Ventura Local Agency Formation Commission

Ventura County Waterworks District No. 8

Municipal Service Review

Prepared By:
Ventura Local Agency Formation Commission
801 S. Victoria Avenue, Suite 301
Ventura, CA 93003
Accepted by the Commission on March 15, 2023

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Introduction

Purpose of the Municipal Service Review

Local Agency Formation Commissions (LAFCos) 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 Ventura County Waterworks District No. 8 (District or VCWD 8) 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 Simi Valley 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;
- **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

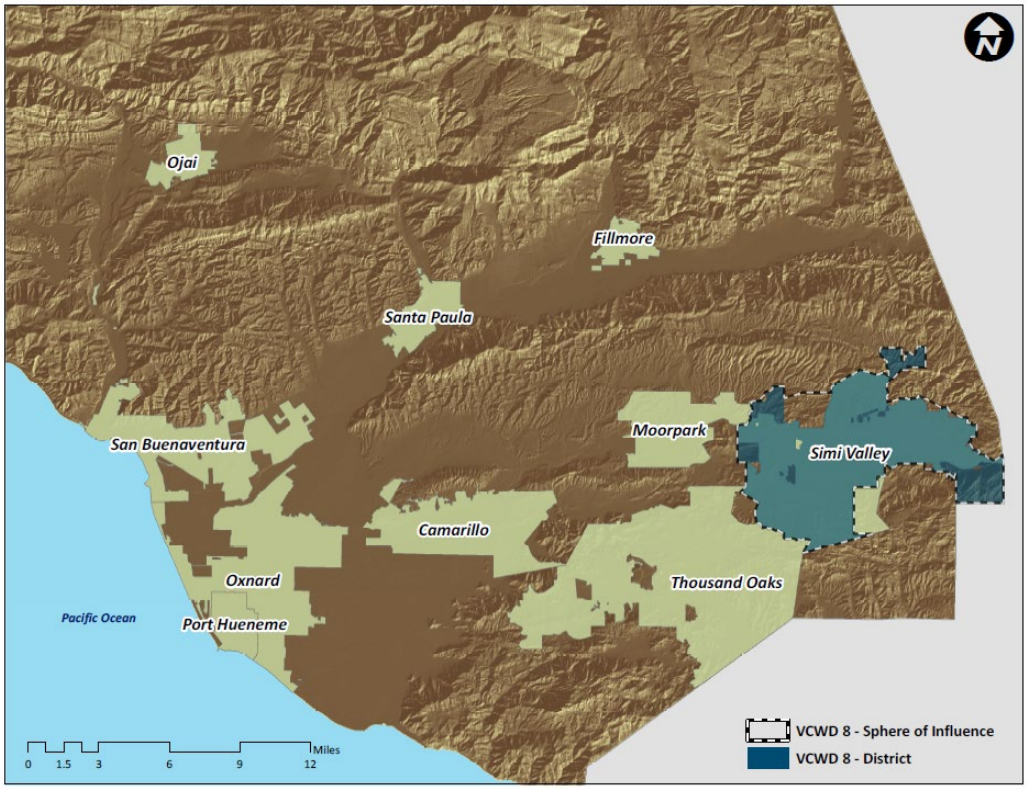

Figure 1: Location Map for Ventura County Waterworks Distrct No. 8

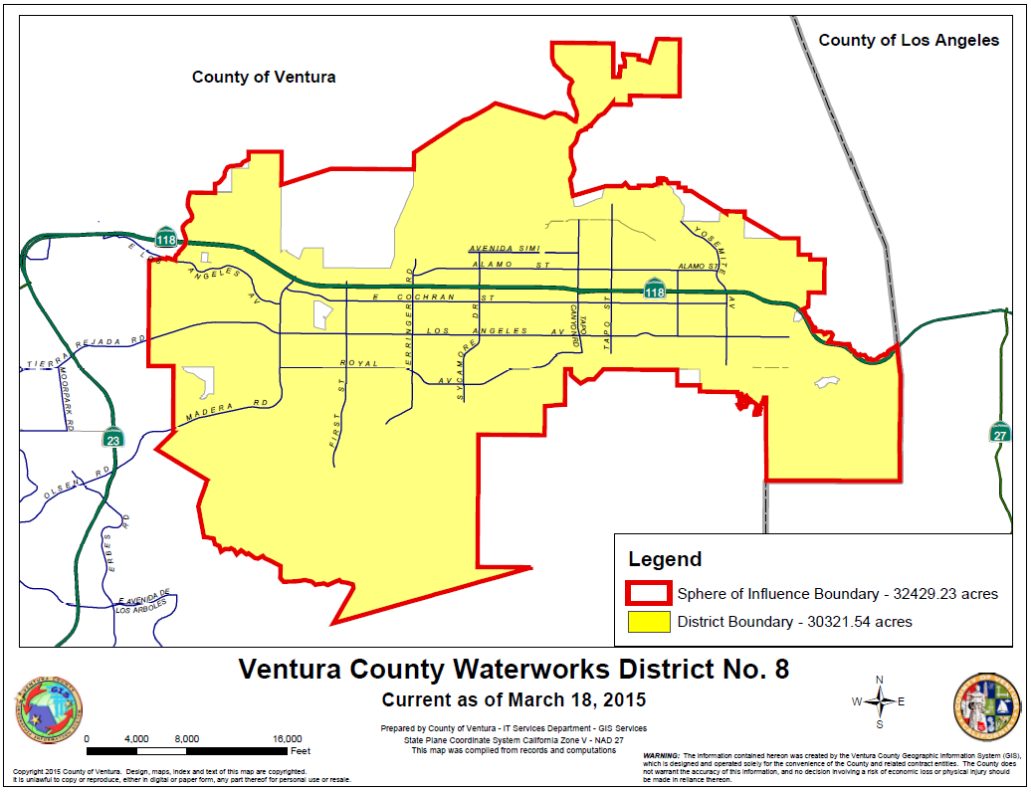

Figure 2: Official LAFCo Map Ventura County Waterworks Distrct No. 8

Profile

VCWD 8 provides water service to most of the Simi Valley area, as well as to the surrounding area. The District was formed in 1977 as a dependent district of the City of Simi Valley, following incorporation of the City in 1969. The District provides services through the City's Public Works Department. VCWD 8's potable retail water service area includes approximately 68 percent of the territory in the City of Simi Valley.

While the District does not have a unique mission, the mission of the City of Simi Valley is provided as follows:

> *To deliver excellent service to our community by providing a safe and healthy living environment, sound fiscal management, responsive customer service, and an atmosphere that encourages community involvement and volunteerism through a local government that is accessible, efficient, and accountable to its citizens.*

Contact Information	
District Manager	Joe Deakin
District Office	600 W. Los Angeles Avenue, Simi Valley, CA 93065
Mailing Address	2929 Tapo Canyon Road, Simi Valley, CA 93063
Phone Number	(805) 583-6736
Website	simivalley.org/departments/public-works/waterworks-vcwwd-no-8
E-mail Address	jdeakin@simivalley.org

Governance Information	
Formation Date	September 20, 1955[1]
Legal Authority	Water Code Section 55000 (County Waterworks District Law)
Type of District	Dependent
Board of Directors	Five members. Board of Directors consists of the Simi Valley City Council. Mayor elected at-large to a two-year term of office (elections held in even-numbered years). Four members elected by district to staggered, four-year terms of office (elections held in even-numbered years).
Board Meetings	Mondays as scheduled, beginning at 6:30 p.m., located in the City Council Chambers at 2929 Tapo Canyon Road, Simi Valley, CA 93063. Broadcast live on the City's government cable television channel, and available live-stream and anytime on the City's website.

Services Provided
VCWD 8 is authorized to provide retail potable water, water treatment, recycled/reclaimed water service, agricultural water, groundwater management, and water conservation services.

[1] Following its formation, VCWD 8 was involved in district consolidations, and on July 1, 1977, governance of VCWD 8 was transferred from the County Board of Supervisors to the Simi Valley City Council, at which time it became a dependent district of the City of Simi Valley.

Population and Area Information		
	Population[2]	*Area (square miles)*
Jurisdictional Area	94,738	47.38
Sphere of Influence Area	Unknown	50.67

Staffing – Full Time Equivalent Positions[3]			
Executive/Management	Professional/Support	Operational	Total
1	10	30	41

Revenues	Expenditures
Primary Revenue Sources	Primary Expenses
Water Commodity Charges and Sales	Operations and Maintenance[4]
Water Lift Charges	Transfers and Reimbursements[5]
Rents and Leases[6]	Administration
FY 2022-23 Revenues (Budget)	FY 2022-23 Expenditures (Budget)[7]
$51,582,800	$56,870,985

Public Agencies with Overlapping Jurisdiction	
Calleguas Municipal Water District	Ventura County Fire Protection District
City of Simi Valley	Ventura County Resource Conservation District
El Rancho Simi Cemetery District	Ventura County Service Area No. 32
Gold Coast Transit District	Ventura County Transportation Commission
Metropolitan Water District of Southern California	Ventura County Watershed Protection District
Rancho Simi Recreation and Park District	Ventura County Air Pollution Control District
Ventura County Air Pollution Control District	

[2] Source: The 2020 estimated population of VCWD 8 is provided in the District's 2020 Urban Water Management Plan. The estimated population within the District's sphere of influence is not known; however, it is likely not significantly greater than the population within the District's jurisdictional area.

[3] Source: Current and historical City of Simi Valley budget documents, and City of Simi Valley staff (i.e., District staff).

[4] Includes the cost of purchasing imported water.

[5] Transfers and reimbursements are budgeted for internal accounting purposes, to document the District's contribution toward covering the City of Simi Valley's overhead expenses (e.g., use of City buildings for offices and other facilities, and administrative costs associated with staffing and general administration of the District).

[6] The District has lease agreements with cellular companies which allow the companies to site and maintain cellular antennas and other supporting equipment on the District's water tanks.

[7] Expenditures in FY 2022-23 are budgeted to exceed revenues by $5,288,185. This difference will be covered by reserves plus working capital balance in the unlikely scenario that expenses will actually exceed revenues.

Growth and Population Projections

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

The District's 2020 Urban Water Management Plan (UWMP) (adopted May 17, 2021) documented a 2020 population of approximately 94,738 within its service area, based on an analysis using the Department of Water Resources' Population Tool. The UWMP relied upon the Southern California Association of Government (SCAG) 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy to project the future population within the District's service area, and estimated a population of 99,437 by 2030 and 104,369 by 2040. The Municipal Service Review prepared by LAFCo for the City of Simi Valley (February 21, 2018) projects that the population within the City (which overlaps the District to a large degree) will be in the range of 142,400 to 157,675 by 2040 (based on California Department of Finance data and 2016-2040 RTP/SCS growth forecasts). An estimate for the District's sphere of influence is not available, but the population within the District's sphere is anticipated to be only slightly greater than the population within the District's service area.

Review of Municipal Services

The review of VCWD 8'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)).

Potable Water Services

Service Area

VCWD 8 provides potable retail water service to approximately 68 percent of the territory in the City of Simi Valley (i.e., 26,438 service connections), as well as to adjoining unincorporated areas to the southeast and north of the City, for residential, commercial, industrial, and agricultural purposes.[8]

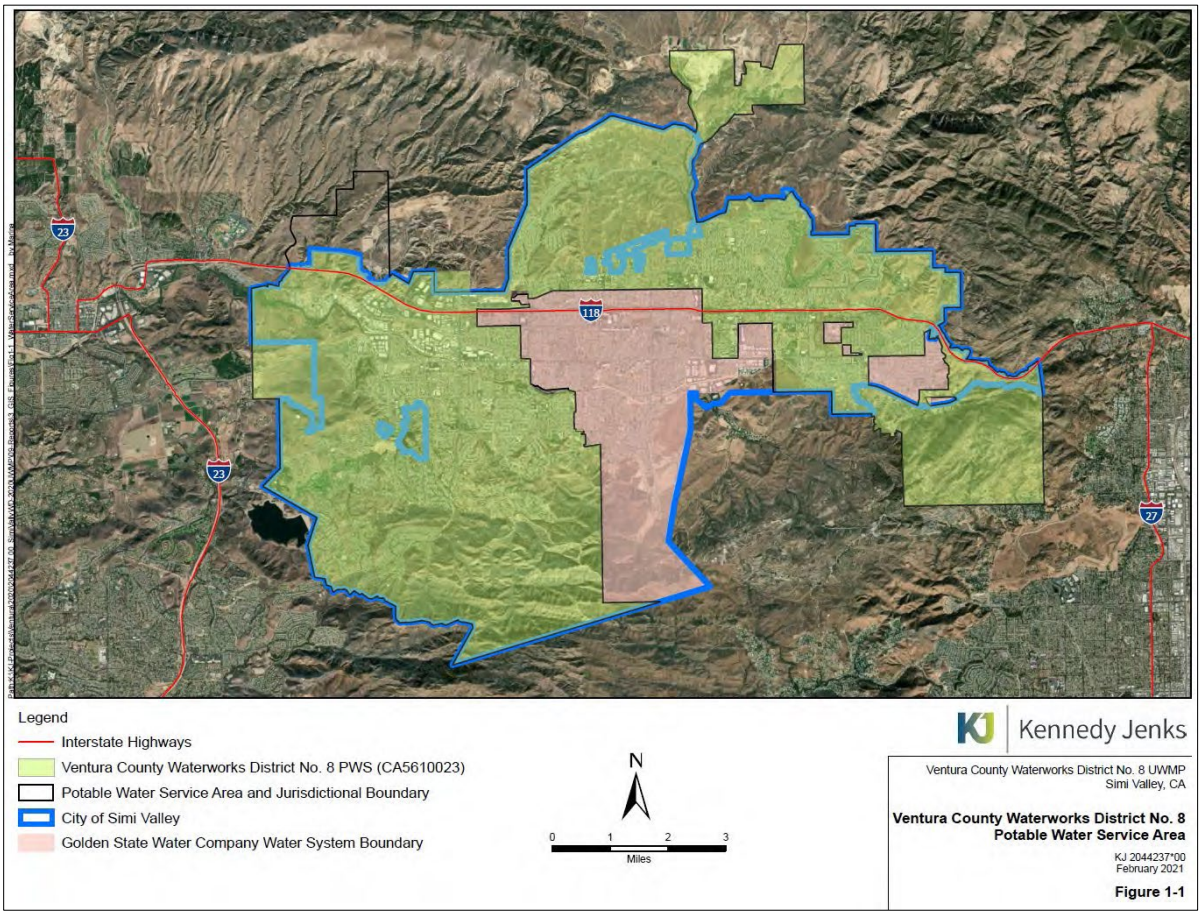

Figure 3: Potable Water Service Area for Ventura County Waterworks Distrct No. 8
Source: Figure 1-1 of 2020 VCWD 8 UWMP

[8] Golden State Water Company (a private water utility regulated by the California Public Utilities Commission) provides water to the remaining approximately 32 percent of the area within the City of Simi Valley that is not served by the District (generally, the central portion of the City and several smaller areas in the eastern part of the City).

The District provides service (i.e., a one-inch meter) to one property located outside of its jurisdictional boundaries (i.e., Assessor's Parcel Number 620-0-320-12), north of the City of Simi Valley and east of Tapo Canyon Road. VCWD 8 initiated this service on July 21, 2010; however, LAFCo does not have a record of approval of this service outside the District's jurisdictional boundaries.

Water Delivery System

The District's water system is supplied primarily by imported water received through the Calleguas Municipal Water District (CMWD)[9] (approximately 99 percent of total supply). Groundwater pumped from two active wells that tap the Gillibrand Subbasin of the Simi Valley Basin provides water for irrigation purposes (less than 1 percent of total supply), and recycled water serves the Simi Valley Landfill and Recycling Center (for dust control) and Simi Valley Public Services Center (for irrigation) (less than 1 percent of total supply).

According to the 2020 UWMP, VCWD 8's potable water distribution system includes 337 miles of pipeline (ranging between 2-inch and 24-inch water lines), 43 storage facilities, 2,600 fire hydrants, 22 pump stations, and two wells. The District's total available storage capacity is 44 million gallons; however, actual average water storage is not documented by the District. The District maintains water storage within each of its 13 pressure zones, which generally operate independently from one another. Peak demand within the District is currently 28.5 million gallons per day, and while the District does not maintain statistics related to peak capacity, it reports that it has the ability to meet demand, based on conclusions made in the draft 2010 Master Plan, which is discussed later in this report. The District states that the 2010 analysis remains valid. In the event that the CMWD supply from Metropolitan Water District of Southern California (MWDSC) is disrupted, the CMWD can distribute water from its storage reservoir (i.e., Lake Bard),[10] water stored through the Las Posas Aquifer Storage and Recovery Project,[11] and water from other agencies as a result of interconnections of infrastructure for emergency purposes.

Water Supply and Demand Volume

Over the last decade, several large residential development proposals have been processed or are currently in process by the City of Simi Valley, and are expected to generate additional demand on water service provided by the District. Notable projects include the following:

[9] The CMWD is the regional wholesale water provider for most of eastern Ventura County, and supplies imported water to VCWD 8. CMWD receives imported water from the Metropolitan Water District of Southern California, as discussed later in this report.

[10] Lake Bard can store up to 10,500 acre-feet per year (AFY) of water, and may be used as a water source when imported supplies are shut down for scheduled maintenance or emergencies.

[11] The Las Posas Aquifer Storage and Recovery Project, managed by the CMWD, accommodates storage of an estimated maximum of 50,000 acre-feet of surplus water underground for future use. The Las Posas ASR Project consists of 18 dual-purpose wells that accommodate both injection of imported water into the Las Posas groundwater basin for storage of excess water supply and extraction of stored water when regular water supply is unavailable.

- *North Canyon Ranch:* The City is currently processing an application involving development of a 160-acre residential project (located immediately north of the Simi Valley Town Center and west of Erringer Road, north of the City of Simi Valley but within its sphere of influence). The project is currently undergoing environmental review. If approved, the project would include the development of 209 residential units, as well as open areas.[12]
- *Lost Canyons:* The development of 1,770 acres to accommodate 364 single-family residences west of Tapo Canyon Road is currently approved and undergoing plan check. The project includes a private golf course.

The North Canyon Ranch and Lost Canyons projects, in combination, represent the addition of 573 residential units with the City and VCWD 8 jurisdictional area. Additionally, the City is processing more than a dozen smaller residential projects. If successfully implemented, these smaller projects are anticipated to result in the construction of 721 dwelling units of various type, and together with the specific projects listed above, would increase the District's housing inventory by 1,294 units. Using an average household size of 2.87 persons established by the most recently available data estimates provided by the U.S. Census Bureau, the addition of 1,294 residential units would result in an increase in the population of approximately 3,714, which represents a three-percent increase in the City's estimated 2021 population of 125,975. These projects are expected to result in an increase in water demand, which was considered as part of the water demand projections contained in the District's 2020 UWMP.

Pursuant to the District's 2020 UWMP, water demand (including potable, raw, and a minimal amount of recycled) consisted of the following: 19,874 acre feet (AF)[13] in 2010, 18,323 AF in 2015, and 19,192 AF in 2020. Based on data included in Table 3-11 and Table 2-14 of the 2020 UWMP, the District estimates that through at least 2045, potable water supply during normal years (i.e., the average supply over a range of years that represents the median available water supply) will exceed demand. As demonstrated below, during normal years, the District anticipates maintaining more than 1,500 acre-feet per year (AFY) in excess supply for the foreseeable future:

Table 1: Normal Year Supply and Demand Comparison (in AF)					
	2025	**2030**	**2035**	**2040**	**2045**
Supply	22,470	24,252	26,181	28,272	28,272
Demand	20,874	22,530	24,319	26,261	26,261
Difference	*1,596*	*1,722*	*1,862*	*2,011*	*2,011*

[12] If approved, recordation of a certificate of completion related to the North Canyon Ranch proposal may be subject to a LAFCo policy (Section 3.2.3 of the Ventura LAFCo Commissioner's Handbook) requiring annexation of several unincorporated islands (i.e., areas that are surrounded by land within the City of Simi Valley's jurisdiction). All of these unincorporated islands are currently being served water by VCWD 8, and therefore annexation of the islands would not result in additional demand on the District.

[13] An acre-foot is defined as the volume of water that would cover a one-acre area in one foot of water, or approximately 326,000 gallons.

The 2020 UWMP provides an estimate of supply and demand for single dry years (i.e., the lowest water supply available to the District) through 2045 in Table 3.7.2 and Table 2-15. Projected supply and demand figures are the same for single-dry years as they are for normal years, with an excess of 1,500 AFY for the foreseeable future:

Table 2: Single Dry Year Supply and Demand Comparison (in AF)					
	2025	**2030**	**2035**	**2040**	**2045**
Supply	22,470	24,252	26,181	28,272	28,272
Demand	20,874	22,530	24,319	26,261	26,261
Difference	*1,596*	*1,722*	*1,862*	*2,011*	*2,011*

In multiple dry year conditions (i.e., the lowest average water supply available to the District for five or more consecutive dry years), estimated difference in supply and demand is expected to remain stable. Table 3.7.3 and Table 2-16 of the 2020 UWMP provide the following:

Table 3: Multiple Dry Year Supply and Demand Comparison (in AF)					
	2025	**2030**	**2035**	**2040**	**2045**
Supply	23,481	25,347	27,368	29,558	29,558
Demand	21,943	23,676	25,554	27,587	27,587
Difference	*1,538*	*1,671*	*1,814*	*1,971*	*1,971*

Based on the evaluation contained in the 2020 UWMP, estimated water supply from the CMWD is expected to be sufficient to meet projected demands within VCWD 8 through at least 2045.

Specifically, according to the 2020 UWMP, the District met its water use targets of 219 gallons per capita per day (GPCD) in 2015 and 195 GPCD in 2020 by achieving 168 GPCD at its 2015 and 2020 intervals, respectively. While projected total water use is expected to increase within the foreseeable future, according to the 2020 UWMP, total per capita water use is expected to remain constant, and may even decrease under the current water use restrictions.

- *Agreement Between VCWD 8 (Simi Valley) and VCWD 17 (Bell Canyon) and the Las Virgenes Municipal Water District (LVMWD)*

Pursuant to a January 8, 1979, agreement between VCWD 8 and Ventura County Waterworks District No. 17 (VCWD 17, a dependent district of the County of Ventura that serves water to the unincorporated community of Bell Canyon, which is located south of the City of Simi Valley and immediately west of the Ventura/Los Angeles County line), VCWD 8 operates and maintains the water facilities that convey water from the CMWD's facilities through the VCWD 8 system to reach VCWD 17's water system.[14]

[14] The agreement for VCWD 8 to wheel water to VCWD 17 is a result of the historical circumstances and government structure. Following incorporation of the City of Simi Valley in 1969, operation, management, and assets of VCWD 8 were transferred from the County of Ventura to the City. The existing intertie between VCWD 8 and VCWD 17 remained intact due to the distance (i.e., approximately one mile) between the CMWD pipeline to

Additionally, VCWD 8 sells water to the Las Virgenes Municipal Water District (LVMWD), and has been doing so since January 1980. A 6-inch meter located at the southern branch of VCWD 8's easternmost water main (i.e., in Box Canyon) transports water to residences within the LVMWD's service area in Los Angeles County. The LVMWD pays ordinary charges for fixed fees and commodity charges for the meter and for the volume of water delivered.

From 2016 to 2020, VCWD 8 sold an average of 626 AFY of potable water to VCWD 17 and the LVMWD, combined.

Water Supply Sources

The vast majority of the District's potable water supply consists of imported water delivered by the CMWD. Groundwater extracted from the Gillibrand Subbasin of the Simi Valley Basin supplements imported water supplies to a minor extent. The District's water supplies are discussed in detail below.

- *Imported Water Supply*

According to the District's 2020 UWMP, in 2020, imported water (provided primarily from the State Water Project (SWP), which is occasionally supplemented with water from the Colorado River Aqueduct (CRA)) totaled 19,726 AF and comprised 99.2 percent of total water supply.

SWP water and CRA water are supplied by the MWDSC, through the CMWD. SWP water originates in northern California where it is captured and released into rivers and streams that reach the Delta of the Sacramento and San Joaquin Rivers. The water is then transported south through the California Aqueduct to SWP contractors (including the MWDSC) by means of a 500-mile conveyance network that includes reservoirs, aqueducts, and pump stations. The MWDSC filters and disinfects SWP water at the Joseph Jensen Filtration Plant in Granada Hills in Los Angeles County. Colorado River water is conveyed from Lake Havasu (located at the California/Arizona border) through the 242-mile CRA, which was constructed in the 1930s and is made up of open canal, tunnels, and siphons, traversing the Mojave Desert, and is filtered and disinfected at the MWDSC's F.E. Weymouth Treatment Plant in the City of La Verne in Los Angeles County.

- *Groundwater Supply*

According to the District's 2020 UWMP, the District's groundwater supply is sourced from the Gillibrand Groundwater Subbasin of the Simi Valley Basin, which is pumped from the District's two production wells (i.e., Wells 31D and 32). The Simi Valley Basin is bounded by the Santa Susana Mountains to the north and Simi fault to the northeast, by the Simi Hills to the south and southwest, and underlies the City of Simi Valley. The Gillibrand Subbasin is located north of

the VCWD 17 delivery infrastructure, and continues to be metered. The 1979 agreement formalized the water wheeling arrangement, with guarantees related to continued water supply to VCWD 17 and cost-sharing provisions for water delivery (e.g., energy, maintenance, and repairs).

the City of Simi Valley, in the vicinity of Tapo Canyon Road. The storage capacity of the basin is about 180,000 AF, and was most recently estimated in 1999 as being 95 percent full with a volume of approximately 172,000 AF. District staff documents that groundwater levels remain stable, and that its extractions from the basin do not exceed sustainable yield. Recharge occurs primarily from stream runoff, percolation of direct precipitation, and irrigation runoff.

The Tapo Canyon Groundwater Treatment Plant treats groundwater pumped from the two active wells that tap the Gillibrand Subbasin of the Simi Valley Basin before it is released into the potable water distribution system. The District has the ability to treat a maximum of 1,100 AFY (slightly less than the anticipated 1,350 AFY yield of the Gillibrand Subbasin), and is expected to be able to produce this amount consistently for the foreseeable future (i.e., at least through 2045). A map of the underlying groundwater basins is provided in Figure 4, below.

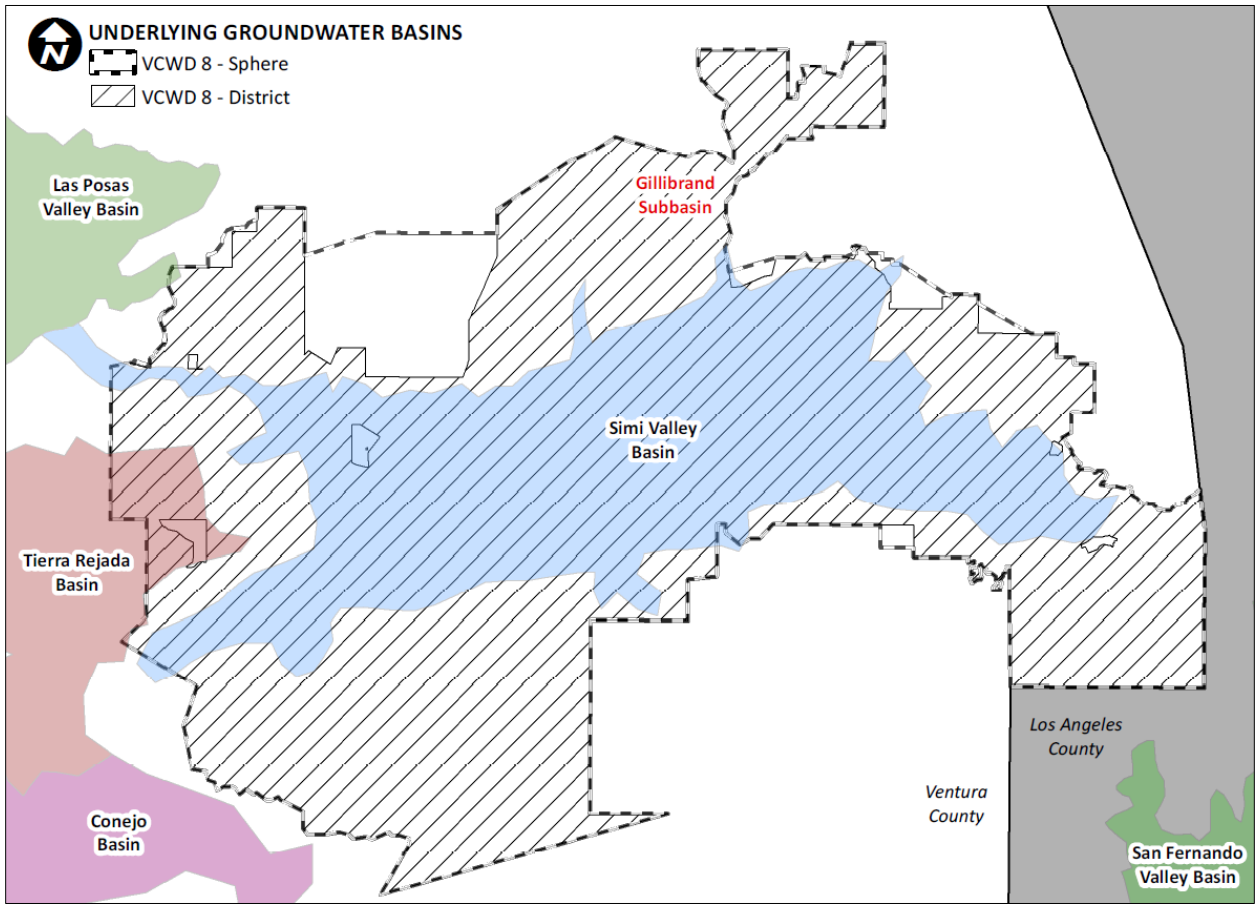

Figure 4: Underlying Groundwater Basins
Source: California Department of Water Resources, 2019

Groundwater supply improves supply reliability by reducing dependence somewhat on imported water. The District is exploring options to further develop the Simi Valley Basin, outside of the Gillibrand Subbasin, as a potential potable water source. Development of the Simi Valley Basin as a potable water source could reduce the District's reliance on imported water. It would involve a water treatment process at a new water treatment facility with a potential treatment capacity exceeding 5 million gallons per day (MGD), which could potentially

produce up to 5,500 AFY of potable water. While this water supply source remains a possibility, development of this supply source remains in conceptual stages. The ability to treat water from this groundwater source depends on whether the Salinity Management Pipeline (SMP)[15] operated by the CMWD is extended to Simi Valley and is available to accept brine waste water for conveyance and disposal.

The District has developed a Groundwater Management Plan to support long-term water supply within the Gillibrand Subbasin.[16] While the District has the ability to pump and treat 1,100 AFY, it has historically pumped far less: 377 AF in 2016, 4.7 AF in 2017, 35 AF in 2018, 75 AF in 2019, and 100 AF in 2020.

The CMWD's aquifer storage and recovery program (which stores surplus imported water underground for later use) allows groundwater yield to be maximized and increases water supplies to ensure that its customers, including the VCWD 8, are able to meet the demand of their customers.

- *Alternative Water Supplies*

While VCWD 8 has consistently been able to rely on imported and groundwater to meet its potable demand (and recycled water to offset some of the demand on potable water), the District is exploring additional options to enhance its long-term water supply. Historically, VCWD 8 has not pursued water exchange or transfer arrangements because the CMWD, as the local water wholesaler, has effectively participated in programs to benefit its retail customers. However, while the District has determined that seawater desalination is not practical or economically feasible, it is considering the development of brackish water/groundwater desalination facilities within the Simi Valley Basin. District staff found that the Simi Valley Basin had sustainable yield that could potentially supply as much as 5,500 AFY of drinking water, and brine by-product could be discharged into the CMWD's SMP.

Water Conservation Measures and Efforts

The District's 2020 UWMP contains a discussion of demand management measures and water conservation programs implemented since 2015 to meet its targets for water reduction. These

[15] The CMWD operates the regional Salinity Management Pipeline (SMP) that collects brine generated by groundwater desalting facilities and conveys that water for safe discharge to the Pacific Ocean. The SMP supports use of local groundwater resources and diversification of water supply within southeastern Ventura County by creating new opportunities for development of groundwater treatment facilities, resulting in the encouragement of use of local groundwater supplies to support existing and future development.

[16] The Sustainable Groundwater Management Act (SGMA) of 2014 requires the formation of local groundwater sustainability agencies (GSAs) for high-priority or medium-priority water basins, as determined by the state. GSAs are required to evaluate local water basin conditions and develop groundwater sustainability plans (GSPs). The purpose of a GSP is to define sustainability for an individual basin and establish a path toward sustainability by 2040 for high-priority basins, and 2042 for medium-priority basins. Neither the Simi Valley Basin nor the Gillibrand Subbasin was listed as a high-priority or medium-priority basin, pursuant to the State Department of Water Resources (DWR). According to District staff, the Simi Valley Basin remains unmanaged.

efforts include water waste prevention ordinances (e.g., prohibitions and restrictions related to activities and fixtures used for irrigation, commercial and residential car washing, dish washing and drinking water service at food establishments, linens service at lodging facilities, and decorative water features), conservation pricing, public education and outreach (e.g., classroom presentations and school field trips, water incentive programs and device rebates, information on social media, and other campaign events), programs to assess and manage distribution system loss (e.g., water leakage reports, water audits, and leak detection training), and water conservation program coordination and staffing support to conduct outreach, inspections, and response to customer inquiries. The District also supports water conservation efforts promoted by the CMWD and MWDSC, which include rebates for turf removal and water-efficient appliances and fixtures (bewaterwise.com).

From 1999 to 2008 average potable water use was approximately 244 GPCD. As discussed above, the District exceeded its water demand target of 195 GPCD for 2020, with a consumption rate of 168 GPCD. The District projects that continued implementation of demand management measures and expansion of its recycled water program will allow it to maintain the current rate of water demand.

VCWD 8 has developed a Water Shortage Contingency Plan (WSCP) in preparation for potential reductions in imported water deliveries by the MWDSC (through the CMWD) resulting from severe water shortage conditions or catastrophic interruption of water supply conditions. The CMWD has established the following shortage levels and corresponding responses:

- Shortage Level 1: Up to 10 percent required reduction
- Shortage Level 2: Up to 20 percent required reduction
- Shortage Level 3: Up to 30 percent required reduction
- Shortage Level 4: Up to 40 percent required reduction
- Shortage Level 5: Up to 50 percent required reduction
- Shortage Level 6: Greater than 50 percent required reduction

Water demand reductions for Shortage Levels 1 through 5 would be met by existing storage, flexible supplies, voluntary demand reductions, and WSCP supply allocations. In addition to the responses outlined for Shortage Levels 1 through 5, Shortage Level 6 involves potential prohibition of outdoor water use. All shortage levels include demand reduction actions that include an expanded public information campaign, offer of rebates on water-saving plumbing fixtures, devices, landscaping irrigation efficiency, and turf replacement, a moratorium or net zero demand increase requirement on new connections, implementation or modification of drought rate structure or surcharge, and/or reduction of system water loss.

Mandatory reductions in water consumption may include any of the following: restrictions on irrigation hours to evening and early morning hours, prohibition of non-essential irrigation, restrictions on all irrigation, prohibition of filling of ornamental lakes, ponds, pools, and fountains, prohibitions on washing vehicles, streets, or outdoor paved surfaces, restrictions on the use of water from fire hydrants for construction purposes, and implementation of a rate structure for charges and penalties for water use restriction violations.

Since 2015, the CMWD Board of Directors has taken several actions related to water shortages, which have directly impacted its retail providers, including VCWD 8:

- On April 15, 2015, the Board declared a Stage 4 water shortage and implemented a water supply allocation program consistent with a plan adopted by the MWDSC in an effort to manage water demand in response to reductions in available water supplies;
- On May 18, 2016, as a result of increased rainfall, runoff, and reservoir levels, the Board declared a Stage 3 water shortage, and suspended enforcement of previously-developed water supply allocations;
- On May 17, 2017, the Board rescinded the Stage 3 water shortage condition, thereby eliminating the shortage condition;
- On August 18, 2021, in response to the recurrence of dry conditions in 2020, the Board declared a Stage 2 water shortage condition throughout the District's service area, immediately following MWDSC's August 17, 2021, declaration of a water supply alert regarding severe drought conditions; and
- On April 6, 2022, the Board declared a Stage 3 water shortage condition throughout the District's service area.

Shortly after the April 6, 2022, declaration of a Stage 3 water shortage condition, on April 26, 2022, the CMWD adopted an Emergency Water Conservation Program that mandated its retail providers implement a 1-day per week outdoor watering restriction or receive a strict allocation of imported water supplies.

Capital Improvement Projects

The City of Simi Valley's five-year capital improvement program for the period of Fiscal Years 2023-27 includes several waterworks projects involving VCWD 8, totaling approximately $34 million with costs distributed generally evenly across the five-year period. Significant projects include: (1) repair and upgrade of Tank Nos. 1, 2, 3, 4 within along First Street in service since 1962 ($3,950,000); (2) repair and recoating of Stow Tank Nos. 2, 3, and 4 in service since 1960 ($3,700,000); (3) replacement of Marr Ranch Tank No. 2; (4) replacement of Stow Tank No. 2 to address seismic concerns; (5) replacement of Stearns Tank No. 2 in service since 1975; and (5) construction of Walnut Avenue Pump Station to increase capacity ($2,500,000). Additional funded improvements include one million additional gallons of storage for the Santa Susana Knolls area, which has an estimated cost of $4.5 million. Other capital improvements include various waterline replacements, and general repair, maintenance, and upgrades of water delivery infrastructure. The improvements are anticipated to be funded primarily through service fees, which are used to fund anticipated capital needs and build reserves. At the end of Fiscal Year 2021-22, the District's reserve fund was $12.9 million, and its working capital was an additional $15.4 million.

Water Master Plan

VCWD 8's current water master plan was adopted in 1986. The master plan guides the District's actions related to operation, maintenance, and infrastructure improvements to meet its service needs. While VCWD 8 staff prepared an updated water master plan in 2010, the

general manager of the District (i.e., the City manager) did not bring forward the draft master plan for consideration by the District's Board of Directors; consequently, the draft master plan was never approved. However, the District continues to rely on the data and conclusions contained within the draft master plan. An update to the District's 37-year old water mater plan would allow it to reflect upgrades, expansions, and other changes to its water system that have occurred since 1986, as well as document updated service needs, current water supply and demand figures, population, and capital improvements needs. Upon completion of such a plan, it would be prudent for the District to post a copy of the master plan on its website, and/or post formal reporting of details contained within the master plan.

Recycled Water Services

In the 1990s, the CMWD developed a recycled water system within Simi Valley. The City of Simi Valley's Water Quality Control Plant (WQCP) treats wastewater generated in the City. The resulting recycled water is sold to the CMWD, and then resold to VCWD 8 for distribution to its customers. The City's WQCP is permitted to treat up to 12.5 MGD of wastewater influent. According to the 2020 VCWD 8 UWMP, the District supplied an average of 32 AFY of recycled water between 2016 and 2020. In 2020, the District supplied 57 AF of recycled water, and its recycled supply is expected to meet demand into the foreseeable future, as follows: 76 AF in 2025, 76 AF in 2030, 80 AF as of 2035 through at least 2045.

VCWD 8's 2008 Recycled Water Master Plan evaluated opportunities for expansion of the recycled water system. While the plan identified 130 potential users and a demand of up to 9,000 AFY, the District determined that the extent of regulatory requirements to expand the system did not exceed the value of such an expansion; therefore, VCWD 8 does not have plans to expand its existing recycled water treatment and distribution system. However, the District has an agreement to serve approximately 16 AFY of recycled water to Robertson's Simi Valley Concrete Batch Plant, expected to occur by 2025. Given the trend toward extended periods of drought and consistently limited reliability of imported water since adoption of the Recycled Water Master Plan, it may be worthwhile for the District to reconsider its earlier conclusions, and again explore opportunities for expanding its existing recycled water program.

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; therefore, the District is authorized to provide non-potable water outside its boundaries.

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 District's 2020 Urban Water Management Plan (UWMP) (adopted June 1, 2021) documented a 2020 population of approximately 94,738 within its service area, based on an analysis using the Department of Water Resources' Population Tool. The UWMP relied upon the Southern California Association of Government (SCAG) 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy to project the future population within the District's service area, and estimated a population of 99,437 by 2030 and 104,369 by 2040. The Municipal Service Review prepared by LAFCo for the City of Simi Valley (February 21, 2018) projects that the population within the City (which overlaps the District to a large degree) will be in the range of 142,400 to 157,675 by 2040 (based on California Department of Finance data and 2016-2040 RTP/SCS growth forecasts). An estimate for the District's sphere of influence is not available, but the population within the District's sphere is anticipated to be only slightly greater than the population within the District's service area.

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 Section 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), the Piru community, 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

Potable water services:

- VCWD 8 provides potable retail water service to approximately 68 percent of the territory in the City of Simi Valley, as well as to adjoining unincorporated areas to the southeast and north of the City, for uses including residential, commercial, industrial, and agricultural purposes.
- The vast majority of the District's potable water supply consists of imported water delivered by the Calleguas Municipal Water District. Groundwater extracted from the Gillibrand Subbasin of the Simi Valley Basin supplements imported water supplies to a

minor extent. VCWD 8's potable water distribution system includes 337 miles of pipeline (ranging between 2-inch and 24-inch water lines), 43 storage facilities, 2,600 fire hydrants, 22 pump stations, and two wells.

- The District's total available storage capacity is 44 million gallons; however, actual average water storage is not documented by the District. The District maintains water storage within each of its 13 pressure zones, which generally operated independently from one another. The District may wish to consider performing a comprehensive evaluation with regard to the sufficiency of its overall water storage capacity, for the purposes of documenting and/or strengthening its system-wide reliability during interruptions and/or reduced delivery volumes of imported water.
- Peak demand within the District is currently 28.5 million gallons per day, and while the District does not maintain statistics related to peak capacity, it reports that it has the ability to meet demand, based on conclusions made in the draft 2010 Master Plan. The District states that the 2010 analysis remains valid.
- Several residential development projects are anticipated to be completed within the District's service area within the foreseeable future, and are expected to result in the addition of approximately 1,294 residential units. These projects are expected to result in an increase in water demand, which was considered as part of the water demand projections contained in the UWMP.
- Historical water demand (including potable, raw, and a minimal amount of recycled) consists of the following: 19,874 AF in 2010, 18,323 AF in 2015, and 19,192 AF in 2020. The District estimates that through at least 2045, potable water supply during normal years, single dry years, and multiple dry years will exceed demand.
- The District met its water use targets of 219 gallons per capita per day (GPCD) in 2015 and 195 GPCD in 2020 by achieving 168 GPCD at its 2015 and 2020 intervals. The District projects that continued implementation of demand management measures and expansion of its recycled water program will allow it to maintain the current per capita rate of water demand.
- The Tapo Canyon Treatment Plant treats extracted groundwater before it is released into the potable water distribution system. The District has the ability to treat a maximum of 1,100 AFY (slightly less than the anticipated 1,350 AFY yield of the Gillibrand Subbasin), and is expected to be able to produce this amount consistently for the foreseeable future (i.e., at least through 2045).
- The District has developed a Groundwater Management Plan to support long-term water supply within the Gillibrand Subbasin. While the District has the ability to pump and treat 1,100 AFY, it has historically pumped volumes as follows: 377 AF in 2016, 4.7 AF in 2017, 35 AF in 2018, 75 AF in 2019, and 100 AF in 2020.
- While the District has consistently been able to rely on imported and groundwater to meet its potable demand (and recycled water to offset some of the demand on potable water), the District is exploring additional options to enhance its long-term water supply. Historically, VCWD 8 has not pursued water exchange or transfer arrangements because the CWMD, as the local water wholesaler, has effectively participated in programs to benefit its retail customers. However, while the District has determined that seawater desalination is not practical or economically feasible, it is considering the development of brackish water/groundwater desalination facilities within the Simi

Valley Basin. District staff estimates that the Simi Valley Basin could provide up to 5,500 AFY of drinking water, and brine by-product could be discharged into the CMWD's SMP.

- VCWD 8 has developed a Water Shortage Contingency Plan (WSCP) in preparation for potential reductions in imported water deliveries by the MWDSC (through the CMWD) resulting from severe water shortage conditions or catastrophic interruption of water supply conditions.
- Current and planned capital improvement projects over the next several years include repair, upgrade, and/or replacement of several water tanks, the addition of a pump station, and various waterline replacements, general repair, maintenance, and upgrades of water delivery infrastructure. Cost to perform this work is anticipated to be $34 million, which is projected to be funded through water service fees, which are used to fund anticipated capital needs and build reserves. Additional funded improvements include one million additional gallons of storage for the Santa Susana Knolls area, which has an estimated cost of $4.5 million. At the end of Fiscal Year 2021-22, the District's reserve fund was $12.9 million, and its working capital was an additional $15.4 million. Staff continues to review grant opportunities for possible funding supplements.
- The District's current adopted water master plan was adopted in 1986, and guides the District's actions related to operation, maintenance, and infrastructure improvements to meet its service needs. In 2010, District staff prepared a draft update to its water master plan, and relies primarily on the information contained in the draft master plan when making decisions with regard to system maintenance and operation. The District may wish to consider preparation of an update to the its 37-year old water master plan to reflect upgrades, expansions, and other changes to its water system that have occurred since 1986, as well as to document updated service needs, current water supply and demand figures, population, and capital improvements needs. Upon completion of such a plan, it would be prudent for the District to post a copy of the master plan on its website, and/or post formal reporting of details contained within the master plan.

Recycled water services:

- The City of Simi Valley's Water Quality Control Plant (WQCP) treats wastewater generated in the City. The resulting recycled water is sold to the CMWD, and then resold to VCWD 8 for distribution to its customers. The City's WQCP is permitted to treat up to 12.5 million gallons per day (MGD) of wastewater.
- According to the 2020 VCWD 8 UWMP, the District supplied an average of 32 AFY of recycled water between 2016 and 2020. In 2020, the District supplied 57 AF of recycled water, and its recycled supply is expected to meet demand into the foreseeable future, as follows: 76 AF in 2025, 76 AF in 2030, 80 AF as of 2035 through at least 2045.
- VCWD 8's 2008 Recycled Water Master Plan evaluated opportunities for expansion of the recycled water system. The VCWD 8 does not have plans to expand its existing recycled water treatment and distribution system; however, it has entered into an agreement to serve an additional approximately 16 AFY of recycled water by 2025.
- Given the trend toward extended periods of drought and consistently limited reliability of imported water since adoption of the Recycled Water Master Plan in 2008, the

District may wish to reconsider exploration of opportunities for expanding its existing recycled water program.

- 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; therefore, the District is authorized to provide non-potable water outside its boundaries.

4. Financial ability of agencies to provide services

- VCWD 8 has a steady stream of revenue through service fees collected from its customers. System expansions and extension to serve new developments are funded and/or constructed by the land developer requiring the additional service. In addition, customers receiving new connections to the District for water service are charged a Capital Improvement Service Charge (a one-time fee), resulting in District revenues dedicated solely to system improvements and expansions. The District has predictable expenses related operations and maintenance services, as well as administration.
- VCWD 8 staff (i.e., City staff) indicates that the District's budgeted net cost of $5,288,185 will be covered by reserves in the unlikely scenario that expenses will actually exceed revenues. It appears that VCWD 8 has the ability to finance the services it currently provides.
- The District's target reserve consists of the sum of 90-days operating expense (including the cost of imported water), one year of anticipated capital expense, and five percent of anticipated commodity charge revenue. For Fiscal Year 2021-22, the District met its target with reserves totaling $12.9 million and a working capital balance of an additional $15.4 million.
- The District has a five-year (Fiscal Year 2023-27) capital improvement plan, which include repair, upgrade, and/or replacement of several water tanks, the addition of a pump station, and various waterline replacements, general repair, maintenance, and upgrades of water delivery infrastructure. Cost to perform this work is anticipated to be $34 million, which is projected to be funded through fund balance.
- VCWD 8 indicates that it has no long-term debt.
- VCWD 8, through the City of Simi Valley, is independently audited on a regular basis as part of the annual audit of the City. The most recent audit (March 31, 2022) prepared for the City was unqualified. An unqualified report reflects fair and transparent financial statements in compliance with generally accepted accounting principles and statutory requirements.
- The City of Simi Valley received a *Certificate of Award for Excellence in Operational Budgeting* by the California Society of Municipal Finance Officers for Fiscal Year 2018-19, which acknowledges an easily readable and efficiently organized budget that conforms to standards set by the Society. The District's budget is contained within the City's budget.

5. Status of, and opportunities for, shared facilities

- Pursuant to a January 8, 1979, agreement between VCWD 8 and VCWD 17 (the agency that serves water to the unincorporated community of Bell Canyon, which is located south of the City of Simi Valley and immediately west of the Ventura/Los Angeles County line), VCWD 8 operates and maintains the water facilities that convey water from the CMWD's facilities through the VCWD 8 system to reach VCWD 17's water system.
- VCWD 8 sells water to the Las Virgenes Municipal Water District (LVMWD), and has been doing so since January 1980. A 6-inch meter located at the southern branch of the District's easternmost water main (i.e., in Box Canyon) transports water to residences within the LVMWD's service area within Los Angeles County. The LVMWD pays ordinary charges for fixed fees and commodity charges for the meter and for the volume of water delivered.

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

- The District is accountable to most its constituents through its elected Board of Directors (i.e., the Simi Valley City Council), adherence to applicable government code sections, open and accessible meetings, and dissemination of information.
- 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 internet access and public participation opportunities for its meetings.
- The District achieves operational and management efficiencies by being managed and staffed by the City of Simi Valley's Public Works Department.
- The District's 2020 UWMP contains a discussion of demand management measures and water conservation programs implemented since 2015 to meet its targets for water reduction. These efforts include water waste prevention ordinances, conservation pricing, public education and outreach, programs to assess and manage distribution system loss, and water conservation program coordination and staffing support to conduct outreach, inspections, and response to customer inquiries.
- The City of Simi Valley's Public Works Department maintains a website that contains general information about the District, contact information, a summary of services, the District's Urban Water Management Plan, and the most recent water quality report. The District could improve its transparency by clarifying that the District is a dependent district that is managed and operated by the City of Simi Valley, and by posting links to the District's history, mission, enabling legislation, boundary map, summary of facilities and status of capital improvement projects, Board of Directors meeting information (agendas, staff reports, and minutes, video recordings), current and historical budgets, studies and reports, most recent municipal service review completed by LAFCo, and the State Controller's "By the Numbers" (agency financial reporting information) and "Public Pay" (employee salary) webpages. Much of this information could likely be provided by means of links to the appropriate webpages of the City's website. Additionally, the District may wish to consider the addition of a Spanish translation feature to its website.

- The District achieves operational efficiencies through arrangements with the City of Simi Valley for management, staffing, and facilities.
- VCWD 8 serves approximately 68 percent of water customers with the City of Simi Valley, and Golden State Water Company serves the remaining approximately 32 percent. Both water providers rely primarily on the CMWD for water supply, supplemented by local water sources. In some cases, both providers have water pipeline infrastructure operating within the same roadway, running parallel to each other. Furthermore, Golden State Water Company's service area includes relatively small areas that appear to be somewhat isolated from the rest of its service area. The District may wish to consider exploration of the possibility of VCWD 8's assumption of water provision within the portions of the City of Simi Valley that are not currently being served by the District.
- 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).
- District 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.