BEFORE THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF KERN, STATE OF CALIFORNIA

In the Matter of

Lost Hills Utility Dist: REPORT AND RECOMMENDATION
Sphere Amendment : August 12, 2015

In the above-entitled matter the staff report and the recommendation of the executive officer are respectfully submitted as follows:

PROPOSAL BACKGROUND AND ANALYSIS:

On May 15, 2015 the Lost Hills Utility District submitted a request to amend their Sphere of Influence. The district has submitted a request for annexation of three areas, two of which are outside of their sphere, therefore a sphere amendment is required to be considered prior to hearing the annexation proposal. The first area requested to be included in the sphere consists of approximately 10.46 acres and is located east of Lamberson Avenue south of Highway 46. The second area is approximately 307.73 acres located north of Highway 46 east of Highway 33. The process required by the Cortese-Knox-Hertzberg Reorganization Act of 2000 has been followed including notices to affected agencies and any notices and publications required by law.

CONDITIONS RECOMMENDED BY EXECUTIVE OFFICER:

The applicant has signed an agreement to actively defend or indemnify and hold harmless the Kern County Local Agency Formation Commission or its agents, officers and employees, from any liability or loss connected with the approval of Lost Hills Utility Dist: Annexation No. 17 and sphere amendment.

Amendment of the sphere of influence for this district is subject to the final recording of Annexation No. 17 to the District. In the absence of completion and recording of Annexation 17, the amendment of this district’s sphere, for subject area, shall be null and void.

ENVIRONMENTAL IMPACT STATEMENT:

The applicant, as lead agency, has prepared and adopted a Notice of Exemption on this project. The Commission has been given a copy of the applicant’s Notice of Exemption to review and consider.
CIRTESE-KNOX-HERTZBERG

GOVERNMENT CODES SECTION 56425 (d) and (i) requires when determining, adopting, amending or updating a Sphere of Influence for a special district, the Commission make certain determinations regarding land uses, the need for public facilities, the present capacity and adequacy of public facilities as well as the existence of any social or economic communities of interest in the area. The Commission shall also establish the functions or classes of service provided by existing districts.

The sphere of influence questionnaire completed by the district is attached for reference.

All other sections of Gov Code 56425 which apply to this proposal have been addressed in the Sphere of Influence Amendment Application, Questionnaire, Resolution, and Environmental Document.

NOTE TO THE PUBLIC:

If you are an applicant for, or a participant in (actively supporting or opposing) any proceeding on the agenda and have made a campaign contribution of $250 or more to or for any of the Commission members, state law provides for disqualification of Commissioner voting, or even prohibition of such gifts. These restrictions also apply to agents of applicants or participants. Please consult with Commission staff as to the requirements of the Political Reform Act (Government code Section 84308)

RECOMMENDATION:

It is recommended that the Commission consider and adopt the notice of exemption prepared by the District and approve the sphere amendment to Lost Hills Utility District with conditions recommended by Executive Officer. (Resolution)

Respectfully Submitted

Rebecca Moore
Executive Officer
**Determination** – Lost Hills PUD’s rate structure is adequate for everyday operations of its facilities.

**Determination** – Lost Hills PUD is only service provider for potable water within the vicinity of both existing and proposed developments. Therefore, the SOI should be amended to accommodate a potential need for potable water for domestic and possible emergency use.

2 – **Present and Probable Need for Public Facilities and Services**

The district has not expressed a desire to provide additional services. The limited amount of growth which is currently permitted under the existing general plan designations of the District and its surrounding areas does not warrant a direct need for additional services. Services not provided by the district are provided by the County of Kern.

If there was an immediate need for additional service within the area, the District could be considered as a possible provider due to the lower cost associated with providing the infrastructure within the immediate area for customers. If that time comes, the District would need to petition LAFCo to activate any additional service and provide a detailed “plan for service” to the Commission for consideration at that time that details the cost comparisons and savings of providing that service.

**Determination** – Other than the lands that are currently designated as residential, commercial or public use, there is no present or probable need for additional public facilities and services within the area.

**Determination** – In the event that there becomes an immediate need for additional services not currently provided by the district, the District should provide a plan for services that details the cost comparisons and savings of providing that service to LAFCo and activate any latent powers to address future needs to the area.

3 – **Present Capacity of Public Facilities and Adequacy of Public Services**

The District currently is servicing approximately 2,600 people through 432 water connections and wastewater services to the Lost Hills town site, the Lost Hills School and the California Department of Water Resources Aqueduct Substation Complex. The District has had a water study prepared that shows that there is sufficient water supply for the existing development within the district as well as the requested sphere of influence. A municipal services review adopted by LAFCo in December of 2012 states that improving infrastructure is a priority for the LHUD and that the district has requested grant funding for the construction of a third well in an effort to build a well that would not require arsenic treatment. The district also shows plans to undergo a tank rehabilitation. The MSR also states that a wastewater treatment plant was designed to treat 200,000 gallons per day (gpd) of wastewater and that existing flows are calculated to be approximately 131,000 gpd. An expansion of the treatment plant has been put on hold due to the downturn in the housing demand.

**Determination** – Lost Hills PUD currently has adequate water resources and conveyance infrastructure to meet the present needs of its customers.
**Determination** - Lost Hills PUD is continuing to improve their system to provide efficient and safe services to their customers.

**Determination** - Lost Hills PUD has sufficient capacity to provide wastewater services to the existing customers.

**4 & 5—Existence of Any Social or Economic Communities of Interest and Disadvantaged Unincorporated Communities**

The area of Lost Hills itself is considered a disadvantaged community. The district along with other special districts and the County of Kern provide services essential to the community.

**Determination** - There are no other disadvantaged communities within or adjacent to the existing sphere of influence that would need to be added or addressed by the District.

**Lost Hills Public Utility District Sphere of Influence Recommendations**

As shown in the MSR, adopted December of 2012, and throughout the determinations of this document, the Lost Hills PUD is currently providing an adequate level of service to its customers. The District is accountable to its customers through the Board of Directors, which are locally elected.

The District is the nearest and most logical service provider for the requested areas. Given the fact that the Lost Hills PUD currently has existing infrastructure and is capable of providing potable water services, the SOI should be extended to include these potential development areas.