

Ventura Local Agency Formation Commission

Hidden Valley Municipal Water District

Municipal Service Review



Prepared By:
Ventura Local Agency Formation Commission
801 S. Victoria Avenue, Suite 301
Ventura, CA 93003
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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 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 some information regarding services and funding levels;
- **General Plan:** The Ventura County General Plan (including the Lake Sherwood/Hidden Valley Area Plan) provided information regarding land use, populations, and service levels;
- **District Documents:** 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;
- **District Website:** The district's website provided supplementary and clarifying information; 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

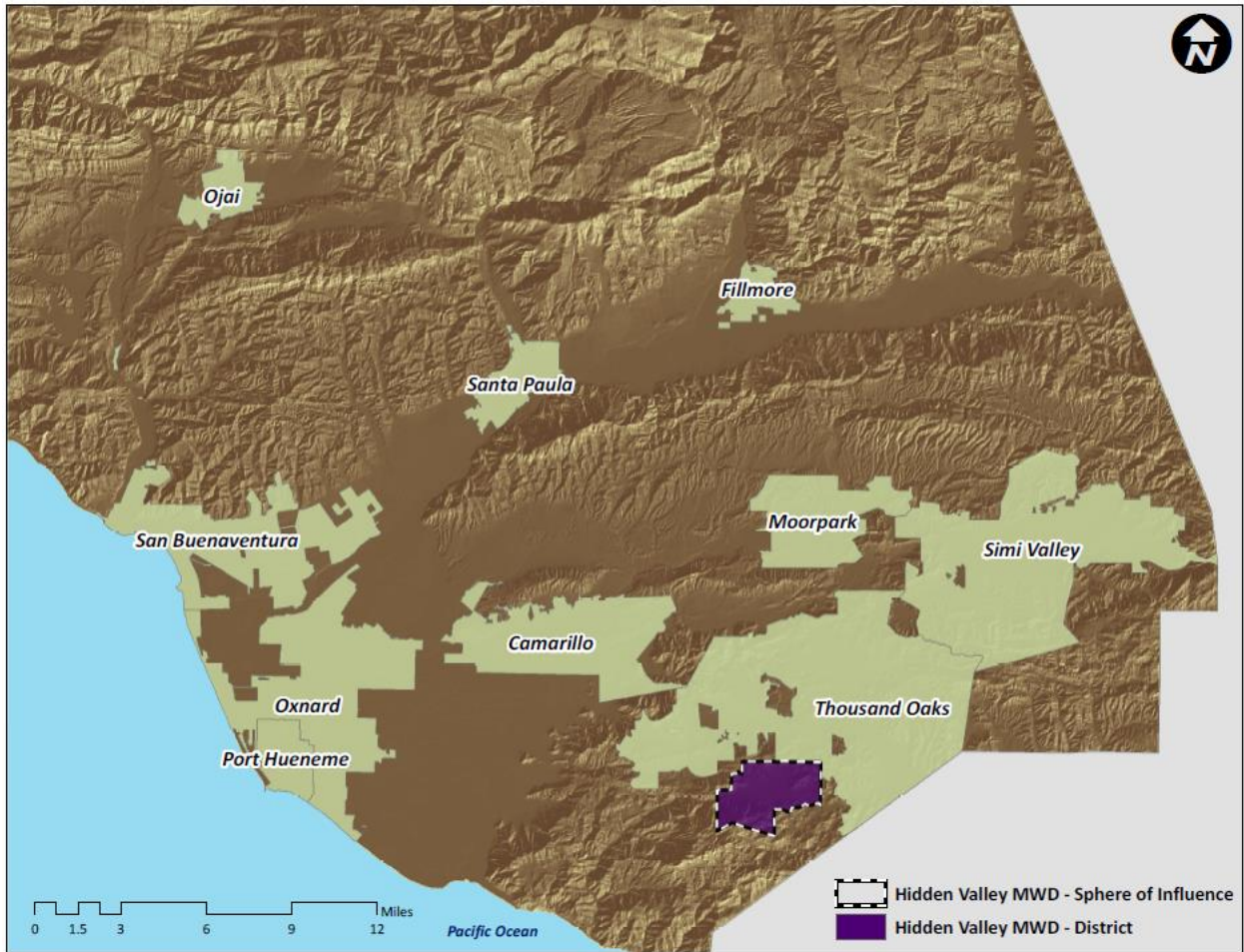


Figure 1: Location Map

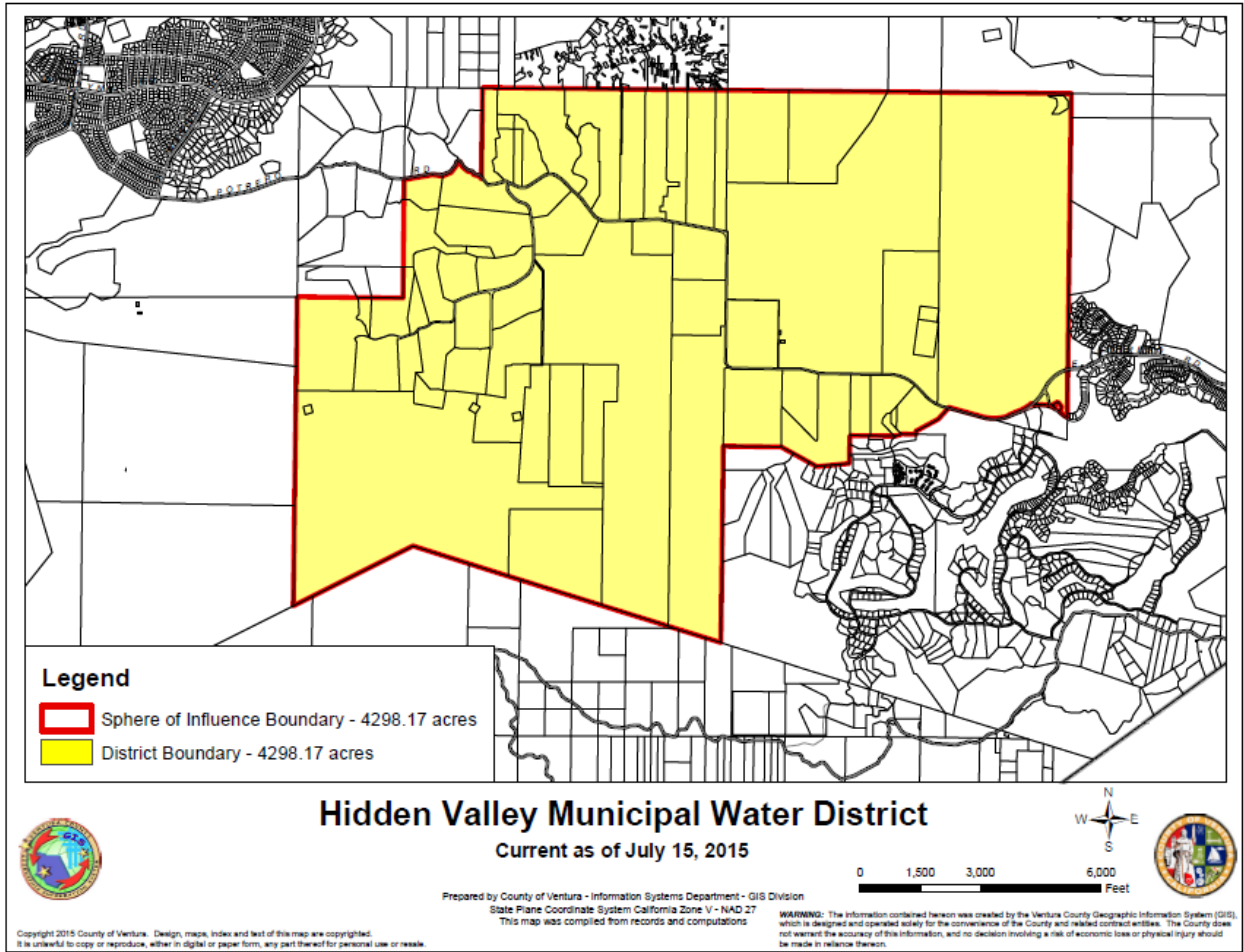


Figure 2: Official LAFCo Map

Profile

The Hidden Valley Municipal Water District's (HVMWD or District) mission is provided as follows:

To plan for and provide water and related services to residents of the District while, at the same time, maintain the rural atmosphere of the unique community.

According to the MSR accepted by LAFCo on September 17, 2003, "The Hidden Valley MWD monitors growth and development, water demand and water supplies for 37 ranches served potable water by more than 100 private wells. The agency does not provide direct water service." The HVMWD does not have a history of providing domestic water service, although it is authorized to do so. Based on information contained in LAFCo's records, the impetus behind District formation was the desire for the Hidden Valley community to retain its pastoral character; residents and landowners believed that formation of a municipal water district would prevent the overlapping annexation of the community to the Calleguas Municipal Water District, thereby removing the potential introduction of imported water service and opportunities for intensified development of the valley. As of July 15, 2015, the HVMWD is also authorized to provide retail non-potable water service using purchased recycled water.

Within the HVMWD, approximately 70 percent of properties are at least 20 acres in size, with some exceeding 500 acres. Many of the properties within the HVMWD are developed with single-family residential development and horse ranches.

Contact Information

District Manager	N/A
District Office	N/A
Mailing Address	P.O. Box 534, Moorpark, CA 93020
Phone Number	(805) 300-1214
Website	hvmwd.specialdistrict.org
E-mail Address	hiddevallymwd@yahoo.com

Governance Information

Formation Date	May 31, 1960
Legal Authority	<u>Water Code Section 71000 et seq.</u> (Municipal Water District Law of 1911)
Type of District	Independent
Board of Directors	Five members. Elected at-large to staggered, four-year terms of office (elections held in even-numbered years).
Board Meetings	One meeting held annually in February, beginning at 9:00 a.m., located at 320 W. Stafford Road, Thousand Oaks, CA 91361.

Services Provided

The Hidden Valley Municipal Water District provides recycled water service.

Population and Area Information		
	<i>Population</i> ¹	<i>Area (square miles)</i>
Jurisdictional Area	150	6.72
Sphere of Influence Area	150	6.72

Staffing – Full Time Equivalent Positions ²			
Executive/Management	Professional/Support	Operational	Total
0	0	0	0

Revenues		Expenditures	
Primary Revenue Sources		Primary Expenses	
Recycled Water Sales		Recycled Water Purchases	
Property Taxes		Professional Services	
FY 2022 Revenues (Budget)		FY 2022 Expenditures (Budget)	
\$100,600		\$82,830	

Public Agencies with Overlapping Jurisdiction	
Calleguas Municipal Water District	Ventura County Resource Conservation District
Gold Coast Transit District	Ventura County Service Area No. 14
Lake Sherwood Community Services District	Ventura County Service Area No. 32
Metropolitan Water District of Southern California	Ventura County Transportation Commission
Triunfo Water and Sanitation District	Ventura County Watershed Protection District
Ventura County Air Pollution Control District	Ventura Regional Sanitation District
Ventura County Fire Protection District	

¹ Source: Hidden Valley Municipal Water District estimate

² Source: One of the HVMWD Board members handles payment of bills, invoicing, and administrative tasks related to operation of the District.

Growth and Population Projections

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

The unincorporated Hidden Valley community that comprises the HVMWD service area contains approximately 150 residents within a sparsely populated area. The properties within the District are designated by the Ventura County General Plan for open space uses, and no changes in land use designation are anticipated that would enable or encourage intensified development within this area. Therefore, it is unlikely that the District will experience perceptible growth within the foreseeable future.

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)).

Recycled Water Services

Water service provided by the HVMWD is limited to non-potable (recycled) water service, which the District has been authorized to provide since 2015. The HVMWD purchases and then provides access to recycled water to property owners within the HVMWD's service area. Non-potable water is supplied by the Triunfo Water & Sanitation District (TWSD), which is authorized to distribute recycled water.

The TWSD, through a contractual agreement, delivers water to the HVMWD by means of a single meter that is located immediately southeast of Ventura County Fire Protection District Fire Station No. 33 (i.e., 33 Lake Sherwood Drive, near the northwest corner of Lake Sherwood). The contract can be terminated by either party upon 30 days written notice to the other party. Upon implementation of the TWSD's Pure Water Project (i.e., indirect potable reuse of recycled water), the TWSD will likely terminate the contract and begin using the recycled water for potable purposes (which is not expected to occur sooner than 2028).

Customers privately transport water from the meter by truck to individual properties within the HVMWD's service area, to be used for fire suppression (e.g., water tank storage) and irrigation purposes. Currently, nine properties receive recycled water through the recycled water meter, and two additional properties have received service within the past 12 months. Monthly demand of non-potable water is estimated to range from 300 to 2,500 hundred-cubic-feet (i.e., approximately 2,250 to 19,000 gallons).

Sphere of Influence

There have been no changes to the District's service area that would require alterations to its sphere of influence boundary, and no changes are anticipated in the foreseeable future.

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

- The unincorporated Hidden Valley community that comprises the HVMWD service area contains approximately 150 residents within a sparsely populated area. The properties within the District are designated by the Ventura County General Plan for open space uses, and no changes in land use designation are anticipated that would enable or encourage intensified development within this area. Therefore, it is unlikely that the District will experience perceptible growth within the foreseeable future.

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 percent of the statewide annual median household income (Government Code § 56033.5). No disadvantaged unincorporated communities are located within or contiguous to the District's sphere of influence. According to Ventura LAFCo Commissioner's Handbook Section 3.2.5, Ventura LAFCo has identified Nyeland Acres (within the City of Oxnard's sphere of influence to the north of the city) and Saticoy (within the City of San Buenaventura's sphere of influence to the east of the city) as disadvantaged unincorporated communities.

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

Recycled Water Services:

- HVMWD's service is limited to billing activities related to recycled water service that is provided by the Triunfo Water & Sanitation District through a single water meter accessed by customers. The water meter dispenses water, and customers privately transport the recycled water to properties within the District's boundaries.
- The HVMWD does not own or maintain any infrastructure for delivery of water of any type, and does not provide any other service.
- The District's non-potable water supply appears to be adequate to meet current demands.
- The District does not have a history of providing potable water service.
- The 2004 MSR prepared for the HVMWD determined that the District should ensure that all wells within the agency are metered, that accurate records of pumping are kept and that an emergency water supply is identified. It does not appear that the District has taken these actions. If the District has no intention of providing services other than recycled water service, it should consider pursuing divestiture of its power to provide services related to potable water service and groundwater monitoring activities.

- The provision of non-potable/recycled water is exempt from Government Code § 56133, which otherwise requires LAFCo approval in order for a city or district to provide a new or extended service outside its jurisdictional boundary; however, pursuant to LAFCo resolution LAFCo 15-05, recycled water shall only be transported to and used within properties located within the HVMWD’s jurisdictional area.

4. Financial ability of agencies to provide services

- The District adopts an annual budget for each calendar year (i.e., January through December) at its annual meeting each February. The District should consider scheduling its annual meeting to adopt its budget prior to start of the budgetary period, to ensure that it has the necessary funding to carry out its obligations for the upcoming budget year.
- According to the California State Controller, the District’s revenues since 2003 ranged from \$352 (in 2013) to \$91,446 (in 2016). Expenditures during the same period ranged from \$3,849 (in 2013) to \$112,444 (in 2016), with a similar spike between 2014 and 2016. In all but three of the years during this period, expenditures have exceeded revenues. Most recent data available (Fiscal Year (FY) 2017-18) documents revenues of \$56,332 and expenditures of \$61,399. Based on information available from the Ventura County Auditor/Controller, for FY 2019-20, the District is entitled to \$8,504.20 in property taxes. Given limited available financial data, is unclear whether the District has the ability to finance the services it provides or sustain its operations into the future.
- The District’s budgets consist of line item expenses, but do not provide any detail or discussion regarding any items, and do not include any information regarding District revenues. For 2022, the District’s revenues are anticipated to be \$100,600 and its expenses are budgeted at \$82,830. Based on information provided by the District, it appears that it has operated under a balanced budget since 2020.
- It is not clear if the District has any reserves or has adopted a policy on maintaining reserves.
- Based on a December 31, 2018, financial audit available on the District’s website, the financial position of the District for FY 2016-17 and FY 2017-18 are in accordance with generally-accepted accounting principles.
- Bond rating information for the HVMWD is unavailable.
- Based on information that the Ventura County Special Districts Association provided the County in January 2021, the District has not experienced financial impacts related to the coronavirus.

5. Status of, and opportunities for, shared facilities

- 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).

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

- The District appears to be accountable to its constituents through its elected (and often appointed in lieu of election) Board of Directors.
- The HVMWD achieves operational efficiencies through the purchase of recycled water from the Triunfo Water & Sanitation District (TWSD).
- Although the District is authorized to provide potable water service, actual service provided by the District is limited to non-potable water service, which is purchased from the TWSD and made available to customers through a single meter. The provision of non-potable/recycled water is exempt from Government Code § 56133; therefore, the TWSD (which does not include the same territory as the HVMWD and sells the non-potable water to the HVMWD for purchase within the HVMWD's boundaries) is authorized to provide non-potable water outside its boundaries and within the jurisdictional boundaries of the HVMWD. Through a contractual agreement, the TWSD provides recycled water to the HVMWD; however, the contract can be terminated by either party upon 30 days written notice to the other party. Upon implementation of the TWSD's Pure Water Project, the TWSD will likely terminate the contract and begin using the recycled water for potable purposes (which may occur by 2028). If the HVMWD ceases its recycled water service by virtue of its inability to arrange for a wholesale recycled water source, the HVMWD should consider pursuing dissolution. If the HVMWD continues to provide recycled water service, since it does not have a history of providing potable water service during its 60-year history and does not appear to have a water source to provide such a service, it should consider submittal of a request to LAFCo to divest itself of the power to provide potable water service.
- The HVMWD provides a website that contains basic District information, including its address, service area map, board meeting agendas (for 2019, 2020, and 2022) and minutes (for 2019 and 2020), and an audit. The District could improve its transparency by providing the District's mission, general information about the District's history, enabling legislation, summary of services and facilities, current and historical adopted budgets, studies and reports, historical meeting agendas and minutes, upcoming meeting information, contact name and information and a roster of current Board members, by posting links to the most recent municipal service review completed by LAFCo, by recording and archiving Board meetings to be available on the District's website, and generally replacing nonspecific/template language throughout the website with District-specific details and data.
- The Ventura County Grand Jury released a document entitled Final Report – Independent Special Districts (April 26, 2018), which was the result of an investigation by the Grand Jury into the transparency and public accountability of independent special districts within the County. The Grand Jury identified opportunities for improvement in these subject areas and required a response from the District. Since release of the Grand Jury report, the District launched a website (which remains to be

expanded to contain all required information). Additionally, the District should establish and/or provide public access to its reserve policy.

- The HVMWD's Board meetings are held at the Lake Sherwood Country Club, located at 320 W. Stafford Road, within the gated community of Lake Sherwood. District meeting notices are posted at the meeting location, along Potrero Road at either entrance to the District's jurisdictional area, as well as published in the Ventura County Star newspaper. The District should ensure that, in compliance with the Ralph M. Brown Act, meeting notices are posted in a publicly accessible place (i.e., outside the gates of Lake Sherwood) and within or near the District's jurisdictional boundaries, and that meetings are accessible to any member of the public interested in attending. Given the absence of a District office or local community center, the District should consider additional (or replacement) meeting notice posting locations (e.g., installation of a weatherproof display clearly visible from the recycled water meter) and/or an alternative location for its meetings.

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

- No other matters were identified.