

SPHERE OF INFLUENCE UPDATE |
NORTH MARIN WATER DISTRICT
Government Code Section 56425

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Pending Formal Acceptance

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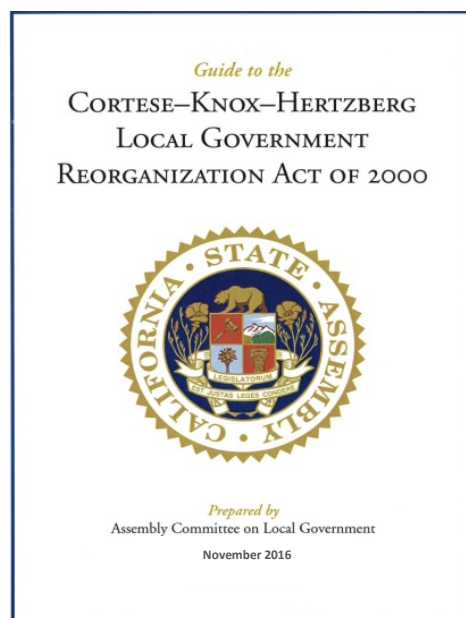
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CHAPTER ONE INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

A. Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are political subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") with principal oversight provided by the Assembly Committee on Local Government.¹ LAFCOs' are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and special districts as well as their municipal service areas. LAFCOs' creation were engendered by Governor Edmund "Pat" Brown Sr. (1959-1967) to more effectively address the needs of California's growing and diversifying population with an emphasis on promoting governmental efficiencies. Towards this end, LAFCOs are commonly referred to as the Legislature's "watchdog" for local governance issues.²



Guiding LAFCOs' regulatory and planning powers is to fulfill specific purposes and objectives that collectively construct the Legislature's regional growth management priorities and are outlined under Government Code (G.C.) Section 56301. This statute presently reads as follows:

¹ Reference California Government Code Section 56000 et seq.

² In its ruling on *City of Ceres v. City of Modesto* the 5th District Court of Appeal referred to LAFCOs as the "watchdog" of the Legislature to "guard against the wasteful duplication of services." (July 1969)

“Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

LAFCO decisions are legislative in nature and therefore are not subject to an outside appeal process. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals so long as not establishing any terms that directly control land uses, densities, or subdivision requirements.

B. Regulatory Responsibilities

LAFCOs’ principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California.³ More recently, LAFCOs have been tasked with also overseeing the approval process

LAFCOs have been responsible since 1963 to oversee formation, expansion, reorganization, and dissolution actions involving cities, towns, and districts in California with limited exceptions.

for cities, towns, and districts to provide new or extended municipal services beyond their jurisdictional boundaries by contract. LAFCOs also must approve all district actions to activate a new service or divest an existing service. LAFCOs generally exercise their regulatory authority in response to applications submitted by the affected agencies, landowners, or registered voters. Recent amendments to CKH, however, now authorize and encourage LAFCOs to initiate on their own jurisdictional changes to form, consolidate, and dissolve districts consistent with current and future community needs. The following table provides a complete list of LAFCOs’ regulatory authority as of date.

³ CKH defines “special district” to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

LAFCOs' Regulatory Powers

As of January 1, 2017

- City Incorporations / Disincorporations
- District Formations / Dissolutions
- City and District Consolidations
- City and District Outside Service Extensions
- City and District Annexations
- City and District Detachments
- Merge/Establish Subsidiary Districts
- District Service Activations / Divestitures

C. Planning Responsibilities

LAFCOs inform their regulatory actions through two central planning responsibilities: (a) making sphere of influence (“sphere”) determinations and (b) preparing municipal service reviews. Sphere determinations have been a core planning function of LAFCOs since 1971 and effectively serve as the Legislature’s version of “urban growth boundaries” with regard to cumulatively

LAFCOs are tasked with planning the location of future urban development and services through two interrelated activities: (a) establish and update spheres and (b) prepare municipal service reviews to independently evaluate the availability and performance of governmental services relative to need.

delineating the appropriate interface between urban and non-urban uses within each county. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted as part of CKH and are intended to inform – among other activities – sphere determinations. The Legislature mandates all sphere changes as of 2001 be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of these two planning responsibilities follows.

Spheres of Influence

LAFCOs establish, amend, and update spheres for all cities, towns, and most special districts in California to designate the territory LAFCO independently believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions.⁴ Further, an increasingly important role

⁴ Exceptions in which jurisdictional boundary changes do not require consistency with the affected agencies’ spheres include annexations of State correctional facilities or annexations to cities involving city owned lands used for municipal purposes with the latter requiring automatic detachment if sold to a private interest.

involving sphere determinations relates to their use by regional councils of governments as planning areas in allocating housing need assignments for counties, cities, and towns and as part of the regular housing element cycle.

As of January 1, 2008, LAFCO must review and update as needed each local agency's sphere every five years. In making a sphere determination, LAFCO is required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to orient LAFCO in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. The five mandated planning factors are summarized in the following table.

Spheres serve as the Legislature's version of urban growth boundaries and – among other items – delineate where cities, towns, or districts may seek future annexation and outside service approvals with LAFCOs. All jurisdictional changes must be consistent with the affected agencies' spheres with limited exceptions.

Mandatory Determinations / Spheres of Influence (Government Code Section 56425)

1. Present and planned land uses in the affected 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 city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere.

Municipal Service Reviews

Municipal service reviews were a centerpiece to CKH’s enactment in 2001 and are comprehensive studies of the availability, range, and performance of governmental services provided within a defined geographic area. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. All municipal service reviews – regardless of their intended use – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. These mandated factors are summarized below.

Municipal service reviews serve to fulfill the Legislature’s interests in LAFCOs regularly assessing the adequacy and performance of local governmental services in order to inform possible future actions ranging from sphere determinations to reorganizations.

Mandatory Determinations / Municipal Service Reviews (Government Code Section 56430)

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status and opportunities for shared facilities.
6. Accountability for community service needs, including structure and operational efficiencies.
7. Matters relating to effective or efficient service delivery as required by LAFCO policy.

D. LAFCO Composition | Direction on Decision-Making

LAFCOs are generally governed by 11-member board comprising three county supervisors, three city councilmembers, three independent special district members, and two representatives of the general public.⁵ Members are divided between “regulars” and “alternates” and must exercise their independent

State law directs all LAFCO members to independently discharge their responsibilities for the good of the region and irrespective of the interests of their local appointing authorities.

judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs have sole authority in administering their legislative responsibilities and its decisions are not subject to an outside appeal process. All LAFCOs are independent of local government with the majority employing their own staff; a small portion of LAFCOs, however, choose to contract with their local county government for staff support services. All LAFCOs must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the membership. All LAFCOs must also appoint their own legal counsel.

E. Prescriptive Funding

CKH prescribes local agencies fully fund LAFCOs’ annual operating costs. Counties are generally responsible for funding one-third of LAFCO’s annual operating costs with the remainder one-third portions allocated to the cities and independent special districts.⁶ Annual allocations to cities and special districts are calculated based on standard formula using tax revenues unless an alternative formula has been approved by a majority of the local agencies. LAFCOs are also authorized to collect applicant fees to offset local agency contributions.

⁵ Approximately two-fifths of LAFCOs in California currently operate without special district representation based on local conditions. A limited number of LAFCOs also have additional seats through special legislation.

⁶ Independent special districts have their own directly elected board members.

1.1 MARIN LAFCO

A. Adopted Policies and Procedures | Sphere Updates and Municipal Service Reviews

The majority of Marin LAFCO's ("Commission") existing policies and procedures were comprehensively updated in June 2016. These policies and procedures collectively guide the Commission in implementing LAFCO law in Marin County in a manner consistent with regional growth management priorities as determined by the membership. This includes overarching policies and procedures to direct existing and new urban uses towards city-centers along the State Highway 101 corridor and maintaining restrictive allowances for the potential development and use therein of agricultural and open-space lands. The Commission has also established pertinent policies and procedures specific to preparing sphere updates and municipal service reviews as highlighted below.

- The Commission shall adopt a study schedule every five years to calendar sphere updates and the associated municipal services reviews at noticed public hearings. The adopted study schedule shall guide and prioritize the studies to be undertaken by the Commission over the five-year period paired with the ability to approve amendments as needed and or resources merit.
- The Commission shall generally defer requests made by applicants for individual sphere amendments for consideration as part of the next comprehensive update as determined in the adopted study schedule.
- The Commission shall orient the establishment and update of spheres to focus on community needs over the next 10 years.
- The Commission shall consider the plans and objectives contained within the adopted general plans of the local land use authorities in establishing and updating spheres.

- The Commission shall utilize municipal service reviews as the source document in informing all sphere determinations. The Commission shall only utilize municipal service reviews that are less than five years old in making sphere determinations unless specific circumstances warrant otherwise.
- The Commission shall generally assign three types of sphere designations for local agencies unless special circumstances warrant otherwise. A larger sphere denotes the Commission’s expectation the agency will annex certain lands in the near-future. A smaller sphere denotes an expectation the agency will detach certain lands in the near-future. A coterminous sphere denotes an expectation of no changes to the agency in the near future.
- The Commission shall assign a zero sphere encompassing no territory to signal the membership’s interest and intent to dissolve and or disincorporate the affected agency.
- The Commission shall assign a common sphere to include the territory served by two or more agencies to signal the membership’s interest and intent to consolidate and or merge the affected agencies.

B. Commission Roster

The Commission’s current membership is provided below.

Current Members

Name	Position	Agency Affiliation
Jeffry Blanchfield, Chair	Public	Commission
Carla Condon, Vice Chair	City	Town of Corte Madera
Damon Connolly	County	County of Marin
Jack Baker	Special District	North Marin Water
Sashi McEntee	City	City of Mill Valley
Craig K. Murray	Special District	Las Gallinas Valley Sanitary
Dennis J. Rodoni	County	County of Marin
Judy Arnold, Alternate	County	County of Marin
Matthew Brown, Alternate	City	City of San Anselmo
Lew Kious, Alternate	Special District	Almonte Sanitary
Chris Skelton, Alternate	Public	Commission

C. Contact Information

Marin LAFCO's administrative office is located at 1401 Los Gamos Drive in San Rafael (Terra Linda). Visitor parking is available. LAFCO is a small governmental agency and as a result the office is sometimes closed during normal business hours when staff is in the field. Accordingly, appointments to discuss proposals or other matters are strongly encouraged and can be scheduled by calling 415-448-5877. Communication by e-mail is also welcome and general questions or comments should be directed to staff@marinlafco.org. Additional information regarding Marin LAFCO's functions and activities is also available online by visiting www.marinlafco.org.

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CHAPTER TWO DISCUSSION

2.0 OVERVIEW

A. Report Objective

This report represents Marin LAFCO’s scheduled sphere of influence update for the North Marin Water District (NMWD). The report has been prepared by staff and considers whether any changes – additions and or subtractions – to NMWD’s current sphere are warranted in terms of consistency with the provisions of CKH as well as the adopted policies of the Commission. The report draws on information generated as part of the recently completed municipal service review on countywide public water service and intended to inform the Commission’s decision-making in independently aligning NMWD’s potable water and wastewater services with current and planned community needs as directed under State law. This also includes incorporating, as appropriate, information on adopted land use policies from affected land use authorities that are within and or adjacent to NMWD’s two distinct services areas: East and West Marin.

The underlying objective of this report is to inform the Commission’s decision making in independently aligning NMWD’s potable water and wastewater services with current and planned community needs in the East and West Marin service areas.

B. Key Assumptions and Premises

The report and its analysis is premised on reconciling current CKH directives and Commission policy preferences therein with updating NMWD’s sphere. Most notably, this includes incorporating new directives for LAFCOs subsequent to the last coordinated review of the NMWD sphere in the early 1980s that – and among other items – substantively expand the policy intent and application of sphere designations. A key and central example herein is the expanded definition of a sphere to demark not just the current and future jurisdictional boundary but also the agency’s

The central assumption is the explicit intention the sphere of influence represent – and through the Commission – the State’s designation of NMWD’s appropriate service area, and all future annexations and outside service extensions shall conform accordingly.

service area (emphasis added.) This definition expansion, importantly, follows legislative changes in LAFCOs' responsibilities to now also regulate the ability of cities, towns, and special districts to enter into contracts to provide municipal services outside their jurisdictional boundaries. Further, and pertinent to this update, this referenced new oversight limits LAFCOs' authority to approve these type of service arrangements – which in many instances previously worked to circumvent the annexation process – only to lands within the affected agencies' spheres with limited exceptions. Accordingly, a central assumption within the update is the explicit intention the sphere represent the State's formal designation – and byway of the Commission – of NMWD's appropriate service area, and all annexations and outside service extensions conform unless special circumstances warrant otherwise. Other pertinent assumptions and premises underlying the update and its analysis are summarized below.

- Analyses of potential changes to the NMWD sphere emphasize a 10-year horizon in which resulting boundary changes – annexations or detachments – and outside service extensions are expected.
- Non jurisdictional lands included in the NMWD sphere does not provide any guarantees the territory will be annexed or provided outside services. Jurisdictional changes and outside service extensions must be considered on their own merits with particular attention focused on assessing whether the *timing* of the request is appropriate (emphasis added).
- Potential changes identified and evaluated in this update shall be vetted with NMWD and any resulting comments – should there be any – will be incorporated into the final analysis prior to Commission action.

2.1 AGENCY PROFILE

A. Formation and Organization

NMWD was formed in 1948 with the initial task of assuming potable water services from the Novato Water Company. Formation proceedings were approved by voters along with supporting tax measures and highlighted by providing funding for NMWD to establish a new stand-alone surface water supply by damming Novato Creek and therein creating Stafford Lake. NMWD's jurisdictional boundary has expanded since its formation and presently expands nearly 100 square miles and marked by two distinct service areas. The main service area – “East Marin” – includes the City of Novato and the adjacent unincorporated areas of Bel Marin Keys, Black Point, Loma Verde, Green Point, and Indian Valley. This main service area, notably, also extends into Sonoma County to include nearly three dozen unincorporated properties south of the City of Petaluma. The second service area – “West Marin” – is further divided between the unincorporated communities of Point Reyes Station/Olema and Dillon Beach.

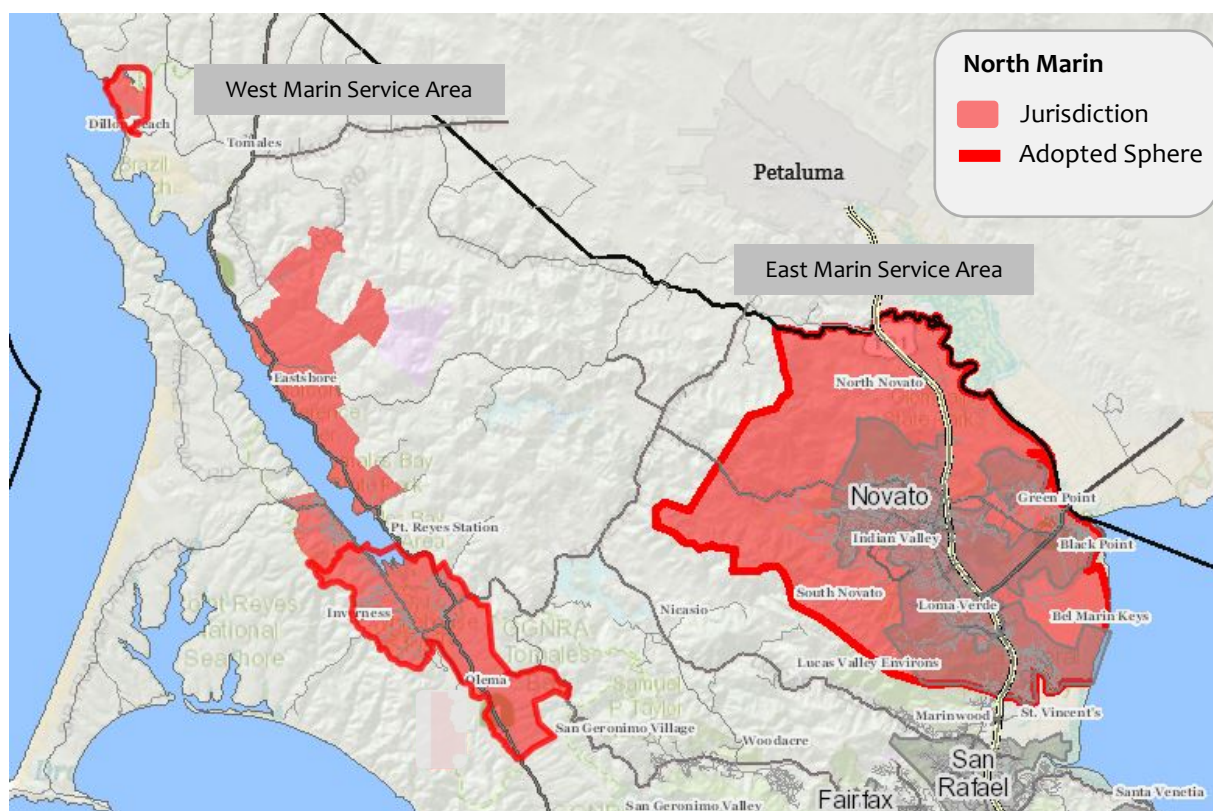
NMWD is organized as a limited-purpose agency and provides three services: (a) potable water; (b) non-potable water; and (c) wastewater with the latter limited to the Oceana Marin Subdivision in Dillon Beach. Governance is provided by a five-person board whose members are registered voters elected at-large to staggered four-year terms. NMWD appoints an at-will General Manager to oversee all District activities. The current General Manager – Drew McIntyre – was appointed by the Board in 2017 and oversees a present budgeted staff of 55 fulltime equivalent employees.

B. Finances

NMWD most recently completed audit report covered the 2015-2016 fiscal year and showed the District finished the period with an overall net asset or equity sum of \$92.6 million. This amount – which represents the difference between total assets and liabilities – increased by approximately 5% over the prior fiscal year and 23% over the preceding 60-month period. The end of year equity amount includes \$5.0 million in unrestricted funds that can be used for any purposes and translates to an approximate per capita reserve ratio of \$76. Other notable measurements include NMWD finishing

the fiscal year with moderately high liquidity with more than double the amount of current assets compared to current liabilities; similarly the District ended with relatively low debt with non-current liabilities equaling less than one-third of non-current assets.

C. Boundary Map



D. Service Population and Development

The Commission independently estimates the overall resident service population within NMWD totals 65,479 and as detailed in the accompanying footnote.⁷ The portion of the jurisdictional boundary under private ownership is largely developed – though not necessarily to maximum density – with 95% of the affected legal parcels assessed with improved structures. This existing development includes 24,228 total residential units with four-fifths – or 19,391 – of the amount lying within the City of Novato.

⁷ The resident service population for NMWD is divided between two distinct estimates. The first estimate – calculated by Marin LAFCO as part of the recently completed countywide water study – tallies 65,079 and represents the service population of the NMWD water system. The second estimate – calculated by NMWD – tallies 400 and represents the service population of the District sewer system.

E. Service Capacities and Demands

NMWD’s primary service function involves the retail delivery of potable water within both its East and West Marin service areas and was the focus of the recently completed municipal service review. Below is a summary of key analysis and conclusions generated as part of the municipal service review as it relates to the supply and demand of NMWD’s potable water within its two service areas. An abbreviated review of NMWD’s wastewater services specific to Dillion Beach in the West Marin service area was included in preparing this report and provided as an appendix.

Supply and Demand | East Marin

NMWD’s potable water supplies for the East Marin service area are drawn from a combination of local and imported sources and collectively provide a maximum annual availability of 22,554 acre-feet. The primary supply is the Russian River and secured through a contract with the Sonoma County Water Agency. A secondary supply is drawn from Novato Creek, and secured through appropriative rights and impounded at Stafford Lake. Average annual demands within the East Marin service area over the municipal service review’s five-year timeframe (2009 to 2013) totaled 9,150 acre-feet and represents 41% of the maximum yield supply.⁸ This ratio changes under projected single-dry conditions to 101% - or a (1%) deficit.

Average annual demands generated over the municipal service review’s 60 month study period within the East Marin service area equaled 41% of the maximum available supply.

Supply and Demand | West Marin

NMWD’s potable water supplies for the West Marin service area are entirely drawn locally from Lagunitas Creek and collectively provide a maximum annual availability of 654 acre-feet based on appropriated rights. The primary access point to this local source is through two groundwater wells that capture underflow

Average annual demands generated over the municipal service review’s 60 month study period within the West Marin service area equaled 39% of the maximum available supply.

⁸ Active connections in the East Marin service area as of the end of the study period totaled 20,492. Annual water demands increased by 3.8% during the five-year study period with an average daily per capita use of 127 gallons.

and located on land owned by the Coast Guard. Average annual demands within the West Marin service area over the municipal service review's five-year timeframe (2009 to 2013) totaled 257 acre-feet and represents 39% of the maximum yield supply.⁹ This ratio changes under projected single-dry conditions to 45%.

2.2 SPHERE OF INFLUENCE

A. Establishment

Records show the Commission established the NMWD sphere as part of two separate actions in the early 1980s. The first action occurred in 1982 and involved the establishment of a sphere specific to the East Marin service area to be entirely coterminous with the then-NMWD jurisdictional boundary. The second action occurred in 1984 and involved the establishment of a sphere specific to the West Marin Service area and also to coterminous with the then-NMWD jurisdictional boundary with a limited number of exceptions. Most notable among the exceptions was involved the exclusion of jurisdictional lands comprising all of the Marshall area as well as the portion of lands in the Inverness area overlapping the Inverness Public Utility District.

B. Subsequent Commission Updates

The Commission performed a partial update on the NMWD sphere in 2002 as part of a regional study of the Novato region. The partial update resulted in the Commission formally affirming the NMWD sphere specific to the East Marin service area to be coterminous with the jurisdictional boundary. No previous update has been performed on the West Marin service area.

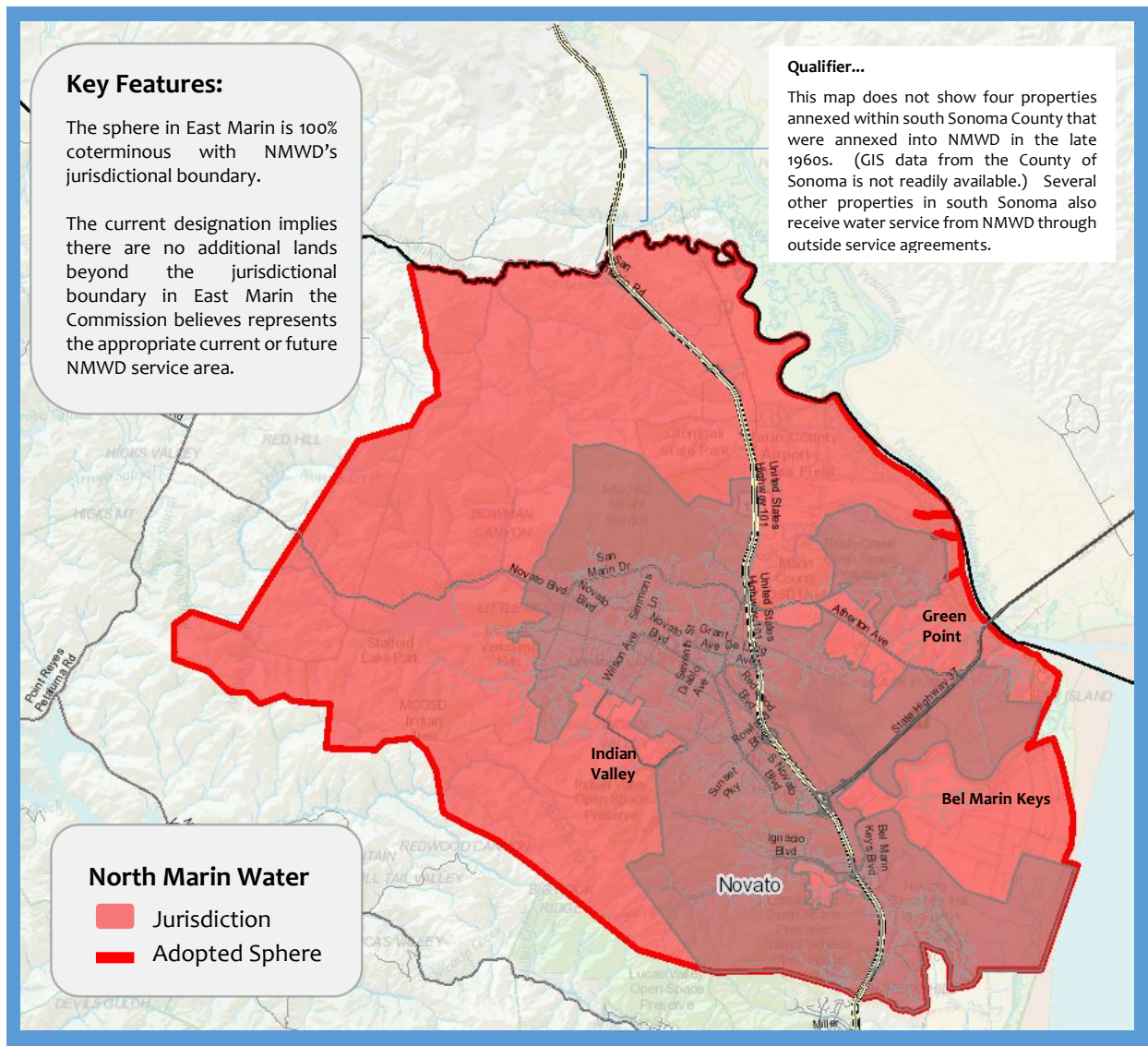
⁹ Active connections in the West Marin service area as of the end of the study period totaled 776. Annual water demands decreased by (3.1%) during the five-year study with an average daily per capita use of 118 gallons.

C. Current Composition

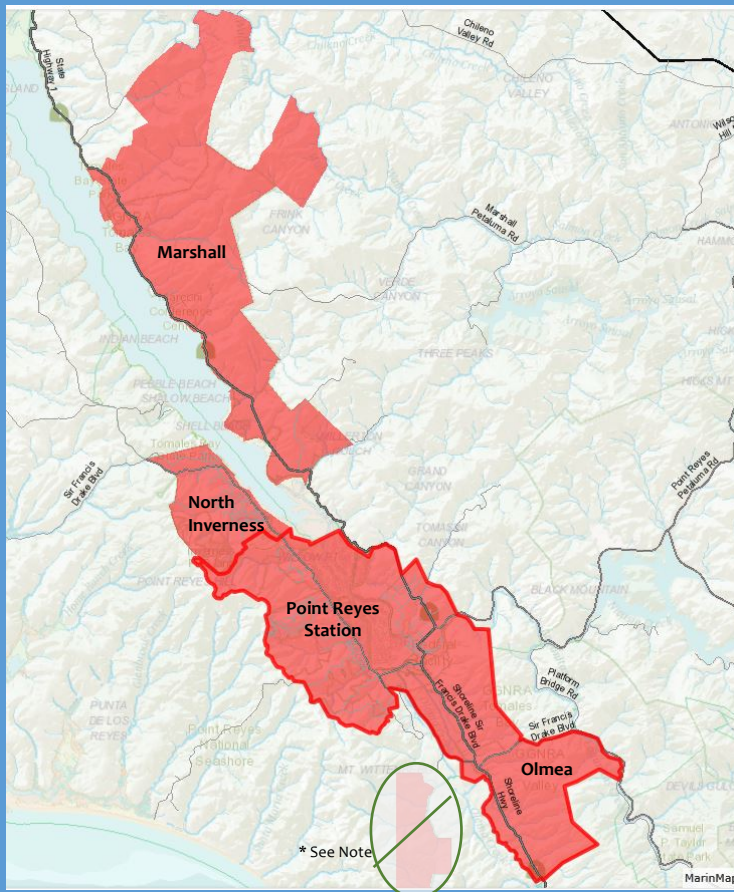
NMWD’s sphere presently spans approximately 55,329 acres or 87 square miles. As noted in the preceding paragraphs, the NMWD sphere is generally – but not entirely – coterminous with the jurisdictional boundary with the deviations specific to the West Marin service area. These deviations are reflected in the following maps and produces a sphere capturing only 86% of the jurisdictional boundary.

The NMWD sphere of influence captures 86% of the jurisdictional boundary with all deviations within the West Marin service area.

East Marin Service Area



West Marin Service Area



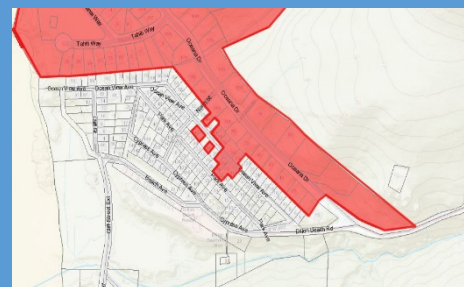
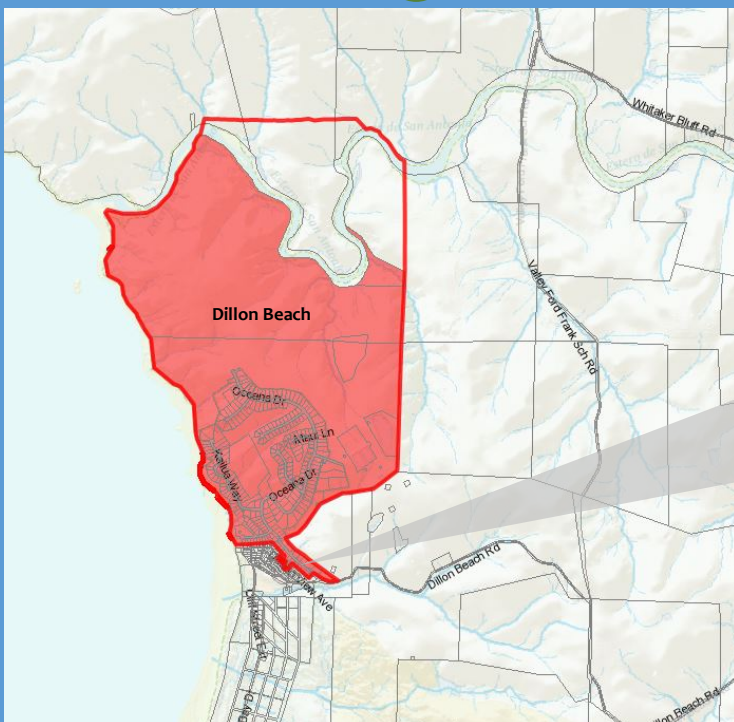
Key Features:

The sphere in West Marin captures 51% of NMWD's jurisdictional boundary and marked by the notable exclusion of Marshall and North Inverness.

The standing exclusion of jurisdictional lands in Marshall and North Inverness from the NMWD sphere reflects the Commission's policy expectation that the approximate 9,000 acres be detached.

The current inclusion of 190 acres of non-jurisdictional lands in Dillon Beach within the NMWD sphere reflects an expectation the lands be served by the District through annexation or an outside service extension.

* GIS records presently shows an approximate 755 acre addition within the jurisdictional boundary. It appears this single parcel – which is owned by the US Coast Guard – was never legally annexed, and as such is assumed not to be part of NMWD pending formal confirmation.



North Marin Water

- Jurisdiction
- Adopted Sphere

CHAPTER THREE ANALYSIS & RECOMMENDATIONS

3.0 ANALYSIS FOCUS

Consistent with CKH the underlying purpose of this report is to provide context and related analysis in step with the Commission’s directive to review and update NMWD’s sphere with any appropriate modifications therein. To this end, staff has performed its own assessment of the current NMWD sphere designation with the premising interest to identify modifications that facilitate the District’s logical development relative to the factors prescribed by the Legislature and further defined under Commission policy. This includes – and consistent with earlier input from Commissioners – orienting this process to identify (a) modifications that appear merited now as well as those (b) changes that may be merited in the near future but require additional study and analysis. Markedly, this latter category responds to the Commission’s interests to “telegraph”

This report’s analysis on potential sphere modifications to NMWD is the first comprehensive review of the District and takes into account two distinct study category types. The first category type considers potential changes that appear warranted now and based on existing information and analysis. The second category type considers potential changes that generate some level of merit, but requires additional informational and related analysis before making specific recommendations. This latter category is consistent with the Commission’s interest to begin “telegraphing” significant matters and provide advance notice to agencies and the public with respect to potential future undertakings by Marin LAFCO.

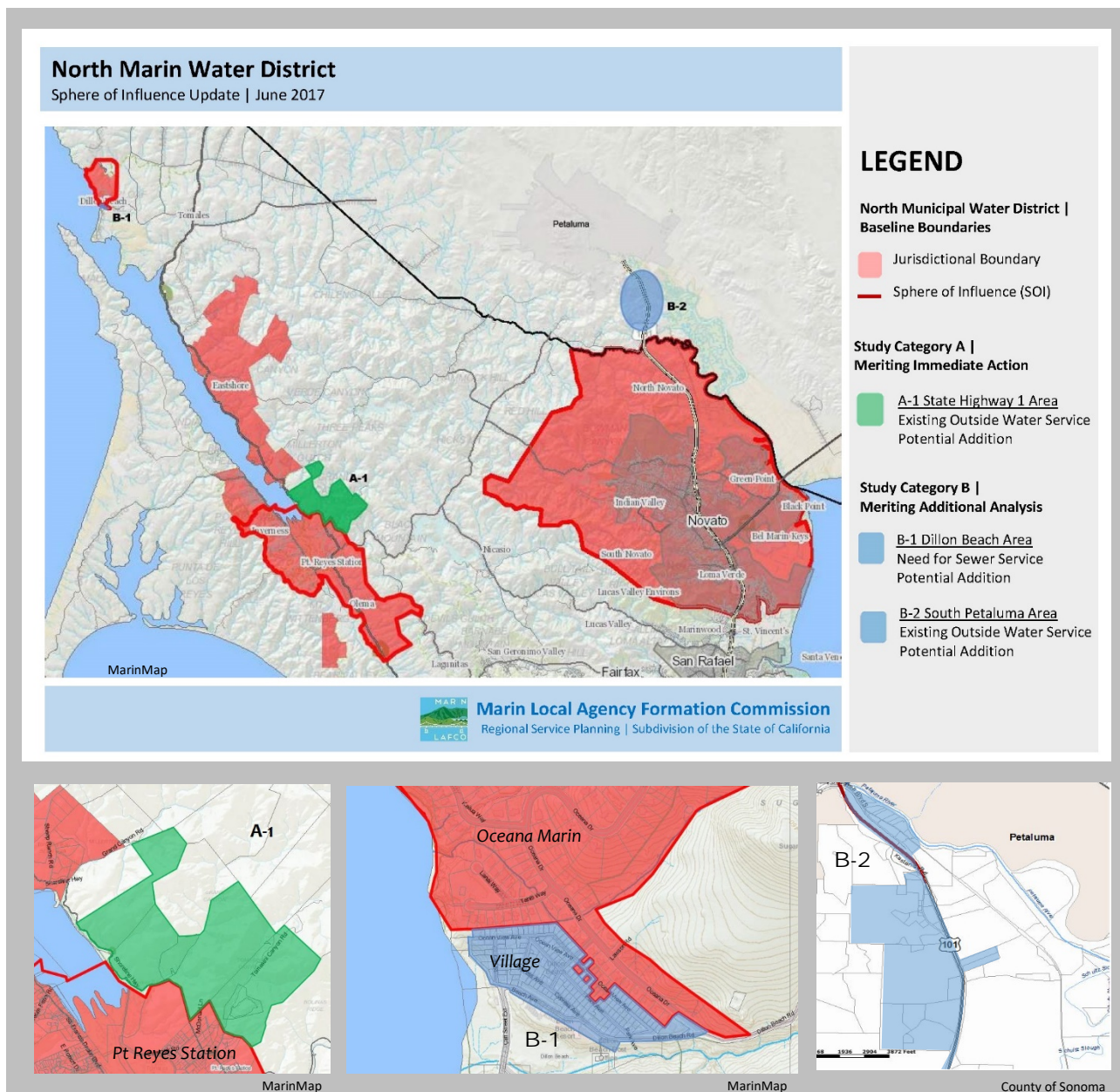
potential sphere modifications ahead of actual action with the goal of engaging the affected agency and communities with the expectation of returning to the topic with more information as part of the next five-year update.

3.1 STUDY CATEGORIES

A. Selection Criteria

As introduced in the preceding section the analysis on potential modifications to the NMWD sphere is the work of staff and divided into two categories. The first – Study Category “A” – represents those areas that existing information and analysis appears

sufficient in recommending an action (i.e., addition or subtraction from the sphere). The second – Study Category “B” – represents those areas that existing information and analysis suggests there may be merit for a modification, but given the scope of the potential change additional work is needed to reach a more informed recommendation before reaching any conclusions. An accounting of the areas selected and evaluated therein under both categories is shown in the following map and detailed in the succeeding sections.



Study Category A | Areas Meriting Immediate Action

A review of the NMWD sphere with respect to potential modifications now based on existing information and analysis identifies one selection for Commission consideration. This selection is identified as A-1 and is detailed below.

- A-1 has been identified for immediate addition into the sphere and encompasses an approximate 2,230 acre unincorporated area located off of State Highway 1 in the West Marin service area. A-1 consists of eleven legal parcels that are all under private ownership and largely developed with commercial agricultural uses ranging from livestock to dairy operations. There are also seven residential units within A-1. The adjacent right-of-way along State Highway 1 is also included. The proposed modification would principally serve to recognize NMWD's existing service commitments within A-1 as a result of pre CKH outside water service contracts reached by the District beginning in the late 1970s with the subject landowners; contracts that provide interruptible supplies and help mitigate against known low and poor groundwater in the region. (NMWD provides service to eight of the eleven affected parcels through a master meter that connects to private and individual lateral lines. The addition of the three remaining parcels provides a more orderly sphere designation.) Adding A-1 would conform to the expanded State definition of spheres of influence to emphasize the current and future NMWD service area as well as comport with the Commission's interest – and specifically through memorializing water availability – in supporting agricultural uses in Marin County. Additional and

A-1 spans approximately 2,230 unincorporated acres in the West Marin service area off of State Highway 1 that includes 11 parcels largely under commercial agricultural uses along with 7 residential units. (It also includes the adjacent right-of-way along State Highway 1.) It appears appropriate to add A-1 to the NMWD sphere now as a means – and among other considerations – to recognize the existing service commitments to the majority of the affected lands as part of pre CKH outside service agreements. The other three parcels are included for continuity purposes in providing an updated sphere designation.

technical details – including assessor parcels and existing uses – relating to the lands comprising A-1 as selected by staff are provided as Appendix A.

Study Category B | Areas Meriting Additional Analysis

A review of the NMWD sphere with respect to potential modifications that may be merited – and as such warrant identification in this update as a formal placeholder – but require additional information and analysis before making an informed recommendation identifies two selections for Commission consideration. These selections are identified as B-1 and B-2 and separately addressed below.

- B-1 has been identified as a placeholder for consideration in the future for possible inclusion into the sphere. It encompasses approximately 13.5 acres of unincorporated land located in Dillion Beach and within the West Marin service area. B-1 consists of 156 legal parcels that are nearly all under private ownership and largely developed with single-family residences as part of the original “Village” development and highlighted by the existing construction of 139 units. These parcels in B-1 represent the remaining portion of the Village area that are not already connected to NMWD’s public wastewater system for the Dillion Beach area, which was established in the 1970s in step with serving the Oceana Marin Subdivision.¹ Adding B-1 to the sphere, markedly, would formally

B-1 spans approximately 14 unincorporated acres in the West Marin service area and within the “Village” portion of Dillion Beach community. It includes 156 legal parcels that presently total 139 residential units. Adding B-1 to the sphere makes notional sense in ultimately expanding public sewer services in an existing high-density area, but merits more analysis to fully assess service and funding capabilities to make the necessary improvements. Accordingly, it appears appropriate to formally designate B-1 as a priority review ahead of the next schedule five-year sphere update and in doing so clearly signal Marin LAFCO’s intent to more fully explore options for purposes of generating proactive and informing discussions.

¹ The Oceana Subdivision was initially developed in the early 1970s. NMWD – and at the request of the County of Marin – proceeded to establish public wastewater services for the approximate 250-lot community in 1972. NMWD has also incrementally extended wastewater services into the older Village area – which is marked by small lots and narrow roads – to now include nearly one-dozen residential lots along Ocean View Avenue.

signal the Commission’s interest to NMWD to proceed with the infrastructure improvements necessary to extend public sewer to the remaining Village parcels and in doing so help remove the ongoing operation of private onsite septic systems within a high-density residential area along the coastline.² Adding B-1 to the sphere and the subsequent annexations, similarly, would help expand economies of scale necessary to improve community funding to cover the needed infrastructure improvements; the latter of which are attested by NMWD as significant constraints on the District’s ability to assume more service responsibilities outside of the Oceana Subdivision at this time. To this end, staff agrees more analysis is merited to assess actual service and funding capacities in B-1 in step with managing public expectations, as well as whether any further expansion into the remainder of the Village is ultimately warranted under CKH.

- B-2 has been identified as a placeholder for consideration in the future for possible inclusion into the sphere. It encompasses approximately 600 acres of unincorporated land located in southern Sonoma County and within the East Marin service area. B-2 consists of 30 legal parcels that are all under private ownership and largely developed with non-conforming residential uses immediately south of the City of Petaluma along State Highway 101. An exact number of dwelling units within B-2 is not presently available, but is reasonable to assume most of the 30 lots have at least one residence. All of these parcels have outside water service connections with NMWD with nearly all established pre

B-2 spans approximately 600 unincorporated acres in the East Marin service area south of the City of Petaluma in Sonoma County. It includes 30 legal parcels that are largely developed with residential uses, and are already served with water from NMWD byway of earlier outside service agreements. Adding B-2 to the sphere makes notional sense in matching the sphere to reflect current service commitments, but merits more analysis due to certain and detailed externalities. Accordingly, it appears appropriate to formally designate B-2 as a priority review ahead of the next schedule five-year sphere update and in doing so clearly signal LAFCO’s intent to more fully explore options for purposes of generating proactive and informing discussions.

² The majority of parcels comprising B-1 are less than 0.1 acres in size.

CKH.³ Similar to the merits underlying A-1, the potential addition of B-2 into the sphere would recognize NMWD’s existing service commitments, and as such conform to the expanded State definition of spheres in emphasizing local agencies’ current and future service areas. However, and distinct from A-1, there exist uncertainty with respect to NMWD continuing to serve all of its existing outside water connections in B-2 beyond the near term. This uncertainty is tied to NMWD’s ongoing discussions with Petaluma for the City to ultimately assume direct service responsibility for some or all of the service connections in B-2. Should B-2 remain in NMWD’s service area going forward separate questions arise meriting additional analysis. This includes whether it would be appropriate to size the sphere to accommodate any new connections and what would be the impacts therein to local land use authorities in Sonoma County.

3.2 RECOMMENDATIONS

A. Summary

The preceding analysis produces a staff recommendation for the Commission to make one modification to the NMWD sphere as part of this scheduled comprehensive update process. This recommended modification is to add all of the territory that comprises Study Category A-1 (State Highway 1) into the sphere. The addition of A-1 is consistent with CKH’s underlying objective for sphere designations to reflect the current and probable future jurisdictional boundary *and* service area of the subject agencies as determined by the Commission (emphasis added). A-1 has been part of NMWD’s service area in West Marin for several decades through the establishment of pre CKH

It is recommended the Commission make one change to the NMWD sphere as part of this update and this involves the addition of A-1 (State Highway 1) in West Marin. This addition would more accurately align the sphere to reflect NMWD’s existing water service area while also serving as a policy tool to support the economic vitality of agricultural uses in West Marin by encouraging the availability of a reliable water source to the affected lands.

³ The Commission most recently approved two outside service connections involving 3367 and 3357 Petaluma Boulevard in southern Sonoma County at its November 4, 2015 meeting. The approval was made without conforming sphere amendments and premised on the Commission addressing a documented public safety threat as provided under Government Code Section 56133.

outside water service agreements with the majority of the landowners. The addition of A-1 would also comport with the Commission’s interest – and specifically through memorializing water availability – in supporting existing agriculture uses in West Marin.

Similarly the preceding analysis also produces staff recommendations for the Commission to formally encourage more discussion going forward regarding the potential merits of adding Study Areas B-1 (Dillon Beach) and B-2 (South Sonoma County) to the NMWD sphere. These discussions would be anticipation of revisiting the topics in greater detail – and potentially for action – in the next five-year update cycle for reasons provided. This includes addressing the notional interest of the Commission documented in this report to facilitate the expansion of NMWD’s public

It is also recommended the Commission formally designate B-1 (Oceana Marin in Dillion Beach) and B-2 (South Sonoma County) as priority reviews ahead of the next scheduled five-year sphere update and in doing so clearly signal LAFCO’s intent to more fully explore long-term options for purposes of generating proactive and informing discussions.

wastewater services into the rest of the Village area of Dillion Beach and memorializing existing District water service commitments south of the City of Petaluma. Deferring these topics in earnest to the next scheduled update process would also provide NMWD the opportunity to internally engage these matters as well as provide advance notice to the affected land use authorities: County of Marin (B-1) and County of Sonoma (B-2).

Implicit in the preceding analysis is the conclusion that no other areas within or outside the existing NMWD sphere warrant review for potential amendment at this time. This includes – most notably – determining it remains appropriate for the Commission to continue to exclude from the sphere the portions of the NMWD jurisdictional boundary in the West Marin service area comprising the North Inverness and Marshall areas. This report affirms these areas merit detachment from NMWD given

It is separately recommended NMWD proceed with filing one or more proposals with the Commission to detach the portion of its jurisdictional boundary comprising the North Inverness and Marshall communities. Accordingly, and given the lack of germane social and economic ties, these areas remain outside the recommended sphere update.

the lack of social and economic communities of interests, and furthermore the

Commission encourages the District to submit one or more proposals to facilitate the referenced changes.

B. Mandatory Statements

The following statements have been prepared in support of the above recommendations on an updated NMWD sphere and address the Commission's mandatory review factors required under CKH. The statements collectively address the NMWD sphere as a whole and assume the recommended modifications are enacted.

Factor No. 1 | Present and Planned Land Uses in the Area

Lands in the updated NMWD sphere are predominately developed for urban type uses as planned for by the affected land use authorities that are separately subject to Commission review and oversight directly or indirectly. Less intensive uses – including rural residential, agricultural, and open-space – within the updated sphere are limited and their inclusion directly corresponds with local proximity and need to NMWD's potable water system.

Factor No. 2 | Present and Probable Need for Public Facilities and Services in the Area

Lands within the updated NMWD sphere reflect the appropriate current and future jurisdictional boundary and/or service area of the District as independently determined by the Commission.

Factor No. 3 | Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The Commission's recently completed municipal service review on countywide public water services indicates NMWD has established adequate administrative, service, and financial capacities to accommodate present and planned uses in the updated sphere. An abbreviated review of NMWD's limited wastewater options in the Dillon Beach area has also been prepared with its analysis incorporated into this update.

**Factor No. 4 |
Existence of any Social or Economic Communities of Interest in the Area if the Commission Determines they are Relevant**

Lands in the updated NMWD sphere have established social and economic interdependencies with the District that are distinct from neighboring areas and premised on the existing delivery of potable water or wastewater services. This update affirms and strengthens these ties.

**Factor No. 5 |
Present and Probable Need for Public Facilities and Services of Any Disadvantaged Unincorporated Communities Within or Adjacent to the Sphere**

There are no known disadvantaged unincorporated communities (DUCs) within or immediately adjacent to the updated NMWD sphere based on the statewide definition provided under CKH. Should the Commission adopt its own local DUC definition additional analysis will be required to revisit whether any lands within or immediately adjacent to the updated NMWD sphere qualify.

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Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

SUPPLEMENTAL REPORT

August 16, 2017

TO: Marin Commission

FROM: Rachel Jones, Administrative Analyst

**SUBJECT: North Marin Water District |
Overview of Wastewater Services in Dillon Beach Area**

This supplemental report has been prepared as part of Marin LAFCO's scheduled sphere of influence update on the North Marin Water District (NMWD) and is specific to providing an overview of existing District wastewater services in the Dillon Beach area.

Geographic Setting

The unincorporated community of Dillon Beach is located near the mouth of Tomales Bay in West Marin County. Dillon Beach is divided between two distinct developments. The Village represents the older part of the community and its present-day development began in the early 1910s. The Village is marked by narrow roads and approximately 170 residential lots with a majority being 0.07 acres or less in size. Additionally of note, most of the residences in the Village have transitioned over the last several decades from seasonal to year-round uses. The Oceana Marin Subdivision represents the newer part of the community and lies north of the Village. Oceana Marin's development began in the 1960s and presently includes approximately 250 residential lots that are relatively larger than homes in the Village with most being no less than 0.15 acres in size.

Dillon Beach



Collection and Treatment Facilities

NMWD's wastewater services in Dillon Beach are predominately limited to serving the Oceana Marin Subdivision. These services were established in the early 1970s at the request of the County of Marin given continual setbacks incurred by the developer in adequately maintaining a community wastewater system. The collection system consists primarily of six to eight inch lines that move flows by gravity to a central pretreatment basin. A pump station conveys flow through a grit/grease separator before reaching NMWD's treatment facility located immediately east of Oceana Marin. A small lift station located on North Street is used to lift the sewage. Secondary treatment is provided in the two ponds with one dedicated for biological/chemical treatment and one

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Matthew Brown, Alternate
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North Marin Water District

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Las Gallinas Valley Sanitary

Lew Kious, Alternate
Almonte Sanitary District

Jeffrey Blanchfield, Chair
Public Member

Chris Skelton, Alternate
Public Member

other for storage. Treated effluent is discharged to disposal field leach lines.

Existing Connections

NMWD presently provides wastewater services to 229 connections throughout the Dillon Beach community. Of this amount 220 of these connections lie within Oceana Marin. The remaining nine connections to the collection system are located within the Village and the result of incremental service expansions authorized through annexations approved by the Commission; the most recent of which was completed in 2016. It is estimated the current resident service population within Dillon Beach totals 400.

Wastewater Demands

NMWD reports the current average day wastewater flow within Dillon Beach and among its 229 service connections tallies 16,068 gallons and translates to an estimated daily per capita amount of 52 gallons. Demands are further broken down between the two common weather periods (dry-weather and wet-weather) as follows.

- Average dry-year weather flows over the five-year period between 2010-2015 total 6.81 million gallons.
- Average wet-year weather flows over the five-year period between 2010-2015 total 7.81 million gallons.

Treatment Capacity

NMWD's wastewater treatment capacity is estimated at 63,000 gallons per day. This estimate was last calculated by NMWD in 1995. The functional capacity, however and pertinently, is downgraded to 29,600 gallons per day given disposal limitations.

Demand vs. Capacity

- Average demands under dry-weather flows indicate NMWD's wastewater system is at 63.0% capacity. At the projected buildout of Oceana Marin, NMWD estimates this capacity ratio will increase to 79.7%.
- Average demands under wet-weather flows indicate NMWD's wastewater system is at 72.3% capacity. At the projected buildout of Oceana Marin, NMWD estimates this capacity ratio will increase to 88.9%.



Marin Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

SUPPLMENTAL REPORT

July 31, 2017

TO: Marin Commissioners

FROM: Keene Simonds, Executive Officer

**SUBJECT: North Marin Water District | Sphere of Influence Update
Comments on Draft Report and Staff Reponses**

The Commission will review written comments received on the draft report prepared as part of the scheduled sphere of influence update on the North Marin Water District. Staff responses to the written comments are also provided for Commission review.

The Marin Local Agency Formation Commission (LAFCO) received three written comment letters on the draft report prepared as part of the sphere of influence update on the North Marin Water District. These comment letters were generated as part of the 30-day review period initiated after the draft report was presented to the Commission for initial discussion and feedback at the June 8th meeting. Comments were received by date from the following persons and agencies:

1. North Marin Water District
2. Sonoma LAFCO
3. Robert Johnston
4. City of Petaluma

Copies of the comment letters follow and accompanied by staff responses that note – and among other items – when corresponding changes are reflected in the final report.

Attachments: as stated

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Jeffry Blanchfield, Chair
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RESPONSE TO COMMENTS

Prepared by the Executive Officer

1.0 Response to Comments | North Marin Water District

Comment 1-1

NMWD offers an alternative to the population estimate provided in the report for the District of 61,300. (The estimate cited in the report tallies 65,479.)

Staff has revised the final report to include a new footnote identifying NMWD's alternative population estimate. The report also continues to outline the specific criteria used by staff in projecting LAFCO's own estimate.

Comment 1-2

NMWD requests the map in the report showing the District's East Service Area be revised to show the four properties previously annexed into the District that lie in south Sonoma County.

Staff is unable to access GIS information from the County of Sonoma at this time, and as such cannot accurately update the map as requested. However, staff has revised the final report and specifically the map showing NMWD's East Service Area to note the referenced exclusion of the south Sonoma County properties.

Comment 1-3

NMWD asserts the map in the report showing the District's West Service Area incorrectly shows non-jurisdictional land within the District sphere at the northeast corner of the Dillion Beach area.

Staff has verified the referenced area was purposefully included in the NMWD sphere at the time of its establishment in 1982 by Marin LAFCO.

Comment 1-4

NMWD notes the District serves eight of the eleven properties within Study Area A-1 as outlined in the report.

| Comment noted.

Comment 1-5

NMWD notes all pipeline facilities in Study Area A-1 as defined in the report are privately owned and served through a master connection. NMWD adds existing (jurisdictional) District customers should not be expected to incur the costs to extend any municipal water service lines into A-1 should the lands be ultimately annexed.

| Comment noted.

Comment 1-6

NMWD seeks clarification Marin LAFCO serves as lead agency under CEQA with respect to addressing any environmental impacts associated with the sphere update.

| Staff confirms Marin LAFCO serves as lead agency for the sphere update.

Comment 1-7

NMWD seeks revisions to the report to correct and further differentiate development and District service commitments therein within Dillion Beach (Study Area B-1).

| Staff has revised the final report as requested. This includes properly identifying the lands within B-1 as the Village portion of Dillon Beach as opposed to incorrectly citing as part of the Oceana Marin Subdivision.

Comment 1-8

NMWD notes it is in ongoing discussions with the City of Petaluma with respect to transferring some of the District’s customers in south Sonoma County (Study Area B-2). NMWD adds it would be appropriate to revisit potential sphere changes involving Study Area B-2 at a later date given these ongoing discussions.

| NMWD’s comment is consistent with the conclusions and related recommendations presented in the draft and final reports.

**2.0 Response to Comments |
Sonoma LAFCO**

Comment 2-1

Sonoma LAFCO states it believes the ultimate service responsibility for current NMWD service commitments in south Sonoma County (Study Area B-2) should be a public agency in Sonoma County.

| Comment noted. Staff adds it is in general agreement and specifically it would appear ideal under LAFCO law for the City of Petaluma to directly serve Study Area B-1 and presumably through a corresponding change to its sphere of influence to include the subject lands.

Comment 2-2

Sonoma LAFCO notes it would be its policy preference for any new service connections within Study Area B-2 to be accomplished through outside service extensions in step with addressing documented public safety threats and as opposed to annexations.

| Comment noted. Staff adds this topic – and specifically the potential of accommodating new future connections in B-2 through outside service extensions versus annexations – merits additional dialogue.

Comment 2-3

Sonoma LAFCO states it does not believe there is benefit to the expansion of the NMWD sphere to include Study Area B-2.

| See response to 2-2.

Comment 2-4

Sonoma LAFCO notes – among other items – it may be appropriate for Marin LAFCO to cede authority in determining the District’s sphere in south Sonoma County to Sonoma LAFCO.

| Comment noted. Staff adds this option should be explored as part of the future discussions anticipated going forward and as recommended in the draft and final reports. (Staff also adds the comment seemingly contrasts with earlier input from Sonoma LAFCO and marked as recently in 2016 when it directed NMWD to seek an approval from Marin LAFCO in establishing a formal outside service connection for land within Study Area B-2 involving applicants’ Yee/Fonts.)

**3.0 Response to Comments |
Robert Johnston****Comment 3-1**

Mr. Johnston suggests it would be appropriate for Marin LAFCO to condition the expansion of the NMWD sphere to include Study Area A-1 to require all landowners sign contracts committing all related water service for agricultural use only.

| Comment noted. Staff adds this type of condition – and specifically limiting water service for a specific purpose – would be best effectuated under Marin LAFCO’s authority as part of a corresponding outside service agreement or annexation involving the subject lands. Nonetheless, should the Commission wish to proactively telegraph expected outcomes and uses, it could establish policy statements in the approving resolution updating the sphere of influence.

**4.0 Response to Comments |
City of Petaluma****Comment 4-1**

Petaluma states an agreement has been developed to transfer service responsibilities involving nine targeted outside service customers in Study Area B-2 from NMWD to the City. Petaluma notes these existing customers are immediately south of the City, and the agreement is expected to be considered by the City Council in the near future.

| Comment noted. Should the referenced agreement be finalized and the service transfer occur the merits to expand NMWD’s sphere of influence into Study Area B-2 to include the subject properties would be substantially muted.

Comment 4-2

Petaluma states should an agreement be finalized as noted in 4-1 the City anticipates discussing a larger transfer in Study Area B-2 to assume additional outside service customers as far south as Kastania Road; the approximate location where NMWD assumes ownership of the aqueduct that conveys treated water from SCWA. Petaluma adds it is possible it may eventually discuss an additional transfer further south to the county line to cover all of Study Area B-2.

Comment noted. Any formal transfer of NMWD's existing outside service commitments in Study Area B-2 to Petaluma would demerit the expansion of the District's sphere of influence to include any of the subject lands.

Comment 4-3

Petaluma states it would appear prudent to amend the City's sphere to capture any new service responsibilities it assumes within Study Area B-2 as part of a negotiated agreement with NMWD.

Comment noted.

Comment 4-4

Petaluma states it does not believe there is sufficient benefit to extend NMWD's sphere of influence into Study Area B-2. Petaluma adds a preferred alternative would be to classify B-2 as the City's own outside service agreement area.

Comment noted. Staff adds this option outlined by Petaluma merits review as part of the future discussions anticipated going forward and ahead of the next update as recommended in the draft and final reports.

Comment 4-5

Petaluma offers support for the recommendation in the draft report for discussions between all interested stakeholders in Study Area B-2 – and specifically the City and NMWD – to continue and in advance of Marin LAFCO revisiting the topic as part of a future update.

Comment noted. Staff adds the referenced recommendation remains intact as part of the final report.

From: Johnston, Bob <rajohnston@
Sent: Wednesday, July 19, 2017 6:03 PM
To: Marin LAFCO Staff
Cc: Johnston, Bob
Subject: App. A for Item 15, Mtg. of June 8

Keene,

I can't find the Appendix A for the SOI for NMWD rept. I want to see who the ag owners are. Pls send it. Thanks.

It appears as though the upper Martinelli property has been purchased by the NPS.

You have a dairy here (Giacomini) and a vineyard (Doughty). If these operations ever shut down, for any reason, or if the Regional WQ Control Bd ever shuts them down for WQ violations (Tomales Bay is nonattainment for nutrients and sediment), they might then try to convert to non-ag uses. So, I would condition the SOI annexation to require that NMWD adopt a binding provision that all of this water is for ag use only. I'd also require in the SOI annexation ordinance that all landowners will sign contracts saying this, also. You do not want your SOI annexation to be sprawl-inducing, one of the objectives of CKH, I believe.

Bob

Robert A. Johnston
USPS: P.O. Box 579
Point Reyes Station,
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**NORTH MARIN
WATER DISTRICT**

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Keene Simmons, Executive Officer
Marin Local Agency Formation Commission
1401 Los Gamos Dr., Suite 220
San Rafael, CA 94903

June 8, 2017

Re: Marin LAFCo Sphere of Influence Update-North Marin Water District (NMWD)

Dear Mr. Simmons:

Thank you for the opportunity to comment on the June 2017 Draft Sphere of Influence Update (Update). We understand that this draft report will be brought to the June 8th LAFCo Commission for discussion only followed by a formal public review and comment period with tentative final Commission action at the August 10th LAFCo meeting.

Comments to the draft report are provided as follows:

- **2.1 B (Page 16)**

NMWD's population for Novato is 61,300, West Marin is 1,700 and Oceana Marin is 400.

- **2.1 C (Page 17)**

The boundary map should be updated to show the four Sonoma parcels that are part of NMWD's service territory.

- **2.2 Sphere of Influence Part C – West Marin Service Area Map (Page 21)**

The current sphere boundary shown for the Oceana Marin service area is not correct. Specifically, the "adopted sphere" line is erroneously expanded in the north east corner of the sphere boundary.

- **3.1 A, Study Category A (Page 24)**

a. NMWD currently serves eight parcels outside of our West Marin service territory (immediately north of State Route 1 in Point Reyes Station). The report narrative addresses expanding our sphere of influence to incorporate nine subject parcels.

b. All pipeline facilities within the proposed expanded sphere of influence area are currently privately owned and maintained. Existing NMWD customers cannot be expected to incur the cost to extend any municipal water facilities in this expanded sphere of influence area.

DIRECTORS: JACK BAKER • RICK FRAITES • MICHAEL JOLY • STEPHEN PETTERLE • JOHN SCHOONOVER

OFFICERS: DREW MCINTYRE, General Manager • KATIE YOUNG, District Secretary • DAVID L. BENTLEY, Auditor-Controller • ROCKY VOGLER, Chief Engineer

c. It is our understanding that case law dictates that LAFCo would be required to serve as the lead agency and make any appropriate environmental determinations for any revisions to NMWD's sphere of influence.

- **3.8.1 Study Category B (Page 25)**

The Update identifies Category B areas B-1 (Dillon Beach) and B-2 (Sonoma county parcels along Hwy 101 corridor) as a formal place holder for future study in advance of the scheduled 2022 Update.

- a. B-1 (Dillon Beach). The narrative needs to be revised to clearly differentiate between the older Dillon Beach community (circa 1910) and the Oceana Marin Subdivision (constructed in the early 1970's). There is no service relationship between NMWD and the older Dillon Beach area that is proposed as an expanded sphere of influence. There are many homes in the older Dillon Beach community and NMWD's Oceana Marin wastewater facilities do not have the reserve capacity to serve this expanded area. Furthermore, any discussion about service in this expanded area must occur community wide and not on a piece by piece basis.
- b. B-2 (Sonoma Parcels along Hwy 101). NMWD and the city of Petaluma are in ongoing discussions regarding the transfer of some NMWD customers in the So. Petaluma Blvd Industrial Area to the city. Accordingly, any sphere of influence boundary changes should be discussed after said service transfers are completed.

Thank you for the opportunity to comment.

Sincerely,



Drew McIntyre
General Manager

DM/kly

t:\gm\lafco\nmwd comments soi update 0617.doc



CITY OF PETALUMA

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David Glass
Mayor

July 26, 2017

Chris Albertson
Teresa Barrett
Mike Healy
Gabe Kearney
Dave King
Kathy Miller
Councilmembers

Mr. Keene Simonds, Executive Officer
Marin Local Agency Formation Commission
1401 Los Gamos Drive, Suite 220
San Rafael, California 94903

Re: Comments Regarding Draft Report on the Comprehensive Sphere of Influence
Update for the North Marin Water District

Dear Mr. Simonds:

We appreciate the opportunity to comment on the draft Municipal Service Review your office has prepared for the North Marin Water District (NMWD) as presented at your Commission at the meeting of June 8, 2017. We understand that the issue will be on the agenda for action at the Commission's August 10th meeting and would hope that our comments would be considered.

The City of Petaluma's interest in the proposed action is focused on the area designated B-2 in the report and is specifically related to the potential for NMWD's sphere of influence or utility service area to extend northward to include the area of Sonoma County south of the city limits of Petaluma generally along the US Highway 101 and Marin Aqueduct alignments. NMWD is currently serving customers as an offshoot of developing the Marin Aqueduct project and acquiring right-of-way many years ago. Today this water transmission aqueduct is owned by the Sonoma County Water Agency (SCWA) to a point in the vicinity of Kastania Road and by NMWD south of that point.

An agreement has been developed between the City and NMWD for the transfer of ownership and service responsibilities to the City for the water facilities that serve nine customers in the area immediately south of the City limits within the northern portion of Area B-2. These customers are under outside service area authorizations (OSAA) with NMWD that would be transferred to the City once the agreement is finalized. This proposed agreement is expect to be acted upon by the City Council in the near future.

Upon consummation of that agreement, we expect to be in conversations with NMWD and SCWA to transfer to the City those facilities and connections south of this area to the point where NMWD assumes ownership of the aqueduct. Whether the City would pursue facilities and connection south of that point to the county line at San Antonio Creek is an open question. It would seem prudent to amend the SOI for the City, expand the City's water service area or require OSAA's for those properties that could easily be serviced from the SCWA owned portion of the Aqueduct. This should include those properties

4-1

4-2

4-3

Public Works & Utilities

City Engineer
11 English Street
Petaluma, CA 94952
Phone (707) 778-4303

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Ellis Creek Water
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Utilities & Field Operations

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that could physically be served by both ownership portions of the aqueduct. We believe that this plan would reasonably meet the goals of LAFCO to assure that County customers and service connections, including new connections, are best properly served by the nearest public retail water agency within the same County.

The City would support the concept of classifying any new connection to SCWA transmission facilities, and to the extent possible, all existing connections, as OSAA's authorized by LAFCO and managed by the nearest city or water district within the County. The primary criterion for granting a new connection should be a documented threat to public health and safety with service provided for existing use and development only.

In conclusion, we do not believe that extending the sphere of influence or eventual boundaries of NMWD into Area B-2 would be beneficial to all concerned and would suggest that the better water service option for this area would be to classify connections as OSAA's of the City of Petaluma. It should be noted that the City has an interest in the land use of the area to the south because it represents a gateway to the City, and that the City has capabilities to manage retail service connections in that area. **4-4**

The City would support continuing the efforts of NMWD, SCWA, and the City to develop consensus and agreements regarding service to existing customers and processing of future connections within the area serviced by aqueduct facilities within the Area B-2 without extending territorial jurisdiction of NMWD within Sonoma County. We believe this is consistent with the Marin LAFCO staff recommendation on the matter "...to formally encourage more discussion going forward regarding the potential merits of adding Study Areas B-1 (Dillon Beach) and B-2 (South Sonoma County) to the NMWD sphere. These discussions would be (in) anticipation of revisiting the topics in greater detail – and potentially for action – in the next five-year update cycle for reasons provided" (in the report). We look forward to engaging LAFCO and the water agencies involved in this process during the suggested planning window. **4-5**

Again, we appreciate the opportunity to comment and are available to answer questions or, if appropriate, to join you at the next Marin LAFCO meeting when this issue will be discussed.

Sincerely,



Dan St. John, F.ASCE
Director of Public Works and Utilities

cc: Teresa Barrett, Chair, Sonoma LAFCO
Drew McIntyre, General Manager, NMWD
Tennis Wick, Director, Sonoma County PRMD
John Brown, City Manager, City of Petaluma
Grant Davis, General Manager, Sonoma County Water Agency
Mark Bramfitt, Executive Officer, Sonoma LAFCO

SONOMA LOCAL AGENCY FORMATION COMMISSION

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July 17, 2017

Mr. Keene Simonds, Executive Officer
Marin Local Agency Formation Commission
1401 Los Gamos Drive, Suite 220
San Rafael, California 94903

Re: Comments Regarding North Marin Water District Municipal Service Review and Sphere of Influence Amendment

Dear Mr. Simonds:

Thank you for the opportunity to comment on the draft Municipal Service Review your office has prepared for the North Marin Water District (NMWD).

The Sonoma Local Agency Formation Commission seeks to file comments on the report specifically related to the potential for further study of whether NMWD's sphere of influence should be extended to include territory in Sonoma County generally south of the City of Petaluma.

While we recognize that NMWD is serving a number of customers in this area from water transmission aqueducts owned by the Sonoma County Water Agency (SCWA) and NMWD, we believe that eventual responsibility for these customers and service connections (and any potential new connections) should properly be the responsibility of a public agency in Sonoma County.

Connections to SCWA Transmission Facilities

For a variety of reasons, service connections to SCWA's transmission facilities (the aqueduct running south from Petaluma to the Kastania pumping station) have been granted in the past, usually in exchange for right-of-way agreements. Although these connections have not been governed by Outside Service Area Authorizations, we are of the belief that they are governed by agreements that typically limit water use (i.e. allowing one Equivalent Single Family Dwelling unit of consumption).

SCWA has identified this situation as problematic in at least two regards: SCWA is a wholesale service agency and, therefore, should not be serving retail customers; and SCWA does not have systems in place that a retail water agency does to serve customers directly.

Sonoma LAFCO would further note that SCWA is not regulated in terms of an agency territory boundary and sphere of influence and that granting service in largely rural areas of Sonoma County is inconsistent with LAFCO's mission and the goals of county land use planning. Simply stated, granting service access, even if only from transmission aqueducts, could enable development inconsistent with land use planning goals.

Connections to NMWD Transmission Facilities

From the Kastania pumping station south to the Marin/Sonoma border, NMWD owns and operates the aqueduct. The District serves many customers in Sonoma County directly from this portion of the line. Our research again indicates that there are service agreements in place for many of these connections that may limit development potential by limiting water supply.

Proper Classification of Transmission System Connections

Sonoma LAFCO has a strong preference for classifying any new connections to SCWA transmission facilities, and to the extent possible, all existing connections, as Outside Service Area Authorizations (OSAAs) authorized by the appropriate LAFCO.

The primary criterion for granting a new connection would be a documented threat to public health and safety, with service provided for existing use and development only.

We do recognize that many existing service connections (if not all) were granted prior to LAFCO oversight and that reclassifying these connections as OSAAs may not be feasible. However, we do not believe that extending the sphere of influence or eventual boundaries of NMWD to cover any part of this area would provide any benefit.

Rather, Sonoma LAFCO believes that the best governance option for this area is to classify connections to SCWA's facilities as OSAAs of the City of Petaluma, which has an interest in land use of territory surrounding the City and capabilities to manage retail service connections.

Governance of connections to NMWD's facilities in Sonoma County could be governed by Marin LAFCO, with referrals to Sonoma LAFCO, Permit Sonoma, and the City of Petaluma. Another option would be to cede authority for NMWD services in Sonoma County to Sonoma LAFCO.

Regardless however, to reiterate, territory in Sonoma County should not be added to NMWD's Sphere of Influence, as any connections should be considered as OSAAs only, supporting only existing development and uses that have a threat to public health and safety.

Sonoma LAFCO would support any effort by NMWD, SCWA, and the City of Petaluma to broker an agreement regarding treatment of these and any future connections to aqueduct facilities, without extending territorial jurisdiction of NMWD within Sonoma County.

Yours sincerely,



Mark Bramfitt
Executive Officer

cc: Teresa Barrett, Chair, Sonoma LAFCO
Drew McIntyre, General Manager, NMWD