

Ventura Local Agency Formation Commission

Saticoy Sanitary District

Municipal Service Review



Prepared By:
Ventura Local Agency Formation Commission
801 S. Victoria Avenue, Suite 301
Ventura, CA 93003
Accepted by the Commission on February 16, 2022

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Introduction

Purpose of the Municipal Service Review

Local Agency Formation Commissions (LAFCo) exist in each county in California and were formed for the purpose of administering state law and local policies relating to the establishment and revision of local government boundaries. According to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code § 56000 et seq.), LAFCo's purposes are to:

- discourage urban sprawl;
- preserve open space and prime agricultural land;
- ensure efficient provision of government services; and
- encourage the orderly formation and development of local agencies.

To achieve these purposes, LAFCos are responsible for coordinating logical and timely changes in local government boundaries (such as annexations), conducting special studies that identify ways to reorganize and streamline governmental structure, and determining a sphere of influence for each city and special district over which they have authority.

A **sphere of influence** is a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCo (Government Code § 56076). Beginning in 2001, each LAFCo was required to review, and as necessary, update the sphere of each city and special district on or before January 1, 2008, and every five years thereafter (Government Code § 56425(g)).

Government Code § 56430(a) provides that in order to determine or update a sphere of influence, LAFCo shall prepare a **Municipal Service Review (MSR)** and make written determinations relating to the following seven factors:

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

MSRs are not prepared for counties, but are prepared for special districts including those governed by a county Board of Supervisors. Additionally, while LAFCos are authorized to prepare studies relating to their role as boundary agencies, they have no investigative authority.

LAFCo staff prepared this MSR for the Saticoy Sanitary District (District) using information obtained from multiple sources, including, but not limited to:

- **MSR Questionnaire:** A questionnaire supplied by LAFCo elicited general information about the District (e.g., contact information, governing body, financial information), as well as service-specific data;
- **Budget:** The adopted budget provided information regarding services and funding levels;
- **General Plans:** Ventura County and City of San Buenaventura General Plans provided information regarding land use, populations, and service levels;
- **District Documents:** Various District documents provided supplementary information relating to service provision;
- **Historical MSR:** The 2004 MSR provided certain data that remain relevant and accurate for inclusion in the current MSR; and
- **District Staff:** District staff provided supplementary and clarifying information.

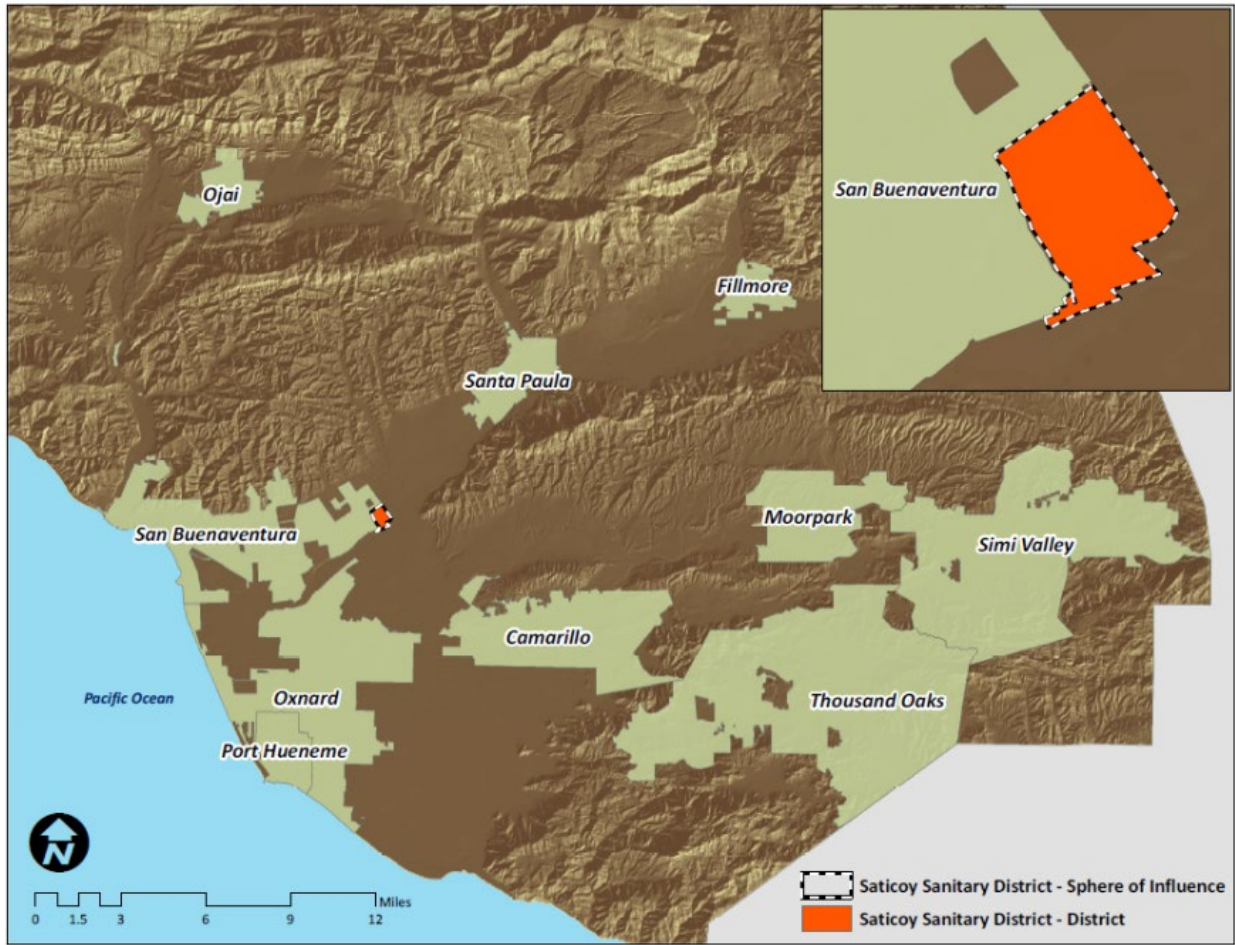
Organization of the MSR

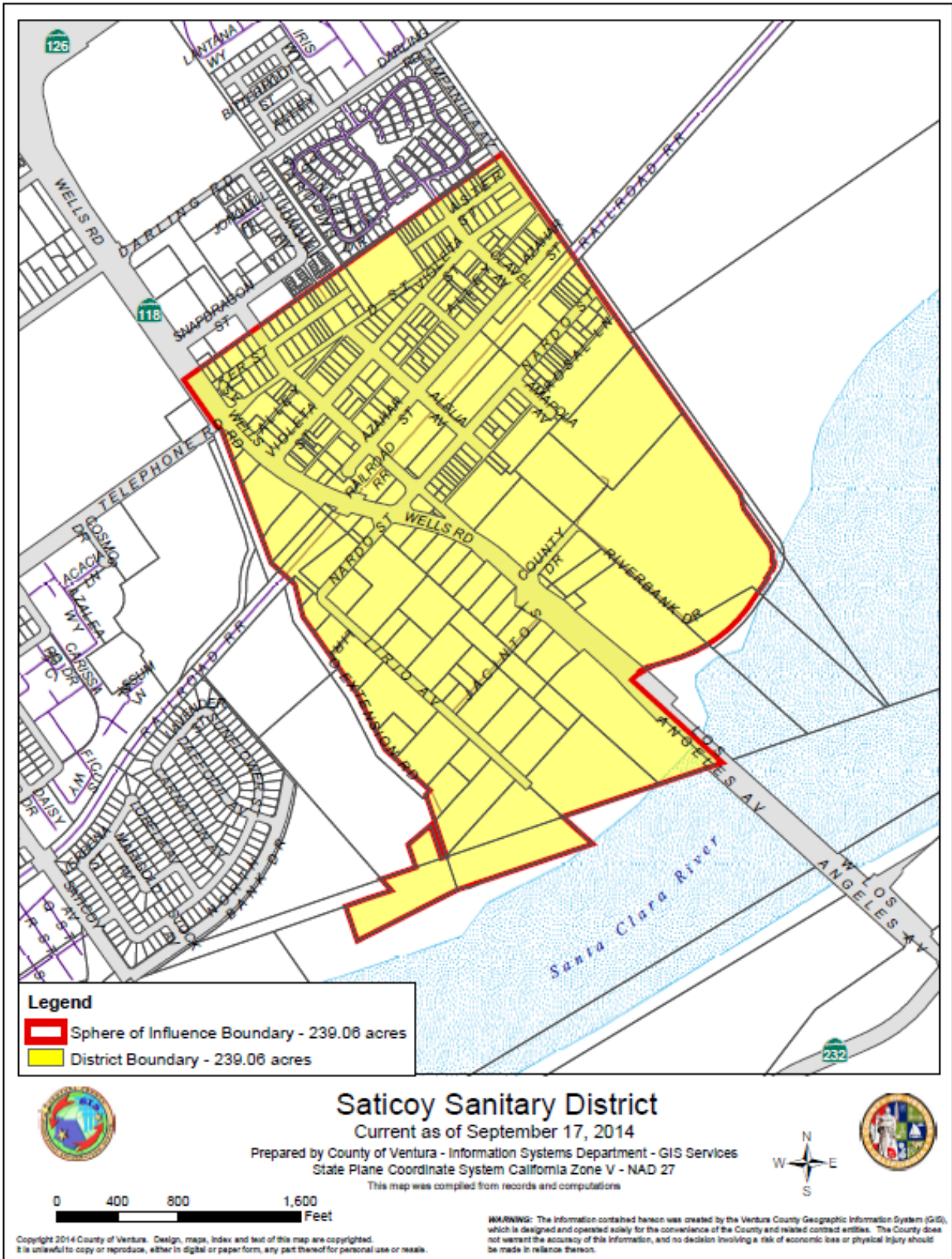
This report is organized into several sections, as follows:

- **Maps:** A general location map and the official LAFCo map of the District;
- **Profile:** Summary profile of information about the District, including contact information, governing body, summary financial information, and staffing levels;
- **Growth and Population Projections:** Details of past, current, and projected population for the District;
- **Review of Municipal Services:** Discussion of the municipal services that the District provides;
- **Sphere of Influence:** Discussion of the existing sphere of influence of the District and potential modifications to the sphere; and
- **Written Determinations:** Recommended determinations for each of the seven mandatory factors for the District.

The Commission's acceptance of the MSR and adoption of written determinations will be memorialized through the adoption of a resolution that addresses each of the seven mandatory factors based on the Written Determinations section of the MSR.

Maps





Profile

The Saticoy Sanitary District (District) owns and operates a wastewater treatment facility (the Jose Flores Wastewater Treatment Plant) and conveyance system. By means of a contract with the Ventura Regional Sanitation District (VRSD) and consultants for staffing, administrative, management, operation, and maintenance services, the District provides wastewater collection and treatment to the unincorporated community of Saticoy, immediately east of and adjacent to the City of San Buenaventura and entirely within the City’s sphere of influence.

Contact Information	
District Manager	Mark Norris
District Office ¹	1001 Partridge Drive, Suite 150, Ventura, CA 93003
Mailing Address	1001 Partridge Drive, Suite 150, Ventura, CA 93003
Phone Number	(805) 658-4642
Website	N/A ²
E-mail Address	marknorris@vrzd.com

Governance Information	
Formation Date	September 16, 1941
Legal Authority	<u>Health and Safety Code § 6400</u> (Sanitary District Act of 1923)
Type of District	Independent
Board of Directors	Five members. Elected by voting district to staggered, four-year terms of office (elections held in even-numbered years).
Board Meetings	3 rd Wednesday of each month, beginning at 5:30 p.m., located at 11168 Violeta Street, Saticoy, CA, 93004

Services Provided	
The District is authorized to provide wastewater collection and treatment services	

Population and Area Information		
	<i>Population</i> ³	<i>Area (square miles)</i>
Jurisdictional Area	1,133	0.37
Sphere of Influence Area	1,133	0.37

Staffing – Full Time Equivalent Positions ⁴			
Executive/Management	Professional/Support	Operational	Total
0	0	0	0

¹ The District’s office location and mailing address are anticipated to change as of July 1, 2022.

² While the Saticoy Sanitary District does not maintain a website, some information regarding the District is available at vrzd.com

³ Source: 2020 U.S. Census data

⁴ The District contracts with VRSD and consultants for its staffing needs.

Revenues	Expenditures
Primary Revenue Sources	Primary Expenses
Service Fees	Contract Services with VRSD ⁵
Special Assessments	Professional Services
Other	Salaries/Benefits and Administrative Costs
FY 2020-21 Revenues (Budget)	FY 2020-21 Expenditures (Budget)
\$861,876	\$785,416

Public Agencies with Overlapping Jurisdiction	
City of San Buenaventura	Ventura County Service Area No. 14
Fox Canyon Groundwater Management Agency	Ventura County Service Area No. 32
Gold Coast Transit District	Ventura County Transportation Commission
United Water Conservation District	Ventura County Watershed Protection District
Ventura County Air Pollution Control District	Ventura Port District
Ventura County Fire Protection District	Ventura Regional Sanitation District
Ventura County Resource Conservation District	

⁵ The District's contract services with VRSD include, but are not limited to, administration, management, plant and collection system maintenance, and operations.

Growth and Population Projections

LAFCo is required to project the growth and population for the affected area (Government Code § 56430(a)(1)).

According to the U.S. Census Bureau, the estimated 2020 population within the District's jurisdictional boundary and sphere of influence was approximately 1,133. The County of Ventura's Saticoy Area Plan (September 2015) estimated a 2010 population of 1,029 for the same general area. The District estimates a current population of 1,130 within both its jurisdictional boundaries and its sphere of influence. Based on information contained in the Environmental Impact Report prepared for the Saticoy Area Plan (adopted by the Ventura County Board of Supervisors in 2015), an estimated 110 new residential units with a corresponding increase in the population of 373 can be accommodated based on land use designations, for a total buildout population ranging from 1,402 to 1,506.

Review of Municipal Services

The review of the District's services is based on provisions of state law which require LAFCo to make determinations regarding the present and planned capacity of public facilities, the adequacy of public services, infrastructure needs and deficiencies, and the District's financial ability to provide these services (Government Code § 56430(a)(3)).

Wastewater Services

The District's facilities currently serve 179 residential and 107 commercial connections through approximately three miles of pipeline that conveys wastewater to the District's wastewater treatment facility located at 1419½ Lirio Street in the unincorporated community of Saticoy.

The original treatment plant facility/septic system constructed in the 1950s was upgraded in 2002 to a modern treatment plant, with support from grants provided by the United States Department of Agriculture and the California Clean Water Program.



Figure 3: Location of Jose Flores Wastewater Treatment Plant (Sources: Google Maps (2021) and Pictometry (2019))

According to the Environmental Impact Report for the Saticoy Area Plan, current average dry weather flow is 80,000 gallons per day (GPD). District staff documents that treatment capacity is 250,000 GPD and that peak capacity for short-term periods of increased demand is 500,000 GPD. Current peak flow during the rainy season is typically 180,000 GPD, however there have been a few occasions (prior to 2015) when the plant experienced flows of nearly 1,000,000 GPD. When peak capacity of 500,000 GPD is exceeded, the facility's percolation ponds store screened excess flows for a short-term duration until the treatment facility is able to accommodate the additional flow. Treated effluent is discharged into percolation ponds adjacent to the Santa Clara River.

The District's collection system is infiltrated by groundwater, which results in a greater volume conveyed to the treatment plant, as well as a corresponding increase in demand and stress on the District's treatment system. Also, wastewater infiltrates the surrounding groundwater, creating potential health and safety concerns for users of local groundwater. In 2013, the California Regional Water Quality Control Board (RWQCB), Los Angeles Region, adopted Waste Discharge Requirements Order No. R4-2013-0092, which specified that the District needed to take corrective and preventive actions related to intermittent effluent exceedances of total dissolved solids and sulfate, in order to comply with RWQCB waste discharge requirements. Due to high levels of total dissolved solids and sulfates existing in the potable water supply

provided by the City, the District remains out of compliance with the requirements of the RWQCB and continues to operate its treatment facility despite a cease-and-desist order issued by the RWQCB in 2013. This matter was partially addressed through the replacement of deficient sewer lateral lines from the main line to individual property lines in order to reduce infiltration (i.e., the Sewer Lateral Rehabilitation Project completed in 2016). The improvements included replacement and repair of lateral sewer and main lines for a total cost of \$1.4 million, funded through a Community Development Block Grant (CDBG) grant provided by the United States Department of Housing and Urban Development (HUD) (\$666,000) and a \$750,000 loan.

Additionally, the collection system includes privately-owned pipelines that connect between structures and/or separate properties before connecting into lateral lines that connect to the District's system. In an effort to motivate individual property owners to correct these illegal connections that often do not meet standards for conveying wastewater, the District Board of Directors adopted a series of resolutions to waive connection fees for new lateral lines throughout the District's service area. Another provision within the resolutions is the requirement that all wastewater customers obtain lateral line assessments and that any recommended repairs be performed. Currently, 37 percent of deficient private-party sewer lateral lines have been rehabilitated. Full implementation of the provisions of the resolutions is anticipated to reduce infiltration by 50 percent, thereby reducing rainy season flows to approximately 140,000 GPD.

According to District staff, improvements to the treatment plant have been delayed due to lack of funding, but the District is taking all necessary actions to ensure system reliability. The District received a \$500,000 grant from the 2021 Fiscal Year and 2022 Fiscal Year HUD/CDBG program to rehabilitate Sequencing Batch Reactor (SBR) No. 1 (used to treat wastewater), odor controllers, the geotube sludge drying area, and two manholes. These projects are currently under construction and anticipated to be completed by late 2022. In addition, the District has requested \$350,000 in HUD/CDBG funding for the 2023 Fiscal Year to rehabilitate SBR No. 2 and the headworks (i.e., the initial wastewater treatment process). Those funds are pending approval and, if approved, will be received during May 2022. The District continues to pursue CDBG funding, which is available to support maintenance and repair work to support a suitable living environment within low-income communities.

The District has also received State assistance through the Water Resources Control Board Proposition 1 Water Bond Program (also known as the Water Quality, Supply, and Infrastructure Improvement Act of 2014), through the Office of Sustainable Water Solutions which provides financial and technical assistance (general obligation bonds) to systems serving small, disadvantaged communities. According to information made available by the Office of Sustainable Water Solutions, State assistance is focused on accommodating activities that promote permanent and sustainable drinking water and wastewater treatment solutions to ensure effective and efficient provision of services, including but not limited to funding rate studies, engineering reports, water quality testing, California Environmental Quality Act (CEQA) document preparation, leak detection, capacity development work, and community outreach. As of July 2021, the District has received a \$265,000 award for developing an Engineering

Report, Plans and Specifications, environmental documents, and application assistance for a \$3.5 million wastewater conveyance system rehabilitation project. This project will result in the complete replacement of the aged main lines and manholes throughout the jurisdictional area of the District. Construction funding is pending the approval by the Proposition 1 Water Bond Program.

In November 2019, the District completed a rate study, culminating in the adoption of a monthly sewer service rate increase of 32 percent per equivalent residential unit (approximately \$25 increase per monthly sewer bill) for FY 2021, effective July 1, 2020, with increases of 3 percent over the subsequent four years. This increase in revenues ensures that the District has sufficient funds to operate and maintain its wastewater system to required minimum standards. Sewer service revenues that support the administration, operation, and maintenance of the District do not exceed the estimated reasonable cost of providing service, complying with required treatment standards, and maintaining adequate reserves.

The District routinely draws from its reserves to support its operations. Reserves over the last four years have consistently been maintained at approximately \$415,000. The District continues to maintain its facilities, but defers all maintenance that can be safely postponed due to the District's weak financial condition. Although the District is improving the quality and reliability of the system's collection infrastructure through implementation of the Sewer Lateral Rehabilitation Project, the infrastructure as a whole continues to experience deficiencies and inefficiencies that stress the system.

Sphere of Influence

Modification to the District's sphere of influence in four areas would cause the sphere to better conform to existing and anticipated service areas of the District, as described below and as depicted in Figures 4 and 5:

- **Area 1:** Expansion of the sphere to include an approximately 0.25-acre area located west of and near the intersection of Campanula Avenue and Aster Street, consisting of two residential parcels that have been receiving service from the District since prior to January 1, 2001, aligning the sphere to complement the City of San Buenaventura's jurisdictional boundary;
- **Area 2:** Expansion of the sphere to include an approximately 0.16-acre area located north of and near the intersection of Telephone Road and Wells Road, consisting of a residential parcel that has received service from the District since prior to January 1, 2001, and a portion of Telephone Road, aligning the sphere to complement the City of San Buenaventura's jurisdictional boundary;
- **Area 3:** Reduction of the sphere to exclude an approximately 1.32-acre area located at and north of the intersection of Wells Road and Aster Street, consisting a portion of Wells Road and a vacant parcel entirely within the City of San Buenaventura where the District does not provide service, and the City is anticipated to have the ability to provide service;
- **Area 4:** Expansion of the sphere to include an approximately 2.7-acre area located within a portion of Brown Barranca and adjacent to the Lirio Extension, which contains District infrastructure (i.e., a trunkline), immediately north of the District's wastewater treatment facility, aligning the sphere to complement the City of San Buenaventura's jurisdictional boundary.

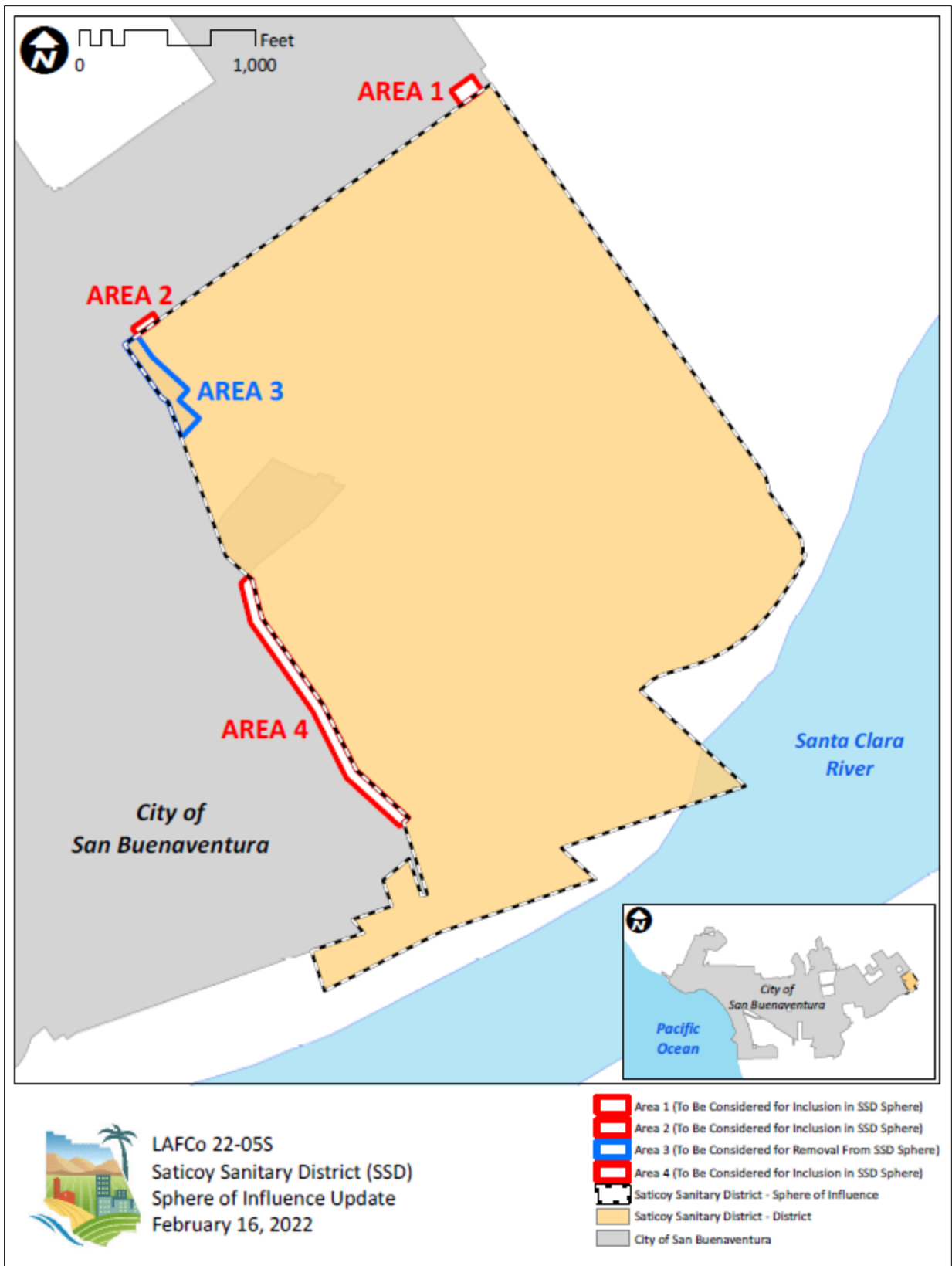


Figure 4: Area to be Considered for Modification to the Saticoy Sanitary District Sphere of Influence

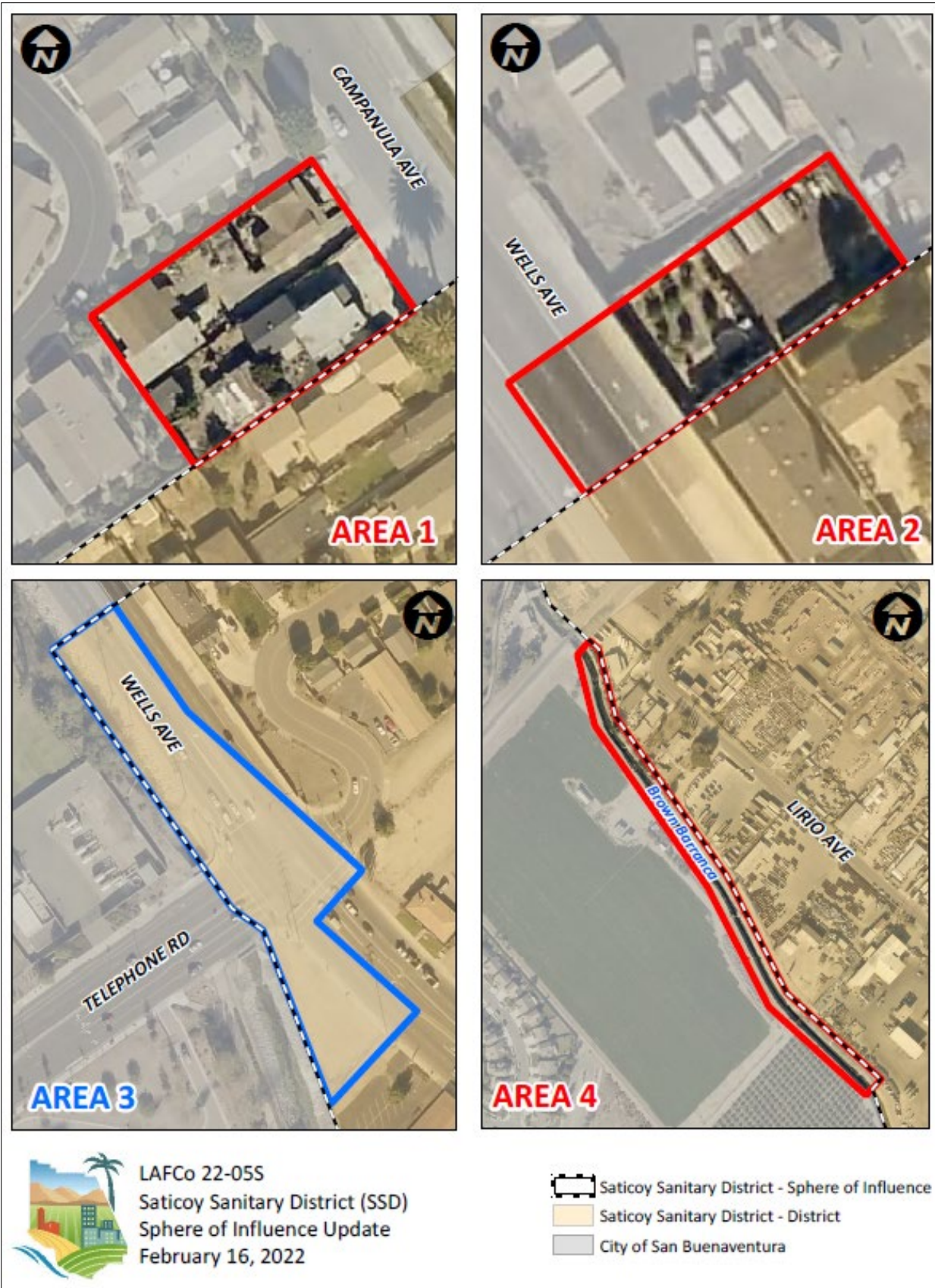


Figure 5: Area to be Considered for Modification to the Saticoy Sanitary District Sphere of Influence

Written Determinations

The Commission is required to prepare a written statement of its determinations with respect to each of the subject areas provided below (Government Code § 56430(a)).

1. Growth and population projections for the affected area

According to the U.S. Census Bureau, the estimated 2020 population within the District's jurisdictional boundary and sphere of influence was approximately 1,133. The County of Ventura's Saticoy Area Plan (September 2015) estimated a 2010 population of 1,029 for the same general area. The District estimates a current population of 1,130 within both its jurisdictional boundaries and its sphere of influence. Based on information contained in the Environmental Impact Report prepared for the Saticoy Area Plan (adopted by the Ventura County Board of Supervisors in 2015), an estimated 110 new residential units with a corresponding increase in the population of 373 can be accommodated based on land use designations, for a total buildout population ranging from 1,402 to 1,506.

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

A disadvantaged unincorporated community is defined as a community with an annual median household income that is less than 80% of the statewide annual median household income (Government Code § 56033.5). The Ventura LAFCo has determined that the community of Saticoy, southeast of and contiguous to the City of San Buenaventura and located within the City's current sphere of influence, is a disadvantaged unincorporated community. Based on a 2018 income survey provided by the Proposition 1 program, the median household income for Saticoy is \$30,000. The Saticoy community receives fire protection services primarily from the City of San Buenaventura (through a mutual aid agreement between the City and Ventura County Fire Protection District), police protection services from the Ventura County Sheriff's Office, wastewater collection and treatment services from the Saticoy Sanitary District, and water services from the City of San Buenaventura).

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies

Wastewater services:

- The District provides wastewater collection and treatment service within the unincorporated community of Saticoy, immediately east of and contiguous to the City of San Buenaventura.
- The District handles an average dry weather flow of 80,000 GPD and wet weather flow of 180,000 GPD. It has a treatment capacity of 250,000 GPD, and a peak flow capacity of 500,000 GPD.
- The District's collection system pipeline is infiltrated by groundwater, which results in a greater volume needing to be treated, as well as a corresponding increase in demand and stress on the District's treatment system. Also, wastewater infiltrates the

surrounding groundwater, creating potential health and safety concerns for users of local groundwater.

- Despite orders by the RWQCB, the District continues to operate its wastewater treatment facility, discharging treated wastewater that intermittently exceeds permitted levels of total dissolved solids and sulfates.
- The District's Sewer Lateral Rehabilitation Project, completed in 2016, resulted in the replacement of deficient sewer lateral lines from the District's main line to individual property lines.
- The wastewater collection system within the District's service area includes privately-owned pipelines that in many cases are illegal and connect between structures and/or separate properties before tying into the District's collection system. The District's Board of Directors adopted a resolution to waive connection fees for new lateral lines within its service area, in order to motivate legalization of unpermitted connections that in many cases were not constructed to standard specifications.
- A provision within resolutions adopted by the District is the requirement that all wastewater customers complete assessments of their lateral lines and perform any recommended repairs. Complete implementation of the provisions of the resolutions is anticipated to reduce infiltration by 50 percent, thereby reducing rainy season flows to approximately 140,000 GPD.
- The District has back-up generators which enable its facilities to be operated during a power outage.
- According to the Municipal Service Review for the City of San Buenaventura accepted by the Commission on February 21, 2018, the City's wastewater treatment plant is permitted to treat 14 million gallons per day (MGD) and treats less than 9 MGD. While flows to the City's facility are expected to increase to 11.4 MGD as a result of near-term development, buildout of the City's General Plan and demand within the anticipated service area is projected to generate 13.0 MGD. Therefore, the District should continue to engage in discussion with the City regarding annexation of the Saticoy community to the City. The community of Saticoy already receives some municipal services from the City, and among other benefits to the community, such an action would enable the City to assume the District's wastewater collection and treatment responsibilities, thereby allowing the District to be dissolved.

4. Financial ability of agencies to provide services

- The District has a balanced budget and appears to have the ability to finance the services it currently provides, although it relies on reserves and significant service rate increases to its customers in order to maintain revenues in excess of expenditures, and depends heavily on grants to accomplish its capital projects.
- The District has a steady stream of revenue through service fees collected from its customers. It has predictable expenses related to professional services for management of the District. The cost of capital improvement projects ranges from year to year. Over the last three years, the District has maintained reserves ranging between 54 percent and 58 percent of total revenue. Over the last four years, the District has averaged total

reserves of approximately \$415,000, which allows it to fund loans for capital projects and ensure three months of District operation.

- In 2020, the District implemented a 32-percent service rate increase, which will ensure that it has sufficient funds to ensure system reliability in compliance with required standards.
- Service rate increases, to be implemented over a five-year period, are expected to help improve the District's financial stability and its ability to support operation and maintenance of its facilities in compliance with required standards. As recommended in the rate study, wastewater rates should be reviewed bi-annually at a minimum in order to achieve and maintain long-term viability of the District.
- The District has received State assistance through the Water Resources Control Board Proposition 1 Water Bond Program, which provides financial and technical assistance to systems serving small, disadvantaged communities. Funding through this program is supporting the District's efforts to rehabilitate its wastewater infrastructure.
- The District is independently audited on a regular basis. According to the District, the most recent audit (January 6, 2022) prepared for the District was unqualified. An unqualified report reflects fair and transparent financial statements in compliance with generally accepted accounting principles and statutory requirements.
- Based on information that the Ventura County Special Districts Association provided the County in January 2021, the District has experienced financial impacts (e.g., costs related to personal protective equipment, sick leave, custodial/sanitation activities, signage, education and enforcement, childcare, and technology), related to the novel coronavirus (COVID-19) pandemic. Demands on District facilities increased due to residential customers spending more time at home during the pandemic, which increased operational costs at the treatment plant resulting from increased flows. District reserves will be able to cover the additional costs, if necessary.
- Senate Bill 929 (SB 929) requires every independent special district to maintain a website as of January 1, 2020, unless it declares a hardship that prevents its ability to establish or maintain a website. The District has each year adopted a resolution declaring that it has a financial hardship and is therefore unable to establish and maintain a website. Based on Board actions in 2019, 2020, and 2021, it appears that the District does not intend to develop a website. While the financial hardship of the District is real, the District should nonetheless explore options to develop and maintain a website in order to improve communication and transparency with its constituents. Based on preliminary research, development and maintenance of a website may be accomplished for a cost of approximately \$1,200 annually.

5. Status of, and opportunities for, shared facilities

- The District contracts with the VRSD and consultants for all of its staffing, administration, and management activities, and in this way achieves operational efficiencies.
- The District's service area consists of the unincorporated community of Saticoy and is entirely within the City of San Buenaventura's sphere of influence. Territory within the District's boundaries is served water by the City. As mentioned above, Saticoy is

considered by LAFCo to be a disadvantaged unincorporated community; the District has struggled financially, which has limited its ability to maintain its infrastructure and ability to adequately and efficiently serve its customers. As the community is contiguous to the City of San Buenaventura, the District should continue to explore opportunities for its service area to be annexed to the City, at which point the City would replace the District as the community's sewer service provider. At such time, with reliable and efficient sewer service responsibilities being assumed by the City, the District should be dissolved.

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

- The District is accountable to its constituents through its elected Board of Directors, adherence to applicable government code sections, and open and accessible meetings. Meeting notices are posted at the meeting location and at the VRSD office.
- The District has adapted to the changing needs of public access as a result of the disease caused by the novel coronavirus (COVID-19) pandemic, by providing live telephone access and public participation opportunities for its meetings.
- The District should consider development of a master plan to document the features of its existing collection and treatment system, evaluate the performance of its equipment, and provide recommendations on maintenance and/or improvements to the system.
- The District achieves operational efficiencies by contracting with VRSD and consultants for its management, financial, engineering, maintenance, and operations functions, and through participation in the California Special District Risk Management Authority insurance pool.
- The District should consider participation in the California Water/Wastewater Agency Response Network WARN (CALWARN) program (which supports and promotes statewide emergency preparedness, disaster response, and mutual assistance processes for public and private water and wastewater utilities in coordination with the State Office of Emergency Services).
- The District's response to the Grand Jury's Final Report – Independent Special Districts (April 26, 2018) documented the District's inability to develop and maintain a website (as required pursuant to Senate Bill 929), and its consideration of options to better publicize Board seats up for election but stresses the challenges in community interest for service on the Board. It specified that the District has focused on rehabilitation of its conveyance and treatment system (which has resulted in a near tripling of wastewater user fees over five years), and that funding does not exist for the creation and maintenance of a website. Very limited information about the District is provided on VRSD's website, and no information is provided regarding upcoming meetings (i.e., date, location, agenda). At the very least, the VRSD website should include basic information about the District, a summary of District services, current Board of Directors meeting agendas, current budget information, and links to its enabling legislation, the State Controller's "By the Numbers" (agency financial reporting information) and "Public Pay" (employee salary) webpages. Ideally, a website dedicated to the District would contain this information as well as historical meeting agendas and staff reports, historical

budget and audit documents, a boundary map, studies and reports, contact information and a roster of Board members, historical meeting minutes and recorded meeting archives, upcoming meeting information, a library of ordinances and resolutions, news and announcements, current project information, and would offer a Spanish translation option. Based on Board actions in 2019, 2020, and 2021, it appears that the District does not intend to develop a website. While the financial hardship of the District is real, the District should nonetheless explore options to develop and maintain a website in order to improve communication and transparency with its constituents. Based on preliminary research, development and maintenance of a website may be accomplished for a cost of approximately \$1,200 annually.

- The District may wish to consider development of a mission statement.
- District consulting staff was responsive in providing information for this MSR during the requested timeframe.

7. Any other matter related to effective or efficient service delivery, as required by Commission policy

No other matters were identified.