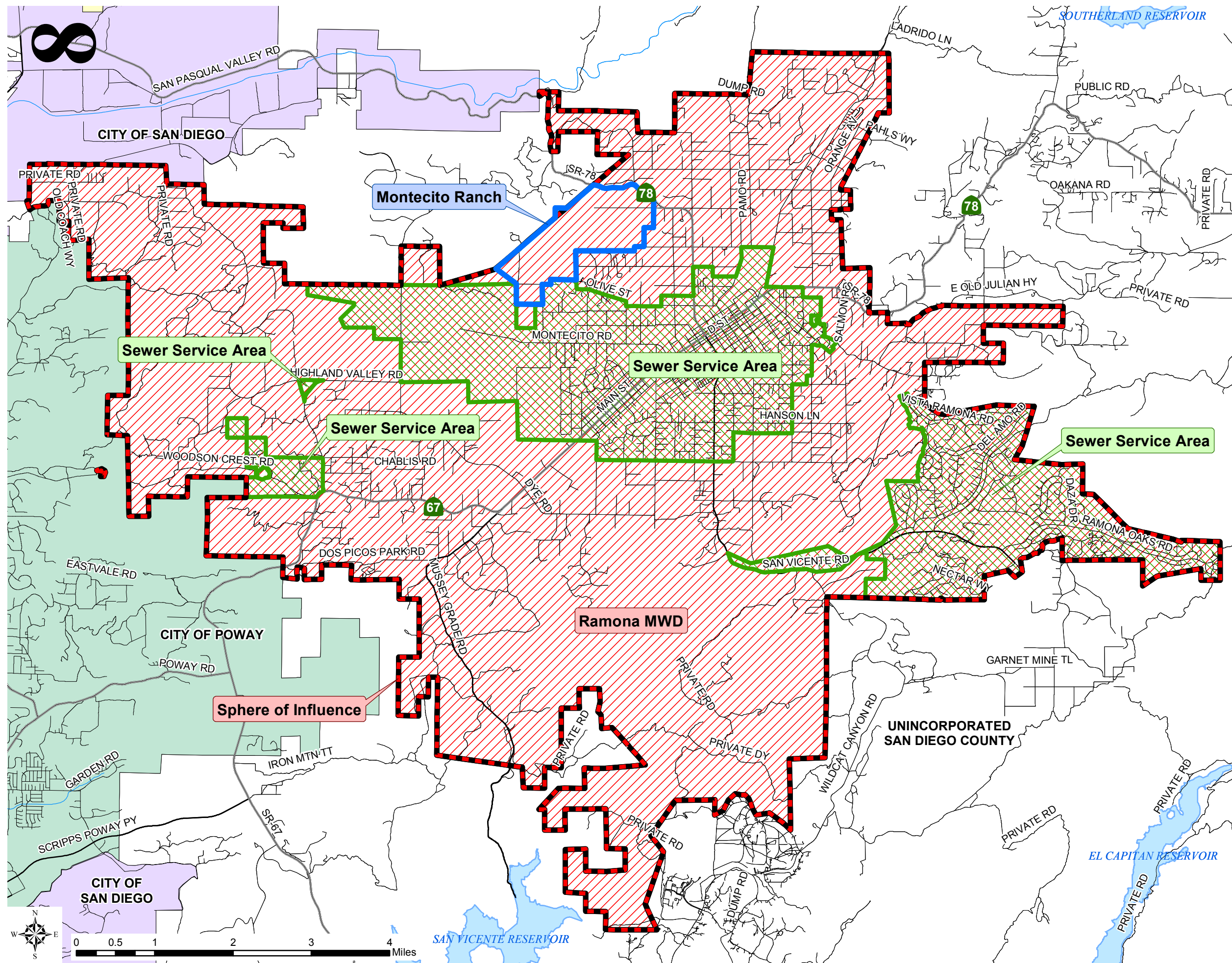
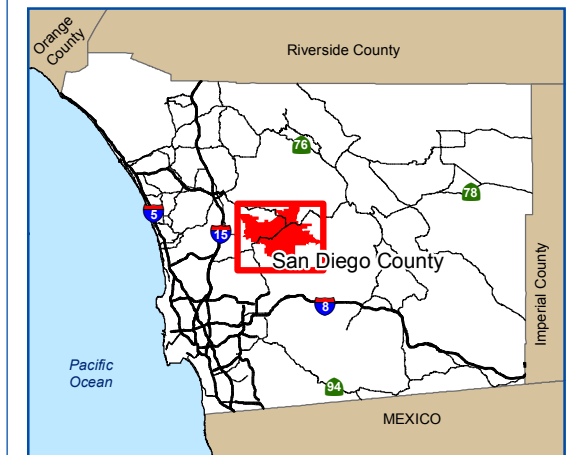
LEGEND

-  Ramona MWD
-  Sphere of Influence (SOI)
-  Sewer Service Area
-  Montecito Ranch

SOI Adopted: 4 / 4 / 83

SOI Affirmed: 5 / 7 / 07

SOI Affirmed: 8 / 6 / 07



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This map has been prepared for descriptive purposes only and is considered accurate according to the GIS and LAFCO data.

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/MWD_Ramona.mxd
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