

San Benito Wastewater
Municipal Service Review

Public Review Draft

December 6, 2024

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ACRONYMS AND DEFINITIONS

ADFW:	Average Dry Weather Flow
AMBAG:	The Association of Monterey Bay Area Governments
AWMP:	Agriculture Water Management Plan
CDP:	Census Designated Place
CEQA:	California Environmental Quality Act
CIP:	Capital Improvement Plan or Program
CKH:	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CPRA:	California Public Records Act
CSA:	County Services Area
CWA:	Clean Water Act
DAC:	Disadvantaged Community
DOF:	California Department of Finance
DUCs:	Disadvantaged Unincorporated Communities
DWR:	California Department of Water Resources
DWTP:	Domestic Wastewater Treatment Plant
EIR:	Environmental Impact Report
FFPC:	The State of California Fair Political Practices Commission
FY:	Fiscal year
GIS:	Geographic Information Systems
GP:	General Plan
GPD:	Gallons Per Day
HOA:	Homeowners Association
HUA:	Hollister Urban Area
HUAW/WMP:	Hollister Urban Area Water and Wastewater Master Plan
I/I:	Infiltration and Inflow
IWTP:	Industrial Wastewater Treatment Plant
JPA:	Joint Powers Authority or Agency
LAFCo:	Local Agency Formation Commission
MGPD:	Million Gallons Per Day
MMPs:	Mandatory Minimum Penalties
MSR:	Municipal Service Review
NPDES:	National Pollutant Discharge Elimination System
NOV:	Notice of Violation
NA:	Not applicable
RFP:	Request for Proposals
RGF:	Regional Growth Forecast
RWQCB:	Regional Water Quality Control Board
SBCWD:	San Benito County Water District
SCADA:	Supervisory Control and Data Acquisition
SJB:	San Juan Bautista
SOI:	Sphere of Influence
SSCWD:	Sunnyslope County Water District
SSMP:	Sanitary Sewer Management Plan
SWRCB:	State Water Resources Control Board
TDS:	Total Dissolved Solids
TMDLs:	Total Maximum Daily Loads
UWMPs:	Urban Water Management Plans
WWTP:	Wastewater Treatment Plant

PREFACE

Prepared for the San Benito Local Agency Formation Commission (LAFCO), this report is a Municipal Services Review (MSR) covering the San Benito Regional Wastewater Services. An MSR is a state-required comprehensive study of services within a designated geographic area. This MSR focuses on six agencies in San Benito County that provide wastewater collection and treatment services.

CONTEXT

San Benito LAFCO is required to prepare this MSR by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000, et seq.), which took effect on January 1, 2001. The MSR examines wastewater and recycled water services provided by San Benito County agencies, whose boundaries and governance are subject to LAFCO.

CREDITS

The authors extend their appreciation to those individuals at the many agencies that provided responses to questionnaires, as well as planning and financial information and documents used in this report. Jennifer Stephenson, San Benito LAFCO Executive Officer, acted as project manager and Melat Assefa with Policy Consulting Associates was the primary author of this report.

1. EXECUTIVE SUMMARY

This report is a municipal service review (MSR) covering seven agencies in the San Benito Regional Wastewater Services, prepared for the San Benito Local Agency Formation Commission (LAFCO). An MSR is a State-required comprehensive study of services that special districts or cities provide. The MSR requirement is codified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.). The most recent MSR covering the San Benito Regional Wastewater Services was completed in 2007. Some service providers were also reviewed in 2014.

PROVIDERS

This review focuses on wastewater and recycled water services provided in incorporated and unincorporated San Benito County. Among seven agencies reviewed in this report, four agencies provide wastewater collection and treatment services, while one agency offers recycled water services.

Two agencies, County Service Area (CSA) #22 and County Service Area (CSA) #45, no longer provide the wastewater collection and treatment services they previously offered to their respective service areas. The services previously provided by CSA #45 to Rancho Larios have now been taken over by the Homeowners Association (HOA). Meanwhile, for Cielo Vista Estates, CSA #22 no longer manages wastewater collection or treatment. Wastewater treatment is now handled by the City of Hollister, while maintenance, ownership, and administrative oversight of the new sanitary sewer collection system have been transferred to the Sunnyslope County Water District.

Figure 1-1: Wastewater and Recycled Water Providers in San Benito County

AGENCY	SERVICE	
	WASTEWATER	RECYCLED WATER
City of Hollister	✓	
City of San Juan Bautista	✓	
San Benito County Water Districts (SBCWD)		✓
Sunnyslope County Water District (SSCWD)	✓	
Tres Pinos Water District (TPWD)	✓	

WASTEWATER SERVICES

Indicators of wastewater service adequacy evaluated in this report consist of collection system integrity and regulatory compliance. Several measures assess the integrity of wastewater collection systems. For this report's purposes, integrity is defined by the rate of sanitary sewer overflows and peaking factors resulting from infiltration and inflow. Based on these indicators, most agencies in San Benito provide at least minimally adequate services.

The City of Hollister has had violations throughout the years, due to struggles with exceeding the annual average effluent flow set by the regulatory permit.

The City of San Juan Bautista also had challenges with high salt levels being discharged into the creek by the City's wastewater treatment plant (WTP), exceeding the National Pollution Discharge Elimination System (NPDES) permit levels, causing a violation of the National Pollution Elimination System permit. These repeated violations are because the City's WTP is not designed to remove salt (e.g., sodium, chloride, and total dissolved solids) from its domestic wastewater, as such effluent has received repeated violations for chloride, sodium, and total dissolved solids (TDS).

To address this issue, the City of Hollister, and San Juan Bautista (SJB) have entered into a memorandum of understanding (MOU) for SJB to send domestic wastewater to Hollister. As a result, a San Juan Bautista to Hollister Sanitary Sewer Force Main project is underway. The project setting begins at the existing City of San Juan Bautista Wastewater Treatment Plant (WWTP) on Third Street in San Juan Bautista and terminates at the City of Hollister Domestic WWTP at the intersection of State Route 156 and San Juan Hollister Road, within Hollister. The majority of the project route is on existing road rights-of-way within farmland. SJB is responsible for managing the local collection system and delivering wastewater to Hollister's Domestic WWTP via the new force main. The final connection is estimated to be completed in January 2025.

The San Benito County Service Area (CSA) #22 (Cielo Vista) is one of the agencies that has struggled to provide adequate wastewater services. In 2021, the San Benito County contracted with the Wallace Group to conduct a Wastewater Treatment Plant Evaluation on the Cielo Vista's WWTP. The report included a conditions assessment of the existing facility, analyzed the WDR requirements and effluent water quality violations, and provided recommendations for the facility based on these findings. The report highlighted exterior, interior, and other/health and safety deficiencies. It concluded that based on the facility's existing condition, continued operation of the Cielo Vista WWTP is not recommended without significant repairs and

updates to address safety concerns. Additionally, the report indicated that even with repairs and updates, the facility would likely continue to struggle to meet effluent salt limits and could face additional Notices of Violation.

In 2023, the Sunnyslope County Water District (SSCWD) entered into a Wastewater Treatment Services Agreement with the City of Hollister for the conveyance of wastewater from four areas, including Cielo Vista, to Hollister's treatment and disposal facilities. All four areas are located in unincorporated San Benito County and fall within SSCWD's boundaries.

Cielo Vista requested an emergency out-of-jurisdiction service connection due to the failure of its existing facilities. The agreement requires that SSCWD construct, operate, and maintain the wastewater collection system for the parcels designated to be connected to the City's existing wastewater system.

The City of Hollister submitted an application to San Benito LAFCO for this out-of-agency services agreement with Sunnyslope County Water District for the provision of sanitary sewer services. Although Sunnyslope County Water District's contract with the City of Hollister is considered exempt from LAFCO approval per the exception outlined in Government Code section 56133(e)(1), agencies are required to apply to LAFCO for a determination that the action is exempt.¹ San Benito LAFCO determined the application to be exempt from approval on December 14, 2023. The new sewer connection from Cielo Vista to the City of Hollister wastewater collections system has been completed.

Currently, no services are being provided to Rancho Larios by CSA #45; the Homeowner's Association (HOA) assumed responsibility for services provided, effective July 1, 2009. The Homeowners Association of Rancho Larios is responsible for payment to a consultant for the operation and maintenance of the wastewater treatment plant, including four lift stations, and oversight of the reclaimed water pond. The County provides oversight of wastewater treatment services.

Similarly, Tres Pinos County Water District (TPCWD) has struggled to provide adequate services due to several challenges, including financial constraints, aged infrastructure, and the state-mandated moratorium on adding new service connections.

¹ Gov. Code § 56133(e)(1): Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

RECYCLED WATER

The San Benito County Water District (SBCWD) serves as the Groundwater Sustainability Agency (GSA) for the Bolsa, Hollister, San Juan Bautista, and Tres Pinos groundwater basins and collaborates with the Santa Clara Valley Water District, which manages small portions of the Hollister and San Juan Bautista basins within Santa Clara County. SBCWD is also actively pursuing the consolidation of these basins to achieve more comprehensive and cost-effective management.

In addition to management of the County's groundwater, water recycling is provided through a cooperative effort between the San Benito County Water District (SBCWD) and the City of Hollister. Recycled water is produced at the Hollister DWWTP and provided as a wholesaler to SBCWD for distribution to customers. It is also used at the City of Hollister's Brigantino Park for irrigation.

Production of recycled water is constrained by the volume of wastewater flowing into the reclamation facilities, while demand is significantly contingent on weather conditions. SBCWD must meet strict water quality regulations to provide recycled water. SBCWD reports that the reclaimed water meets Title 22 standards and is deemed suitable for unrestricted agricultural irrigation.

According to the SBCWD Recycled Water Annual Report for Cycle Year 2022, water conservation levels and drought have impacted the City of Hollister's reclamation plant output. Therefore, the District used virtually all the water produced. The plant output will increase as the City of Hollister grows, and the District's deliveries are projected to increase. Although recycled water is considered supplemental and interruptible, SBCWD reports that the supply is generally reliable.

The District plans to continue to refine its operations and expand its customer base for the recycled water project. Additional minor facilities have been added to increase the circulation of stored water in the ponds, as well as additional filtration to improve water quality delivered to recycled water customers. Once storage facilities are completed, the District will be able to deliver 1,000 acre-feet of recycled water per year, with nearly 100 percent of the recycled water produced from April to September of each year will be available for use.

The District emphasizes that the use of recycled water for agricultural purposes will be crucial in the coming years as the region continues to address the ongoing drought.

FINANCIAL ABILITY TO PROVIDE SERVICES

The larger agencies included in this San Benito Regional Wastewater MSR, such as the City of Hollister, City of San Juan Bautista (SJB), San Benito County Water District (SBCWD), and Sunnyslope County Water District (SSCWD) overall demonstrate adequate financial standing to provide services. Additionally, all these agencies prepare various plans and policies representative of "Best Practices," including capital improvement programs (CIP), fully documented budgets, and financial reports.

Some areas of improvement in financial planning have been identified for the City of San Juan Bautista through the 2023 high-level organizational review prepared by Citygate. Highlighted fiscal-related operational issues include a lack of review or adjustment related to current fees, a lack of formalized policies and procedures, the potential for noncompliance with the California Government Code due to the use of the same auditor service, and the lack of succession planning, cross-training, and long-range financial planning.

In smaller agencies included in this MSR, such as CSA #22, operating deficits (expenses exceeding revenues) have been a recurring challenge. The main reason for this is the increased costs for services and supplies for wastewater operations and salaries, while charges for services have remained unchanged throughout the years.

Similarly, since FY 21-22, CSA #45 (Rancho Larios) has had no reported revenue, while expenses for wastewater operations are estimated to be around \$300,000. It is unclear how the HOA is collecting charges to cover operating and maintenance expenses.

Tres Pinos County Water District (TPCWD) is also another agency that faces financial difficulties in providing services. Despite rate increases, revenue fails to meet maintenance and operational expenses. The District also lacks adequate reserves and capital funding. Furthermore, the 2020 mandate restricting new connections pose additional challenges the problem by limiting opportunities to generate additional revenue.

In many cases, weak financial conditions can be improved through reorganizations that leverage economies of scale achievable by a larger entity, as well as the expertise and shared resources of a larger organization. Although some aspects of "local control" might be diminished, this can be mitigated by establishing local advisory groups to ensure community input and representation.

KEY ISSUES

Throughout this Municipal Services Review, several key issues have been identified for each agency.

CITY OF HOLLISTER

One of the issues specific to Hollister is the interchangeable use of the terms Hollister Urban Area (HUA) and Hollister Urban Service Area (USA) throughout the City's planning documents.

According to Government Code (GC) 56080, urban service areas are defined as developed, undeveloped, or agricultural land, either incorporated or unincorporated, within the sphere of influence (SOI) of a city, which is served by urban facilities, utilities, and services or which are proposed to be served by urban facilities, utilities, and services during the first five years of an adopted capital improvement program of the City if the City adopts that type of program for those facilities, utilities, and services. The San Benito LAFCO policies also state that Cities and those special districts providing municipal services are encouraged to establish urban service areas within their spheres of influence. However, LAFCO policies do not provide a clear definition of a USA.

Alternately, the Hollister Urban Area (HUA) is defined as an approximately 20-square-mile area comprising all of the incorporated and some unincorporated county lands surrounding the City of Hollister. The HUA area seems to be utilized as a planning tool and has been used in the Hollister Urban Water Management Plan (UWMP) and the Water and Wastewater Master Plan.

Additionally, the City's current Urban Service Area (USA) does not meet LAFCO's definition. As mentioned, LAFCO requires an urban service area to be within a City's SOI; however, Hollister's USA extends beyond the City's SOI.

Hollister also has several out of area connections for wastewater services that create contention due to concerns about the potential decline in service quality for the City's residents as wastewater capacity approaches or exceeds its maximum limit. There are also concerns that out-of-area residents are benefiting from the wastewater system that Hollister residents have funded.

In some instances, the extension of services outside of an agency's jurisdictional boundary in lieu of annexing the territory to the agency - including island areas - can create disorderly service areas. This can lead to jurisdictions with overlapping service areas causing duplicative

services and conflict between agencies. In addition, an extension of services outside an agency's boundaries may exacerbate urban sprawl which is under LAFCO's authority to manage.²

It also creates unpredictability in the development process and prevents appropriate long-term planning for both development and related capital needs. Private landowners make significant decisions about property based on established norms and laws and when these laws are not implemented equally throughout the community, county or state, the resulting uncertainty can be challenging. Development interests are also denied the predictability and certainty of the consistent implementation of local land use laws and the carefully planned and financed local infrastructure plans.³

Lastly, San Benito County and the City have been challenged to reach an agreement regarding wastewater services for potential development adjacent to or surrounding the City. As a result, the County has been unable to approve new developments as there won't be adequate wastewater facilities for the newly approved developments as outlined in the San Benito General Plan as follows:⁴

- **PFS-5.4 Developer Requirements:** The County shall require that the new development meet all County requirements for adequate wastewater collection, treatment, and disposal prior to project approval.

CITY OF SAN JUAN BAUTISTA

LAFCO informed the City of San Juan Bautista that the 2016 General Plan Sphere of Influence and Urban Growth Boundary for the City was never adopted by LAFCO. Therefore, the 1998 SOI remains the guide for growth, and it conflicts with nearly all of the 2016-2035 General Plan Land Use, Open Space, and Conservation policies, including the following key Land Use Element Programs.

An urban growth boundary (UGB) is a regional boundary, set to control urban sprawl by mandating that the area inside the boundary be used for urban development and the outside be preserved in its natural state or used for agriculture. The UGB is similar to what other jurisdictions refer to as a UGB as an Urban Growth area or Urban Service Area.

² California Association of Local Agency Formation Commissions (CALAFCO), Planning for a Sustainable and Predictable Future. Clarifying LAFCo Authority to Determine Government Code Section 56133(e) Exemption Eligibility. 2022. p.10.

³ California Association of Local Agency Formation Commissions (CALAFCO), Planning for a Sustainable and Predictable Future. Clarifying LAFCo Authority to Determine Government Code Section 56133(e) Exemption Eligibility. 2022. p.10.

⁴ San Benito County 2035 General Plan, July 21, 2015. p.7-8.

In August 2020, the San Juan Bautista City Council created an "Urban Growth Boundary Committee" to address inconsistencies with the SOI and UGB. The process involved contentious meetings, frequent new appointments, and numerous absences.

The committee ultimately evaluated two primary approaches: one advocating for a more expansive SOI to enhance legislative control and development management, and the other for a more restrictive SOI to preserve open space within a designated planning area. After thorough deliberation, including input from property owners and the community, and an assessment of resource and development constraints, the City Council adopted a revised SOI and UGB in November 2023. This update aligns the SOI with City limits and reduces the size of the UGB. The resolution also includes plans to amend the 2035 General Plan and collaborate with San Benito County to formalize a Planning Area through a Memorandum of Understanding.

The City plans to apply to LAFCO after completing a Community Plan, being drafted by EMC Planning Group. This plan will focus on managing infill and mixed-use development within City limits while addressing constraints such as public safety, hazards, natural resource conservation, and infrastructure.

Additionally, a required component for a significant update in SOI is an MSR. As such, LAFCO plans to complete a full MSR for the City of San Juan Bautista in the next fiscal year.

TRES PINOS WATER DISTRICT

The Tres Pinos County Water District (TPCWD) faces several challenges, including financial constraints, aged infrastructure, and the state-mandated moratorium on adding new service connections.

In 2022, TPCWD received a moratorium on new hookups throughout the District due to compliance violations with California Code of Regulations, title 22, section 64554 (a), for not having adequate source capacity and storage capacity. The District reports that it is currently working at capacity and cannot accommodate new developments.

The TPCWD wastewater system is also outdated and needs updating to continue providing an adequate level of service. The District reports that rate increases and income from existing connections are not enough to maintain and repair the facility.

Since the District does not have sufficient resources to expand or maintain its current operations, TPCWD is seeking to consolidate with SSCWD.

CSA #22- CIELO VISTA

As discussed, Cielo Vista requested an out-of-agency service seeking an emergency service connection to the City of Hollister’s plant due to the failure of existing facilities for the area.

On June 18, 2024, San Benito County Board of Supervisors adopted Resolution No. 2024-52 to divest CSA #22 of the authority to provide sanitary sewer services and transfer the maintenance, ownership, and administrative oversight for the sanitary sewer collection system and its infrastructure when the new sanitary sewer system is operational, to the Sunnyslope County Water District (SSCWD), to serve as the successor public agency. While responsibility for wastewater treatment is transferred to the City of Hollister.

SSCWD has now taken responsibility of the Cielo Vista collections system and is sending the wastewater to the City of Hollister under a contract held between the agencies. The new sewer connection from Cielo Vista to the City of Hollister wastewater collections system has been completed and wastewater from Cielo Vista is currently running to the City of Hollister wastewater treatment plant.

Following an application from the County to finalize the divestiture process, San Benito LAFCO, adopted Resolution No. 2024-05 approving the divestiture of wastewater services by CSA #22 serving Cielo Vista, with an effective date of September 1, 2024.

CSA #45 – RANCHO LARIOS

In 2021, the Homeowners Association (HOA) took over the operation of the CSA #45 (Rancho Larios) wastewater services. However, it is unclear how the operational costs for wastewater services, estimated by the County to be approximately \$300,000, are recouped. The CSA is currently considered inactive.

GOVERNANCE STRUCTURE OPTIONS

Several governance options were identified for each agency under review throughout this MSR. These options are summarized in Figure 1-2. Refer to the affected agency’s chapter for a discussion of agency-specific options. In addition, the potential for a regional or countywide sanitary district is also identified. These options have the potential to affect many or all the reviewed agencies and have far-reaching impacts on wastewater services in the County.

Figure 1-2: San Benito County Governance Structure Options

GOVERNANCE STRUCTURE OPTIONS	
Affected Agency	Governance Options
City of Hollister	<ul style="list-style-type: none"> • Evaluate the function of the HUA and determine whether this boundary can be retired or needs to be redefined. • City-initiated or Commission initiated update to the Hollister Urban Service Area (USA) as it relates to the SOI per CKH policies. • Establish a Regional Sanitation District in collaboration with all relevant neighboring agencies. • Establishment of a subsidiary district governed by the City Council but able to extend outside of the city limits to a certain degree. • Form a joint powers authority (JPA) for sewer service within or even outside the HUA. • County buys a portion of Hollister’s wastewater capacity to provide services to new developments near Hollister and address the various out-of-area connections.
City of San Juan Bautista (SJB)	<ul style="list-style-type: none"> • SJB adopts an updated SOI that correspondence with the existing General Plan and ensures it is LAFCO approved.

	<ul style="list-style-type: none"> • Collaborate with the City of Hollister and other agencies to establish a Regional Sanitation District.
San Benito County Water District (SBCWD)	<ul style="list-style-type: none"> • SBCWD activates wastewater services latent power and contracts with the City of Hollister for services in unincorporated areas.
Sunnyslope County Water District (SSCWD)	<ul style="list-style-type: none"> • A consolidation with Tres Pinos for wastewater services is similar to what is happening between these agencies regarding water services. • Collaborate with the City of Hollister and other agencies to establish a Regional Sanitation District.
Tres Pinos County Water District (TPCWD)	<ul style="list-style-type: none"> • Consolidation of TPCWD and SSCWD. • Annexation and dissolution of TPCWD.
CSA #45 Rancho Larios	<ul style="list-style-type: none"> • Dissolution of the CSA.

FORMATION OF A REGIONAL SANITARY DISTRICT

One governance option that would benefit most, if not all, San Benito County wastewater agencies is forming a regional sanitation district. Sanitary districts are established pursuant to the Sanitary District Act of 1923 (Health & Safety Code §6400, et seq) and are empowered to acquire, maintain, and operate sewer, drainage, and/or refuse collection facilities.

A county sanitation district may acquire, construct, and operate sewage collection, treatment, and disposal works within or outside district boundaries. It may also provide water services. Such districts may include incorporated or unincorporated territory. The governing body of a county sanitation district within unincorporated territory only is the board of supervisors. The governing board of a county sanitation district, which includes both incorporated and unincorporated territory, is made up of both city council and county supervisor members, depending on the amount of overlap.

There are several examples of county sanitation districts in California. For example, Orange County Sanitation District (OC San) provides wastewater collection, treatment, and recycling for approximately 2.6 million people in central and northwest Orange County.

Challenges to Reorganization

As with any change of organization, there are challenges that must be overcome prior to and during the reorganization process, including but not limited to the following:

First and foremost, there needs to be consensus among the affected agencies on the desired form of the reorganized agency. The reorganization will not be effective nor beneficial if only a few potentially affected agencies choose to participate. Which agencies are deemed affected will depend on the reorganization format. For example, if the intent is to address the various out-of-area connections to Hollister, then areas immediate to the City or agencies within the HUA would be affected. Consensus among multiple agencies regarding such a significant change would likely take substantial time and effort to achieve and will likely be the primary challenge to moving forward. Reorganization is also likely to take a long time as the process will require a detailed study with a plan for services, application, environmental study, and approval.

A common concern during reorganization is whether member agencies can retain local control if a separate regional governing body is formed. Generally, local governing bodies have a more immediate connection with customers and are attuned to the needs of the agency and its operations; however, multiple, overlapping governing bodies may be duplicative, inefficient, and counterproductive to the goals of reorganization. The governance structure of the new agency will need to be determined by the affected agencies when defining the desired new agency format and striving to maintain a desirable level of local control.

Similarly, the composition of the decision-making body of the new agency is often contentious as agencies strive for representation that may most benefit their City or district. However, readily available examples of fair and equitable solutions to this challenge exist.

The affected agencies will need to cumulatively fund upfront costs associated with initiating the desired reorganization. Reorganization costs will vary depending on the proposed outcome and may include a detailed study with a plan for services, application costs, election costs, and/or time and costs associated with getting state legislation passed in the case of a wastewater agency.

Potential new agencies are often challenged to identify and establish sustainable revenue sources. For utility services, funding is generally guaranteed by rates for services.

Finally, all agencies will need to acclimate to new or altered roles. Agencies may find it challenging to relinquish certain responsibilities. The structure and detail of the chosen alternative will determine the degree of adjustments for each agency.

OTHER COLLABORATION OR REORGANIZATION OPTIONS

The agencies may not be prepared to entirely commit to significant changes immediately. Other options enable the agencies to explore collaborative activities and assess the feasibility of options without committing to forming a new agency. Intermediate options may include a subsidiary district, a joint powers authority, and other agency-specific governance options highlighted in Figure 1-2 and each agency's chapters.

Subsidiary District

Another alternative option to a regional organization is the formation of a subsidiary district. The procedures for the establishment of a subsidiary district were established by the legislature in 1965 by the adoption of the District Reorganization Act of 1965, effective September 17, 1965 (Stats 1965 Ch. 2043 §§ 2), which added Government Code sections 56073, 56401, and 56405. For purposes of the current version of the Act, the term "subsidiary district" is a district in which a city council is designated as, and empowered to act as, the ex officio board of directors of the district. (§ 56078.) A subsidiary district is a district of limited powers for which a city council is designated as the ex officio board of directors of the district. At least 70 percent of the district's land area and number of registered voters must be within the city limits for a district to become a subsidiary district.

Establishing a subsidiary district would address Hollister's several out-of-agency connections that are immediate to the City. Although this option extends beyond the City's boundary, it would not encompass all existing out-of-area connections, such as the San Juan Bautista (SJB), due to the requirements of a subsidiary district to have 70 percent of the district's land area and number of registered voters within the city limits. However, SJB and any other agencies receiving out-of-area services from Hollister that cannot be part of the subsidiary district can contract with the district for continued services.

Forming a subsidiary district will also require the willingness of the City of Hollister as the affected territory. However, a subsidiary district allows the City to retain local control, which may make it easier to reach consensus. This option also enables proposed developments within the district to connect to the existing facility.

However, it is essential to note that Hollister's City Council, as the decision-maker for many issues concerning the Subsidiary District, could create political contention between the City and the other involved agencies.

If this option is selected, it is recommended that the District ensures that new customers pay their fair share. It is also recommended that any rate for service arrangements with out-of-area services is clearly communicated to Hollister's residents to avoid confusion and increase transparency.

Joint Powers Authority

Joint powers are exercised when the public officials of two or more agencies agree to create another legal entity or establish a joint approach to work on a common problem, fund a project, or act as a representative body for a specific activity.

A joint powers agreement is a formal legal agreement between two or more public agencies that share a common power and want to implement programs, build facilities, or deliver services jointly. Officials from those public agencies formally approve a cooperative arrangement. A joint powers agreement is like a confederation of governments that work together and share resources for mutual support or common actions. The government agencies that participate in joint powers agreements are called member agencies. With a joint powers agreement, a member agency agrees to be responsible for delivering a service on behalf of the other member agencies. Each joint powers agreement is unique, as there is no set formula for how governments should use their joint powers. One agency will administer the terms of the agreement, which may be a short-term, long-term, or perpetual service agreement.

A joint powers authority (JPA) is a separate government organization created by the member agencies but is legally independent from them. Like a joint powers agreement (in which an agency administers the terms of the agreement), a JPA shares powers common to the member agencies outlined in the JPA agreement. Agencies create JPAs to deliver more cost-effective services, eliminate duplicative efforts, and consolidate services into a single agency.

A joint powers authority offers the advantages of a more temporary and potentially more limited consolidation (e.g., planning or treatment), continued accountability and local control, and a potential structure to overcome inherent financial incompatibilities among the providers working towards future consolidation.

Additionally, creating a JPA would be a significant step toward forming an all-encompassing wastewater agency or county wastewater district. A JPA could entail whatever roles the

member agencies desired, such as resource management for the cities or a regional approach amongst the cities for supply and treatment to improve efficiency.

A JPA could avoid overhead costs for fiscal and personnel management associated with the formation of a new agency, as it could use existing participating agency support services, such as budgeting or engineering. If the option of a JPA is considered, LAFCO's role is a coordination role; no formal approval or action is required.

However, it is important to note that a JPA alone will not address Cities' specific issues, such as the City of Hollister's several out-of-area connections. Therefore, an optimal option may be to make other governance options, such as the county buying part of the City's wastewater capacity as an add-on option as part of the JPA.

Next Steps

Considering the limited scope of this study, which exclusively covers the legally mandated requirements of an MSR for LAFCO's purposes, San Benito wastewater agencies will need a more detailed step-by-step approach to bridge the gap between concept and implementation. The agencies need to begin conversations to determine a preferred service structure and confirm consensus, then move ahead with further assessment to determine:

- How the reorganization would affect rates.
- Immediate and long-term cost of the reorganization.
- Appropriate composition of the governing body.
- Funding sources that can feasibly ensure sufficient revenues for the new entity.

It is recommended that wastewater providers in San Benito engage in long-term discussions regarding their vision for wastewater services in the County. This will help address existing concerns and ensure a sustained effort to deliver reliable and sustainable wastewater services throughout the County.

2. BACKGROUND

LAFCO OVERVIEW

LAFCO regulates boundary changes proposed by public agencies or individuals through approval, denial, conditions, and modification. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCO is empowered to initiate updates to the SOIs and proposals involving the dissolution or consolidation of special districts, mergers, the establishment of subsidiary districts, and any reorganization, including such actions. Otherwise, LAFCO actions must originate as petitions or resolutions from affected voters, landowners, cities, or districts.

MUNICIPAL SERVICES REVIEW LEGISLATION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review and update SOIs every five years, or as necessary, and to review municipal services before updating SOIs. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California's anticipated growth. The service review provides LAFCO with a tool to study existing and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently. Government Code §56430 requires LAFCO to conduct a review of municipal services provided in the county by region, sub-region, or other designated geographic area, or by type of service, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

- Growth and population projections for the affected area;
- The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the SOI;
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the sphere of influence);
- Financial ability of agencies to provide services;
- Status of and opportunities for shared facilities;

- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other matter related to effective or efficient service delivery, as required by commission policy.

MUNICIPAL SERVICES REVIEW PROCESS

The MSR process does not require LAFCO to initiate changes in an organization based on service review findings, only that LAFCO identifies potential government structure options. However, LAFCO, other local agencies, and the public may subsequently use the determinations to analyze prospective changes in organization or reorganization or to establish or amend SOIs. Within its legal authorization, LAFCO may act with respect to a recommended change of organization or reorganization on its initiative (e.g., certain types of consolidations) or in response to a proposal (i.e., initiated by resolution or petition by landowners or registered voters). MSRs are exempt from the California Environmental Quality Act (CEQA) pursuant to §15306 (information collection) of the CEQA Guidelines. LAFCO's actions to adopt MSR determinations are not considered "projects" subject to CEQA.

SPHERE OF INFLUENCE UPDATES

The Commission is charged with developing and updating the SOI for each city and special district within the county. SOIs must be updated every five years or as necessary. In determining the SOI, LAFCO is required to complete an MSR and adopt the seven determinations previously discussed.

An SOI is a LAFCO-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage the efficient provision of organized community services and prevent duplication of service delivery. Territory cannot be annexed by LAFCO to a city or a district unless it is within that agency's sphere.

The purposes of the SOI include the following: to ensure the efficient provision of services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCO cannot regulate land use, dictate internal operations or administration of any local agency, or set rates. LAFCO is empowered to enact policies that indirectly affect land use decisions. On a regional level, LAFCO promotes the logical and orderly development of

communities as it considers and decides individual proposals. LAFCO has a role in reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of current and future area residents and property owners.

The Cortese-Knox-Hertzberg (CKH) Act requires to develop and determine the SOI of each local governmental agency within the county and review and update the SOI every five years. LAFCOs are empowered to adopt, update, and amend the SOI. They may do so with or without an application and any interested person may submit an application proposing an SOI amendment.

LAFCO may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations.

In addition, in adopting or amending an SOI, LAFCO must make the following determinations:

- Present and planned land uses in the area, including agricultural and open-space lands;
- Present and probable need for public facilities and services in the area;
- Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide;
- Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency; and
- Present and probable need for water, wastewater, and structural fire protection facilities and services of any DUCs within the existing sphere of influence.

By statute, LAFCO must notify affected agencies 21 days before holding the public hearing to consider the SOI and may not update the SOI until after that hearing. The LAFCO Executive Officer must issue a report including recommendations on the SOI amendments and updates under consideration at least five days before the public hearing.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO is required to evaluate disadvantaged unincorporated communities (DUCs) as part of this service review, including the location and characteristics of any such communities.

The purpose of Senate Bill (SB) 244 (Wolk, 2011) is to begin to address the complex legal, financial, and political barriers that contribute to regional inequity and infrastructure deficits within DUCs. Identifying and including these communities in the long-range planning of a city or a special district is required by SB 244.

The CKH requires LAFCO to make determinations regarding DUCs when considering a change of organization, reorganization, sphere of influence expansion, and when conducting municipal service reviews. For any updates to an SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, LAFCO shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any DUC within or contiguous to the SOI of a city or special district.

CKH prohibits LAFCO from approving an annexation to a city of any territory greater than 10 acres if a DUC is contiguous to the proposed annexation, unless an application to annex the DUC has been filed with LAFCO. An application to annex a contiguous DUC shall not be required if a prior application for annexation of the same DUC has been made in the preceding five years or if the Commission finds, based upon written evidence, that a majority of the registered voters within the affected territory are opposed to annexation.

Government Code §56033.5 defines a DUC as 1) all or a portion of a "disadvantaged community" as defined by §79505.5 of the Water Code, and as 2) "inhabited territory" (12 or more registered voters), as defined by §56046, or as determined by commission policy.

3. OVERVIEW

STUDY AREA

San Benito County is a rural and agricultural community in the Central Coast Region, south of Silicon Valley. The Counties of Santa Clara, Santa Cruz, Monterey, Fresno, and Merced surround the County. San Benito County has a land area of 1,389 square miles. The terrain varies from flat valley floor to hilly rangeland in the east to 5,450-foot peaks far south.⁵

San Benito County was formed in 1874 from Monterey County. The County has two incorporated cities – Hollister and San Juan Bautista – and various unincorporated communities (Aromas, Tres Pinos, Panoche, Ridgemark, and Paicines). Major transportation routes bisecting the County include State Routes 129, 156, 25, and U.S. 101.

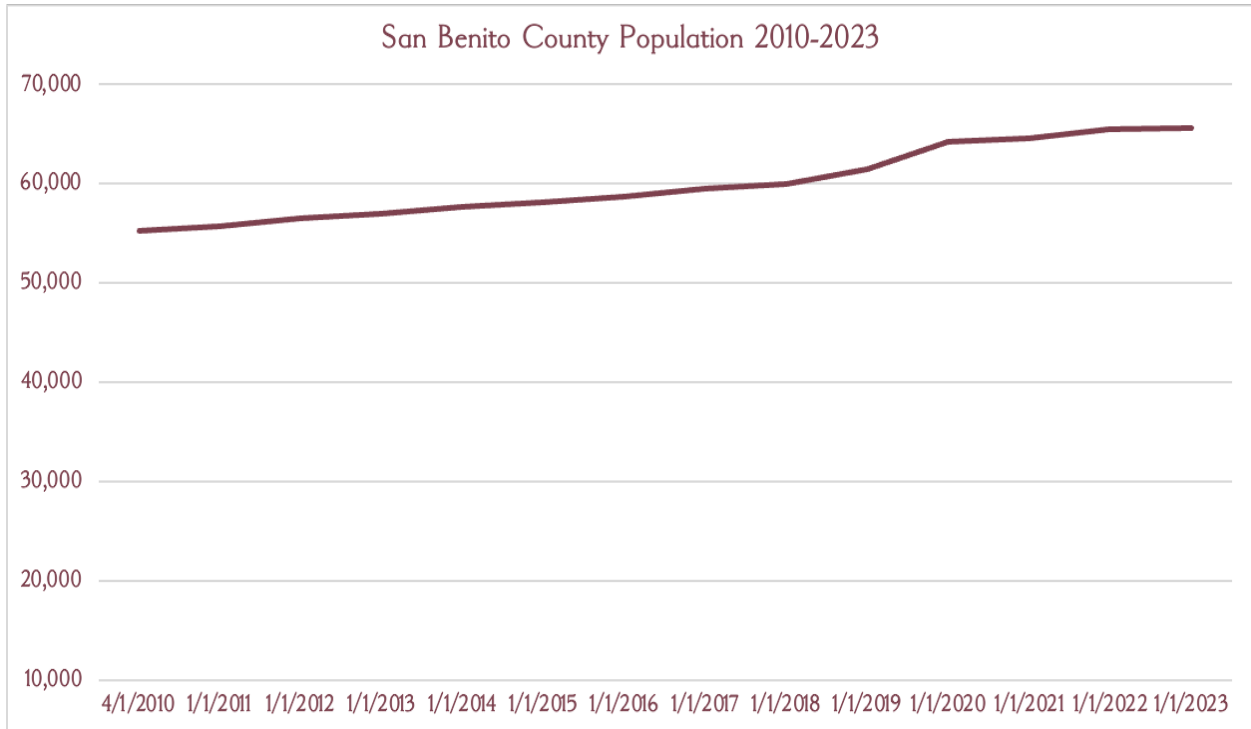
The City of Hollister, where the County seat is located, is at an elevation of 229 feet. The north and northwest segments of the County are comprised of urban areas, leaving the southern portion of the County primarily rural. Major industries in San Benito County include agriculture, manufacturing, service, retail, recreation, mineral, and professional.

GROWTH AND POPULATION PROJECTIONS

The population of San Benito County has grown rapidly since its establishment in 1874. In 1880, the population was 1,000; by 1980, it had grown to 23,005, and according to the California Department of Finance (DOF), as of 2023, the population is 65,666. This indicates a roughly 20 percent increase and a 1.43 percent Average Annual Growth Rate (AAGR) since 2010 when the population was 55,269. The County's population trend over the last 13 years is shown in Figure 3-1.

⁵ On the Move: 2040 – San Benito Regional Transportation Plan, Chapter 3: Regional Setting and Travel Patterns, p. 3-1.

Figure 3-1: San Benito County Population Growth, 2010-2023



POPULATION CHARACTERISTICS

The median age in San Benito County is 35.7 years old. By comparison, the median age for the State of California is 37.0 years old, and the median age for the United States is 38.4 years old.

According to the Census, during 2018-2022, there are approximately 19,852 households in San Benito County, with an average household size of roughly three people.

As of 2021, the County has a median household income of \$95,606 compared to the statewide Median Household Income (MHI) of \$84,097. The median property value in San Benito County, CA, was \$623,000 in 2021, 2.54 times larger than the national average of \$244,900. Between 2020 and 2021, the median property value increased from \$588,500 to \$623,000, a 5.86 percent increase. The homeownership rate in San Benito County, CA, is 67.6 percent, approximately the same as the national average of 64.6 percent. In 2021, 67.6 percent of the housing units in San Benito County, CA, were occupied by their owner. This percentage grew from the previous year's rate of 65.3 percent.

Approximately 7.75 percent of the population in San Benito County (about 4,880 out of 62,900 people) live below the poverty line, which is lower than the national average of 12.6 percent.

Data from the U.S. Census Bureau indicates that nearly two-thirds of San Benito County residents work outside the county. Economic opportunities in larger neighboring counties contribute to this trend, with 37 percent traveling to Santa Clara County, 21.5 percent to Monterey County, and 10.2 percent to Santa Cruz County. This pattern has created a strong demand for housing within San Benito County, as affordable housing near employment centers in these larger counties is limited.

PROJECTED GROWTH AND DEVELOPMENT

Planned & Proposed Development

Anticipated development is an indicator of growth potential and a trigger to address necessary municipal service capacity enhancements associated with the degree of impending growth.

San Benito County includes two incorporated cities: the City of Hollister and the City of San Juan Bautista, both located in the northwest portion of the county. Development in unincorporated areas of San Benito County is generally concentrated around these cities or within the unincorporated communities of Aromas and Tres Pinos, which are also situated in the northern part of the County. In contrast, development in the southern region of the county is sparse, with most activity centered in the Paicines/Panoche area. In the early 2010s, 88.3 percent of the County's population lived in the Hollister Civil Division (49,559 people), while 10.5 percent resided in the San Juan Bautista Civil Division (5,894 people). The remaining 1.2 percent of the population lived in the San Benito-Bitterwater Civil Division (662 people).⁶

In September 2021, California's Department of Housing and Community Development (HCD) issued a Regional Housing Needs Allocation (RHNA) of 5,005 units to the Council of San Benito Governments for the planning period of June 30, 2023, to Dec. 15, 2031.

Of the 5,005 units, 4,163 were allocated for Hollister, 88 for San Juan Bautista, and 754 for the county's unincorporated area. The units for the unincorporated county were to be allocated as follows: ⁷

- 123 extremely low-income units (a family of four that makes 15-30 percent of the county median income of \$95,606)
- 123 very low-income units (30-50 percent of county median income)
- 198 low-income units (50-80 percent of county median income)

⁶ San Benito County, Housing Element 2014-2023. Adopted by the San Benito County Board of Supervisors on April 12, 2016. p. 5-i.

⁷ Benito Link, San Benito County News-<https://benitolink.com/county-officials-briefed-on-housing-element/>

- 103 moderate units (80-120 percent of county median income)
- 207 above moderate units

Future growth within the City of Hollister and the City of San Juan Bautista will be limited by adopted growth management policies for both governments. The County of San Benito adopted a Growth Management System (Ordinance No. 751) that restricts population increases associated with new residential development to one percent per year.

Similarly, the City of Hollister has established a growth limit of 159 residential units per year for the period ranging from 2105-2023 on the City’s Municipal Code Section 16.64.045. The growth limit of 159 units per year was set based on 1.5 percent of the City’s current housing inventory for all housing types. Suppose a future Regional Housing Needs Assessment (RNHA) requirement exceeds the five-year growth limit of 795 units for above-moderate-income housing. In that case, the established Growth Limit shall be increased to ensure compliance with the City’s RHNA requirements.

There are several significant development projects in various stages of planning and construction within San Benito County. These projects are outlined in Figure 3-2.⁸

Figure 3-2: San Benito County Planned or Proposed Development Projects, 2023

SAN BENITO COUNTY DEVELOPMENT PROJECTS			
PROJECT	# OF DWELLING UNITS	ACRES	PROJECT TYPE
Strada Verde Innovation Park		2,767	Employment Center
Betabel Commercial Development Conditional Use Permit		111.61	Commercial
Lee Subdivision Project	141	27.45	Residential Units, a public park and open space, utilities infrastructure, internal public streets, and improvements to Old Ranch Road.
San Benito Ag Center		15	Commercial
Ridgemark Subdivision Project	190	253	Zoning amendment
San Benito Travelers Station		2.6	Commercial

⁸ San Benito County, Current Major Planning Projects and Notices, <https://www.cosb.us/departments/resource-management-agency/planning-and-land-use-division/current-major-planning-projects>.

San Juan Oaks		1,084	Residential and Commercial
Santana Ranch			Residential, Commercial, Mixed-use, Park, and School
Fairview Corners		120	Residential, park, and recreational uses, including active parks, open space a pedestrian and bikeway network, as well as related on- and off-site project infrastructure
Lompa (Bates/Stringer, Bluffs, Promontory)		50	
Lico and Greco Properties			
Riverview Estates II			
James Bray			
Angel Co. LLC-John Wynn			
Landfill Expansion			
Strada Verde			
TOTAL	331+	4431+	

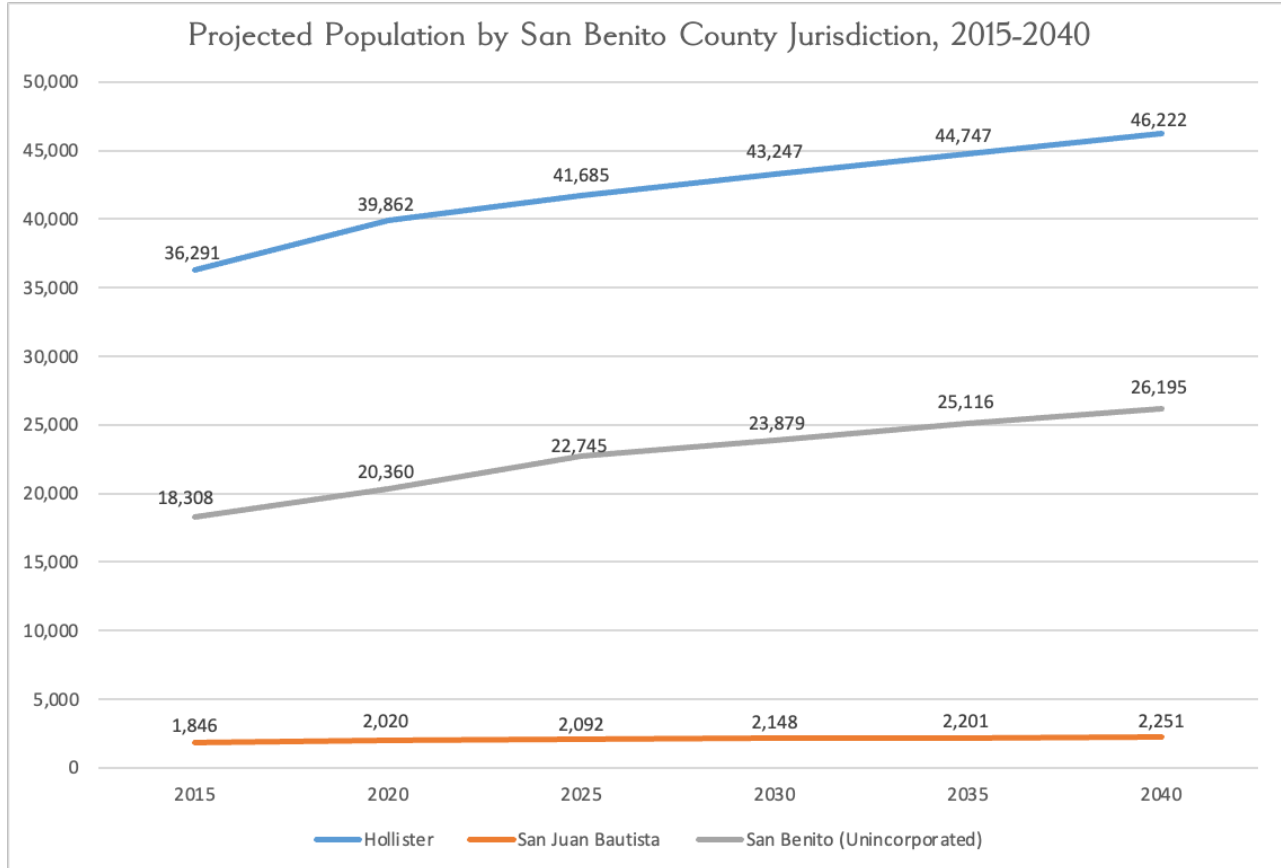
Population Projections

As the designated Metropolitan Planning Organization (MPO), the Association of Monterey Bay Area Governments (AMBAG) is the federally designated agency tasked with preparing the Regional Growth Forecast (RGF) for the tri-county region, which includes San Benito County. The RGF projects population, housing units, and employment.

San Benito is projected to be the fastest-growing County within the AMBAG region, with an increase of 32 percent between 2015 and 2040. According to AMBAG, from 2015 to 2040, the highest percent growth will occur in the unincorporated parts of the County (43 percent or approximately 7,887 people), followed by the City of Hollister (27 percent or approximately 9,931 people), and with less growth forecasted for the City of San Juan Bautista (22 or approximately 405 people). Overall, Hollister will have the greatest absolute growth, with an

increase of over 9,000 people projected through 2040. Figure 3-3 shows the projected growth in San Benito Jurisdiction 2015 – 2040. ⁹

Figure 3-3: Projected Population by San Benito County Jurisdiction, 2015-2040



According to the Department of Finance (DOF), overall countywide growth projections for San Benito County are expected to see an approximately 0.47 percent average annual growth rate (AAGR) from 2020 (64,432) through 2060 (77,666).

GROWTH STRATEGIES

San Benito County utilizes various tools to plan for future growth, including the General Plan, 6th Cycle San Benito County Draft Regional Housing Needs Allocation (RHNA) Plan, and regional growth forecast.

The County 2035 general plan includes a goal of maintaining San Benito County’s rural character and natural beauty while providing areas for needed future growth. The County has

⁹ Council of San Benito County Governments, On the Move: 2040 – San Benito Regional Transportation Plan, Chapter 3: Regional Setting and Travel Patterns, p.3-3.

a direct role in shaping the character of rural and urban development as it manages growth in the unincorporated County. At the same time, the County seeks to support and encourage the cities in their land use planning efforts to ensure a quality living environment for all existing and future county residents. This goal aims to identify general countywide growth and development patterns envisioned in the unincorporated parts of San Benito County that will sustainably accommodate the County's projected growth. The following policies are included in the County's General Plan as part of the countywide growth and development goal:

- LU-1.1: Countywide Development — The County shall focus future development in areas around cities where infrastructure and public services are available, within existing unincorporated communities, and within a limited number of new communities, provided they meet the requirements of goal section LU-7 and demonstrate a fiscally neutral or positive impact on the County and any special districts that provide services to the project.
- LU-1.2: Sustainable Development Patterns — The County shall promote compact, clustered development patterns that use land efficiently; reduce pollution and the expenditure of energy and other resources; and facilitate walking, bicycling, and transit use; and encourage employment centers and shopping areas to be proximate to residential areas to reduce vehicle trips. Such patterns would apply to infill development, unincorporated communities, and the New Community Study Areas. The County recognizes that the New Community Study Areas comprise locations that can promote such sustainable development.
- LU-1.3: Future Development Timing — The County shall ensure that future development does not outpace the ability of either the County or other public/private service providers to provide adequate services and infrastructure. The County shall review future development proposals for their potential to reduce the level of services provided to existing communities or place economic hardships on existing communities, and the County may deny proposals that are projected to have these effects.
- LU-1.4: Identifiable Community Boundaries — The County shall encourage defined boundaries between communities (e.g., cities and unincorporated communities).
- LU-1.5 Infill Development — The County shall encourage infill development on vacant and underutilized parcels to maximize the use of land within existing urban areas, minimize the conversion of productive agricultural land and open spaces, and minimize environmental impacts associated with new development as one way to accommodate growth.

- LU-1.6: Hillside Development Restrictions — The County shall prohibit residential and urban development on hillsides with 30 percent or greater slopes.
- LU-1.7 Community Plans — The County should consider the development and adoption of Community Plans for existing unincorporated communities to maintain/establish a community identity, coordinate traffic and circulation improvements, promote infill development where public services are already in demand, identify recreational needs, and ensure coordinated development.
- LU-1.8: Site Plan Environmental Content Requirements — The County shall require all submitted site plans, tentative maps, and parcel maps to depict all environmentally sensitive and hazardous areas, including 100-year floodplains, fault zones, 30 percent or greater slopes, severe erosion hazards, fire hazards, wetlands, and riparian habitats.
- LU-1.9: Airport Land Use Coordination and Consistency — The County shall coordinate planning and zoning with the San Benito County Airport Land Use Commission and ensure that all land uses and regulations within the Hollister and Frazier Airports areas of influence are consistent with the adopted San Benito County Airport Land Use Compatibility Plan.
- LU-1.10: Development Site Suitability — The County shall encourage specific development sites to avoid natural and manmade hazards, including, but not limited to, active seismic faults, landslides, slopes greater than 30 percent, and floodplains. Development sites shall also be on soil suitable for building and maintaining well and septic systems (i.e., avoid impervious soils, high percolation or high groundwater areas, and provide setbacks from creeks). The County shall require adequate mitigation for any development located on environmentally sensitive lands (e.g., wetlands, erodible soil, archaeological resources, and important plant and animal communities).

LOCAL AND REGIONAL PLANNING CONTEXT

Urban Water Management Plan

Urban Water Management Plans (UWMPs) are prepared by urban water suppliers every five years. These plans support the suppliers' long-term resource planning to ensure adequate water supplies are available to meet existing and future water needs. Every urban water supplier that provides over 3,000 acre-feet of water annually or serves more than 3,000 urban connections must submit a UWMP. In San Benito County, a UWMP is prepared as a collaborative effort among the San Benito County Water District (District), Sunnyslope County Water District

(Sunnyslope or SSCWD), and the City of Hollister (Hollister). The plan is prepared in accordance with the Urban Water Management Planning Act and guidelines prepared by the Department of Water Resources (DWR).

The UWMP outlines the short-term and long-term strategies and goals for supplying reliable and high-quality drinking water to the Hollister area. It is updated every five years to reflect the current regional water situation. This ensures that all the water suppliers for the whole region are cooperating and pursuing the same united goals. The most recent UWMP update was completed in 2020.

San Benito Urban Areas Water Supply and Treatment Master Plan Update

The original Hollister Urban Area Water and Wastewater Master Plan (2008 Master Plan) was prepared to provide a long-term vision of water, wastewater, and recycled water management activities and infrastructure improvements for the Hollister Urban Area (HUA). The effort was a regional collaboration undertaken by local agencies, including the City of Hollister, San Benito County, the San Benito County Water District, and the Sunnyslope County Water District under a Memorandum of Understanding (MOU).

In 2017, the 2008 Master Plan was updated with a decade of changes in water use patterns, economic activity, water supply (drought), development in the HUA, and State of California-mandated water quality regulations. The 2017 Master Plan Update refreshed water demand and wastewater flow projections, balanced supply portfolios to meet water quality objectives, and identified new capital improvement projects. The planning period was through 2035; an update was recommended after five years.

Since 2017, the City of San Juan Bautista (SJB) has joined the MOU, drought conditions have continued, California adopted the Sustainable Groundwater Management Act, and the landscape of future water supply options has evolved. Given these changes, the 2022 San Benito Urban Areas (SBUA) Water Supply and Treatment Master Plan was adopted. This Master Plan Update provides water demand projections through 2045 and provides an updated strategy for near- and long-term water supply and treatment. Unlike the past master plans, this Master Plan Update focuses on drinking water supply and treatment planning.¹⁰

¹⁰ San Benito Urban Areas Water Supply and Treatment Master Plan Update: City of Hollister, City of San Juan Bautista, San Benito County, San Benito County Water District, and Sunnyslope County Water District Approved: October 25, 2023, p. 14.

San Benito County General Plan

The San Benito County General Plan is the County’s primary planning document. It is the official policy statement of the County Board of Supervisors to guide the private and public development of the County. In regard to water and wastewater services, the General Plan contains the following goals: ¹¹

- Goal PFS-3: ensure reliable supplies of water for unincorporated areas to meet the needs of existing and future agriculture and development while promoting water conservation and the use of sustainable water supply sources.
- Goal PFS-4: maintain an adequate level of service in the water systems serving unincorporated areas to meet the needs of existing and future agriculture and development while improving water system efficiency.
- Goal PFS-5: To ensure wastewater treatment facilities and septic systems are available and adequate to collect, treat, store, and safely dispose of wastewater.

REGULATION OF WASTEWATER PROVIDER AGENCIES

Wastewater service providers are subject to numerous federal and state requirements. This section provides an overview of the more significant requirements.

Figure 3-4: Wastewater Regulatory Agencies

AGENCY	REGULATORY ROLE
California State Water Resources Control Board	A broad, statewide regulatory role, including setting statewide policies, managing water rights, issuing permits, and overseeing funding programs.
Central Coast Regional Water Quality Control Board	Focuses on regional issues within the Central Coast, implementing and enforcing state policies at the local level, issuing permits specific to the region, and addressing local water quality concerns.
San Benito County	Individual public and private sewer systems in the unincorporated San Benito County.

¹¹ San Benito County, 2035 General Plan, Public Facilities and Services Element July 21, 2015.BOS-Adopted. p. 7-6 to 7-9.

WASTEWATER REGULATIONS

Federal, state, and local laws and agencies regulate wastewater. Some state and regional plans build upon federal legislation, while in other instances, federal acts have established broad goals implemented at the state and local levels. Finally, some regulations are unique to California. The following discussion identifies the major federal, state, and local regulatory bodies and requirements for wastewater programs.

FEDERAL WATER POLLUTION CONTROL ACT OF 1972

The Federal Water Pollution Control Act of 1972, commonly known as the Clean Water Act (CWA), with its amendments, is the principal law governing the nation's streams, lakes, and estuaries. It contains regulatory provisions that impose progressively more stringent requirements on industries and cities to reduce and eliminate pollution of waterways. The CWA establishes as national goals the elimination of pollutant discharges to the navigable waters and the assurance that all navigable waters would be fishable and swimmable. It requires dischargers to obtain permits regulating the amount, quality, location, and timing of pollutant discharges. Applicable sections of the CWA include:

- §303(d) – Impaired Waters List and Total Maximum Daily Loads
- §319 – Non-point Source Management Program
- §401 – State Water Quality Certification Program
- §402 (p) – The National Pollutant Discharge Elimination System

CWA §303 requires each state to identify waters that do not meet water quality standards after application of technologically based controls. Applicable water quality standards include designated beneficial uses and adopted water quality objectives.

Waterways are identified as designated Water Quality Limited Segments (WQLSs) and are prioritized to develop Total Maximum Daily Loads (TMDLs) and establish Waste Load Allocations (WLAs) and Load Allocations (LAs). The TMDL is the sum of waste load allocations (WLAs) for point sources of pollution, load allocations (LAs) for non-point sources of pollution, and natural background sources. The TMDL is the amount of a pollutant that can be discharged into a water body and still maintain water quality standards. §319 regulates non-point source pollutants, which enter water from diffuse sources. Non-point source pollutants are often chemicals from lawns, automobile residues or urban runoff that enter the wastewater stream and water supply in large quantities and sudden surges, largely due to storms. Control

of this type of pollution has proven to be difficult and usually requires costly upgrades in existing facilities and permit costs, particularly for wastewater facilities with high rates of infiltration.

The State Water Resources Control Board (SWRCB) certifies the quality of surface waters pursuant to §401 of the Clean Water Act. §401 requires that activities/facilities discharging pollutants into waters must obtain a state water quality certification permit proving that the activity complies with all applicable water quality standards, limitations, and restrictions. §402 requires municipalities and publicly owned treatment works to obtain a National Pollutant Discharge Elimination System (NPDES) permit which regulates the discharge of "pollutants from point sources to waters of the United States" to ensure that the discharges do not adversely affect surface water quality or beneficial uses. NPDES permits are authorized by the CWA, §402, §13370 of the California Water Code, and the California Code of Regulations, Title 23, Chapters 3 and 4. The SWRCB is responsible for issuing NPDES permits.

The CWA regulates the water quality of all discharges into waters of the United States including wetlands, perennial, and intermittent stream channels. §401, Title 33, §1341 of the CWA sets forth water quality certification requirements for "any applicant applying for a federal license or permit to conduct any activity including, but not limited to, the construction or operation of facilities, which may result in any discharge into the navigable waters." §404, Title 33, §1344 of the CWA in part authorizes the U.S. Army Corps of Engineers to:

Set requirements and standards pertaining to such discharges: subparagraph (e).

- Issue permits "for the discharge of dredged or fill material into the navigable waters at specified disposal sites": subparagraph (a).
- Specify the disposal sites for such permits: subparagraph (b).
- Deny or restrict the use of specified disposal sites if "the discharge of such materials into such area will have an unacceptable adverse effect on municipal water supplies and fishery areas": subparagraph (c);
- Specify type of and conditions for non-prohibited discharges: subparagraph (f);
- Provide for individual State or interstate compact administration of general permit programs: subparagraphs (g), (h), and (j);
- Withdraw approval of such State or interstate permit programs: subparagraph (i);
- Ensure public availability of permits and permit applications: subparagraph (o);

- Exempt certain Federal or State projects from regulation under this Section: subparagraph (r); and,
- Determine conditions and penalties for violation of permit conditions or limitations: subparagraph (s).

Section 401 certification is required prior to final issuance of Section 404 permits from the U.S. Army Corps of Engineers.

PORTER-COLOGNE WATER QUALITY CONTROL ACT OF 1970

The California Water Code (CWC) is the principal state regulation governing water resource use within California. This law controls water rights, the construction and management of dams and reservoirs, flood control, conservation, development and utilization of state water resources, water quality protection and management, and management of water-oriented agencies. The water quality provisions set forth in the CWC have been written to supplement provisions of the Health and Safety Code, Public Resources Code, Fish and Game Code, Food and Agriculture Code, Government Code, Harbors and Navigation Code, California Environmental Quality Act (CEQA) and California Endangered Species Act. Division 7 of the CWC, the Porter-Cologne Water Quality Control Act of 1970, regulates water quality and pollution issues within California by protecting water quality and beneficial uses of all state waters. The Porter-Cologne Act is administered regionally by the SWRCB and California RWQCB. The Porter-Cologne Act is similar to federal water quality regulations and programs. The SWRCB and regional offices have broad powers and implement the CWA through the adoption of plans and policies, the regulation of discharges, the regulation of waste disposal sites, and the cleanup of hazardous materials and other pollutants. It also requires reporting of unintended discharges of any hazardous substance, sewage, or oil/petroleum product.

SAN BENITO COUNTY TITLE 15

Title 15 of the San Benito County Code, titled "Public Works," governs the regulation of both private and public sewage systems within the unincorporated areas of the county. Title 13 of the County Code details the connection requirements, permits, fees, system location, design, and operational standards to ensure public safety and minimize environmental impacts. It mandates site evaluations that include soil conditions, percolation tests, and a three-foot separation from seasonal high groundwater levels. Additionally, it specifies required distances from wells, creeks, slopes, and reserve areas. The County Code also includes comprehensive guidelines for the operation and maintenance of sewage facilities.

RECYCLED WATER REGULATIONS

California has one of the most developed regulatory environments for water reuse. California's Recycled Water Policy, which includes a "Mandate for the Use of Recycled Water," was adopted in 2009 and amended in 2013 and 2018.

The purpose of the Recycled Water Policy is to increase the use of recycled water from municipal wastewater sources that meets the definition in Water Code §13050(n), in a manner that implements state and federal water quality laws. For the purpose of this policy, recycled water refers to the reuse of treated wastewater derived from municipal sources, i.e., water that is covered under California Code of Regulations Title 22, Water Recycling Criteria. Title 22 of California's Code of Regulations refers to state guidelines for how treated and recycled water is discharged and used. State discharge standards for recycled water and its reuse are regulated by the 1969 Porter-Cologne Water Quality Control Act and the State Water Resources Control Board's 2019 Water Recycling Policy.

In 2014, California adopted indirect potable reuse rules that provide detailed criteria for treatment processes, contaminants to test for, and how long treated water must remain underground. In early 2018, the State finalized the Reservoir Augmentation statewide regulations that allow highly purified potable reuse water to be placed into drinking water reservoirs.

The State does not currently have direct potable reuse (DPR) regulations but is currently working on a DPR regulatory framework and research. AB 574 was signed into law in October 2017 and set a December 31, 2023, deadline for the development of Raw Water Augmentation regulations. According to SWRCB's website, rulemaking is in progress with the following history of the rulemaking proceedings:

- California Regulatory Notice Register: Register 2023, Volume Number 29-Z, Notice File Number: Z2023-0711-04
- Notice of Proposed Rulemaking Publication Date: July 21, 2023
- Start of Public Comment Period: July 21, 2023
- Date of Public Hearing: September 7, 2023, 12:30 pm
- Close of 45-day Public Comment Period: 12:00 PM (noon) on September 8, 2023
- Notice of Public Availability of Changes to Proposed Regulations: October 19, 2023
- Close of 15-day Public Comment Period: November 6, 2023
- Board Adoption Hearing: December 19, 2023

- Submission of Rulemaking File to OAL: TBD
- Approval by Office of Administrative Law: TBD
- Filed with the Secretary of State: TBD
- Effective Date of the Regulations: TBD

There are also no specific statewide regulations in California to encourage onsite or decentralized water reuse. However, some California cities have developed their onsite reuse ordinances.

WASTEWATER SERVICES

WASTEWATER SERVICES

Wastewater demand is affected mainly by growth in residential population and commercial development and secondarily by factors such as water usage and conservation efforts. Each wastewater treatment plant has permitted capacity as determined by the RWQCB. Permitted capacity is typically defined as the average dry weather flow (ADWF) or the average day flow during dry months. It appears that all agencies reviewed on this MSR are within the treatment capacity of their plants.

Once wastewater flows reach 75 percent of available treatment capacity, it is a best management practice to plan for future capacity needs. Figure 3-5 illustrates the agencies' capacity and estimated (planned) flow in millions of gallons per day (mgd).

Figure 3-5: San Benito Regional Wastewater Agencies Flow vs Capacity

AGENCY	CAPACITY	FLOW	% USE
City of Hollister	4.03	3.93	97.5%**
City of San Juan Bautista	.27	.15	55%
Sunnyslope County Water District	.35	.16	45%
Tres Pinos	N/A**	N/A	N/A
CSA#45 Rancho Larios	N/A**	N/A	N/A

*The flow for City of Hollister include current and planned capacity for out of jurisdiction connections including Cielo Vista connection and a 0.43 MGD capacity allocated for SJB that is estimated to take effective on January 2025.

Due to infiltration and inflow that SJB experiences from stormwater, the City's agreement with SJB is limited to a yearly average of 0.43 MGD and not to exceed 1.2 MGD on any given day. However, current flow of SJB is around 0.15 to 0.20 MGD.

**For CSA#45 and Tres Pinos data specific to plant capacity and flow was not readily available.

WASTEWATER SERVICE ADEQUACY

This section reviews indicators of wastewater service adequacy, including collection system integrity and regulatory compliance. Whenever available, industry standards are used to determine the level of services provided. In lieu of adopted standards, the report also makes use of generally accepted industry best practices or benchmarking with comparable providers.

Sewer System Integrity

There are several measures of the integrity of the wastewater collection system, including sanitary sewer overflows, peaking factors as a result of infiltration and inflow (I/I), and efforts to address infiltration and inflow.

Sanitary Sewer Overflows

All wastewater agencies are required to report sanitary sewer overflows (SSOs) to SWRCB. Sewer overflows are discharges from sewer pipes, pumps, and manholes. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The sewer overflow rate is calculated as the number of overflows per 100 miles of the main pipeline per year.

The rate of SSOs of the reviewed agencies indicates a generally low incidence of overflows. Since 2018, both San Juan Bautista (SJB) and Cielo Vista have reported zero SSO, while Sunnyslope County Water District (SCCWD) and Tres Pinos each reported one SSO. The City of Hollister reported the highest SSOs, with 27 overflows, for the same period.

Infiltration and Inflow

Wastewater flow includes not only discharges from residences, businesses, institutions, and industrial establishments, but also infiltration and inflow. Infiltration refers to groundwater that seeps into sewer pipes through cracks, pipe joints and other system leaks. Inflow refers to rainwater that enters the sewer system from sources such as yard and patio drains, roof gutter downspouts, uncapped cleanouts, pond or pool overflow drains, footing drains, cross-connections with storm drains, and even holes in manhole covers. Infiltration and inflow tend to affect older sewer systems to a greater degree. Infiltration and inflow rates are highest during or right after heavy rain. They are the primary factors driving peak flows through the wastewater system and a major consideration in capacity planning and costs.

The peaking factor is the ratio of peak day wet weather flows to average dry weather flows. The peaking factor is an indicator of the degree to which the system suffers from I/I, where rainwater enters the sewer system through cracks, manholes or other means. A peaking factor of up to three is generally considered acceptable based on industry practices.

Due to the limited information available on wastewater flows during dry and wet weather conditions, peaking factors could not be calculated for many of the agencies to determine the extent of infiltration and inflow in the systems.

Regulatory Compliance

Regional Water Quality Control Board (RWQCB) enforces the Clean Water Act, permit conditions, and other requirements of wastewater providers. State Water Resources Control Board (SWRCB) records violations of State requirements for wastewater providers and treatment facilities. The Board may levy fines or order the provider to take specific actions to comply with water quality regulations.

Each wastewater provider’s regulatory compliance since 2019 is shown in the following figure. The primary cause for violation for all agencies reviewed is effluent limit violations. The City of San Juan Bautista has the most violations among the agencies, with 202 violations since 2019. To address this repeated violation by SJB, the San Juan Bautista to Hollister Sanitary Sewer Force Main compliance project is underway and is expected to be completed in January 2025. Once the project is completed, SJB will no longer treat water, just collecting and conveying it to the Hollister wastewater treatment plant.

Figure 3-6: Wastewater Provider Regulatory Compliance, 2019-2023

AGENCY	VIOLATIONS 2019-2023	ENFORCEMENT ACTIONS 2019-2023
City of Hollister	7	0
City of San Juan Bautista	202	3
Sunnyslope County Water District	57	0
Tres Pinos	68	0
CSA#22 Cielo Vista	4	0
CSA#45 Rancho Larios	9	0

4. CITY OF HOLLISTER

AGENCY OVERVIEW

Established by ranchers and farmers in 1872, the City of Hollister is the seat of San Benito County and the gateway to Pinnacles National Park. The City was named for Colonel W.W. Hollister in 1868 by the Rancho San Justo Homestead Association of farmers. The City is located in San Benito County just northeast of Salinas between Gilroy and San Juan Bautista along Highway 156 near the San Luis Reservoir.⁸ Hollister is primarily an agricultural town known for various products, including Blenheim apricots, olive oil, vineyards, chocolate walnuts, and cattle.

Some major industries located within the City's boundaries or in close proximity include hospitals, manufacturers, distribution centers, and commercial stores. School Districts, Hospitals, and County offices also offer a significant economic presence, employing more than 2,000 professionals. However, according to the Comprehensive Economic Development Strategy (CEDS), agriculture production, packing, and manufacturing generate 4,170 jobs and are the largest component of the county's job base.

The City of Hollister is the largest community in San Benito County, with a population of 44,658 according to the 2023 Census data. Hollister is a General Law City and has a Council-Manager form of government. The City of Hollister provides a full range of services, including law enforcement, fire protection, the construction and maintenance of streets and infrastructure assets, code enforcement, building inspections, water and wastewater services, and general government administration. Although the City is a multi-service provider, this review is specific to wastewater services.¹²

The City of Hollister was last included in a San Benito LAFCO Countywide Municipal Services Review in 2007.

BOUNDARIES

The City of Hollister covers an area of approximately 8.2 square miles. Figure 4-1 depicts the City's boundaries.¹³

¹² City of Hollister, Fiscal Year 2023-2024 Adopted Budget, p.11.

¹³ Hollister General Plan, Public Review Draft, April 2023. p.1.

SPHERE OF INFLUENCE

The SOI identifies land that the City may annex in the future and for which urban services, if available, could be provided. Under State law, the SOI is established by the San Benito County Local Agency Formation Commission (LAFCO) with input from the City. An SOI aims to identify areas where urban development can be best accommodated in an orderly and efficient manner over the next five to ten years. The SOI may need to be updated after adopting a General Plan to amend any discrepancies between the SOI and other planning boundaries. According to the General Plan update, the City of Hollister's current SOI is 6,554 acres.¹⁴

As a part of the proposed 2040 General Plan, the City of Hollister proposed to amend its SOI.¹⁵

ACCOUNTABILITY AND GOVERNANCE

GOVERNANCE

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here focus on 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, 2) a website with required content and other useful information, 3) timely ethics training for board members and an adopted reimbursement policy, 4) a defined complaint process designed to handle all issues to resolution, 5) adopted bylaws that provide a framework and direction for governance and administration, 6) adoption of a conflict-of-interest code as required by law, 7) proper filing of Form 700 by the governing body members, and 8) transparency of the agency as indicated by cooperation with the MSR process and information disclosure at meetings, in documents and on a website.

The City of Hollister is a general law city operating under the Council-Manager form of government. The City Council consists of four members, each elected by district voters, serving staggered four-year terms. The Vice Mayor is elected from among themselves every year at the first meeting in January. The Mayor is elected by at large for a two-year term. Elections are held in November of even-numbered years.

The Council, as the legislative body, represents the citizens of Hollister and is empowered by the Municipal Code to formulate citywide policy, enact local legislation, adopt budgets, and

¹⁴ General Plan Update City of Hollister, Land Use and Planning, November 2020, p.12-17.

¹⁵ General Plan Update City of Hollister, Land Use and Planning, November 2020, p. LU-3 to LU-4.

appoint the City Manager and City Attorney. Current council member names, positions, and term expiration dates are shown in Figure 4-2.

The City Council meets on the first and third Tuesdays of each month at 4:00 p.m. in the City Hall Council Chambers. Agendas for City Council meetings are available online on the City of Hollister Meeting Portal and posted on the bulletin board on the west alleyway outside City Hall. They are also available for review at the City Clerk’s Office. The City Clerk’s office prepares and maintains the official minutes of the City Council meetings online. Once approved by the Council, they are made available for public distribution. Additionally, the city’s online searchable database allows residents to search for past or present agenda items. Residents may watch archived broadcasts of City Council meetings online.

The City also uses Facebook to post information about their City Council meetings and highlight items on the Council agenda.

Figure 4-1: City of Hollister Governing Body

GOVERNING BODY					
Manner of Selection		Mayor at large. City council elected by district.			
Length of Term		4 years			
Meetings		On the first and third Mondays of each month at 6:30 p.m. City Hall Council Chambers 375 Fifth Street Hollister, CA 95023			
Agenda Distribution		Posted online, City Clerk’s office and on the bulletin board outside west alleyway at City Hall			
Minutes Distribution		Posted online, City Clerk’s office and on the bulletin board outside west alleyway at City Hall			
COUNCIL MEMBERS					
Member Name	District	Position	Term Expiration	Manner of Selection	Length of Term
Mia Casey	At large	Mayor	2024	Elected	2 Years
Rick Perez	1	Councilmember	2024	Elected	4 Years
Rolan Resendiz	2	Councilmember	2026	Elected	4 Years
Dolores Morales	3	Councilmember	2026	Elected	4 Years

Tim Burns	4	Councilmember	2024	Elected	4 Years
CONTACT					
Contact	Gordon Machado, City Treasurer				
Mailing Address	375 Fifth Street, Hollister, CA 95023				
Phone	(831) 673-3365				
Email/Website	coh.treasurer@hollister.ca.gov				

The City of Hollister participates in community outreach through the Downtown Hollister events, including spring clean-ups, farmer’s markets, wine and beer strolls, and the San Benito County Saddle Horse Show Downtown Parade.

The City of Hollister has an online contact form for the public to provide comments and file complaints on various topics. For water and wastewater-related complaints, residents should use the Hollister Stormwater Management Suggestion form available on the website. Additionally, residents can contact the appropriate department by phone.

ACCOUNTABILITY

Ethics training is required once every two years, beginning with an odd-numbered year (AB 1234, Chapter 700, Statutes of 2005). Training is available online at the State of California Fair Political Practices Commission (FPPC) website. It is unclear whether the City’s Board Members have up to date Ethics Training.

Additionally, a Statement of Economic Interest, or Form 700, must be submitted annually to indicate transparency in economic interests as required by the Political Reform Act of 1974 (California Government Code Sections 81000-81003). Every elected official and public employee who makes or influences governmental decisions is required to submit Form 700. All City Council members and treasurer have current filings for Form 700 with the California Fair Political Practices Commission, indicating transparency in their economic interests.

It is recommended that the make available all up to date Certificates of Completions and Form 700s on the City’s website.

Through the District, there also exists a conflict-of-interest code and bylaws, outlined in the municipal code, as lawfully required and by which SBCWD must abide.

There is legislation to help ensure public agencies adhere to accountability standards. California AB 2257 (Government Code §54954.2) is an update to the Brown Act and

indicates requirements for methods by which an agenda for all meetings should be made available on an agency’s website. The City of Hollister complies with this regulation.

The City of Hollister demonstrated accountability in its disclosure of information and cooperation with the LAFCO questionnaires and other requests for information.

The following figure identifies efforts to meet State laws designed to ensure transparency and accountability. Generally, the City of Hollister meets the requirements outlined in State laws regarding the Brown Act, website materials, and best practices to ensure easy access to significant planning documents and financial reports. The City’s website is easily navigated and makes available a substantial amount of information and documentation that is clear and concise for the customer. However, the most recent audited financial statements, Annual Compensation Reports, and the State Controller’s Office Financial Transaction Reports are unavailable on the City’s website as required. It is recommended that the City add these reports to the website in an easily accessible location.

Figure 4-2: Transparency and Accountability Indicators

Transparency and Accountability	City of Hollister
Agency website ¹ (GC §53087.8)	Yes
Contact information available on website (GC §53087.8 (a)(3))	Yes
Annual Compensation Report (GC §53891 and 53908)	No
Adopted budget available on website	Yes
State Controller’s Office Financial Transaction Report available on website (GC §53891 and 53893)	No
Notice of public meetings provided	Yes
Agendas posted on website (GC §54954.2)	Yes
Public meetings are live streamed	Yes
Minutes and/or recordings of public meetings available on website	Yes
Master Plan available on website	Yes
Strategic Plan available on website	No
Sanitary Sewer Management Plan available on website	Yes
Enterprise System Catalogue available on website (GC §6270.5 (a))	Yes
Efforts to engage and educate the public on the services to the community	Yes
Staff and governing board member ethics training and economic interest reporting completed	Yes on form 700, unclear on ethics training

Compliance with financial document compilation, adoption, and reporting requirements	Yes
Adherence to open meeting requirements	Yes

PLANNING AND MANAGEMENT PRACTICES

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

As of FY 23- 24, the City of Hollister has 225 full-time equivalent (FTE) employees.¹⁶ The City budgeted for 42 FTE positions for the Public Works division. The division includes the utilities department, responsible for water and sewer collection system planning, operations, and maintenance.¹⁷

Training programs for utilities staff include formal classroom training and on-the-job training. Training is facilitated by both City Staff and outside training workshops. On-the-job cross-training is pursued to ensure staff have a proficient working knowledge of the sanitary sewer system and that critical tasks can be performed without interruption. Task proficiency is a requirement for all job positions and promotions.

Operation and Maintenance (O&M) related training is conducted on an ongoing and as-needed basis. The respective contractor or manufacturer initially trains O&M staff to properly operate and maintain all new major mobile equipment and facilities. Written operation and maintenance manuals are also used as resource material for equipment start-up training and new staff training. Training records are maintained by the Environmental Programs Manager and located at the Community Services Department Office.¹⁸

The City tracks the workload through time sheets, maintenance logs, and inspection activities.¹⁹

¹⁶ City of Hollister, Fiscal Year 2023-2024 Adopted Budget, p.11.

¹⁷ City of Hollister, Fiscal Year 2023-2024 Adopted Budget, p.125-128.

¹⁸ Sewer System Management Plan – Revision 02, Element 4 – Operation and Maintenance Program. City of Hollister September 2022. p. 4-10.

¹⁹ The City of Hollister, Request for Information, 2023.

FINANCIAL PLANNING PRACTICES

The City of Hollister's financial planning efforts include an annually adopted budget and annually audited financial statements. However, the City reports that the most recent audited financial statement available was for FY20-21.

The City of Hollister has a 12-month Fiscal Year that starts on July 1 and ends on June 30 every year. The City of Hollister also conducts a robust budget monitoring process.

Departments continuously monitor their budgets and departmental priorities, goals, and objectives with quarterly check-ins involving the City Manager and Administrative Services departments.

MANAGEMENT PLANNING PRACTICES

Currently, the City of Hollister does not have management planning practices. It is recommended that the City adopts a strategic plan that illustrates the City's core mission, goals and priorities, and work plan for staff and the public. A strategic plan can be vital in communicating Hollister's vision and each Department's priorities to the public and increasing transparency. The strategic plan could also provide an opportunity to engage with the public to identify and address the right priorities.

Sanitary Sewer Management Plan

The State Water Resources Control Board's (SWRCB's) Statewide General Waste Discharge Requirements (WDR) for Sanitary Sewer Systems, Order No. 2006-0003-DW/Q, and Amended Monitoring and Reporting Program (MRP), Order No. WQ 2013-0058-EXEC requires the City of Hollister to have, maintain, and implement a Sewer System Management Plan (SSMP), which provides "a plan and schedule to properly manage, operate, and maintain all parts of the sanitary sewer system" to "help reduce and prevent sanitary sewer overflows (SSOs), as well as mitigate any SSOs that do occur." The City of Hollister's SSMP were last updated in 2022.

As required by law, the City also conducts periodic SSMP audits at least every two years. The audit is intended to evaluate the effectiveness of the SSMP's programs, identify potential weaknesses, and determine improvement opportunities for use in future SSMP modifications. The last SSMP audit was completed in 2021.

SSMP-related outreach materials are maintained at the Community Services office.

Master Plans

The 2017 Hollister Urban Area Water and Wastewater Master Plan provides a comprehensive plan and implementation program to meet the existing and future water resource needs of the Hollister Urban Area. The plan includes recommended priorities through the year 2035 for water supply, recycled water facilities, water system operations, and institutional agreements. Priority projects identified in the plan include the addition of local wells to supply the northern part of the city, the expansion of recycled water use for agricultural irrigation, and the development of the North County Groundwater project, which involves the development of wells, particularly subbasins. The plan also includes recommendations for institutional agreements between agencies that will be required to implement projects.²⁰

The City of Hollister, San Benito County, and the San Benito County Water District (SBCWD) executed a Statement of Intent and an MOU in 2004 to initiate the Master Plan effort. The MOU was subsequently amended in 2008 to include Sunnyslope County Water District (SSCWD).

As part of the City of Hollister's goal to plan for adequate water and sewer facilities, the City's proposed 2040 General Plan indicates the need to update the Urban Water and Wastewater Master Plan to be consistent with the population, employment, and other growth projections of the General Plan, in compliance with state law requirements for future water supplies.²¹

Capacity Plans

The City of Hollister has no capacity plan; however, the City has an Environmental Impact Report (EIR) for its Wastewater services that was completed in 2006 for the City of Hollister Domestic Wastewater System Improvements (DWSI) Project and the San Benito County Water District (SBCWD) Recycled Water Facility (RWF) Project.

Other Plans

The City of Hollister also has a proposed 2040 General Plan that demonstrates the fundamental values and shared vision for future development in the City of Hollister. Its purpose is to direct and coordinate future planning decisions.

The community services and facilities element establish goals, policies, and actions for the following systems: water supply, wastewater collection, storm drainage and flood control, and solid waste collection and disposal.

²⁰ City of Hollister 2040 Draft General Plan, Community Services, and Facilities Element. p. CSF-2.

²¹ City of Hollister 2040 Draft General Plan, Community Services, and Facilities Element. CSF 10-13.

Goals related to water supply and wastewater include plans for adequate water and sewer facilities and ensuring sufficient and sustainable solid waste management that meets the existing and future needs of the city and reduces disposable waste over time.²²

The General Plan is yet to be approved. According to the City, the Planning commission's recommendations added significant new expansion to SOI, requiring a rewrite of EIR and traffic study. The City expects for the 2040 General Plan to be adopted towards end of 2024.²³

The City of Hollister has a five-year Capital Improvement Program (CIP) covering FY 18-19 to FY 21-23. This program serves as a planning tool for infrastructure development and improvements. It is reviewed and revised annually to assess the city's infrastructure needs and align them with financial forecasts. The CIP ensures that infrastructure projects are prioritized and managed effectively within the City's budget constraints.

GROWTH AND POPULATION PROJECTIONS

This section aims to evaluate growth and population projections in relationship to the City of Hollister's boundaries and SOI to anticipate the City's future service needs. Additionally, the anticipated growth patterns of the City are evaluated to determine the impact and compatibility of such growth on land use plans and local government structure.

Growth in Hollister is guided by several planning boundaries, including the Planning Area, Urban Service Area (USA), Sphere of Influence (SOI), and City Limits. These planning boundaries encompass land both inside and outside the City Limits. The Hollister City Limits encompass incorporated territory that the City serves and regulates. The City of Hollister controls land use within the City Limits through its General Plan, zoning code, land subdivision process, and other related regulations.²⁴

The City has established a Planning Area in its General Plan's land use and community design element. The Hollister planning area boundary encompasses incorporated and unincorporated territory related to the City's planning. A city's planning area generally includes the city limits and land for potential annexation with the sphere of influence. Reduced in size from the 1995 General Plan, the Hollister planning area is generally bounded by Shore Road

²² City of Hollister 2040 Draft General Plan, Community Services, and Facilities Element. CSF-10 to CSF-16.

²³ City of Hollister MSR Interview, May 2024.

²⁴ City of Hollister 2040 Draft General Plan, Community Services, and Facilities Element. LU-2 to LU-3.

(north), Santa Ana Creek and parcels east of Fairview Road (east), Bolsa Road and the San Benito River (west), and Enterprise Road (south).²⁵

The land within the Hollister Planning Area generally slopes upward from north to south, with elevations of approximately 210 feet near the Hollister Municipal Airport, 290 feet near City Hall, and 500 feet near the intersection of Fairview Road and Airline Highway (State Route 25). Although the topography is relatively flat in most areas, the terrain is hilly near the San Benito River, west of the Southern Pacific Railroad line northwest of Hollister, and in the eastern portion of the Planning Area.²⁶

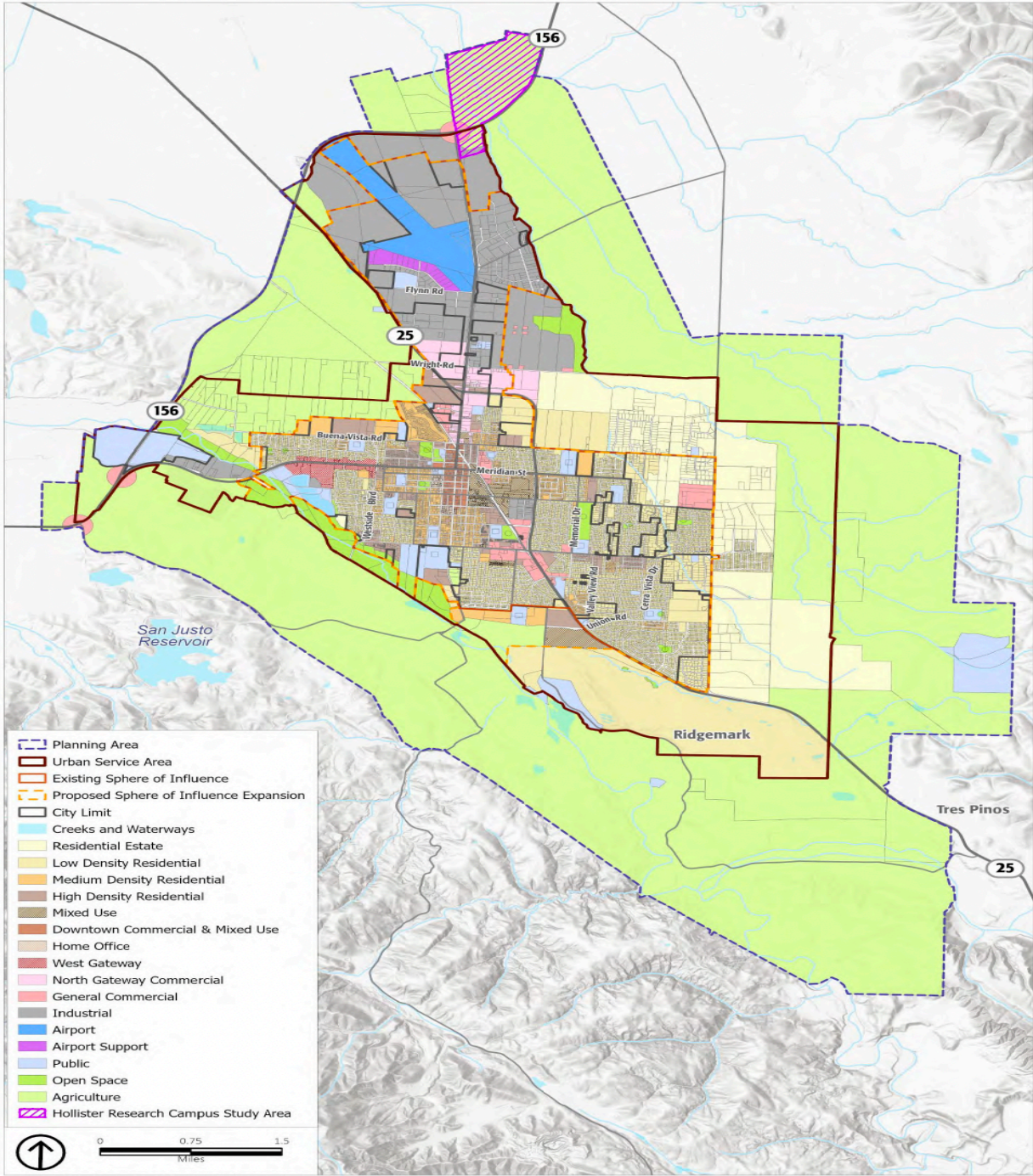
While a useful planning tool, the Planning Area is not a LAFCO-defined or approved jurisdictional boundary. The Planning Area does not give the City any regulatory power. However, it signals to the County and other nearby local and regional authorities that the City recognizes that development within this area impacts Hollister's future.

The City's three planning areas—the City limit, SOI, and Planning Area—as of 2023 are represented in Figure 4-3.

²⁵ City of Hollister, Land Use and Community Design Element, December 2005, p.21.

²⁶ City of Hollister, Open Space and Agriculture Element, December 2005, p. OS-1.

Figure 4-3: City of Hollister Planning Area Map



Source: ESRI, 2021; PlaceWorks, 2023; San Benito County, 2021.

Hollister's Urban Service Area

Hollister's Urban Service Area (USA) historically defined the areas in which the City provides access to municipal water and sewer service. In 1985, the City of Hollister conducted a Sphere of Influence (SOI) study, which recommended establishing a five-year Urban Service Area (USA) for residential development to coordinate service provision with geographic areas and time. This was in response to ample available industrial land within the city but significant unincorporated residential land. The planning area for the study was the Public Works Master Plan (PWMP). In January of 1986, San Benito LAFCO approved Hollister's first Sphere of Influence (SOI) boundary that substantially conformed to the PWMP planning area and with a five-year residential urban service area.

Since 1986, there have been several expansions to the USA approved by LAFCO. These expansions aimed to align with planning areas and accommodate residential growth management ordinances. Hollister requested and received approval for a 500-acre expansion in 1987 to include ongoing development projects or align with property lines. Three other expansions occurred for affordable housing projects in 1992 and 1993 and for a 100-acre area along Airline Highway/Crestview Drive. Between 1993 and November 2000, no property tax exchange agreements were made, and no annexations occurred.

Since 1986, LAFCO's policies and criteria regarding urban service area amendments and annexations. In 1992, Resolution 92-04 mandated the submission of service plans with annexation requests and that an annexation would be denied if services were not adequate. It also required jurisdictional resolutions and that applications would be amended to eliminate present and future islands. In 1995, Resolution 95-03 added a policy requiring that an amendment to a sphere-of-influence, urban service area, or annexation should be denied if it facilitates the conversion of prime agricultural land if there is the opportunity for amendment/annexation of non-prime agricultural land.

GC 56080 defines urban service areas as developed, undeveloped, or agricultural land, either incorporated or unincorporated, within the sphere of influence of a city, which is served by urban facilities, utilities, and services or which are proposed to be served by urban facilities, utilities, and services during the first five years of an adopted capital improvement program of the City if the City adopts that type of program for those facilities, utilities, and services. The San Benito LAFCO policies also state that Cities and those special districts providing municipal services are encouraged to establish urban service areas within their spheres of influence. However, LAFCO policies do not provide a clear definition of a USA.

Currently, Hollister's USA extends beyond the City's SOI which does not meet LAFCO's definition of an urban service area. As part of growth management actions in Hollister, the 2040 Draft General Plan suggests evaluating the function of the Hollister Urban Service Area and determining whether this boundary can be retired or needs to be updated to meet the requirements of Government Code Section 56133.²⁷ Currently, the City reports there are no plans to retire the USA. As such if the City chooses to retain the USA, it is recommended that the City works to align the USA to the City's SOI to ensure that it meets LAFCO's definition.

Hollister Urban Area (HUA)

The Hollister Urban Area (HUA) is about 90 miles south of San Francisco in the northern portion of San Benito County, California. The HUA is in a broad valley between the Gabilan Range on the west and the Diablo Range on the east. The San Benito River runs through the southwestern portion of the HUA, and Santa Ana Creek flows through the eastern portion of the HUA. The Arroyo de Las Viboras and Arroyo Dos Picachos flow to the northeast of the HUA. The City of Hollister was incorporated in 1872 and is the largest community in San Benito County. Other communities near the HUA include San Juan Bautista and Tres Pinos, also in San Benito County, and Gilroy in Santa Clara County.

The HUA is an approximately 20 square mile area comprising all of the incorporated and some unincorporated county lands surrounding the City of Hollister. The HUA area seems to be utilized as a planning tool and has been used in the Hollister Urban Water Management Plan (UWMP) and the Water and Wastewater Master Plan.

The Hollister Urban Area includes the City of Hollister and adjacent unincorporated areas of San Benito County designated for urban development. The Hollister Urban Area was established to protect the County's groundwater resources through water treatment improvements and directing sewer service to an upgraded Hollister wastewater plant.

LAND USE

The City of Hollister comprises approximately 5,248 acres or 8.2 square miles, originally home to the Ohlone and Popeloutchom (Amah Mutsun) tribal nations. Roughly 75 percent of the City is developed, and the remaining 25 percent includes open space and agricultural lands.

²⁷ Beginning January 1, 1994, the Local Agency Formation Commission was charged with the responsibility for reviewing and taking action on a city or district contract to extend service outside its jurisdiction under the provisions of Government Code Section 56133.

Land uses in the City’s urban development are mainly residential, with other major land uses including industrial, general commercial, and airport. Figure 4-4 illustrates the land designated for each use within Hollister’s boundaries and SOI according to the City’s 2040 draft General Plan.

Figure 4-4: City of Hollister General Plan Land Use Designation

LAND USE DESIGNATION		CITY LIMITS ACRES	SOI ACRES	PLANNING AREA ACRES	MAXIMUM PERMITTED INTENSITY
RE	Residential Estate	0	137	1,962	0.2 to 1 du/ac
LDR	Low Density Residential	1,365	392	1,390	6 to 10 du/ac
MDR	Medium Density Residential	409	58	60	11 to 29 du/ac
HDR	High Density Residential	233	133	27	30 to 65 du/ac
MU	Mixed-Use Commercial and Residential	107	0	56	30 to 65 du/ac
DMU	Downtown Commercial and Mixed-Use	55	0	0	30 to 125 du/ac 3.0 FAR
HO	Home Office	13	0	0	11 to 19 du/ac 1.0 FAR
WG	West Gateway Commercial and Mixed-Use	76	0	0	30 to 65 du/ac 3.0 FAR
NG	North Gateway Commercial	97	96	45	2.0 FAR
GC	General Commercial	117	56	94	2.0 FAR
I	Industrial	718	468	804	1.0 FAR
AS	Airport Support	66	0	0	1.0 FAR
A	Airport	368	0	6	N/A
P	Public	496	67	498	2.0 FAR
OS	Open Space	196	10	342	.01 FAR
AG	Agriculture	0	9	16,129	N/A
Total		4,315	1,427	21,413	

Source: City of Hollister, 2040 Draft General Plan, 2023.

*du/ac is dwelling unit per gross acre

*FAR is Floor Area Ratio

This General Plan also identifies eight Special Planning Areas — North Gateway, West Gateway, Buena Vista Road, Downtown, "Old Town" Residential, Home Office, Meridian Street Extension, and Union Road. Each of these areas is at least partially developed already. By designating them as Special Planning Areas, the General Plan intends to provide additional policy direction to guide additional development, redevelopment, and property improvements in these areas. The Special Planning Areas are designated as such for the following reasons:²⁸

- They are located in highly visible locations that characterize Hollister, in and around Downtown or as people approach and leave the City.
- They contain potential economic development opportunities if developed appropriately.
- They would benefit from a unified design approach and take advantage of the unique elements of the City.

Some Special Planning Areas have specific land use designations (described above), while others have a series of use-based designations that occur in other parts of the City. In either case, each Special Planning Area also has a series of development policies, which are contained in the Land Use and Community Element section of the City's 2040 General Plan.

The Land Use and Community Element section also discusses infill development. Development pressure on the City's edges is expected to increase as Hollister grows. Without a strategy to counterbalance this pressure, development will creep further from the core of Hollister. If this happens, new buildings will begin to cover the scenic hillsides that surround Hollister, and the City will have a more difficult time extending municipal services to all its residents. Considering these issues, the City of Hollister actively encourages infill development.

As a first step, the General Plan suggests the City attempts to annex any county "islands" within the City Limits, making these sites "ripe" for development. Once this has occurred, sites within the SOI should be encouraged to develop before development extends to the surrounding areas. New residential and job-generating uses should be focused on the downtown, residential, and mixed-use infill sites, and the special planning areas. The City does

²⁸ City of Hollister 2040 Draft General Plan, Land Use and Community Design Element. p. LU-14 to LU-17.

not support new urban development outside the SOI and will work with the County to focus future development in already urbanized areas.

Other incentive techniques, as highlighted in the General Plan, include reducing or eliminating development fees associated with construction projects in infill areas. The City can provide credits, fee waivers, or fee deferrals on exactions such as water and sewer fees, construction and building permit fees, etc., on projects in priority areas. Hollister may adopt a policy to defer or adjust sales and/or property taxes in specific districts.

The 2040 Draft General Plan also recommends that Hollister adjust its land use policies and zoning and development standards to provide developers with greater potential financial returns in exchange for tackling high-priority development projects that otherwise might prove too risky.

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Agriculture Lands

When the State of California evaluates agricultural land, areas are designated as Prime Farmland when they are found to have the best combination of physical and chemical characteristics for crop production and have the soil quality, growing season, and moisture supply needed to produce sustained yields of crops when treated and managed. Lands identified as Prime Farmland must have been used to produce irrigated crops within the last three years. Areas designated as Farmland of Statewide Importance represent land other than Prime Farmland with a good combination of physical and chemical characteristics for crop production. As in the case of Prime Farmland, these areas must have been used to produce irrigated crops within the last three years. Lands identified as Unique Farmland consists of lesser-quality soils used for agricultural production.

The San Benito Valley, which includes the City of Hollister, is generally considered a prime agricultural area due to its favorable soil types and climate. There is a significant amount of agricultural land inside and outside the General Plan Planning Area. The Planning Area includes Prime Farmland, Farmland of Statewide Importance, and Unique Farmland as classified by the State Department of Conservation and protected by the California Environmental Quality Act. Prime agricultural lands are defined in California Government Code Section 56064.

The City has an Agriculture land use designation encompassing lands with continuing commercial agriculture potential. This category intends to retain primary agricultural use to the greatest extent practical. These areas should be kept free of any urban-type development and

²⁹ City of Hollister 2040 Draft General Plan, Land Use and Community Design Element. p. LU-18.

annexations. Allowed uses for the area include orchards, row crops, nurseries, grazing lands, open space, farm services, and parks.

The most prevalent type of agriculture in San Benito County is vegetable and irrigated row crops, largely spinach, lettuce, wine grapes, broccoli, celery, and tomatoes, which are arranged in rows. Common orchard crops in San Benito County include apples, walnuts, cherries, and apricot trees. Wine grapes are particularly abundant and economically significant. Standard field crops include grains, hay, nursery plants, and seeds that cover the entire field in which the crops are planted.

Agricultural operations are an important source of fresh local farm food within San Benito County. They are transported throughout the United States and to several other countries on most continents, including South America, Europe, Asia, Africa, and Australia.³⁰

There are three soil associations within the Hollister Planning Area under the classification system of the Natural Resources Conservation Service of the U.S. Department of Agriculture:

- Soils of the Sorrento-Yolo Mocho association consist of nearly level to sloping soils formed in very deep alluvium derived from sedimentary rocks and underlie the central and western portions of the Planning Area. The dominant soils in this association are very deep and well-drained and include some of the most productive soils in the country.
- Soils of the Rincon-Antioch-Cropley association consist of nearly level to strongly sloping soils on fans and terraces and underlie the southeastern quadrant of the Planning Area. These soils are well-drained, although erosion is a problem on the more sloping soils.
- Soils of the Clear Lake-Pacheco-Willows association consist of nearly level and gently sloping soils formed in alluvium derived from sedimentary rocks and underlie the northern portion of the Planning Area. For these soils to support agricultural activity, drainage is needed in most areas, and reclamation may be necessary in those areas affected by salts and alkali.

Williamson Act Land

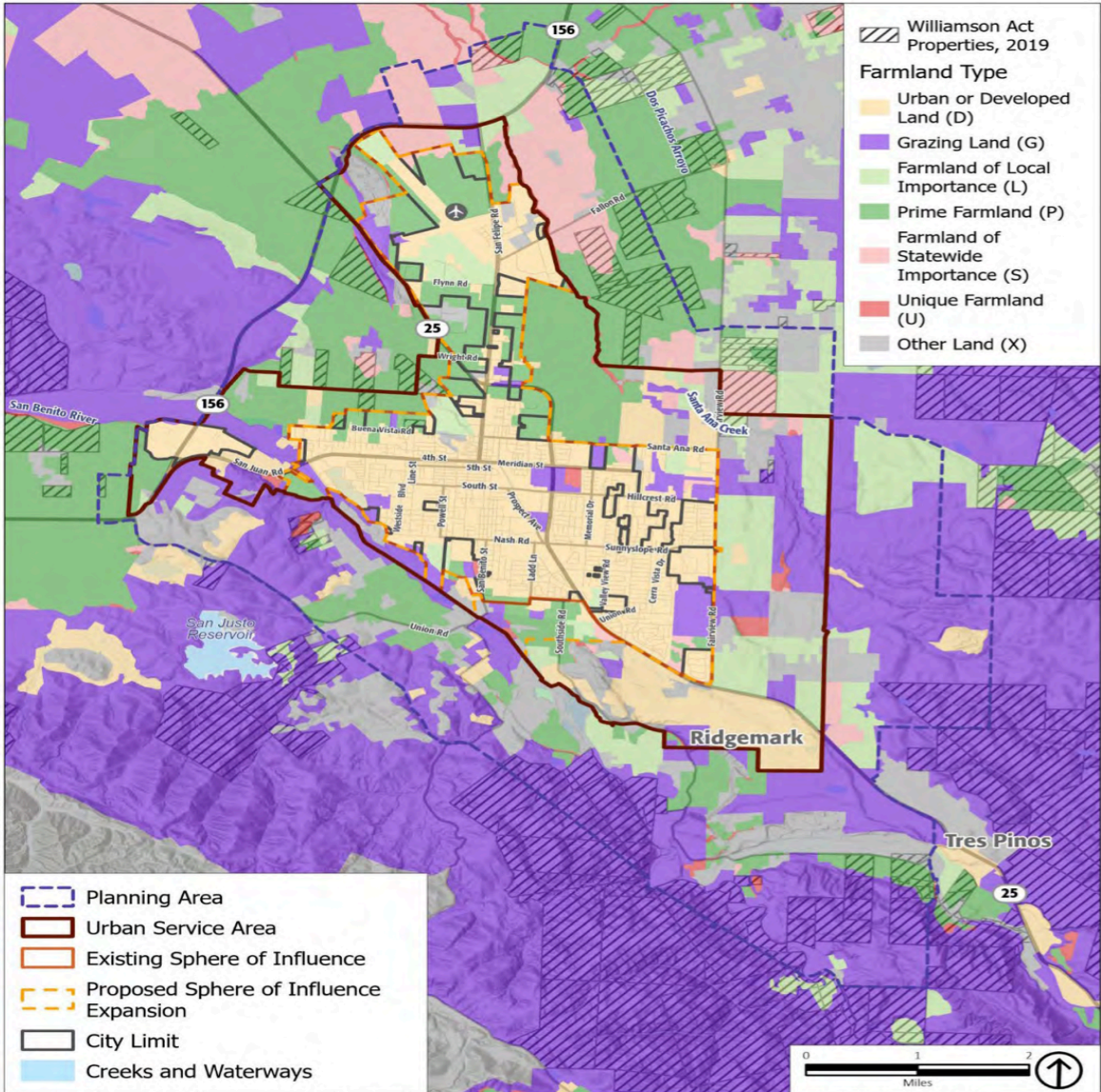
Under the Land Conservation Act ("Williamson Act"), farmers can enter into land conservation contracts with San Benito County, which enable them to enjoy reduced property taxes in exchange for maintaining their land in agricultural production. Once entered into by a farmer, a Williamson Act Contract is binding for ten years. Contracts are automatically renewed yearly unless the farmer files a Notice of Non-Renewal. After filing such notice, the land may not be

³⁰ City of Hollister 2040 Draft General Plan, Open Space and Agriculture Element. p. OS-2.

converted to other uses for ten years, during which time the property taxes are gradually increased to reflect the full market value of the land. Ten years after filing a Notice of Non-Renewal, the land is free of contractual land use restrictions, and the farmer is denied further property tax benefits associated with the former Williamson Act contract.

Two parcels by Buena Vista Rd that are Prime Farmlands are designated as Williamson Act land within the City's SOI. All the other farmlands designated as Williamson Act lands are within the Planning Area. Figures 4-5 show the location of all Williamson Act lands, their designation, and important farmland.

Figure 4-5: City of Hollister Important Farmland and Williamson Act Contracts



Source: ESRI, 2020; PlaceWorks, 2023; San Benito County, 2020; USGS, 2019; CA Dept. of Agriculture, 2016.

Prime Land

LAFCo is charged with discouraging urban sprawl, preserving open space and prime agricultural lands, encouraging the efficient provision of government services, and encouraging the orderly formation and development of local agencies based on local conditions and circumstances. Prime agricultural lands are defined in California Government Code Section 56064. Based on the types of agricultural lands as mapped in Figure 4-6, there are few parcels considered prime farmland within the City's SOI to the south of the city limits near the Hollister Municipal Airport as well as around the central area of the City near Flynn Rd and Wright Rd. Additionally, there are prime farmlands near Buena Vista Rd in the northwestern part of the City.

The area proposed for the City's SOI expansion, which is on the southern part of the City's limit, also includes largely prime farmlands with small grazing land areas and farmland of local importance areas.

Agricultural Policies

The City has adopted multiple policies and goals in the 2040 Draft General Plan, outlined in the Open Space and Agriculture element related to agricultural land uses, including:

Goal OS-6 Preserve viable agricultural activities and lands.

- Policy OS-2.1 Offsets for Loss of Agricultural Land. Require that all new developments that convert agricultural land to urban uses provide for the preservation of twice as much agricultural land in perpetuity. (new)
- Policy OS-2.2 Agricultural Buffers. Require that developers of all new developments adjoining agricultural land provide a 200-foot buffer to ensure that agricultural practices will not be adversely affected, and that developers also pay a fee adequate to allow the City to maintain this buffer land. (new)
- Policy OS-2.3 San Benito County Future Development Areas. Encourage the County of San Benito to focus future development within the areas identified for development in this City of Hollister General Plan, so as to help protect agricultural lands and preserve open space areas within the other portions of the Hollister Planning Area. (Part of Policy OS2.2)
- Policy OS-2.4 Coordination with San Benito County to Preserve Important Farmlands. Coordinate with the County of San Benito in efforts to maintain prime farmlands, unique farmlands, and farmlands of statewide significance in active agricultural use and in all

efforts to maintain the continued economic viability of agriculture within the Hollister Planning Area. (Part of Policy OS2.2)

- Policy OS-2.5 Residential Development Near Agricultural Areas. Require developers to inform potential buyers of homes near agricultural areas of the possible hazards associated with the application of pesticides/herbicides and nuisances from other cultivation practices. In those cases where the County of San Benito's Right-to-Farm Ordinance applies to the City review of projects, homeowners shall also be informed of this Ordinance by developers. (Policy OS2.4)

Additionally, the agriculture preservation actions include — offsetting agricultural land conversion, agriculture buffer ordinance, urban growth boundary, and agricultural community disclosure ordinance.³¹

Vacant Land Inventory

Vacant land is defined as land with no structure or building improvement not used for active agricultural production. Conversely, underutilized land is defined as land that can accommodate additional density.

In the City of Hollister, development was slow under the 2005 General Plan due to the 2008 Great Recession and a building moratorium in place from 2008 to 2016; the existing General Plan's contemplated growth is now largely underway. According to the 2020 General Plan update, much of the vacant residential lands within the City Limits are under construction or have planning approval, and much of the Sphere of Influence identified for residential development has pending applications for pre-zoning and annexation. Figure 4-7 illustrates the vacant and underutilized land in the General Plan Planning Area. Vacant or underutilized sites do not include sites with pipeline projects.

As of November 2020, there are approximately 475 acres of vacant land and 374 acres of underutilized land (i.e., parcels with less than 10 percent building coverage) in the City Limits. Beyond the City Limits, the SOI includes roughly 258 acres of vacant land. Within the City Limits and SOI, vacant and underutilized land designated for industrial uses, including Airport and Airport Support, represents 70 percent of the vacant and underutilized inventory. Commercial/mixed-use and residential designations represent 24 percent and 17 percent of the vacant and underutilized land within the City Limits and SOI.

³¹ City of Hollister 2040 Draft General Plan. Open Space and Agriculture Element. p. OS-7 to OS-9.

Outside the City Limits and SOI, the Planning Area includes 1,537 acres of vacant land and 2,199 acres of underutilized land with an urban County General Plan Land Use designation. In addition, the Planning Area includes 13,533 acres of land with an Agriculture or Rangeland County General Plan Land Use designation. The large amount of vacant and underutilized land within the unincorporated County could make it difficult for Hollister to create an orderly growth pattern if there is not proper coordination between the City and County.

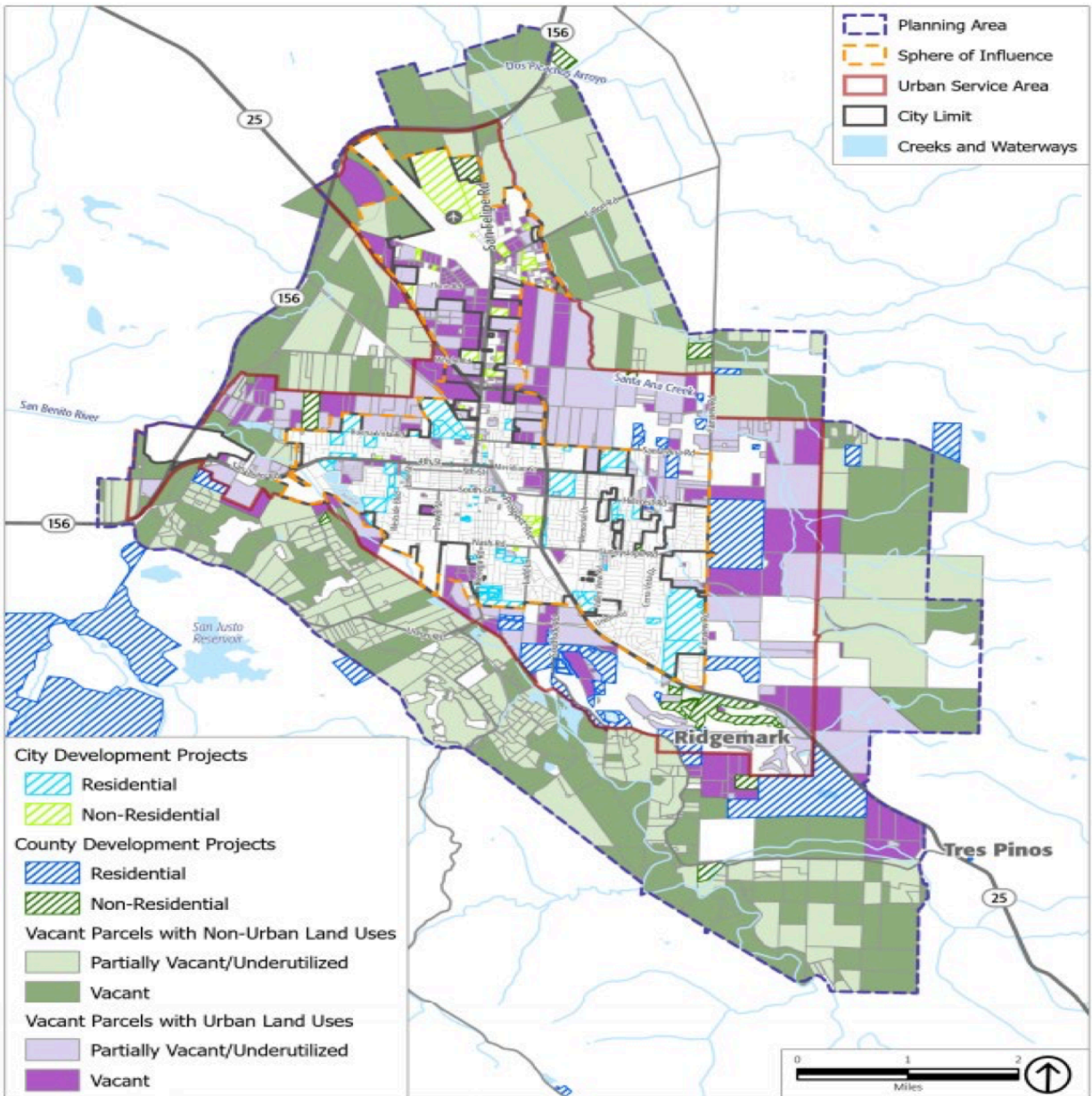
In 2020, a Market Demand Analysis was completed for the Hollister General Plan Update that illustrates economic conditions in the broader San Benito County area. The analysis is based on data depicting pre-COVID-19 conditions, which was the only data available when the research was completed. The analysis examines the amount of vacant and underutilized land, pipeline projects, and projected growth to assess whether there is enough land within the SOI to meet future demand.

In regard to land use, the report assesses whether under baseline, moderate, and robust growth scenarios additional land would be needed to meet demand. The Market Demand Analysis concludes that the City of Hollister might need to consider:³²

- Reviewing whether there is the correct mix of residential land use designations given much of the remaining vacant/underutilized residential land would be for multi-family projects under all growth scenarios.
- Designating up to 635 acres of land for residential uses depending on what growth scenario and mix of residential units the community and decisionmakers would like to plan for over the next 20 years.
- Adding between 12 and 20 additional acres of commercially zoned land to accommodate retail and office demand under the robust growth scenario.

³² City of Hollister General Plan Update, Land Use and Planning. November 2020. p.12- 17. https://hollister2040.org/wp-content/uploads/2020/11/12_Land-Use-and-Planning.pdf.

Figure 4-6: City of Hollister Vacant and Underutilized Land Inventory

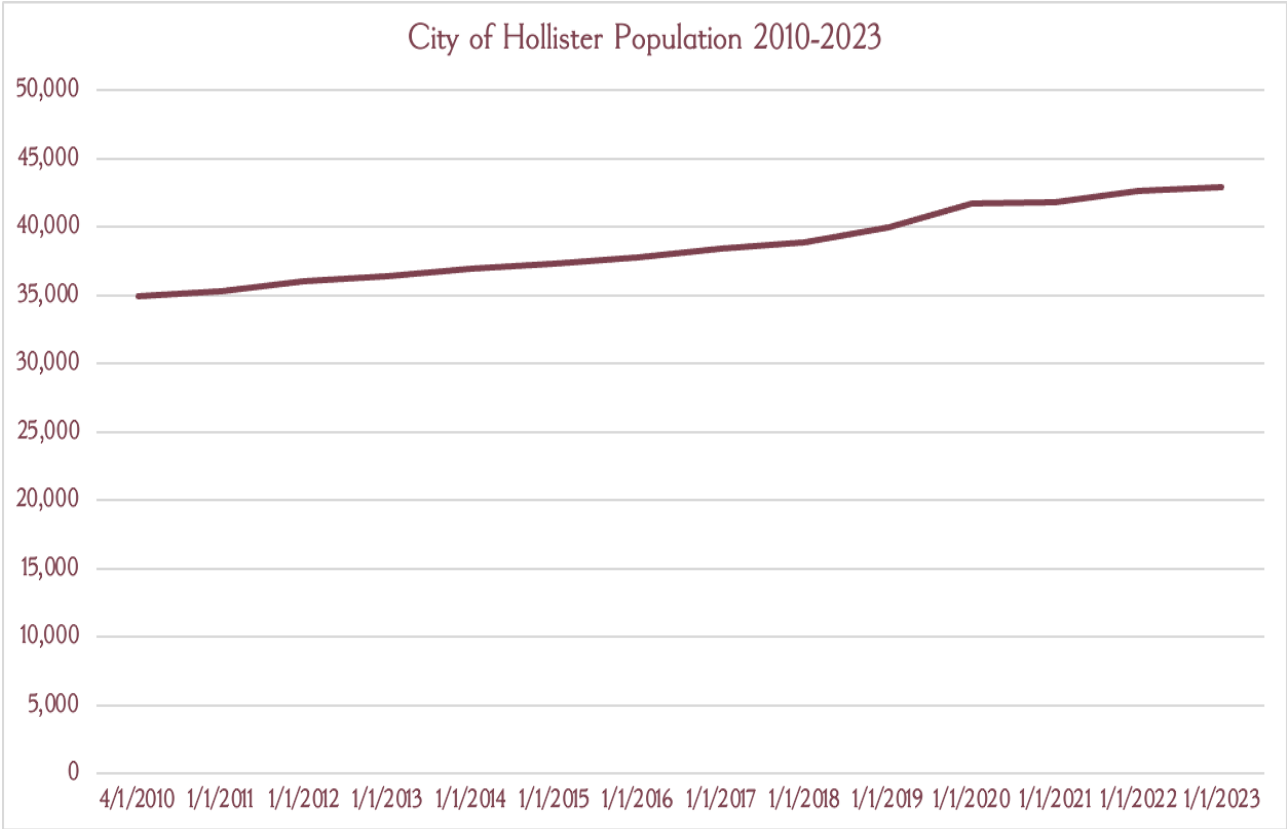


Source: City of Hollister, 2020; ESRI, 2020; PlaceWorks, 2020; San Benito County, 2020; USGS, 2019

CURRENT POPULATION

According to the 2022 Census, the City of Hollister is estimated to have a total population of 44,218. The California Department of Finance (DOF) reports a slightly lower population of 42,631 for 2022 and 42,891 for 2023. This indicates a roughly 23 percent increase and 1.6 percent Average Annual Growth Rate (AAGR) since 2010, when the population was 34,928. The City’s population trend over the last 13 years is shown in Figure 4-8.

Figure 4-7: City of Hollister Population Growth, 2010-2023



Population Characteristics

As of 2021, the population of the City of Hollister has a median age of 33.3 years old. By comparison, the median age for San Benito County is 35.7 years old, the median age for the State of California is 37.0 years old, and the median age for the United States is 38.4 years old.³³

During 2017-2021, there were about 11,736 households in Hollister, with an average household size of about three people. The five largest ethnic groups in Hollister, CA are White (Hispanic) (35.7 percent), White (Non-Hispanic) (22.8 percent), Two+ (Hispanic) (20.8 percent), Other (Hispanic) (13.6 percent), and Asian (Non-Hispanic) (2.34 percent).

The City has a median household income of \$87,761 compared to the statewide MHI of \$84,097. Approximately 9.27 percent of the population for whom poverty status is determined in Hollister, CA (3.77k out of 40.7k people) live below the poverty line. This number is lower than the national average of 12.6 percent.

Approximately 64.6 percent of the housing units in Hollister, CA, were occupied by their owner. This is a slightly lower proportion than San Benito County (67.6 percent) and much higher than the State of California (55.5 percent). Hollister's high proportion of homeowner households is likely influenced by the high median household income.

PROJECTED GROWTH AND DEVELOPMENT

According to the Department of Finance (DOF), countywide growth projections for San Benito County are expected to see an approximately 0.47 percent average annual growth rate (AAGR) from 2020 (64,432) through 2060 (77,666). Utilizing the County's AAGR and Hollister's 2023 population estimates, the population within the City is anticipated to increase to approximately 50,981 by 2060.

Development

The Hollister 2040 Draft General Plan has a growth management section to promote orderly and balanced growth within Hollister's planning area boundaries. One of the related policies specific to this goal is regarding development capacity. The General Plan and the General Plan Update Environmental Impact Report (EIR) assumes the following maximum development projections by the year 2040:

- 6,455 new dwelling units.

³³ Data Usa, Reports 2021.

- 1.1 million square feet (SF) of new commercial and office space.
- 2.8 million square feet (SF) of new industrial space.

When development approved by the City of Hollister reaches the maximum development projections above, an environmental review for subsequent development projects is required to determine if there are any impacts related to the additional growth beyond the development capacity anticipated in the 2040 General Plan EIR.³⁴

Growth Strategies

As discussed, the City of Hollister utilizes the General Plan as a tool to plan for future growth. Additionally, the City of Hollister has several other plans to guide development and annexation in specific areas of Hollister. The Urban Water Management Plan and Environmental Impact Report (EIR) are among these.

The goals, policies, and actions outlined in the General Plan are intended to direct and characterize growth within the city and its future boundaries. The Land Use and Community Design Element is the primary instrument that presents regulatory and policy land use tools to guide trends in the City, including the following goals:³⁵

- LU-1: Promote orderly and balanced growth within Hollister’s planning area boundaries.
- LU-2: Promote diverse housing opportunities for existing and future residents.
- LU-3: Encourage mixed-use development projects that create vibrant, walkable districts and contain residential and community-serving commercial uses.
- LU-4: Ensure the city has a wide variety of commercial space with appropriate commercial uses to meet the needs of residents.
- LU-5: Preserve and protect industrial uses to sustain and develop the City’s economy.
- LU-6: Support balanced growth and well-designed development patterns within Hollister’s Special Planning Areas.
- LU-7: Create an attractive gateway along San Felipe Road and Highway 25 into the City and provide an opportunity for commuter-oriented and larger-scale commercial uses.
- LU-8: Develop the West Gateway as an entry feature to the City of Hollister and an opportunity for a mixed-use district with medium to high-density residential with integrated neighborhood-serving retail.

³⁴ City of Hollister 2040 Draft General Plan, Land Use and Community Design Element. p. LU-19.

³⁵ City of Hollister 2040 Draft General Plan, Land Use and Community Design Element. p. p. LU-19 to LU-46.

- LU-9: Preserve existing agricultural uses to the north and west of Buena Vista Road and encourage residential uses along Buena Vista Road to complement existing uses.
- LU-10: Preserve and enhance the Downtown as a major focus of the community.
- LU-11: Preserve the diverse historic architecture of existing residential uses and ensure that new development in these areas blends with the existing character of historic neighborhoods.
- LU-12: Preserve the look and feel of the existing residential neighborhood, while continuing to allow specific commercial office uses to transition from the Downtown to the surrounding residential uses.
- LU-13: Foster a complete neighborhood in the Meridian Street Extension Special Planning Area that includes a mix of residential and commercial uses.
- LU-14: Create a mix of medium- to high-density residential units and new job-generating uses in the Union Road Special Planning Area.
- LU-15: Support small, urban agricultural uses in and around the City.
- LU-16: Maintain and enhance Hollister's small-town charm and identity. Ensure orderly development with attractive and high-quality design.
- LU-17: Ensure that residential developments are well-designed and are compatible with the small-town character of Hollister.
- LU-18: Develop and maintain attractive landscaping on public and private properties, open spaces, and public gathering spaces.
- LU-19: Provide adequate parking to support all land uses in the City.
- LU-20: Preserve Hollister's historic identity and historic and culturally important structures, assets, and districts for future generations.

The 2040 Draft General Plan includes a statement of vision that describes the future of Hollister as the community would like it to be in 2040 and sets the tone for the entire document. The vision highlights that new growth in the City primarily focuses on existing urban areas or areas adjacent to existing development to enhance connectedness and preserve active agricultural uses and open space areas. The City coordinates with the County of San Benito and other local agencies to ensure well-planned, sustainable growth and provide needed services and resources.

In addition, the General Plan also outlines values that provide direction for decision-making as the General Plan is implemented over time. Values include equity, diversity, innovation, and sustainability.

The statements of vision and values provide the underpinnings for all concepts in this General Plan for its ultimate implementation. All policies and actions are intended to support the implementation of vision and values.

Annexation Policies

As part of the growth management goal of the General Plan, several policies highlight annexation.

- LU-1.1: infill Development — Ensure an orderly pattern of development in the city that prioritizes infill development over the annexation of properties.
- LU-1.6: Coordinated Annexation Requests — Encourage coordinated annexation of contiguous properties.
- LU-1.7: Specific Plans — Ensure the orderly development of large areas of land proposed for annexation through specific plans. Require a specific plan for annexation requests that are over 20 acres in size or include non-residential uses regardless of size.
- LU-1.8 Revenue Neutral — Require annexations to be revenue neutral and cover all costs related to public infrastructure, public facilities, and public services.
- LU-1.9 Contiguous Annexations — Prohibit any annexations of land that are not contiguous to City Limits. Annexation of land that would result in the formation of a County "island" or irregular City boundary shall not be permitted.

The General Plan also comprises actions related to the City's annexation process, which includes reviewing City procedures related to annexations and updating them as needed to ensure an efficient and orderly review process. Additionally, an annexation prioritization strategy for areas outside the existing City Limits that identifies where and in what order the City should annex land outside the City Limits is specified as an action item. The strategy must also consider initiating the annexation of developed unincorporated areas adjacent to the City and in county "islands." Annexation of these areas should occur if the annexation would facilitate infill development, improve service delivery, or create a more logical City boundary.³⁶

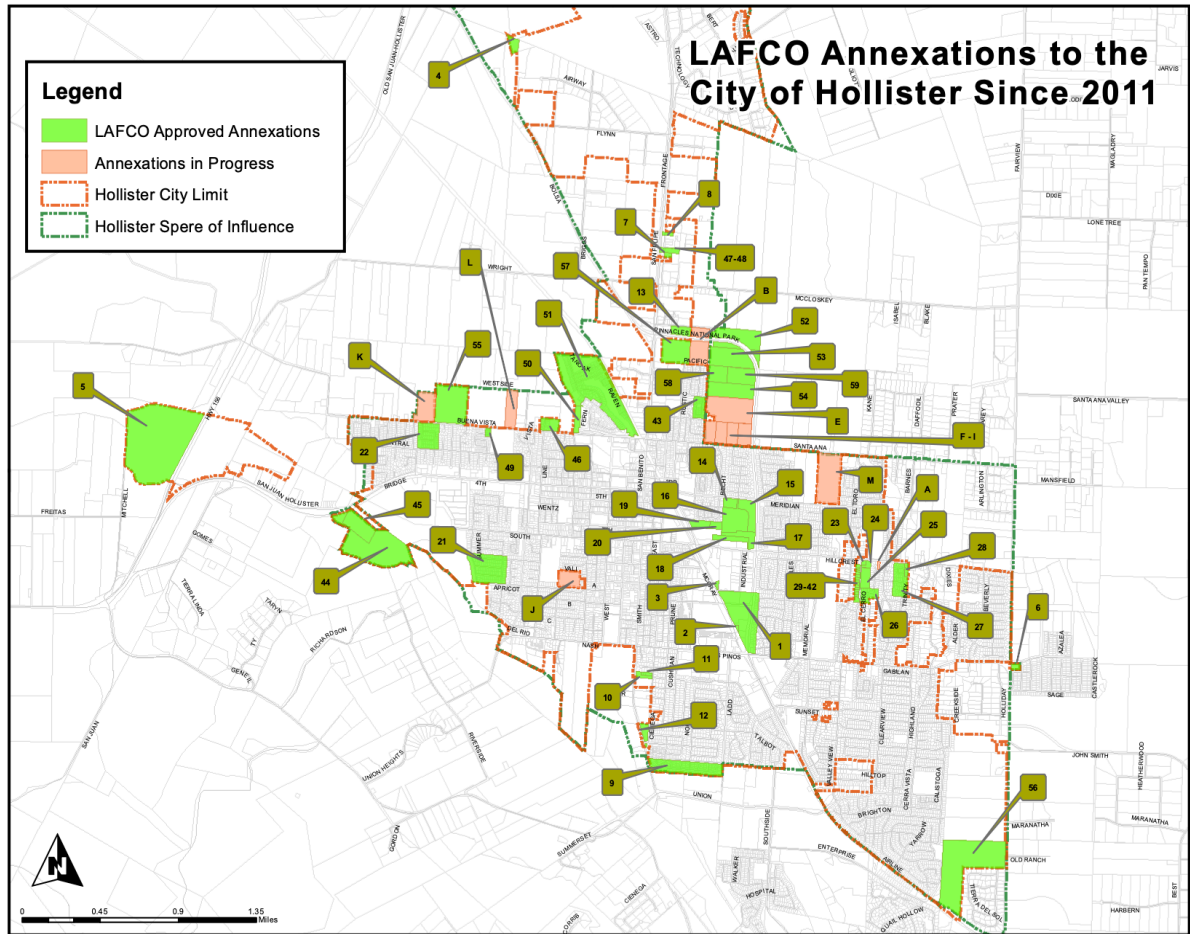
³⁶ City of Hollister 2040 Draft General Plan, Land Use and Community Design Element. p. p. LU-21.

From 2011 through 2019, 59 annexations, or 518.89 acres, were approved by LAFCO. The majority of these annexations are within the City's Low-Density Residential zone (202.68 acres), Medium-Density Residential zone (94 acres), and Public Facilities zone (94.67 acres). Other approved annexations are within Public Facilities (Public Quasi-Public Zoning (51.83 acres), General Commercial (44.28 acres), Neighbourhood Mixed Use (8.48 acres), Light Industrial (2.54), North Gateway (17.39 acres), and Airport (2.84 acres). There are also 107.1 acres of annexations to the City of Hollister that are in progress as of 2019. Figure 4-9 illustrates all LAFCO-approved annexations to the City of Hollister from 2011-2019.

It's unclear if the City has a formal annexation plan in place. However, annexations are presently paused until the updated General Plan is adopted.³⁷ If there isn't an existing annexation plan, it is recommended for the City to adopt one.

³⁷ City of Hollister MSR Interview, May 2024.

Figure 4-8: LAFCO Annexation 2011-2019



DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. The intent and history of this requirement are outlined in the Background Section of this report.

A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.

According to Census Bureau data, the statewide MHI for 2017-2021 is \$84,097, and hence, the calculated threshold of \$67,277 defines whether a community is disadvantaged. Therefore, with a median income of \$87,761 the City of Hollister is not considered to be a disadvantaged community.

FINANCIAL ABILITY TO PROVIDE SERVICES

The functions of the City of Hollister are supported by taxes and intergovernmental revenues (governmental activities) and through user fees and charges (business type activities). The governmental activities of the City include general government, public protection, public works, and recreation. The business type activities of the City include the Airport, Water, Wastewater, Street Sweeping, and Briggs Building funds.

The Generally Accepted Accounting Principles (GAAP) in government accounting require the segregation of funds by type.

All of the funds of the City of Hollister can be divided into three categories: governmental funds, proprietary funds, and fiduciary.

The City of Hollister maintains 35 individual governmental funds. In the financial statements for governmental funds, information is presented separately for four major funds: the General Fund, the Housing Successor Agency Fund, the Transportation Development Act Fund, and the CIP Traffic Impact Fees Fund. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds are of two types: enterprise funds and internal service funds. Enterprise funds report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Airport, Water, Wastewater, Street Sweeping, and Briggs Building operations. Internal service funds are used to accumulate and allocate costs internally among the City's various functions, although the City does not use internal service funds.

The City of Hollister maintains two different types of fiduciary funds. The Private Purpose Trust Fund is used to report resources held in trust for the activities of the Oversight Board and the Department of Finance to dissolve the former Redevelopment Agency. Custodial funds report resources held by the City of Hollister in a custodial capacity for individuals, private organizations, and other governments.

As previously mentioned, the last financial audit was completed for the FY 20-21. The audit highlighted the following fiscal issues/weakness for the City:³⁸

³⁸ City of Hollister, Schedule of Prior Year Findings. June 30, 2021.

- Financial close — During the audit, it was observed that the processes for closing and financial reporting were ineffective. Approximately 33 journal entries were made after providing the trial balance for the audit. Several funds had recurring negative cash balances and/or fund deficits, leading to multiple audit adjustments. The City lacks adequate controls to ensure accurate closure of accounting records, resulting in financial statements with misstatements that required adjustments.
- Grants — The City's grant revenues, expenditures, and receivables are not properly reconciled for financial reporting at year-end. Claims for reimbursement of eligible expenditures are not submitted timely, causing the general fund to cover these payments upfront. Some reimbursement grant receivables were not recorded.
- Notes receivable — The City lacks adequate controls for recording and monitoring notes receivables, leading to several deficiencies. These include inconsistent recording practices and failures in monitoring the accuracy of receivable balances. As a result, significant adjustments totaling \$670,288 were proposed to reconcile the notes receivable balance. These adjustments include \$245,580 for amortization of a forgiven loan, \$335,144 for previously unrecorded interest, and \$89,564 to correct deferred inflows related to unavailable revenues. Addressing these issues is crucial to improve financial accuracy and compliance with reporting standards.
- Cash and bank reconciliation — Due to personnel turnover, the overall process for cash and investment reconciliations was not being completed properly. Bank reconciliations were not being prepared or reviewed timely. Untimely preparation and review of bank reconciliations increases the risk that errors could go undetected. Cash and investment balances as presented were not reflective of their true balances.
- Schedule of expenditures of federal awards (SEFA) — The initial SEFA provided to the auditors contained numerous errors. The City was not properly reconciling grant receivables, revenues, and expenditures. In addition, amounts initially reported on the SEFA were derived from general ledger details which do not necessarily equate to allowable costs to be claimed and reported on the SEFA. There were numerous journal entries and adjustments made to ensure amounts reported on the SEFA were accurate.
- Financial reporting timeliness — There were various accounting issues such as personnel turnover and accounting schedules not properly reconciling to the general ledger which caused delays in the completion of the 2021 annual audit.
- Financial close — During the performance of the FY 20-21 audit, it was noted that processes utilized for closing and financial reporting of financial activity for the fiscal year

were not effective. Approximately 25 journal entries were proposed and posted subsequent to providing the trial balance for audit.

- Grants — The City experienced delays in submitting claims for reimbursement of eligible expenditures to the relevant agency. These delays led to future revenues being unavailable during the period of expenditure, forcing the City’s general fund to cover the upfront costs.
- Note receivable — During the FY 20-21 audit, the City discovered failure to accrue interest on certain loans, lack of review for the allowance of uncollectible loans, and the discovery of a loan from a promissory note that was not recorded in the City’s general ledger. These deficiencies have been recurring each year and recommendations have not been implemented.

Figure 4-9: The City of Hollister Financial Summary FY 20-21

THE CITY OF HOLLISTER BUDGET FY 20-21	
Governmental Funds	
Revenues	
Taxes	\$30,519,393
Licenses and permits	\$10,224,388
Intergovernmental Charges for services	\$8,867,027
Charges for services	\$9,365,673
Fines and forfeitures	\$153,342
Investment earnings (loss)	\$143,796
Other Revenues	\$1,265,259
Total revenue	\$60,538,878
Expenditure	
Current	
General government	\$8,827,818
Public safety	\$20,707,358
Public works	\$4,402,787
Parks and recreation	\$2,272,005
Capital outlay	\$7,435,148
Debt Service	
Principal	\$179,813
Interest	\$35,155

Total expenditure	\$43,860,084
Excess (deficiency) of revenues over expenditures	\$16,678,794
Other Financing Sources/ (Uses)	
Transfer in	\$859,359
Transfer out	(\$603,297)
Total other financing sources (uses)	\$256,062
Beginning Fund Balance	\$36,808,504
Ending Fund Balance	\$53,743,360
Change in Fund Balance	\$16,934,856
Proprietary Funds	
Operating Revenues	
Charges for services	\$33,362,280
Other revenues	\$17,830
Total operating revenue	\$33,380,110
Operating Expenses	
Personnel services	\$5,511,356
Contractual and professional services	\$6,660,697
Supplies and operating costs	\$9,536,084
Utilities	\$2,100,870
Depreciation expense	\$5,149,279
Total operating expense	\$28,958,286
Operating income (loss)	\$4,421,824
Nonoperating Revenue (Expenses)	
Taxes	\$35,254
Gain on sale of assets	\$1,995
Investment income (loss)	\$86,319
Interest expense	(\$2,025,966)
Total nonoperating revenue (expenses)	(\$1,902,398)
Net income (loss) before transfers and capital contributions	\$2,519,426
Transfers and Capital Contributions	
Transfer out	(\$256,062)

Capital contributions	\$2,472,547
Total	\$2,216,485
Beginning Net Position	\$81,781,319
Ending Net Position	\$86,517,230
Changes in Net Position	\$4,735,911
Typical Monthly Rate for Single Family Residence	\$80.38
Median Monthly Household Income, 2017-2021 (not in thousands)	\$87,761
Monthly Wastewater Rates as a % of Household Income	0.09 %

BALANCED BUDGET

Recurring operating deficits are a warning sign of fiscal distress. In the short term, reserves can backfill deficits and maintain services. However, ongoing deficits eventually will deplete reserves.

According to the FY 20-21 audit:

- The City of Hollister’s total revenues for governmental activities (\$60,538,878) exceeded total expenditures (including capital outlay and debt services) for governmental activities (\$43,860,084) by \$16,678,794 or 38 percent.
- For business-type activities the City’s total operating revenue (\$33,380,110) exceeded total expenses (\$28,958,286) by \$4,210,337, or 15 percent.
- The City of Hollister’s total transfers and capital contributions were \$2,216,485 while total non-operating expense were \$1,902,398.

NET POSITION

An agency’s ”Net Position” represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position indicates financial soundness over the long term.

According to the FY 20-21 audit, the City’s total assets exceeded total liabilities, resulting in a positive net position of \$172,815,126. This was an increase in net position by \$18,821,335 compared to the previous year, when the net position was \$153,993,791.

PENSIONS AND OPEB

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by

the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors nine plans (three miscellaneous and six safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$34,061,952. For the year ended June 30, 2021, the City recognized pension expense of \$6,589,378.³⁹

The City sponsors and administers a single-employer health care plan for its employees. Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The City sets its monthly contribution rates for health insurance on behalf of active employees according to PEMHCA statutory minimum. These amounts are indexed in all future years according to the rate of medical inflation. The excess of the designated City contribution for healthcare over PEMHCA statutory minimum is contributed to a Cafeteria Plan and employees may elect to have some or all of this excess contributed on their behalf to CalPERS as an employee contribution towards healthcare benefits. The City has the authority to establish and amend the plan's benefit terms and financing requirements to the city council.

The City makes contributions based on an actuarially determined rate. For the year ended June 30, 2021, the City paid \$48,234 on behalf of retirees and the estimated implicit subsidy was \$108,744, for a total contribution of \$156,978. For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$407,877.⁴⁰

³⁹ City of Hollister, Annual Comprehensive Financial Report. For the year ended June 30, 2021. p.61-67.

⁴⁰ City of Hollister, Annual Comprehensive Financial Report. For the year ended June 30, 2021. p.

LONG-TERM DEBT

Long-term obligations of the City consist of bonds, and other liabilities, which are payable from the general, capital projects, and enterprise funds. As of FY 20-21, the City had the following long-term obligation: ⁴¹

- California Energy Commission Loan - In February 2012, the City entered into a loan agreement with the California Energy Commission for their energy conservation project. The loan bears interest at 1 percent. Principal payments are due semi-annually beginning on December 22, 2012.
- John Deere Equipment Lease- The City entered into three 60-month lease agreements starting in late 2018: a four-wheel drive loader with \$3,510 monthly payments at 3.75 percent interest totaling \$192,371, a compact track loader with \$1,375 monthly payments at 4.75 percent interest totaling \$73,572, and a scrap grapple with \$1,375 monthly payments at 3.75 percent interest totaling \$107,778. As of June 30, 2021, the outstanding lease balance for governmental activities was \$98,374, with the leased assets valued at \$152,304 and amortization of \$20,536 included in the year's depreciation expense.
- Fire Trucks Capital Lease - In April 2017, the City entered into a capital lease agreement for four fire trucks. The lease bears interest at 2.848 percent with monthly payments of principal and interest due beginning July 1, 2017. The assets acquired through the capital lease were put into service in 2019 and have been recorded with a net book value of \$856,549 as of June 30, 2021, with depreciation expense of \$244,728 for the year ended June 30.
- 2016 Wastewater Revenue Refunding Bonds - In March 2016, the Hollister Joint Powers Financing Authority issued \$67,975,000 in bonds to refinance existing debt and establish reserves, funded by a lien on the City's wastewater system revenues. The issuance aimed to achieve substantial savings, with projected net present value savings of approximately \$0.7 million, equivalent to over 12 percent of the refunded bonds' value, after accounting for issuance costs. Annual debt service savings were expected to exceed \$1 million. Interest payments on the bonds are due semi-annually, beginning December 1, 2016, with interest rates ranging from 2 to 5 percent.

⁴¹ City of Hollister, Annual Comprehensive Financial Report. For the year ended June 30, 2021. p. 54-59.

EQUIPMENT AND LEASES

The City approved a 50-year cell tower lease agreement with Crown Castle USA Inc. on June 30, 2019. As part of the agreement, the City received an up-front payment of \$1,400,000. After deducting professional services expenses, the net revenue received by the City amounted to \$1,316,000 initially.

From 2022 to 2071, the City is scheduled to receive a total of \$1,263,360 in revenue. This revenue is amortized as periodic payments over the remaining term of the lease agreement.

RATE AND FEES

In 2016, the City of Hollister (City) engaged Raftelis Financial Consultants to prepare a financial plan and rate study (Study) for its wastewater enterprise. Prior to this, the City last updated its rates in FY 2011 with a significant increase. In April 2016, the City refinanced its wastewater bonds, which resulted in annual debt savings. Due to this refinance, the City's annual wastewater expenses were reduced. The City contacted Raftelis to determine if this reduction could lead to a rate reduction for ratepayers.

The financial plan involved a revenue adjustment that reduced total revenue by 5 percent. However, the Study also involved a new Cost of Service (COS) analysis which involves reallocating costs proportionally to the customer classes. Consequently, the 5 percent revenue reduction does not correspond to a 5 percent rate reduction across the board. In 2017, the City Council approved the proposed rate structure to take effect in 2018. Figure 4-11 illustrates the City's wastewater rate structure.

The City's residential classes are Single Family, Multi-Family, and Mobile Home. These classes pay a monthly fixed charge based on class type. The City's non-residential classes are Low Strength, Moderate Strength, and School. Low Strength and Moderate Strength pay fixed and quantity charges for every hundred cubic feet (hcf) of water they use. The school customer class pays a fixed charge based on the number of students in the school (student population is utilized as a proxy for flow). The City also charges per gallon for septage dumping at the treatment plant.

Figure 4-10: The City of Hollister Sewer Rate Structure

THE CITY OF HOLLISTER SEWER RATE STRUCTURE				
Customer Class	Prior 2018		Effective January 2018	
	Fixed Charge	Current Rate	Fixed Charge	Qty Charge (\$/hcf)
Single Family	\$86.32		\$80.38	
Multi Family	\$75.25		\$70.07	
Mobile Home	\$52.80		\$49.17	
Low Strength	\$40.62		\$46.23	\$8.70
Moderate Strength	\$75.46		\$94.81	\$10.23
Schools		\$3.14 *	\$1.73*	
Septage Customers		\$0.23 **	\$0.26**	
*Rate per student			*Monthly rate per student	
**Rate per Gallon			**Rate per Gallon	

RECYCLING SERVICES

Water recycling is offered through a cooperative effort between the City and the San Benito County Water District (SBCWD). Recycled water has been provided by the City of Hollister for landscape irrigation since 2010. The system was expanded in 2014, including infrastructure and treatment capability to improve water quality for agricultural irrigation. The system was further enhanced in 2015 when the District installed 1.65 miles of additional distribution system piping and 30 metered deliveries to provide water for agricultural customers for approximately \$1,000,000. In 2016, the Recycled Water Storage Pond was installed in "Pond 2" at the Domestic Wastewater Treatment Plant (DWWTP) to improve distribution system water quality and to store surplus supply during high agricultural demand periods when the DWWTP is not producing enough recycled water. In 2019, the District installed a series of sand media filters upstream of the Recycled Water Distribution System to improve water quality and allow agricultural customers to use drip irrigation and minimize backwash waste. According to the 2020 Agricultural Water Management Plan, recycled water is provided to approximately 865 acres for agricultural production and landscape irrigation.⁴²

⁴² San Benito County Water District, 2020 Agriculture Water Management Plan. September 2021. p.20.

The Domestic WWTP treats domestic, commercial, and industrial wastewater in the City of Hollister and produces Title 22 reclaimed water for park irrigation, agricultural use, airport greenery, and groundwater recharge.

WASTEWATER SERVICES

SERVICE OVERVIEW

The City of Hollister owns the Domestic Wastewater Treatment Plant (DWTP) and provides wastewater collection and treatment services for the entire City.

TYPE AND EXTENT OF SERVICES

Services Provided

The City services approximately 13,000 residential sewer accounts and 350 commercial accounts. The Hollister Wastewater Treatment Division also owns the Industrial Wastewater Treatment Plant (IWTP), which is leased to San Benito Foods - Neil Jones Foods Company and operated by the Sunnyslope County Water District. From July through September, San Benito Foods operates its tomato canning facility in Hollister and discharges the industrial wastewater from the canning process to the Industrial Wastewater Treatment Plant. Additionally, the IWTP handles a portion of the City's stormwater runoff.

Services to Other Agencies

The City of Hollister provides additional wastewater treatment capacity in contract with the Sunnyslope County Water District as "an alternative to, or substitute for," the wastewater services already being provided by District.

On September 7, 2021, the City of Hollister and San Juan Bautista (SJB) entered into a memorandum of understanding (MOU) for SJB to send domestic wastewater to the City. This is due to high salt levels being discharged into the creek by the SJB's wastewater treatment plant exceeding the National Pollution Discharge Elimination System (NPDES) permit levels, causing a violation of the NPDES permit.

Additionally, the City also entered into a Wastewater Treatment Services Agreement with the Sunnyslope County Water District (SSWCD) for the conveyance of wastewater from Gavilan College, Cielo Vista, Fairview Corners, and Lands of Lee projects, to Hollister's treatment and disposal facilities. All four areas are located in unincorporated San Benito

County and fall within SSCWD's boundaries. The affected area is composed of 82 parcels consisting of approximately 220.08 acres.

Properties in the Cielo Vista Subdivision are in the City's SOI. While properties in the Gavilan College, Fairview Corners, and Lands of Lee projects are not in the City's SOI.

Cielo Vista requested an emergency out-of-jurisdiction service connection due to the failure of its existing facilities. While the other subject areas requested out-of-jurisdiction service connection to the City for proposed developments.

The agreement requires that Sunnyslope County Water District construct, operate, and maintain the system for the collection from only those parcels identified, to the connection to the City's existing wastewater system.

The City of Hollister submitted an application to San Benito LAFCO for this out-of-agency services agreement. Although the Sunnyslope County Water District's contract with the City of Hollister does not trigger approval from LAFCO per the exception outlined in Government Code section 56133(e)(1), agencies are required to apply to LAFCO for a determination that the action is exempt. LAFCO staff reviewed the documentation provided by the City of Hollister and concluded that the proposal supports a finding that it meets the criteria for an exemption from Commission approval as set forth in Government Code Section 56133(e)(1).

The new sewer connection from Cielo Vista to the City of Hollister wastewater collections system has been completed and wastewater from Cielo Vista is currently running to the City of Hollister wastewater treatment plant.

Contracts for Services

The City of Hollister contracts with Sunnyslope County Water District, authorizing the District to collect service charges and related fees from customers on behalf of the City for wastewater collection and treatment services.

Additionally, the City contracts with Veolia Water West Operating Services, Inc. for operations and maintenance services of City's Domestic W/WTP beginning August 2, 2010.⁴³ The agreement was amended on December 10, 2018, to address the scope of work, fee for services, responsibility for repairs, and term. Scope items included:

- Removing and reinstalling pond surface aerators.
- Managing field activities of pond sludge removal sub-contractor (Synagro).

⁴³Resolution 2010-108 on August 2, 2010.

- Removing liquid sludge from ponds.
- Disposing of dewatered sludge.

The contract was last amended more recently in August 2024 for an extension of 18 months. Veolia prepares an annual Discharge Self-monitoring Report (DSMR) report with the most recent report submitted to the California Regional Water Quality Control Board (RWQCB) on January 30, 2023.⁴⁴

Overlapping Service Providers

There are no overlapping services providers within the City of Hollister service area.

Extra-territorial Services

There are two areas outside the City limits from which the City has agreements to receive wastewater flow. These include the communities of San Juan Bautista and San Juan Oaks.

Hollister has lawfully provided extended sewer service outside its jurisdictional boundaries since about 1996 to 3061 Southside Road. Government Code section 56133(e)(4) provides that no LAFCO approval is necessary for a city to provide out-of-jurisdiction service if such service is an extended service that a city or district was providing on or before January 1, 2001.

In addition, there are areas outside the City limits from which the City receives wastewater flow. These areas include a small housing development, the County public works/planning facility, and the labor camp located south of the City near Hospital Road and Southside Road.⁴⁵

Furthermore, the City has reported that out-of-jurisdiction services are provided to the following areas:

- Sunnyside Estates
- Bennet Ranch
- Santana Ranch
- Riverview II
- A series of homes off of San Juan Hollister Road
- A series of homes off of Los Altos Drive

⁴⁴Veolia Water Monitoring and Reporting Annual Report. 01/30/2023.

⁴⁵ City of Hollister Sewer System Management Plan – Revision 02, September 2022, p. 0-2.

- 930 Hillcrest Road (recently approved for connection by the City, 1 home, application not submitted to LAFCO for approval yet)
- Sunnyslope Cristian Center (approved for connection, unsure if actually connected to our services at this time; the City also approved to connect the new auditorium/congregation hall that is being constructed in the rear of the property)

Unserved Areas

There are no unserved areas within the City of Hollister's boundaries.

Collaboration

The MOUs between the City of Hollister, San Benito County Water District (SBCWD), and Sunnyslope County Water District (SSCWD) govern the collection, treatment, and disposal of wastewater and recycled water.⁴⁶

STAFFING

As of 2022, the City dedicates seven staff to the operation and maintenance of the sewer system. A Senior Maintenance Worker directs and supervises maintenance staff for most sewer-related operations and maintenance activities. A Utilities Supervisor supervises rehabilitation and/or Replacement projects conducted on City sewer assets. According to the 2022 SSMP, the City plans to assess current staffing levels and determine if current levels are adequate to accomplish the goals set by the City for the operation and maintenance of the system.⁴⁷

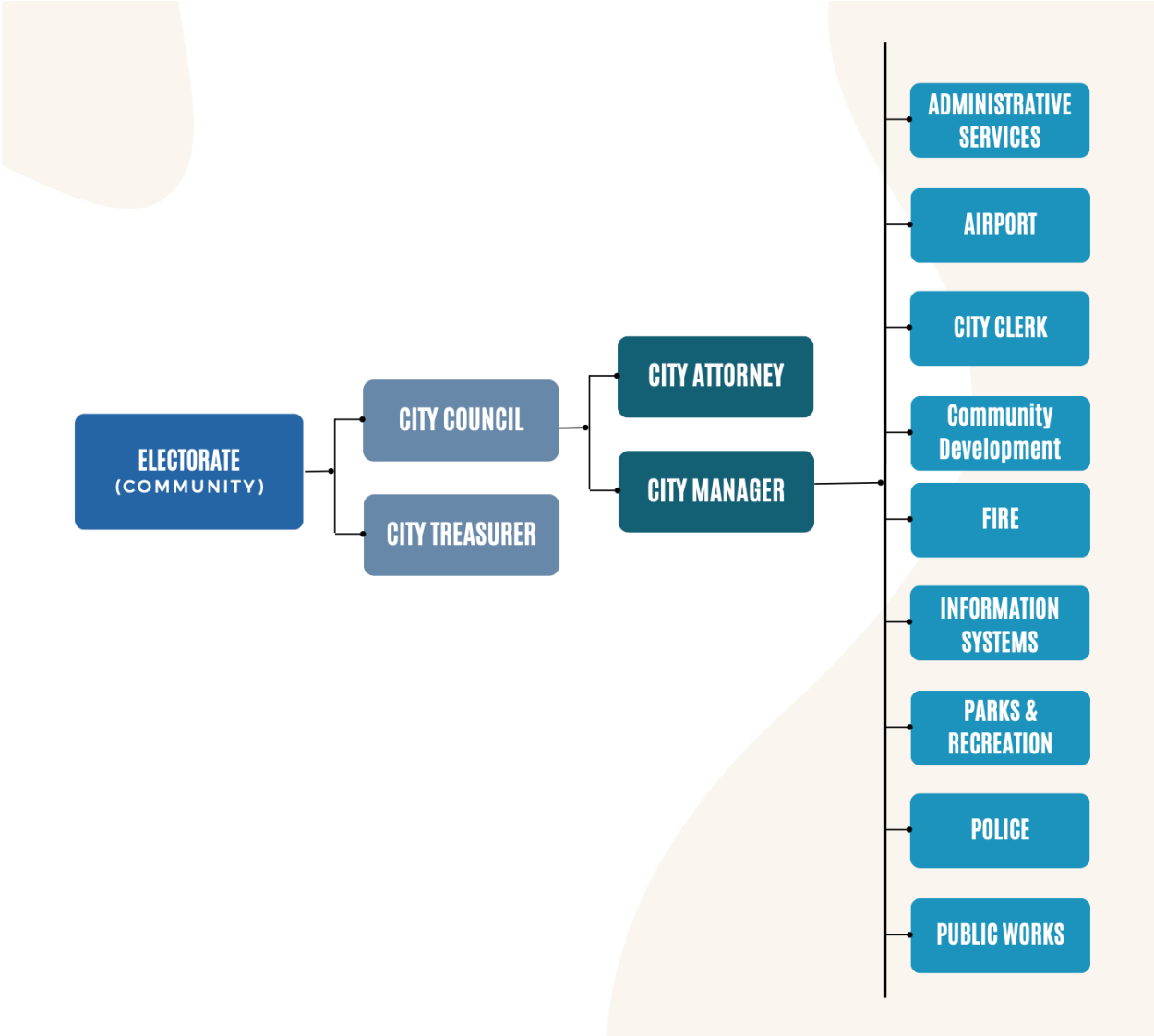
The City Council makes sewer-related policy decisions related to the City's Sanitary Sewer System with advice from the General Manager, Public Works Director, and City Engineer. The City Engineer directs the implementation of design and performance provisions and assists the Utilities Manager with implementing system evaluation and Capacity Assurance Plan. The organization chart is shown in Figure 4-11.⁴⁸

⁴⁶ Hollister Urban Area UWMP 2020, p.7-1.

⁴⁷ The City of Hollister, Sanitary Sewer Management Plan (SSMP). November 13, 2023. p. 2-3 to 2-7.

⁴⁸ The City of Hollister, Sanitary Sewer Management Plan (SSMP). November 13, 2023. p.4-11.

Figure 4-11: Organizational Chart, Utilities Department 2024



WASTEWATER FACILITIES AND CAPACITY

COLLECTION SYSTEM

The City owns and maintains approximately 108 miles of wastewater collection, interceptor, and force main lines. The City owns six lift stations with corresponding force mains. The system includes sizes ranging from 4-inch diameter to 36-inch diameter lines. In addition to the collection and conveyance system described above, the City also operates and maintains a combined storm/sewer line. Figure 4-12 shows an inventory of wastewater conveyance pipelines.

Figure 4-12: Existing Pipeline Inventory by diameter

Diameter (Inches)	Length	
	Feet	Miles
4	596	0.11
6	135,416	25.65
8	314,345	59.54
10	33,616	6.37
12	21,200	4.02
14	2,790	0.53
15	26,199	4.96
18	11,443	2.17
21	5,919	1.12
24	3,301	0.63
27	2,596	0.49
30	5,468	1.04
36	8,973	1.70
Total	571,864	108.31

Maintenance and Operations

The City's Preventative Maintenance Program includes CCTV inspection, cleaning, visual manhole inspection, Lift Station maintenance, FOG (Fats, Oils, and Grease) Control, and HMA identification and maintenance. The City will review these operation and maintenance practices annually and compare them with annual SSO records. According to the SSMP, a summary of corrective actions for operations and maintenance is developed to reduce the causes of SSOs occurring in the associated calendar year. Operation and Maintenance

activities are tracked in the City's work history logs. The results of routine maintenance will be tracked and assessed annually.

The City cleans this combined line annually in October to prepare for the transition from conveying wastewater to conveying stormwater to remove any residual process wastewater from areas of the stormwater system that may flow to outfalls entering the San Benito River. The line is also cleaned before canning season to ensure that it is free of any residual debris that may impact sewer line performance. Manhole inspections are conducted during annual cleaning. Line cleaning and manhole observations are logged on the Line Cleaning-Manhole Inspection Log.⁴⁹

TREATMENT FACILITY

Capacity

The City of Hollister owns an immersed membrane bioreactor (MBR) DWTP situated west of downtown along the Highway 156 bypass near the San Benito River. The Domestic WWTP has a permitted capacity of 4.03 mgd.

The IWTP is designed to treat high-strength organic loading from canneries; the facility treats cannery wastewater and stormwater. The permitted capacity of the IWTP varies by season: 0.18 mgd of DWTP diversion during canning season, 1.52 mgd of DWTP diversion during non-canning season, and 3.5 mgd of cannery wastewater flow during canning season. The effluent is treated and discharged to evaporation/percolation ponds covering approximately 39 acres.

Maintenance and Operations

Operation and Maintenance Manual and project program policies including contingency plans review and updates for the DWTP were completed in December 2022.

Some significant maintenance activity for 2022 are as follows:⁵⁰

- Replace the stainless-steel mesh screens on Rotary Drum no. 2.
- San Benito County Water District cleaned Pond no.2, we put it into service in March.
- Discovered that the soft start on Rotary Drum no.2 needs to be replaced, these are obsolete, so they bypassed the soft start.
- Cleaned out the grit in aeration basin no. 2 in June.

⁴⁹ City of Hollister, Sewer System Management Plan – Revision 02 Element 4 – Operation and Maintenance Program. September 2022.

⁵⁰ Veolia Water, Monitoring and Reporting Review Section. 01/30/2023. p. 4.

- Replaced MBR gate operator glass displays and control knobs.
- The MBR modules/ cassettes were removed and cleaned for trains no. 1 & no. 2.

Additionally, a total of 1350 preventive maintenance work orders and 129 corrective work orders were completed in 2022.

INFRASTRUCTURE NEEDS

The City reports that there are no significant system failures at the DWTP. However, a capacity study is planned to identify any necessary upgrades. Minor updates, including replacing aging pumps and upgrading treatment train air compressors, will be budgeted in the next fiscal year. Current priority projects involve replacing deteriorating manholes upstream from the treatment plant and upgrading two sewer lift stations in the collection system.

Although not an immediate need, an increase in demand due to growth and various out of area connections may require an expansion in the wastewater treatment plant capacity. The City plans to increase the capacity of its treatment plant through the installation of upgrades to the MBR (membrane bioreactor) system, scheduled to commence on July 8th. These upgrades are expected to address the current bottleneck in the treatment process and increase the technical capacity of the plant from 4 million gallons per day to approximately 6.8 million gallons per day. However, before fully utilizing this increased capacity, the City must seek approval from the water board and conduct a capacity study to identify any potential bottlenecks beyond the MBR upgrades. Crossing the 5 million gallons per day threshold triggers additional requirements from the water board, including the development of an industrial pre-treatment program. Initially, an administrative approval from the water board may suffice for capacity increases up to 5 million gallons per day, but further expansions require a formal application process.⁵¹

STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

As mentioned previously, the City of Hollister relies on Sunnyslope County Water District to collect service charges and fees from customers for wastewater services. Additionally, the City collaborates with San Benito County Water District to facilitate water recycling efforts.

The City has not identified any resource-sharing opportunities.

⁵¹ City of Hollister MSR Interview, May 2024.

CHALLENGES

The City faces challenges in disposing of treated water and sludge. Currently, recycled water is supplied to San Benito County Water District, with a small portion used for park irrigation. Disposing of sludge involves running it through a belt filter press and sending it to a landfill, however landfilling organic materials is a concern. The immediate challenge is designing a process to further treat sludge into Class A biosolids for land application, reducing environmental impact and promoting reuse as fertilizer.

WASTEWATER FLOW

EXISTING DEMAND

As of 2024, the City estimates an average daily flow of 2.6 to 2.8 mgd from Hollister residents. In 2022, an annual total of 251.35 million gallon (mg) of the treated effluent was beneficially reused at the City's recycled water application sites, San Benito County Water District, and Brigantino Park. The remaining tertiary treated water, 693.11 mg, was disposed into the percolation ponds.⁵²

PROJECTED DEMAND

As mentioned previously, the City of San Juan Bautista will begin sending domestic wastewater to Hollister. According to the agreement for waste disposal with the City of San Juan Bautista the maximum domestic wastewater volume conveyed by SJB to Hollister will be limited to approximately 800 gallons per minute (gpm) and 1.2 mgd but not more than 0.43 mgd as a yearly average.⁵³ However, currently SJB's flow is approximately .15 to .20 mgd. The inflated capacities allocated is due to the infiltration and inflow from stormwater that SJB experiences.

The combined flow from Gavilan College, Cielo Vista, and Fairview Corners is estimated to be approximately 200,000 gallons per day (gpd), while the projected flow from the Lands of Lee projects remains unknown as construction has not commenced.

Additionally, there is 500,000 gpd dedicated to San Juan Oaks per the out of area agreement.

⁵² Veolia Water, 2022 Annual Discharge Self-Monitoring Report, p.1.

⁵³ Agreement for Domestic Wastewater Treatment and Disposal. The City of Hollister and City of San Juan Bautista, June 20, 2023.

SERVICE ADEQUACY

This section reviews indicators of wastewater service adequacy, including collection system integrity and regulatory compliance. Whenever available, industry standards are used to determine the level of services provided. In lieu of adopted standards, the report also makes use of generally accepted industry best practices or benchmarking with comparable providers.

SEWER SYSTEM INTEGRITY

There are several measures of the integrity of the wastewater collection system, including sanitary sewer overflows, peaking factors resulting from infiltration and inflow (I/I), and efforts to address infiltration and inflow.

Sanitary Sewer Overflows

All wastewater agencies are required to report sanitary sewer overflows (SSOs) to SWRCB. Sewer overflows are discharges from sewer pipes, pumps, and manholes. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The sewer overflow rate is calculated as the number of overflows per 100 miles of the main pipeline per year.

Over the last five complete years (2018-2023), there have been 27 SSO events in all categories. The total volume of spills is 35,614 gallons, of which 35,100 gallons, or 98 percent, were recovered. The most recent SSO events reported were in June and July of 2023 due to system failure at the gravity mainline and manhole, which was 100 percent recovered.⁵⁴

Infiltration and Inflow

Wastewater flow includes not only discharges from residences, businesses, institutions, and industrial establishments but also infiltration and inflow. Infiltration refers to groundwater that seeps into sewer pipes through cracks, pipe joints, and other system leaks. Inflow refers to rainwater that enters the sewer system from sources such as yard and patio drains, roof gutter downspouts, uncapped cleanouts, pond or pool overflow drains, footing drains, cross-connections with storm drains, and even holes in manhole covers. Infiltration and inflow tend to affect older sewer systems to a greater degree. Infiltration and inflow rates are highest during or right after heavy rain. They are the primary factors driving peak flows through the wastewater system and a major consideration in capacity planning and costs.

⁵⁴ California Integrated Water Quality System Project (CIWQS), Spill Public Report – Summary Page.

The peaking factor is the ratio of peak day wet weather flows to average dry weather flows. The peaking factor is an indicator of the degree to which the system suffers from I/I, where rainwater enters the sewer system through cracks, manholes or other means. A peaking factor of up to three is generally considered acceptable based on industry practices.

REGULATORY COMPLIANCE

The RWQCB enforces the Clean Water Act, permit conditions, and other requirements of wastewater providers. Violations of State requirements for wastewater providers and treatment facilities are recorded by SWRCB. The Board may levy fines or order the provider to take specific actions to comply with water quality regulations.

The City of Hollister's wastewater system was previously regulated under Order R3-2008-0069 until September 25, 2020, when the Central Coast Water Board adopted General Waste Discharge Requirements Order R3-2020-0020. This change followed a Central Coast Water Board meeting in June 2021, during which several individual permits, including the City's, were terminated due to their transition to the new general order. Additionally, a new monitoring and reporting program (R3-2023-0067) was issued on October 24, 2023, modifying requirements for the Hollister Domestic Wastewater Recycling Facility.⁵⁵

According to the SWRCB's website, there have been no enforcement actions against Hollister's Domestic WWTP or Industrial WWTP since 2009 and 2006, respectively. From 2019 to 2023, Hollister's Domestic WWTP had seven violations, primarily due to exceeding the 150 mg/L annual average Chloride limit. In 2021, sodium levels also exceeded the 200 mg/L limit. The most recent violation in 2023 involved Chloride levels of 223 mg/L, above the 150 mg/L annual average limit. Additionally, a 2020 violation for failing to sample for coliform was addressed with a new coliform tracking procedure.

Alternately, Hollister's Industrial WWTP had 35 violations from 2018-2022, with the last violation reported in 2020. Key issues included exceeding Sodium and Total Dissolved Solids (TDS) limits, with reported values often surpassing the set thresholds. For instance, in 2020, Sodium and TDS levels were 333 mg/L and 1488 mg/L, respectively, exceeding their limits of 250 mg/L and 1415 mg/L, respectively. Misreporting of Nitrate values and several instances of high pH levels were also noted. Significant groundwater contamination violations occurred, with downgradient concentrations of Chloride, Sodium, and Total Dissolved Solids showing substantial increases compared to upgradient levels.

⁵⁵ MRP R3-2023-0067 Hollister Domestic Wastewater Recycling Facility, October 24, 2023.

GOVERNANCE STRUCTURE OPTIONS

HUA vs. HSA

One of the issues specific to Hollister is that throughout the City's planning documents, the Hollister Urban Area (HUA) and Hollister Urban Service Area (USA) are seemingly used interchangeably.

According to GC 56080, urban service areas are defined as developed, undeveloped, or agricultural land, either incorporated or unincorporated, within the sphere of influence of a city, which is served by urban facilities, utilities, and services or which are proposed to be served by urban facilities, utilities, and services during the first five years of an adopted capital improvement program of the City if the City adopts that type of program for those facilities, utilities, and services. The San Benito LAFCO policies also state that Cities and those special districts providing municipal services are encouraged to establish urban service areas within their spheres of influence. However, LAFCO policies do not provide a clear definition of a USA.

Alternately, the Hollister Urban Area is an approximately 20 square mile area comprising all of the incorporated and some unincorporated county lands surrounding the City of Hollister. The HUA area seems to be utilized as a planning tool and has been used in the Hollister Urban Water Management Plan (UWMP) and the Water and Wastewater Master Plan.

In addition to the City documents using the USA and HUA interchangeably, another issue identified is that Hollister's current USA does not meet the LAFCO definition of USA. As mentioned, LAFCO requires an urban service area to be within a City's SOI; however, Hollister's USA extends beyond the City's SOI.

Overall, there is a need to differentiate between HUA and USA within the City's various planning documents.

Option 1: Evaluate the function of HUA

It is recommended that the City evaluates the function of the Hollister Urban Area (HUA). As discussed, the HUA is used as a planning tool for wastewater and water services within the City of Hollister and surrounding areas. However, it seems to be used interchangeably with USA. Therefore, it is recommended that if the stakeholders desire to retain the HUA as a planning tool, then it needs to be redefined as such to avoid confusion. Otherwise, eliminating the HUA and focusing on the SOI as the planning area is recommended.

Option 2a: City-initiated update to Hollister's USA

As mentioned, the existing Hollister Urban Service Area (USA) does not meet the LAFCO definition as it relates to the City's SOI, as the USA extends beyond the City's SOI.

The first option is for the City to prepare an updated and well-designed urban service area that meets the CKH policies can be prepared by the City and can be presented to LAFCO for approval.

It is important to note that as part of growth management actions in Hollister, the City's 2040 Draft General Plan suggests evaluating the function of the Hollister Urban Service Area and determining whether this boundary can be retired or needs to be updated. Therefore, this option can be considered as part of Hollister's evaluation of the USA.

Option 2b: Commission-initiated update to SOI

Another option is for the commission to initiate updates to the City of Hollister's SOI to include the entire Hollister Urban Service Area boundary excluding the Sunnyslope County Water District service area.

This option would also address the inconsistency of the Hollister USA with the CKH policies by extending the City's SOI to match the USA boundary. If this option is considered, the Commission would need to coordinate closely with the City for those areas outside the City's General Plan boundary and ensure the City will require pre-annexation agreements from all landowners who seek city sewer connection. LAFCO's role if this option is considered is to approve or modify the City of Hollister sphere of influence amendment as directed by the Commission. It is important to note that this option may lead to urban sprawl.

Option 3: Update to LAFCO Policies

A comprehensive update of LAFCO policies is recommended to clearly define the Urban Service Area. This can create a more defined process for out-of-area service applications. It will also protect against urban sprawl.

This update to LAFCO's definition of USA will prompt updates to the City's several planning documents.

OUT-OF-AREA CONNECTIONS

Hollister also has several out-of-area connections for wastewater services that create contention due to concerns about a possible downturn in the quality of services provided to the City's residents due to the City's wastewater capacity reaching or exceeding the maximum capacity.

It also creates a possible perception that Hollister residents are paying for capital improvements while out-of-area residents receive services.

In some instances, the extension of services outside of an agency's jurisdictional boundary in lieu of annexing the territory to the agency - including island areas - can create disorderly service areas. This can lead to jurisdictions with overlapping service areas causing duplicative services and conflict between agencies. In addition, an extension of services outside an agency's boundaries may exacerbate urban sprawl which is under LAFCo's authority to manage.

It also creates unpredictability in the development process and prevents appropriate long-term planning for both development and related capital needs. Private landowners make significant decisions about a property based on established norms and laws and when these laws are not implemented equally throughout the community, county or state, the resulting uncertainty can be challenging. Development interests are also denied the predictability and certainty of the consistent implementation of local land use laws and the carefully planned and financed local infrastructure plans.

Option 1: Regional Sanitation District

The Commission can give direction to work with the City and other agencies to establish a regional Sanitary District that incorporates all the agencies included in HUA and all land-receiving services within the district boundary and establish a sphere of influence for areas considered for future service. This option also can include the City of San Juan Bautista since a Hollister Sanitary Sewer Force project is underway for SJB to convey the City's wastewater to the Hollister Domestic WWTP.

This option has several benefits including:

- Improve efficiencies across agencies by consolidating services through eliminating duplicate functions and achieving economies of scale economies.
- Improve consistency of service levels across agencies within the region.
- Incorporates all extra-territorial connections into the boundaries of a provide, eliminating disenfranchisement.

Due to the various agencies that would be involved in establishing a regional district, this option would require substantial time and coordination to get the consensus of all affected agencies. The reorganization will not be effective nor beneficial if only a few potentially affected agencies choose to participate. Which agencies are deemed affected will depend on the reorganization format. For example, if the intent is to address the various out-of-area connections to Hollister,

then areas immediate to the City or agencies within the HUA would be affected. Consensus among multiple agencies regarding such a significant change would likely take substantial time and effort to achieve and will likely be the primary challenge to moving forward. Reorganization is also likely to take a long time as the process will require a detailed study with a plan for services, application, environmental study, and approval.

Another challenge would be identifying whether member agencies can retain local control if a separate regional governing body is formed. Generally, local governing bodies have a more immediate connection with customers and are attuned to the needs of the agency and its operations; however, multiple, overlapping governing bodies may be duplicative, inefficient, and counterproductive to the goals of reorganization. The governance structure of the new agency will need to be determined by the affected agencies when defining the desired new agency format and striving to maintain a desirable level of local control. Similarly, the transfer of ownership of assets will be challenging.

This option could also be growth-inducing as a larger SOI for wastewater services in the region will allow for construction and new developments. Increases in the population may tax existing community service facilities, requiring the construction of new facilities that could cause significant environmental effects. Accordingly, per CEQA requirements an EIR may be needed to evaluate the growth-inducing impacts of a proposed project.

Option 2: Subsidiary Sanitation District

Another alternative option to a regional organization is the formation of a subsidiary district. The procedures for the establishment of a subsidiary district were established by the legislature in 1965 by the adoption of the District Reorganization Act of 1965, effective September 17, 1965 (Stats 1965 ch 2043 §§ 2), which added Government Code sections 56073, 56401, and 56405. For purposes of the current version of the Act, the term "subsidiary district" is a district in which a city council is designated as, and empowered to act as, the ex officio board of directors of the district. (§ 56078.) A subsidiary district is a district of limited powers for which a city council is designated as the ex officio board of directors of the district. At least 70 percent of the district's land area and number of registered voters must be within the city limits for a district to become a subsidiary district.

Establishing a subsidiary district would address Hollister's several out-of-agency connections that are immediate to the City. Although this option extends beyond the City's boundary, it would not encompass all existing out-of-area connections, such as the San Juan Bautista (SJB), due to the requirements of a subsidiary district to have 70 percent of the district's land area

and number of registered voters within the city limits. However, SJB and any other agencies receiving out-of-area services from Hollister that cannot be part of the subsidiary district can contract with the district for continued services.

Forming a subsidiary district will also require the willingness of the City of Hollister as the affected territory. However, a subsidiary district allows the City to retain local control, which may make it easier to reach consensus. This option also enables proposed developments within the district to connect to the existing facility.

However, it is essential to note that Hollister's City Council, being a decision-maker for many issues as a governing body for the Subsidiary District, could result in a political contention between the City and the County.

If this option is selected, it is recommended that the District ensure that new customers pay their fair share. It is also recommended that any rate for service arrangements with out-of-area services is communicated to Hollister's residents to avoid confusion and increase transparency.

Option 3: SSCWD Annexes Hollister's Extra-territorial Areas

Another option identified to address the various Hollister's out-of-area connections is for SSCWD to annex the extra-territorial areas and begin serving wastewater services. It is important to note that this option must consider SSCWD's remaining plant capacity which taking into consideration approved and planned development is roughly at 79 percent. Additionally, a 20 percent flow increase that the District experience during rainy seasons may need to be taken into consideration with this option.

CITY AND COUNTY CHALLENGED TO REACH AN AGREEMENT ON SERVICES FOR NEW DEVELOPMENTS

The City of Hollister and San Benito County have been challenged to reach an agreement regarding wastewater services for potential development adjacent to or surrounding the City. As a result, the County has been unable to approve new developments as there won't be adequate wastewater facilities for the newly approved developments as outlined in the San Benito General Plan as follows:

- PFS-5.4 Developer Requirements: The County shall require that the new development meet all County requirements for adequate wastewater collection, treatment, and disposal prior to project approval.

Option 1: The County Buys Part of the City of Hollister's Wastewater Capacity

The County or San Benito County Water District buys part of Hollister's wastewater capacity to provide services to new developments near Hollister. This option would allow the County to approve new developments without concern about available wastewater services. The option could also address the various out-of-area connections that the City of Hollister currently has by putting it under the County's jurisdiction. Another benefit is this option can bring in additional revenue sources for Hollister while ensuring new customers outside of the City are "paying their fair share."

An increase in new developments can potentially be growth-inducing if no constraints are placed. Accordingly, per CEQA requirements an EIR may be needed to evaluate the growth-inducing impacts of a proposed project.

Another challenge is this option is dependent on Hollister's available wastewater capacity. It is important to note the City of Hollister's Domestic WWTP currently accommodates several out of area connections and as such available capacity must be considered.

Therefore, if this option is considered, a wastewater capacity maximum can be set for the County's operation as part of the agreement. This will ensure that the County's buy-in will not impact the City's residents and/or existing customers. It will also guide the County in approving new developments, considering the available capacity.

Option 1a: SBCWD Activates Wastewater Services Latent Power

The San Benito County Water District (SBCWD) activates wastewater services latent power and contracts with the City for services in unincorporated areas. Must apply to LAFCO to begin providing sewer services per California Water Code Division 12 Part 5 Chapter 1 Article 6 Section 31100: a district may acquire, construct, and operate facilities for the collection, treatment, and disposal of sewage, waste, and stormwater of the district and its inhabitants and may contract with any public agency including but not limited to sanitation districts for sewer outfall facilities.

This option would require SBCWD's willingness to activate its latent power to provide wastewater services. Another challenge with this option is, that if significant protests are received it may require the SBCWD to get its voters' or property owners' approval. If the new service requires new revenues from special taxes or benefit assessments, the district must also get those approvals from voters or property owners.

Option 1b: Other Means of Providing Service

If SBCWD is unable or unwilling to activate its latent powers to provide wastewater services, the County must find other means to provide services, such as forming a regional wastewater County Service Area (CSA), because the County itself is not a service provider.

CITY OF HOLLISTER MSR DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

- 4-1: According to the 2022 Census, the City of Hollister is estimated to have a total population of 44,218. The California Department of Finance (DOF) reports a slightly lower population of 42,631 for 2022 and 42,891 for 2023. This indicates a roughly 23 percent increase and 1.6 percent Average Annual Growth Rate (AAGR) since 2010, when the population was 34,928.
- 4-2: According to the Department of Finance (DOF), countywide growth projections for San Benito County are expected to see an approximately 0.47 percent average annual growth rate (AAGR) from 2020 (64,432) through 2060 (77,666). Utilizing the County's AAGR and Hollister's 2023 population estimates, the population within the City is anticipated to increase to approximately 50,981 by 2060.

THE LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AGENCY'S SOI

- 4-3: The statewide MHI for 2017-2021 according to Census Bureau data is estimated at \$84,097, and hence the calculated threshold of \$67,277 defines whether a community was identified as disadvantaged. Therefore, with a median income of \$87,761, the City of Hollister is not considered a disadvantaged community.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

- 4-4: The City of Hollister own Domestic Wastewater Treatment Plant (DWWTP) that provide wastewater collection and treatment services for the entire City. The collection system includes an approximately 108 miles of wastewater collection, interceptor, and force main lines, as well as six lift stations with corresponding force mains. The City also owns the Industrial Wastewater Treatment Plant (IWTP), which primarily treats wastewater from the local tomato cannery and collects a portion of the City's stormwater runoff.
- 4-5: Currently, the DWTP is functioning without significant system failures, but a capacity study is planned to assess potential upgrades. Minor updates, such as replacing aging pumps and upgrading treatment train air compressors, are scheduled in the upcoming fiscal year. Priority projects include replacing deteriorating manholes upstream and upgrading two sewer lift stations in the collection system.
- 4-6: Additionally, the City plans to enhance the DWTP capacity by upgrading the MBR system, beginning July 2024. These upgrades aim to resolve current process bottlenecks and increase the plant's technical capacity from 4.03 MGD to approximately 6.8 MGD. However, before fully utilizing this increased capacity, the City must secure approval from the water board and conduct a capacity study to identify any potential bottlenecks beyond the MBR upgrades.

- 4-7: Currently, the City receives an average daily flow of 2.6 to 2.8 MGD from Hollister residents. The City also has several current and planned out of area connections with flows ranging from .2mgd to 1.2 MGD.
- 4-8: According to the RWQCB's website, there were zero enforcement actions for both Hollister's DWTP and IWTP since 2009 and 2006, respectively.
- 4-9: From 2019 to 2023, Hollister's DWTP had seven violations for exceeding Chloride and sodium limits, including a 2023 violation for high Chloride levels and a 2020 issue with coliform sampling. While, Hollister's IWTP has 35 violations, from 2018 to 2022, primarily due to exceeding Sodium and Total Dissolved Solids (TDS) limits, misreporting Nitrate values, high pH levels, and significant groundwater contamination issues.
- 4-10: Over the last five complete years (2018-2023), there have been 27 SSO events in all categories. The total volume of spills is 35,614 gallons, of which 35,100 gallons, or 98 percent, were recovered. The most recent SSO events reported were in June and July of 2023 due to system failure at the gravity mainline and manhole, which was recovered 100 percent.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

- 4-11: Overall, the City has the financial ability to continue providing services. However, the last completed audit in FY 20-21 highlighted several financial management issues, including ineffective financial closing and reporting processes, improper reconciliation of grant revenues and expenditures, and inadequate controls over notes receivable and cash reconciliations. These issues resulted in numerous journal entries, significant adjustments, and misstatements in financial statements. Additionally, delays in submitting reimbursement claims forced the general fund to cover costs upfront, and errors in the Schedule of Expenditures of Federal Awards (SEFA) further underscored the need for improved financial accuracy and compliance.

STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

- 4-12: The City of Hollister collaborates with the San Benito County Water District (SBCWD) to provide recycled water to the region. Surface water imported from the Central Valley Project (CVP) is treated to drinking water standards, once the water is used by residents and businesses, the resulting wastewater is sent to the City of Hollister's Reclamation facility where it is treated and used for agriculture and/or landscape irrigation.
- 4-13: The City of Hollister contracts with Sunnyslope County Water District (SSCWD), for the District to collect service charges and related fees from customers on behalf of the City for wastewater collection and treatment services.
- 4-14: The MOUs between the City of Hollister, San Benito County Water District (SBCWD), and Sunnyslope County Water District (SSCWD) govern the collection, treatment, and disposal of wastewater as well as the provision of recycled water services.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

- 4-15: The City's website is easily navigated and makes available a substantial amount of information and documentation that is clear and concise for the customer. However, the most recent audited financial statements, Annual Compensation Reports, and the State Controller's Office Financial Transaction Reports are unavailable on the City's website as required. It is recommended that the City add these reports to the website in an easily accessible location.
- 4-16: It is recommended that completed and up-to-date ethics training and Form 700s for each required staff be readily available on the City's website.
- 4-17: The City of Hollister demonstrated transparency when sharing information to create this report.
- 4-18: Various governance structure options were identified for the City including — differentiating the Hollister Urban Area from the Hollister Urban Service Area, establishing a regional or subsidiary district, and the County buying part of the City's wastewater capacity.
- 4-19: It is recommended that the City ensure proper long-term wastewater planning occurs following the adoption of the 2040 general plan update to manage future capacity needs, ensure efficient resource allocation, and support sustainable development. Additionally, as part of any reorganization process related to the governance options outlined, it is recommended that fees accounting for future capacity needs are established.

5. CITY OF SAN JUAN BAUTISTA

AGENCY OVERVIEW

BACKGROUND

The City of San Juan Bautista (SJB) is located in the northwest portion of San Benito County, near the Monterey County and Santa Clara County borders. The City is approximately 8 miles west of Hollister, 11 miles south of Gilroy, and 13 miles southeast of Watsonville.

Spanish expeditions arrived in the San Juan Valley in the late 1700s. The Spanish settlers came in contact with an Ohlone tribe, the Mutsun, who inhabited the area. From the late 18th Century to the mid-19th Century, Spanish and Mexican settlers, with the help of the Mutsun, built 128 adobe buildings, including Mission San Juan Bautista. The City was named in honor of the Mission, established in 1797 as the 15th of the 21 California Missions. The City, which originated around the Mission, was established in 1869.

The City of San Juan Bautista adopted the motto: "The City of History," relying heavily on history-based tourism. San Juan Bautista is home to seven national historic landmarks, boasting the highest number of registered landmarks in the County. The City supports an active San Juan Bautista Historical Resource Board, Historical Society, monthly living history events at the State Park, and the Native Daughters of the Golden West meet in San Juan Bautista.⁵⁶

As one of two incorporated cities in San Benito County, San Juan Bautista is the base for much of the County's agriculture industry. The City is the home of Mission San Juan, which thousands of people visit yearly. San Juan Bautista is also known for its unique geography, such as its surrounding hills and mountains, historic downtown, proximity to the Silicon Valley, and pleasant year-round climate. San Juan Bautista also provides various housing, shopping, jobs, attractions, recreation opportunities, and natural resources for its residents and visitors.⁵⁷

San Juan Bautista is a General Law City with a Council-Manager government form. The City's major operations include public safety; highways and streets; sewer and water; parks and recreation; building inspection; public improvements; planning and zoning; and general administrative services. This review is specific to wastewater services.

⁵⁶ The City of San Juan Bautista 2035 General Plan. November 1, 2015. p.19.

⁵⁷ City of San Juan Bautista California, 2023-2031 6th Cycle Housing Element & Fair Housing Analysis, Draft August 2023. p.1-1.

The City of San Juan Bautista was last included in a San Benito LAFCO Countywide Municipal Services Review in 2007.

BOUNDARIES

The City of San Juan Bautista covers an area of approximately 0.79 square miles or 505.6 acres.

SPHERE OF INFLUENCE

In 2020, the Local Agency Formation Commission (LAFCO) informed the San Juan Bautista City Council that the 2016 General Plan's sphere of influence has not been submitted and was never adopted by LAFCO, instead, the 1998 SOI remains as the guide for growth.⁵⁸ Additionally, the Area of Concern referenced in General Plan maps and has not been implemented and an urban growth boundary referenced in the General Plan has not been delineated.

An urban growth boundary (UGB) is a regional boundary, set to control urban sprawl by mandating that the area inside the boundary be used for urban development and the outside be preserved in its natural state or used for agriculture. Some jurisdictions refer to the area within a UGB as an Urban Growth area or Urban Service Area.

According to the 2023 San Juan Bautista 6th Cycle Housing Element and Fair Housing Analysis, the City's Sphere of Influence adopted by LAFCO before the 2016 General Plan is extensive, and it conflicts with nearly all of the 2016-2035 General Plan Land Use, Open Space, and Conservation policies including essential Land Use Element programs. The preferred Growth Scenario of the 2016-2035 General Plan shows an alternative Sphere of Influence that brings areas planned for residential and commercial development closer to the existing City boundary.

Amending and/or re-implementing an SOI requires coordination between the City, San Benito County LAFCO, and San Benito County, as well as cooperation with affected landowners.⁵⁹

The Council appointed an "Urban Growth Boundary Committee" in August 2020 to weigh the options and address inconsistencies with the SOI and UGB. The process involved contentious meetings, frequent new appointments, and numerous absences.

⁵⁸ San Juan Bautista 2035 General Plan, November 1, 2015. p.19.

⁵⁹ Harris & Associates (Harris), August 24, 2020.

Between 2021 and 2023, various meetings were held by the UGB Ad Hoc Committee, which considered two competing perspectives involving the Sphere of Influence and Urban Growth Boundary, Greenbelt or Planning Area (General Plan Area of Concern):

- A relatively more expansive SOI that provides the City with legislative control and influence, enabling the creation of an Urban Growth Boundary outside current city limits that effectively controls the extent of development sufficient to protect the City's historic open space context.
- A more restrictive SOI that emphasizes the primary role of the Area of Concern (Planning Area) within which measures agreed upon with San Benito County, to achieve open space resource protection within that delineated area.

To resolve this, the UGB Ad Hoc Committee considered a variety of factors, including property owner and community input and resource and development constraints to determine recommendations for the Sphere of Influence, Urban Growth Boundary and Planning Area. The UGB Ad Hoc Committee has recognized that a recommendation to change the delineation of these areas within the General Plan and which will be formally adopted by LAFCO will require amendment to certain General Plan policies, objectives, and programs.

In November 2023, the City Council adopted Resolution No. 2023-71 accepting the proposed Sphere of Influence, Urban Growth Boundary and Planning Area from the UGB Ad Hoc Committee as illustrated in Figure 5-1. The proposed SOI is conterminous with the City limits, while the UGB is a smaller boundary than the City limits.

The resolution also includes the City's plan to amend the 2035 General Plan specifically targeting policies, objectives and programs affected by an amended Sphere of Influence, adoption of an Urban Growth Boundary and adoption of a Planning Area.

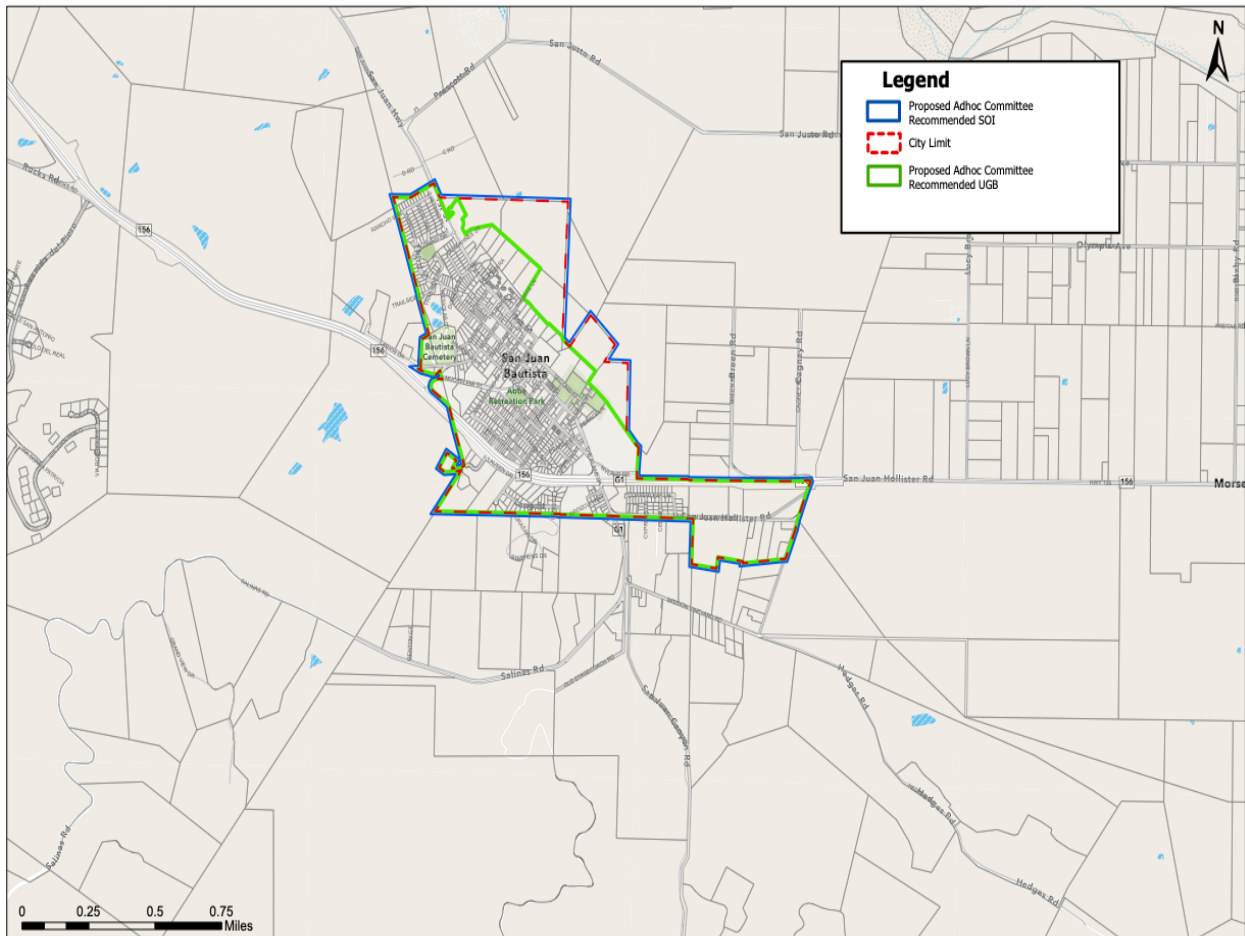
Additionally, the resolution also indicates plans for the UGB Ad Hoc committee to work with San Benito County to establish a Planning Area and related Memorandum of Agreement/Understanding (MOU). The MOU was presented in the City Council regular meeting on May 28, 2024. The MOU outlines policies for Development in a specified portion of San Benito County adjacent to the City. This area, called the "Planning Area," is divided into three tiers: Yellow, Orange, and Blue, each with varying levels of City influence. The MOU aims to establish shared expectations between the City and County regarding future

Development policies within each tier, with the intention of evolving into a formal agreement or ordinance.⁶⁰

The City reports plans to apply to LAFCO after receiving a Community Plan being drafted by EMC Planning Group to address the role of infill and mixed-use development within existing City Limits and any residential and commercial development constraints such as public safety, hazards, natural resource conservation, and infrastructure.⁶¹

Additionally, a required component for a significant update in the sphere of influence is a Municipal Service Review (MSR). As such, LAFCO plans to complete a full MSR for the City of San Juan Bautista in the next fiscal year.

Figure 5-1: City of San Juan Bautista SOI/ UGB, 2023



⁶⁰ City of San Juan Bautista. Urban Growth Boundary, Sphere of Influence. Regular Meeting Tuesday, May 28, 2024, 4:00 P.M.

⁶¹ City of San Juan Bautista California, 2023-2031 San Juan Bautista 6th Cycle Housing Element and Fair Housing Analysis, August 2023, p.1-4.

ACCOUNTABILITY AND GOVERNANCE

GOVERNANCE

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here focus on 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, 2) a website with required content and other useful information, 3) timely ethics training for board members and an adopted reimbursement policy, 4) a defined complaint process designed to handle all issues to resolution, 5) adopted bylaws that provide a framework and direction for governance and administration, 6) adoption of a conflict-of-interest code as required by law, 7) proper filing of Form 700 by the governing body members, and 8) transparency of the agency as indicated by cooperation with the MSR process and information disclosure at meetings, in documents and on a website.

The City of San Juan Bautista is a general law city that operates under the Council-Manager form of government. The City Council consists of five members elected by at large and serve four-year terms. Per the San Juan Bautista Municipal Code at the regular meeting in December of each year, the City Council chooses one of its members to serve as Mayor and one of its members to serve as Mayor Pro Tempore, each to serve until successors are chosen at the regular meeting in the following December. Current council member names, positions, and term expiration dates are shown in Figure 5-2.

The City Council meets on the third Tuesday of each month in Council Chambers at City Hall, 311 Second Street, San Juan Bautista, at 6:00 p.m. Residents can also stream meetings live on CMAP TV Channel 17, on Zoom and on the City’s Facebook page. Archived broadcasts of City Council meetings, minutes, and agenda packets are available on the City’s website.

Figure 5-2: City of San Juan Bautista Governing Body

GOVERNING BODY	
Manner of Selection	Councilmembers are elected at large, each year in December the Mayor and Mayor Pro Tempore are chosen among the Councilmember.
Length of Term	4-year
Meetings	The third Tuesday of each month at 6:00 p.m. At Council Chambers at City Hall, 311 Second Street, San Juan Bautista

Agenda Distribution		Online		
Minutes Distribution		Online		
BOARD MEMBERS				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Leslie Q. Jordan	Mayor	2026	At-Large	4-years
John Freeman	Mayor Pro Tem	2024	At-Large	4-years
EJ Sabathia	Councilmember	2026	At-Large	4-years
Jackie Morris-Lopez	Councilmember	2026	At-Large	4-years
Scott Freels	Councilmember	2024	At-Large	4-years
CONTACT				
Contact		Don Reynolds, City Manager		
Mailing Address		P.O. Box 1420, SJB 95045		
Phone		Office: (831) 623-4661, ext.14 Cell: (831) 594-6322		
Email/Website		citymanager@san-juan-bautista.ca.us		

The City of San Juan Bautista utilizes Facebook, Instagram, Twitter (X), and YouTube to communicate with residents, provide public notices and city council meeting updates, and distribute agenda packets.

The City engages in community outreach through utility billings, social media, and the City website for wastewater-related services. ⁶² Residents can call or email City Hall for sewer-specific complaints. According to the City, three odor-related complaints were filed in 2022.

The City of San Juan Bautista provides an interactive online complaint form that can be downloaded, completed, and emailed to City Hall, or printed and submitted in person, by mail, or via email to building@san-juan-bautista.ca.us.

ACCOUNTABILITY

Ethics training is required once every two years, beginning with an odd-numbered year (AB 1234, Chapter 700, Statutes of 2005). Training is available online at the State of California Fair Political Practices Commission (FPPC) website. It is recommended that the City of San Juan Bautista’s Board Members, General Manager, District Counsel, and Board Secretary

⁶² The City of San Juan Bautista, Request for Information. October 2023.

complete Ethics Training for 2023. Additionally, it is recommended that the City make all Certificates of Completion available on the District's website.

Additionally, a Statement of Economic Interest, or Form 700, must be submitted annually to indicate transparency in economic interests as required by the Political Reform Act of 1974 (California Government Code Sections 81000-81003). Every elected official and public employee who makes or influences governmental decisions is required to submit Form 700. According to the FPPC website, all of the City of San Juan Bautista's council members except councilmember EJ Sabathia have current filings for Form 700 with the California Fair Political Practices Commission, indicating transparency in their economic interests. It is recommended that all up-to-date Form 700s from the City's council members be uploaded to the City's website.

Through the City, there also exists a conflict-of-interest code and bylaws, outlined in the municipal code, as lawfully required and by which the City of San Juan Bautista must abide.

There is legislation to help ensure public agencies adhere to accountability standards.

California AB 2257 (Government Code §54954.2) is an update to the Brown Act and indicates requirements for methods by which an agenda for all meetings should be made available on an agency's website. The City of San Juan Bautista complies with this regulation.

The City of San Juan Bautista demonstrated accountability in its disclosure of information and cooperation with the LAFCO questionnaires and other requests for information.

The following figure identifies efforts to meet State laws to ensure transparency and accountability. Generally, the City of San Juan Bautista meets the requirements outlined in State laws regarding the Brown Act, website materials, and best practices to ensure easy access to significant planning documents and financial reports. The City's website is easily navigated and makes available a substantial amount of information and documentation that is clear and concise for the customer. However, the most recent audited financial statements, Annual Compensation Reports, and the State Controller's Office Financial Transaction Reports are unavailable on the City's website as required. It is recommended that the City add these two reports to the website in an easily accessible location. It is also recommended that the most recent Sanitary Sewer Management Plan (SSMP) be made available on the City's website.

Figure 5-3: Transparency and Accountability Indicators

Transparency and Accountability	City of San Juan Bautista
Agency website ¹ (GC §53087.8)	Yes
Contact information available on website (GC §53087.8 (a)(3))	Yes
Annual Compensation Report (GC §53891 and 53908)	Yes
Adopted budget available on website	Yes
State Controller’s Office Financial Transaction Report available on website (GC §53891 and 53893)	Yes
Notice of public meetings provided	Yes
Agendas posted on website (GC §54954.2)	Yes
Public meetings are live streamed	Yes
Minutes and/or recordings of public meetings available on website	Yes
Master Plan available on website	Yes
Strategic Plan available on website	Yes, as part of the Fiscal Budget
Sanitary Sewer Management Plan available on website	No
Enterprise System Catalogue available on website (GC §6270.5 (a))	No
Efforts to engage and educate the public on the services to the community	No
Staff and governing board member ethics training and economic interest reporting completed	Yes
Compliance with financial document compilation, adoption, and reporting requirements	Yes
Adherence to open meeting requirements	Yes

PLANNING AND MANAGEMENT PRACTICES

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

FINANCIAL PLANNING PRACTICES

The City of San Juan Bautista’s financial planning efforts include an annually adopted budget, audited financial statements and a Capital Improvement Project (CIP).

On February 21, 2023, the City adopted Resolution 2023-16, which included a mid-year budget review. The budget allocated \$60,000 for a fiscal assessment of SJB’s finances, an organizational review, an evaluation of public safety functions, and the development of a new five-year strategic plan. This plan, aimed at guiding the FY 23-24 budget, involved a City-wide survey with 158 responses and two community workshops to discuss findings and set priorities.⁶³

MANAGEMENT PLANNING PRACTICES

The City has a yearly adopted strategic plan that informs the annual budget. In 2023, the City contracted with Citygate Associates to conduct a high-level organizational, financial, and law enforcement review. The review includes strategic recommendations that accompany a Five-Year Priority Implementation Plan and a realistic framework of recommended actions, current financial analysis, and operational realities that City leaders, staff, and residents can use to begin making critical strategic decisions for the City’s future.

The review identifies the following 11 overall themes that informed Citygate’s recommendation:⁶⁴

- Theme 1: Improvement and protection of water quality.
- Theme 2: Investment in infrastructure improvements including sewer, roads, streets, sidewalks, and curbs.
- Theme 3: Establishment of appropriate staffing levels.
- Theme 4: Implementation of thoughtful, smart economic development specifically in the Downtown area through General Plan amendments, discussions, and policies related to growth, zoning, and conditions of approval.
- Theme 5: Enhancement of business partnerships, incentives, communications, and process improvements.
- Theme 6: Enhancement of recreation activities for all with a focus on the youth and seniors.
- Theme 7: Revitalization of the Downtown area including addressing cleanliness, vacant lots, parking, esthetics, lighting, landscaping, and signage.

⁶³ City of San Juan Bautista, Budget Book 2024 p. 4-5.

⁶⁴ City of San Juan Bautista, CA. High-Level Organizational, Financial, and Law Enforcement Review, August 10, 2023. p.4-5.

- Theme 8: General enhancement of communication with City staff and volunteers, including messaging, updates, website, and other marketing opportunities.
- Theme 9: Public safety review including Sheriff's Department partnership, code enforcement, and current security services.
- Theme 10: Disaster preparedness related to flooding, fires, state mandates, etc.
- Theme 11: Fragmentation of the San Juan Bautista Community Business Association into two competing groups.

The City's prior strategic plan launched three initiatives: Urban Growth Boundary/Sphere of Influence, Third Street master plan, and Public Safety Initiative. As discussed earlier, the City Council adopted Resolution No. 2023-71 accepting the proposed Sphere of Influence, Urban Growth Boundary and Planning Area from the UGB Ad Hoc Committee in November 2023.

The Third Street Master Plan is moving forward with a \$365,000 grant application pending with the State. This would pay for the development of a transportation hub on the Alameda, between Franklin and Fourth Street. Meanwhile, the focus on public safety has been on re-organization.

Master Plans

The City authorized Akel Engineering Group to prepare a 2020 Wastewater Master Plan (WWMP) and a concurrent Water Master Plan in November 2019. The 2020 WWMP evaluates the City's wastewater collection system and recommends capacity improvements necessary to service the needs of existing users and for servicing the City's future growth. The plan aims to serve as a tool for planning and phasing the construction of future wastewater collection system infrastructure for the projected buildout of the City's service area. The area and horizon for the master plan are based on the City's General Plan. If planning conditions change, and depending on their magnitude, adjustments to the master plan recommendations might be necessary.⁶⁵

Capacity Plans

The City has completed several special studies intended to evaluate localized growth. These reports were referenced and used during this Wastewater Master Plan analysis.⁶⁶

⁶⁵ City of San Juan Bautista Wastewater Master Plan, November 2020.

⁶⁶ City of San Juan Bautista Wastewater Master Plan, November 2020, p.1-3.

- City of San Juan Bautista 2035 General Plan (November 2015) — The 2035 General Plan represents the officially adopted goals and policies of the City of San Juan Bautista and addresses planning issues within the community, such as historic preservation, economic development, and development of public facilities. This includes establishing a municipal plan for land use, housing, and economic development.
- City of San Juan Bautista Wastewater Treatment Improvements Project (September 2020) — The Wastewater Treatment Improvements Project report completed by Stantec Engineering Services Inc. (Stantec) investigates alternatives to the existing WWTP and recommends a program to bring the WWTP into compliance with regulatory standards.
- City of San Juan Bautista, Rancho Vista Sewer Lift Station Compliance Review (September 2020)— The Rancho Vista Sewer Lift Station (RVSLS) Compliance Review completed by Stantec assesses the lift stations’ compliance with industry standards. This includes a summary of observations and findings and documents recommendations to bring the RVSLS up to industry standards.

Other Plans

The City of San Juan Bautista has an Environmental Impact Report (EIR) for its 2035 General Plan, which provides an analysis of the potential environmental effects that may result from proposed projects. As it relates to wastewater services, the EIR indicates that the proposed plan may result in land uses, including wastewater treatment plants, that could generate substantial odor complaints.

GROWTH AND POPULATION PROJECTIONS

The purpose of this chapter is to evaluate growth and population projections in relationship to the City of San Juan Bautista’s boundaries and sphere of influence (SOI), to anticipate the future service needs of the City. Additionally, the anticipated growth patterns of the City are evaluated to determine the impact and compatibility of such growth on land use plans and local government structure.

LAND USE

The Land Use Element guides planners, the public, developers, and decision-makers in future development and growth. This Element designates the location, distribution, and intensity of housing, industry, recreation, education, open space, public facilities and buildings, and waste management facilities. It impacts all other Elements and is the most representative of the

General Plan. The goals and policies in this Element "play a pivotal role in zoning, subdivision, and public works decision".⁶⁷

The City of San Juan Bautista covers an area of approximately 0.79 square miles or 505.6 acres. The 2013 Land Use Inventory surveyed existing uses and found that 10.9 percent of the acreage within the City (38.9 acres) was vacant, allowing for various development opportunities. The developed acreage is made up of 33 percent residential, 27 percent open space, 13 percent public facility, 8 percent commercial, retail, and service, 0.7 percent mixed-use, and less than 1 percent industrial uses.

The 2016-2035 General Plan designates an Urban Growth Boundary encompassing about 168 acres designated for residential land use within the City limits and another 256 acres referenced in the General Plan within the Sphere of Influence, not including approximately 53 acres for mixed residential/commercial land use. As discussed, the City is currently addressing inconsistencies between the San Benito County LAFCO's adopted SOI and the SOI outlined in its 2016 General Plan. This update will result in changes to land use designations and planned infrastructure necessary to accommodate housing development within the 6th Cycle Housing Element planning period.

Between 2015 and 2017, SJB annexed six different portions of land within the UGB. The City annexed the 13-acre Copperleaf residential subdivision project in 2016. The remaining annexations were of non-residential land: a 32-acre piece of land on the southeastern end of the City annexed in 2015 for industrial development; an approximately one-acre piece of land on the western side of the City annexed in 2015; a roughly two-acre and three-acre piece of land annexed in 2017 and 2015, respectively; and a two-acre piece of land to the north of the City was annexed in 2015.⁶⁸

OPEN SPACE

The City of San Juan Bautista's General Plan also has an Open Space Element, which contains information on three different categories of open space: active open space for recreation, passive open space for recreation and the management of natural and historic resources, and open space for agriculture.

In San Juan Bautista, active open space for recreation and parks includes two City parks, Abbe Park and Verutti Park, totaling 2.3 acres. This is equivalent to 1.4 acres per 1,000 people, which is below the common 3 to 5 acres per 1,000 people County standard. An

⁶⁷ San Juan Bautista 2035 General Plan November 1, 2015, p. 3.

⁶⁸ City of San Juan Bautista 6th Cycle Housing Element Draft. August 2023. p. 4-12.

additional 9.4 acres of sporting fields and recreational space provided by San Juan Elementary School supplements the City parkland. The San Juan Bautista Historic Park has a plaza with over 1 acre of lawn, which can be used as active open space for recreation.

Passive open space for recreation includes the management of natural and historic resources such as scenic views and historical sites. The City Library provides approximately 0.4 acres of passive open space for recreation. Sections of both City parks are dedicated to picnicking. The Original El Camino Real Road and the path next to Old Mission San Juan Bautista provide a short trail network within the City. Scenic places in the City are identified as City parks, scenic vistas from the cemetery, and scenic view sheds from downtown providing "glimpses" of the surrounding hillsides. Historical sites with passive open space identified are the Mission San Juan Bautista and San Juan Bautista Historic State Park, which provide amenities such as historic programs and picnic areas.

There is also over 160 acres of agricultural land in and around San Juan Bautista. San Juan Bautista's vast agricultural landscape provides residents and visitors with open space and pleasant views.

Vacant Land and Underutilized Land

The 2013 land use inventory identified 42 vacant parcels within City limits, totaling approximately 43.5 acres. These parcels do not have any occupied structures on them and are not being put to productive economic use. Vacant parcels are considered prime candidates for development due to their presence within the existing city limits and the availability of infrastructure such as roads, municipal water, and sewer lines. Vacant parcels are spread throughout the City, but most of the larger vacant parcels are located on the west and south sides.⁶⁹

According to the 2035 General Plan, the City faces challenges with the availability of vacant developable land for housing or commercial expansion within City limits. Much of the open land surrounding San Juan Bautista is farmland. Residents have expressed a strong desire to maintain the agricultural character of the landscape.

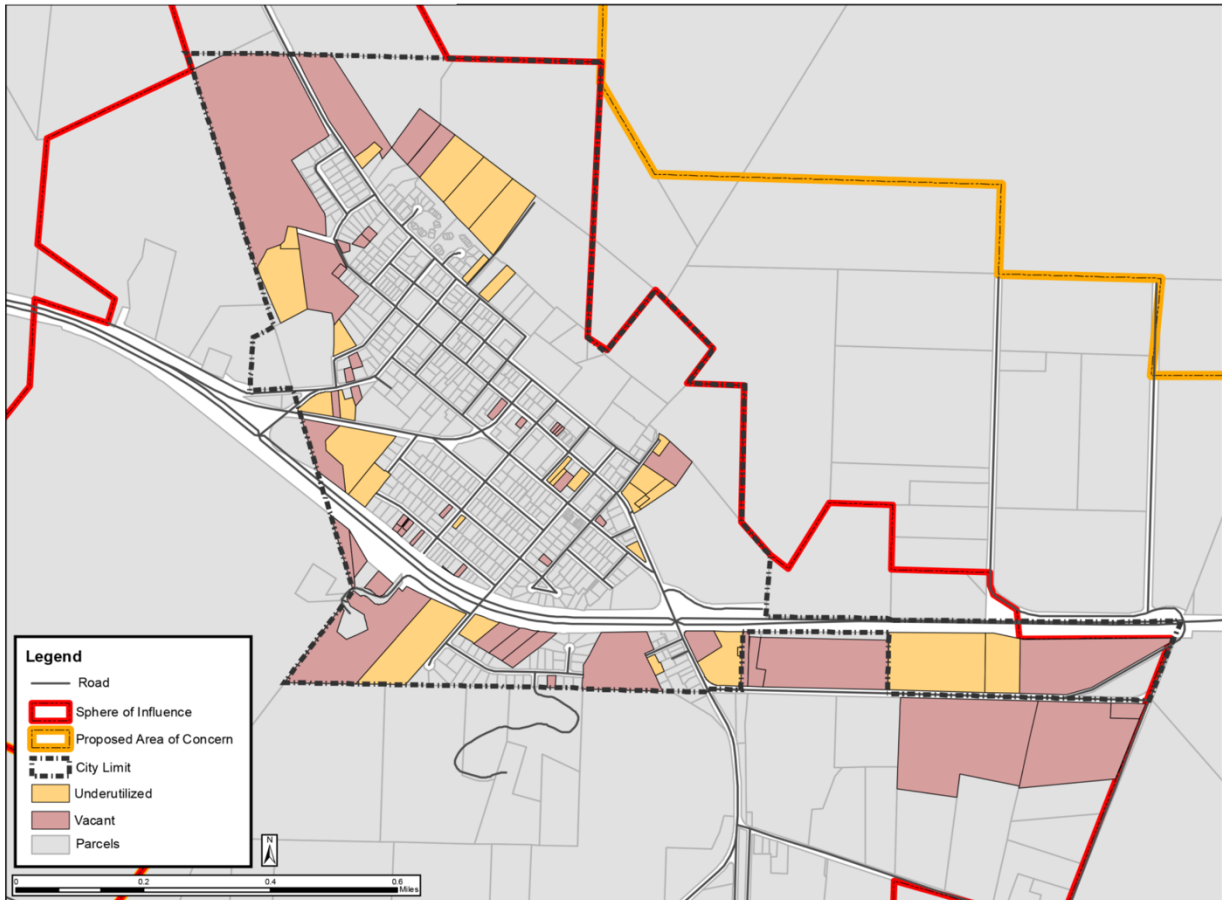
The land use inventory also identified parcels that were considered underutilized. Underutilized parcels may have some structures on them and may be in productive use. However, these sites are considered underutilized when compared to the property's potential for development or the condition of the buildings. Underutilized parcels could include parcels with structures rated as in

⁶⁹ San Juan Bautista 2035 General Plan November 1, 2015, p.51.

”poor” condition, single-family lots with enough room for an accessory dwelling unit, or large lots with small structures.⁷⁰

The General Plan indicates that development opportunities include vacant and underutilized land within the City limits. Areas in disrepair outside of the historic district can also be redeveloped and renewed. Figure 5-5 shows a composite of both underutilized and vacant lands.

Figure 5-5: City of San Juan Bautista underutilized and vacant lands



Rene Anchieta, San Benito County GIS, 2015

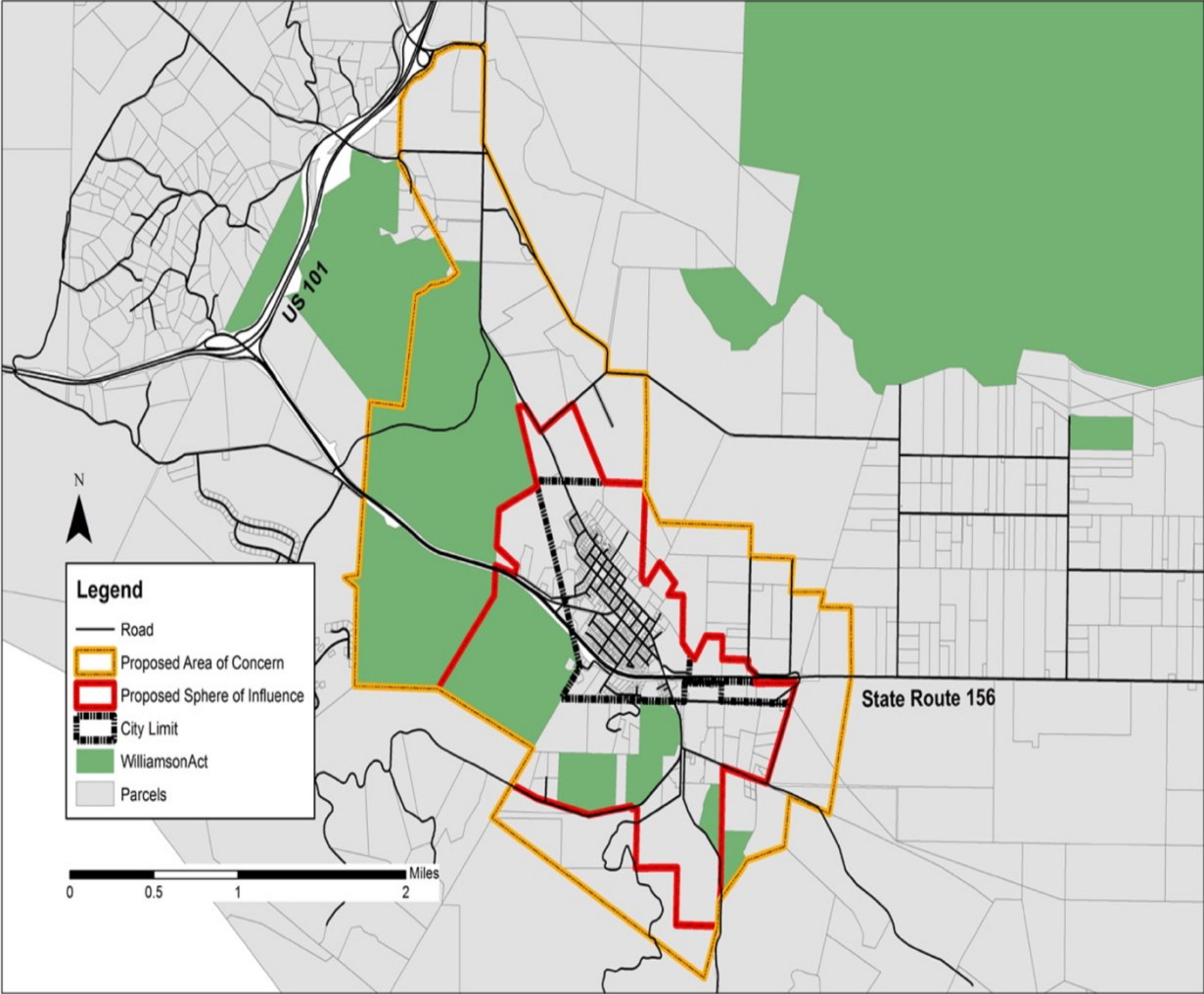
⁷⁰ San Juan Bautista 2035 General Plan November 1, 2015, p.46.

WILLIAMSON ACT LAND

Under the Land Conservation Act ("Williamson Act"), farmers can enter into land conservation contracts with San Benito County, which enable them to enjoy reduced property taxes in exchange for maintaining their land in agricultural production. A Williamson Act Contract is binding for ten years. Contracts are automatically renewed yearly unless the farmer files a Notice of Non-Renewal. After filing such notice, the land may not be converted to other uses for ten years, during which time the property taxes are gradually increased to reflect the full market value of the land. Ten years after filing a Notice of Non-Renewal, the land is free of contractual land use restrictions, and the farmer is denied further property tax benefits associated with the former Williamson Act contract.

All agricultural land protected under the Williamson Act should be preserved from urbanization. There is no Williamson Act land within City limits. However, there is a large amount of Williamson Act land to the west of the City. Protected agricultural land also occurs to the northeast and south. Figure 5-6 shows the agricultural lands near the City protected by the Williamson Act.

Figure 5-6: City of San Juan Bautista Williamson Act Contracts



City of San Juan Bautista, 2014 & San Benito County, 2013

HISTORIC SITES

All properties with sites listed on the National Historic Register should be preserved in their existing state. Federal regulations prohibit the development of these sites. Historic sites in the City include the San Juan Bautista State Historic Park on 2nd Street and several buildings on 3rd Street in the Historic Downtown District and other locations.⁷¹

HOUSING ELEMENT

Unlike other General Plan elements that typically cover a much longer planning horizon (10 to 20 years), the Housing Element covers a core timeframe of eight years. Within this timeframe, the Housing Element identifies strategies and programs that focus on: (1) preserving and improving housing and neighborhoods; (2) providing adequate housing sites; (3) assisting in the provision of affordable housing; (4) removing governmental and other constraints to housing investment; and (5) promoting fair and equal housing opportunities.

The City updated its housing element in 2023. State law previously required housing elements to be updated at least every five years. The standard cycle is now every eight years and is tied to the region's transportation planning. The 2009-2014 (4th Cycle) San Juan Bautista Housing Element covered the five years spanning 2009 through 2014, but the City missed the 5th cycle, due on December 15, 2015, to cover the planning period from 2015-2023. Because the City missed this deadline, it adopted two consecutive four-year housing elements to return to the current standard eight-year cycle.

California law requires that each city and county, when preparing its State-mandated Housing Element, develop local housing programs to meet its "fair share" of existing and future housing needs for all income groups, also known as the Regional Housing Needs Allocation (RHNA). This fair share concept seeks to ensure that each jurisdiction, to the extent feasible and appropriate, provides housing for its resident population and those households who might reasonably be expected to reside within the jurisdiction, with a variety of housing suitable to their needs, thereby affirmatively furthering the fair housing goals of the State of California.

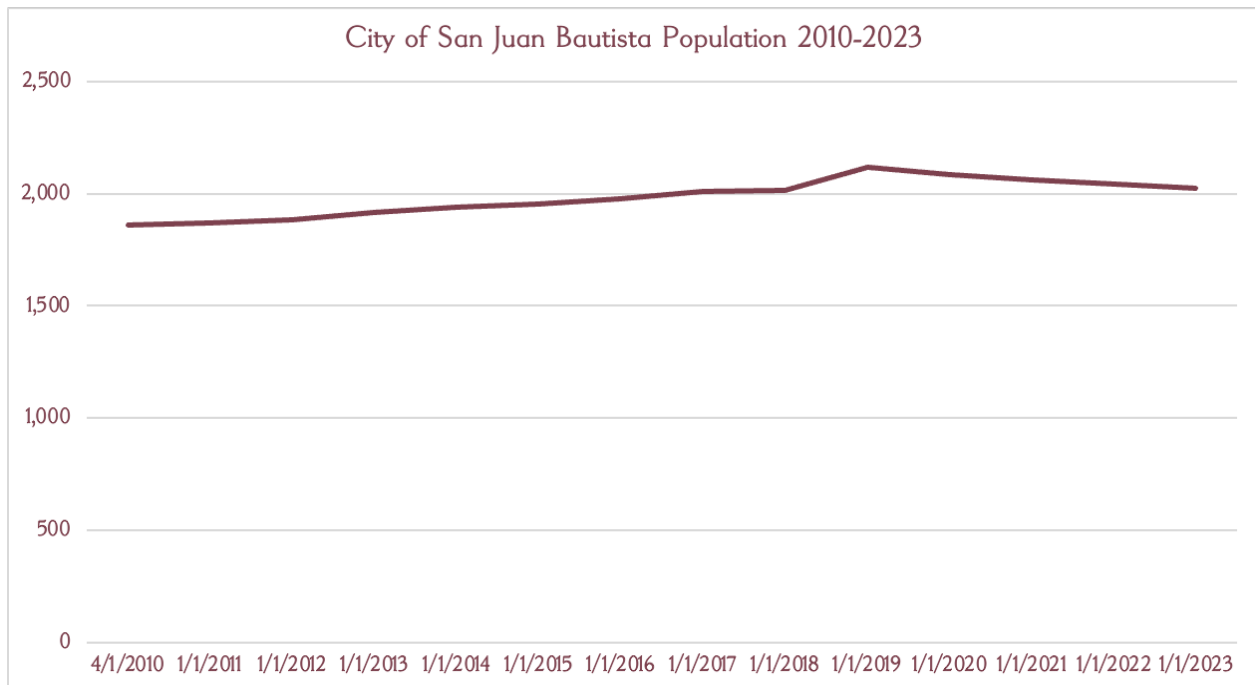
CURRENT POPULATION

The City has experienced a cycle of "booms" and "busts," with the population dwindling in some decades and surging in others. In 1870, San Juan Bautista had more than 2,600 residents, almost 400 more people than today. By 1910, the City's population had declined to

⁷¹ San Juan Bautista 2035 General Plan November 1, 2015, p. 51.

326. It doubled between 1910 and 1930, dropped during the 1930s, grew rapidly during the 1940s, and remained flat during the 1950s. In more recent times, the population has continued to grow at an uneven rate, with faster growth during the 1970s, 1980s, and 2000s and a slight decline during the 1990s. In 2017, the City’s population was 2,081, an increase of 219 people from the 2010 population of 1,862. As of 2020, the population in San Juan Bautista has slightly increased to 2,089. The California Department of Finance (DOF) reports that as of 2023, the City’s population has decreased to 2,022.

Figure 5-7: City of San Juan Bautista Population Growth, 2010-2023



Population Characteristics

The median age in San Juan Bautista as of 2021 is 40.2. By comparison, the median age for San Benito County is 35.7, the median age for the State of California is 37.0, and the median age for the United States is 38.4.⁷²

According to the City’s 6th Cycle Housing Element, San Juan Bautista has a higher proportion of seniors than San Benito County as a whole. As of 2021, 17 percent of all San Juan Bautista residents are over 65, compared to 12.7 percent countywide (and 9.7 percent in Hollister).

The City’s housing element emphasizes that the housing needs of seniors are significant due to seniors’ limited incomes and higher healthcare costs. Seniors’ housing may also require certain physical attributes, such as handicap ramps, grab bars, and easy access to local services. At

⁷² City of San Juan Bautista 6th Cycle Housing Element, DRAFT August 2023, p. 2-4.

the other end of the age spectrum, 26.5 percent of all San Juan Bautista residents are 19 or under, compared to 28.7 percent in the County. The City has a high concentration of children under five, suggesting a surge in elementary school enrollment during the coming years.⁷³

Alternatively, the City has a low concentration of adults aged 20-24, suggesting limited housing and job opportunities for persons in this age group. The 2023-2031 housing element suggests a larger supply of affordable rental units might allow young people to remain in San Juan Bautista after graduating from high school or college. About a third of all San Juan Bautista residents are in the "first-time home buyer" age cohort (25-44), which is comparable to the percentage in the County. As of 2021, the homeownership rate in San Juan Bautista, CA, is 56.4 percent, approximately the same as the national average of 64.6 percent.⁷⁴

In 2021, the median household income in San Juan Bautista was \$92,404, compared to \$95,606 countywide (and \$87,761 in Hollister). Of all San Juan Bautista households, 4.9 percent earned less than \$25,000 yearly, compared to 7.9 percent countywide. On the other hand, 38.9 percent of all San Juan Bautista households earned more than \$100,000 a year, compared to 47.9 percent countywide.

PROJECTED GROWTH AND DEVELOPMENT

According to the Department of Finance (DOF), countywide growth projections for San Benito County are expected to see an approximately 0.47 percent average annual growth rate (AAGR) from 2020 (64,432) through 2060 (77,666). Utilizing the County's AAGR and SJB's 2023 population estimates of 2,022, the population within the City is anticipated to increase slightly to 2,403 by 2060.

DEVELOPMENT

The City of San Juan Bautista has several planned and proposed development projects. The Casa Rosa project at 107 Third Street, approved in 2017, is in the Mixed-Use zone in the Historic District and involves exterior, interior, and site alterations to create a restaurant on the first floor, an apartment on the second floor, and additional facilities in an expanded rear addition. This development is approximately 3,917.279 SF and is currently under construction. Another project at 1114 Third Street, approved in 2017, is a 0.1607-acre two-story duplex completed in 2022. Additionally, a six-pump fueling station, quick-serve restaurant, and convenience store, initially proposed in 2016 for a 48,602 SF parcel at the southeast corner of

⁷³ City of San Juan Bautista 6th Cycle Housing Element, DRAFT August 2023 p.2-2.

⁷⁴ Data Usa, Reports 2021.

Hwy 156 and Alameda, was recently reapproved and is now seeking building permits. The City is also reviewing the D'Ambrosio Vista project near the sewage treatment plant, comprising 34 units, including eight single-family homes and a mix of single-story and two-story units facing Third Street.

GROWTH STRATEGIES

According to the City's 2023-2031 6th Cycle Housing Element & Fair Housing Analysis, San Juan Bautista must address key housing challenges over the 2023- 2031 planning period. These challenges include (1) providing sites for additional housing; (2) providing a range of housing types and prices; (3) looking at ways to address the need to improve and rehabilitate housing and neighborhoods; (4) providing for those with special housing needs; and 5) maintaining and improving the local environment and quality of life in San Juan Bautista.

The City's 2035 General Plan includes three alternatives for accommodating future population, housing, and employment needs in San Juan Bautista through 2035. Each alternative presents options with varying development densities, intensities, types, and growth locations throughout the City.⁷⁵

- The Business-as-Usual Alternative assumes future growth will continue based on historical trends in land use patterns, housing type and density, and employment opportunities and locations. In this alternative, residential development remains primarily low-density with scattered commercial development, and the transportation system remains auto-oriented. This is characterized by low population growth, sporadic increases in housing, and sprawling development towards the fringes.
- The Clustered Growth Alternative selects multiple areas to concentrate growth within a short walk or bicycle ride to services and amenities. Proposed growth areas include a residential and commercial development cluster along Muckelemi Street, 3rd Street, and south of State Route 156. By providing multiple commercial centers, the Clustered Growth Alternative aims to decrease the distance between residential and commercial uses and bring residents closer to needed public facilities and other amenities.
- The Dynamic Growth Alternative accommodates future growth needs by focusing growth within City boundaries through infill development along key corridors connecting the main entry gateways to the historic downtown area. This alternative incorporates community input on retaining development within City limits to minimize impacts on surrounding

⁷⁵ San Juan Bautista 2035 General Plan November 1, 2015. p.63.

agricultural uses and encourage more activity downtown. It also includes relocating the City's wastewater treatment facility outside City limits. The former location of the wastewater treatment facility provides additional land for growth and open space needs within the City. Key development corridors along Muckelemi Street, north of 3rd Street, and The Alameda will link the Historic Downtown to the City's gateways while providing a mix of commercial, residential, and office space at medium to high densities.

The General Plan also includes a Preferred Growth Scenario, which incorporates the preferred elements from all development alternatives, emphasizing concepts from the Dynamic Growth and Clustered Growth alternatives. Conceptual land uses for the Preferred Growth Scenario are based on a combination of existing land uses, proposed land uses, and the community's preferred aspects of each growth alternative. This scenario proposes growth in four key areas of the City, focusing on redeveloping vacant and underutilized parcels. The Preferred Scenario is based on public input from three community meetings and outreach events. The goals of the Preferred Growth Scenario are to attain a vibrant, walkable, and attractive downtown, maintain the City's Historic nature, provide an adequate housing supply, and increase the number of jobs within the City. The Preferred Growth Scenario focuses on:⁷⁶

- Medium-density housing in the 3rd Street extension area
- Mixed-use commercial and retail development in the Muckelemi Street Corridor
- Infill commercial and residential development in the Historic Downtown
- Light-industrial and commercial development south of SR 156

The General Plan also includes a Public Facilities and Services Element to ensure adequate facilities and service standards in San Juan Bautista and the planning and meeting of future community needs. The topics addressed within this element include infrastructure for water supply, stormwater, and wastewater; recycling and solid waste disposal; police services; fire services; school facilities; and library facilities.

Providing high-quality water and sewer services in the most efficient, cost-effective, and environmentally sound manner is one of the goals highlighted in the Public Facilities and Services Element. Objective PF 1.3 specifies the City's aim to improve the quality of sewer treatment facilities and services for residents and businesses. Some of the policies included in the objective are:⁷⁷

⁷⁶ San Juan Bautista 2035 General Plan November 1, 2015,p.12.

⁷⁷ San Juan Bautista 2035 General Plan November 1, 2015. p.227.

- Policy PF 1.3.1: Allow individual septic systems within the sphere of influence only where the City cannot feasibly provide sewer service and where the County Health Department has determined that sufficient area and soil conditions exist for a septic tank leach field or other accepted method of effluent disposal. In such cases, the use of septic systems should be discontinued when City sewer service becomes available within 600 feet of the property.
- Policy PF 1.3.2: Provide extensions of City sewer service only to properties within the designated sphere of influence. Do not extend service to development on agricultural or open space lands outside the City's sphere of influence.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCo is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. The intent and history of this requirement is outlined in the Background Section of this report.

A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.

According to Census Bureau data, the statewide Median Household Income (MHI) for 2017-2021 is \$84,097. Therefore, the calculated threshold of \$67,277 defines whether a community is disadvantaged. Therefore, with a median income of \$92,404 as of 2021, the City of San Juan Bautista is not considered a disadvantaged community.⁷⁸

FINANCIAL ABILITY TO PROVIDE SERVICES

The financial ability of agencies to provide services is affected by available financing sources and constraints. This section discusses the primary financing sources and identifies the current revenue sources for the City of San Juan Bautista. Finally, it assesses the City's financial ability to provide services.

The City reports the following major governmental funds:⁷⁹

- General Fund—The General Fund is the City's general operating fund. It is used for all financial resources except those required legally or by sound financial management to be

⁷⁸ San Juan Bautista, Wastewater Treatment Improvements Project, p.24.

⁷⁹ City of San Juan Bautista, Independent Auditor's Report and Financial Statements. p.14. June 30, 2022.

accounted for in another fund.⁸⁰ Generally, the General Fund accounts for the City's traditional governmental services, such as police and fire protection, planning, and general administrative services. The three principal sources of General Fund Revenues are the City share of Property Tax, Sales Tax, and Transit Occupancy Tax.

The City reports the following major enterprise funds:

- Water Fund —The Water Fund accounts for the operation and maintenance of the City's water treatment, transmission, and distribution systems.
- Sewer Fund — The Sewer Fund accounts for the operation and maintenance of the City's sewer system.

According to the City of San Juan Bautista's proposed FY 23-24 budget, as of May 2023, all three major funds were projected to include a healthy balance. Additionally, the two Enterprise funds are beginning to build reserves that will pay for the debt service for the capital improvements to implement the necessary upgrades to the City water and sewer systems.

Additionally, the proposed FY 23-24 budget also included the following new budget priorities:⁸¹

- Economic Development: The FY23/24 budget includes \$31,165 from its General Fund Reserve for economic development activities and training. The Economic Development Citizen's Advisory Committee will begin drafting an economic development strategy. Partnering with state and county agencies, the City will create regional partnerships to utilize its history and assets. Business retention and tourism efforts will increase as merchants and property owners reorganize downtown.
- Recreation: The development of a new and robust recreation program is funded with the Part-time Recreation Technician position and operational funds of \$29,072. Facility improvements are moving forward to help house new programs. The City is also funding a summer recreation program to begin in July.
- Housing Element: The state-mandated Housing Element is set to be updated by the end of 2023. The City set aside \$170,000 for this at mid-year. The first Housing Element Workshop will occur on June 29th, 2023.

⁸⁰ City of San Juan Bautista | Budget Book 2024, p.22.

⁸¹ City of San Juan Bautista, Budget Book 2024, p.14.

- Climate Action Plan: The budget includes \$50,000 to fund consulting costs to complete its climate action plan. State laws are becoming increasingly restrictive on jurisdictions that still need a fully integrated way to reduce the greenhouse gases they produce.
- Implementing the Public Safety Changes: The City Council supports organizing its Public Safety functions. Removing private security and directly staffing these efforts are significant parts of this change. Establishing a single point of contact is also critical. The creation of a Fire District is underway. The County Office of Emergency Services uses grant funding to hire a feasibility consultant. The Sheriff has begun negotiating a new contract with the City and stepped up its services toward two dedicated deputies.
- Homeless Programs: The City of Hollister and the County Public Health Department continue to evaluate homeless initiatives. The Intergovernmental Committee is currently discussing an MOU. SJB is expected to participate in and help fund homeless program decisions.

Additionally, according to the 2023 high-level organizational review, Citygate identified several fiscal positives implemented by the City that have helped to improve its overall fiscal health. These include a fiscally healthy General Fund, the sewer and water rate increase of 2021 and 2022, hiring an Assistant City Manager to focus on economic development, and implementing a new financial system.

Citygate also identified potential fiscal-related operational issues during its review. These included a lack of review or adjustment related to current fees and charges, a lack of formalized policies and procedures, potential noncompliance with the California Government Code due to the use of the same auditor service, and a lack of succession planning, cross-training, and long-range financial planning.

Citygate's fiscal review also discusses the development of performance measures, extended hours coverage at City Hall, and adequate separation of duties among City staff. Figure 5-8 illustrates the City's FY 22-23 financial summary.

Figure 5-8: The City of San Juan Bautista Financial Summary FY 22-23

THE CITY OF SAN JUAN BAUTISTA BUDGET FY 22-23	
Governmental Funds	
Revenue	
Taxes	\$2,578,729
Intergovernmental	\$67,810
Charges for services	\$91,318
Licenses, permits and impact fees	\$161,910
Fines and forfeitures	\$3,070
Interest and rent	\$123,144
Other	\$8,399
Total revenue	\$3,638,380
Expenditure	
Current	
General government	\$881,499
Public works	\$1,012,938
Parks and recreation	\$98,245
Public safety	\$661,293
Community development	\$919,724
Capital outlay	\$1,894,483
Total expenditure	5,468,182
Revenue over/ (under) expenditures	(1,829,802)
Other Financing Sources/ (Uses)	
Lease revenue	\$22,099
Operating transfers in/ (out)	\$40,553
Total other Financing Sources	\$62,652
Beginning Fund Balance	\$6,433,400
Ending Fund Balance	\$4,666,250
Change in Fund Balance	(1,767,150)
Enterprise Funds	
Operating Revenue	
Charges for services	\$2,746,465
Other fees	\$74,985

Total operating revenue	\$2,821,450
Operating Expense	
Contractual services and utilities	\$679,023
Personnel	\$483,683
Supplies, materials, and repairs	\$352,040
Depreciation expense	\$732,409
Total operating expense	\$2,247,155
Operating income/ (loss)	\$574,295
Nonoperating Revenue/ (Expense)	
Capital contributions	\$783,043
Interest expense	(\$443,673)
Total nonoperating revenue/ (expense)	339,370
Net income/ (loss) before transfers	\$913,665
Operating Transfers In/ (Out)	(40,553)
Beginning of Year Net Position	4,128,421
End of Year Net Position	5,001,533
Changes in Net Position	\$873,112
Typical Monthly Rate for Single Family Residence	\$124.27
Median Monthly Household Income, 2017-2021 (not in thousands)	\$4,423
Monthly Wastewater Rates as a % of Household Income	2.8%

BALANCED BUDGET

Recurring operating deficits are a warning sign of fiscal distress. In the short term, reserves can backfill deficits and maintain services. However, ongoing deficits eventually will deplete reserves.

For the City’s governmental funds, total expenses (including capital outlay) exceeded revenue (excluding other financing sources) by \$1,829,802, or about 50 percent. Alternatively, the total operating revenue of the enterprise fund exceeded the operating expense by \$574,295, or about 25 percent.

FUND BALANCES, RESERVES, AND LIQUIDITY

Fund balances and reserves should include funds for cash flow and liquidity in addition to funds to address longer-term needs. Cash reserves should be adequate to respond to system emergencies, temporary deficits, economic downturns, fiscal emergencies, and needed capital improvements.

The City of San Juan Bautista has a reserve policy adopted in 2015, which aims to provide guidelines for the City Council and staff to ensure responsible and prudent decision-making regarding financial matters and maintaining minimum and targeted reserves. Reserves are established to ensure that sufficient resources are maintained in specified funds in amounts sufficient to manage reasonable risks, meet unanticipated needs, capitalize on opportunities, and provide for reasonable contingencies.

The City of San Juan Bautista maintains the following reserves:

- General Fund Reserve — The City aims to maintain a minimum unrestricted fund balance of 20 percent of Operating Expenditures in the General Fund, equating to approximately 2.5 months of cash flow. This practice aligns with the risk assessment methodology developed by the Government Finance Officers Association and ensures preparedness for various financial challenges.
- Water Enterprise Fund Reserve — The Water Enterprise Fund accounts for specific services funded directly by fees and charges to City water customers. It operates independently, covering all costs, including personnel expenses and depreciation, through its rates and grants, without relying on subsidies from the General Fund. The reserves within the Water Enterprise Fund include the emergency operating reserve, emergency capital reserve, and rate stabilization fund (RSF) reserve.
- Wastewater Enterprise Fund Reserve—The Wastewater Enterprise Fund accounts for specific services funded directly by fees and charges to City water customers. The fund is intended to be self-supporting, with all direct and indirect personnel costs and depreciation costs covered by its own rates and/or grants without subsidies from the General Fund. The reserves within the water enterprise fund include the emergency operating reserve, emergency capital reserve, and RSF reserve.

NET POSITION

An agency's "Net Position" represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position indicates financial soundness over the long term.

The City's government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt), restricted and unrestricted.⁸²

As of FY 22-23, assets for governmental activities decreased by \$182,000 from the prior year, primarily due to an increase in fixed assets for infrastructure improvements offset by a decrease in cash used to fund these improvements. Alternatively, liabilities remained consistent. The unrestricted fund balance also decreased by \$1,719,000 compared to the prior year, mainly due to investment in capital expenditure.

Assets for business activities increased by \$668,000 in FY 22-23, primarily due to a grant receivable for the wastewater project, while liabilities decreased by \$270,000, mainly from debt paydown and lower accrued expenses. The unrestricted fund balance rose to \$1,628,000, up \$867,000 from the prior year.⁸³

PENSIONS AND OPEB

On October 1, 1999, the City established a deferred compensation plan for its employees, allowing them to save for retirement. The plan meets the requirements of Internal Revenue Code Section 457. Under the plan, employees make tax-deferred contributions up to the limits established by the Internal Revenue Service. The contributions made to the plan may be withdrawn only upon retirement separation from service, death, or unforeseeable emergency. Employees are 100 percent vested in their contributions from the first date of participation. The plan provides for varying matching contributions.

The City administers the plan. The participants are offered investment options and make their own investment decisions. The City has a fiduciary obligation to exercise due care when administering the plan. However, it is not responsible for the investments or performance results of the investment products offered under the plan. Therefore, the City is not required to report these funds on its financial statements.

⁸² City of San Juan Bautista, Notes to the Basic Financial Statements. Year Ended June 30, 2023. P.18.

⁸³ City of San Juan Bautista, Notes to the Basic Financial Statements. Year Ended June 30, 2023. p.1.

LEASES AND LONG-TERM DEBT

The City agreed to lease out a cell tower from February 26, 2002, through February 25, 2036, for a beginning monthly payment of \$1,413.87 with a 3 percent increase annually. Payment is due monthly at .9 percent interest. As of FY 22-23, the lease receivable balance was \$163,926. The City also recognized \$19,669 in lease revenue and related interest income.⁸⁴

In January 2015, the City issued Series 2015 Enterprise Revenue Bonds totaling \$11,640,000. These bonds were used to refund outstanding debts, improve the water system, and cover issuance costs. The reacquisition price exceeded the net carrying amount of old debt by \$1,819,135. The refunding reduced total debt service over 28 years by \$4,125,856, resulting in an economic gain (difference between the present values of debt service payments on the old and new debt) of \$1,947,479. The bonds bear interest ranging from 3 to 5 percent and are payable semi-annually until October 2043. Debt service is secured by the City's Water and Sewer Systems' net revenues, which must meet specific covenants, ensuring adequate revenue for operations and debt repayment.

As of FY 22-23, the City complies with these covenants, with cash basis debt service paid totaling \$665,738 and net revenue available for debt service exceeding requirements.⁸⁵

RATES AND CHARGES

The City's wastewater utility is a financially self-supporting enterprise. Revenues are derived primarily from sewer service charges. As such, the City's sewer rates must be set at adequate levels to fund the costs of providing service and:⁸⁶

- Fund ongoing operating and maintenance expenses
- Address State mandates & RWQCB wastewater regulatory requirements
- Fund the regionalization project, related debt service, and associated increased operating costs
- Provide funding for sewer collection system maintenance and upgrades

⁸⁴ City of San Juan Bautista, Notes to the Basic Financial Statements. Year Ended June 30, 2023. p.24.

⁸⁵ City of San Juan Bautista, Notes to the Basic Financial Statements. Year Ended June 30, 2023. p.27.

⁸⁶ Bartle Wells Associates, City of San Juan Bautista - Sewer Rate Study Final Report, October 13, 2021. p.1-2.

In 2020, the City retained Bartle Wells Associates (BWA) via a competitive RFP process to develop a financial plan and rate study for the sewer enterprise. BWA conducted an independent evaluation of sewer enterprise finances. Key observations include:⁸⁷

- Previous rate increases have put the sewer enterprise in a sound financial position, but the City faces substantial financial challenges.
- Sewer fund reserves are currently at healthy levels but are projected to be partially drawn down in upcoming years to help fund wastewater treatment facility improvements. Financial projections are designed to maintain a prudent minimum level of fund reserves in future years.
- The City must implement significant sewer rate increases over the next five years to support funding for the regionalization project to comply with the EPA and RWQCB regulatory and permit requirements.

The City's sewer rate structure varies by customer class. Residential customers pay a fixed monthly charge per dwelling unit. These fixed charges reflect the system capacity needed to serve a typical residential unit. The City incurs a substantial amount of fixed costs to ensure that sewer system capacity is available at all times to meet customer needs on demand. All residential dwelling units paid the same fixed monthly charge of \$83.61 prior to the sewer rate adjustment, equating to a charge of \$2.75 per day.

Commercial and non-residential customers pay volumetric sewer charges based on customer class and water use. Customer classes with higher-strength wastewater pay higher rates, reflecting the higher wastewater treatment costs. Commercial charges are billed per thousand gallons of metered water use. Prior to the rate increase, commercial rates ranged from \$9.10 to \$18.18 per thousand gallons. Industrial customers were charged \$9.10 per thousand gallons, reflecting that they must limit their discharge to domestic levels.⁸⁸

The completed rate study was presented to the City Council on October 19, 2021. At that meeting, the Council authorized City staff to mail Proposition 218 notices with the rates recommended in the rate study. The rate study was approved and went into effect on February 1, 2022. Figures 5-9 illustrate the new schedule of the City's sewer rates.

⁸⁷ Bartle Wells Associates, City of San Juan Bautista - Sewer Rate Study Final Report, October 13, 2021. p.5.

⁸⁸ Bartle Wells Associates, City of San Juan Bautista - Sewer Rate Study Final Report, October 13, 2021. p.4.

The new rates include the estimated capital improvement costs to build a 6-mile sewer force main to Hollister. This is the first time in more than 20 years that the City has increased its rates to include capital improvements. These improvements will transform how the City manages its wastewater and improve the quality of life for its residents by reducing the odor caused by the City’s current sewer treatment system. The improvements will also ensure the City becomes compliant with EPA standards, eliminating its effluent discharge into the creek.

The revenues received will first be used to reimburse the City’s General Fund Reserve for costs incurred since February 2021 to design the project. Revised cost estimates for the project included in the rate study are estimated to be \$18 million. The approved rates are based on the \$18 million split with \$6 million in State and Federal grants and \$12 million in low-interest infrastructure loans.

The new rate revenue will be allocated to cover the anticipated annual debt service of \$477,000 on \$12 million over 30 years.

Figure 5-9: The City of San Juan Bautista’s New Sewer Rate Schedule

THE CITY OF SAN JUAN BAUTISTA NEW SEWER RATE SCHEDULE					
	Effective 2/1/2022	Effective 7/1/2022	Effective 7/1/2023	Effective 7/1/2024	Effective 7/1/2025
Residential Sewer Rates					
Monthly Fixed Rate	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
Commercial Sewer Rates					
Minimum Monthly Base Charge	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
Volumetric Rates					
Standard Strength \$/1,000 gal					
Moderate Strength \$/1000 gal					
High Strength \$/1,000 gal	\$14.51	\$16.54	\$18.86	\$21.50	\$22.57

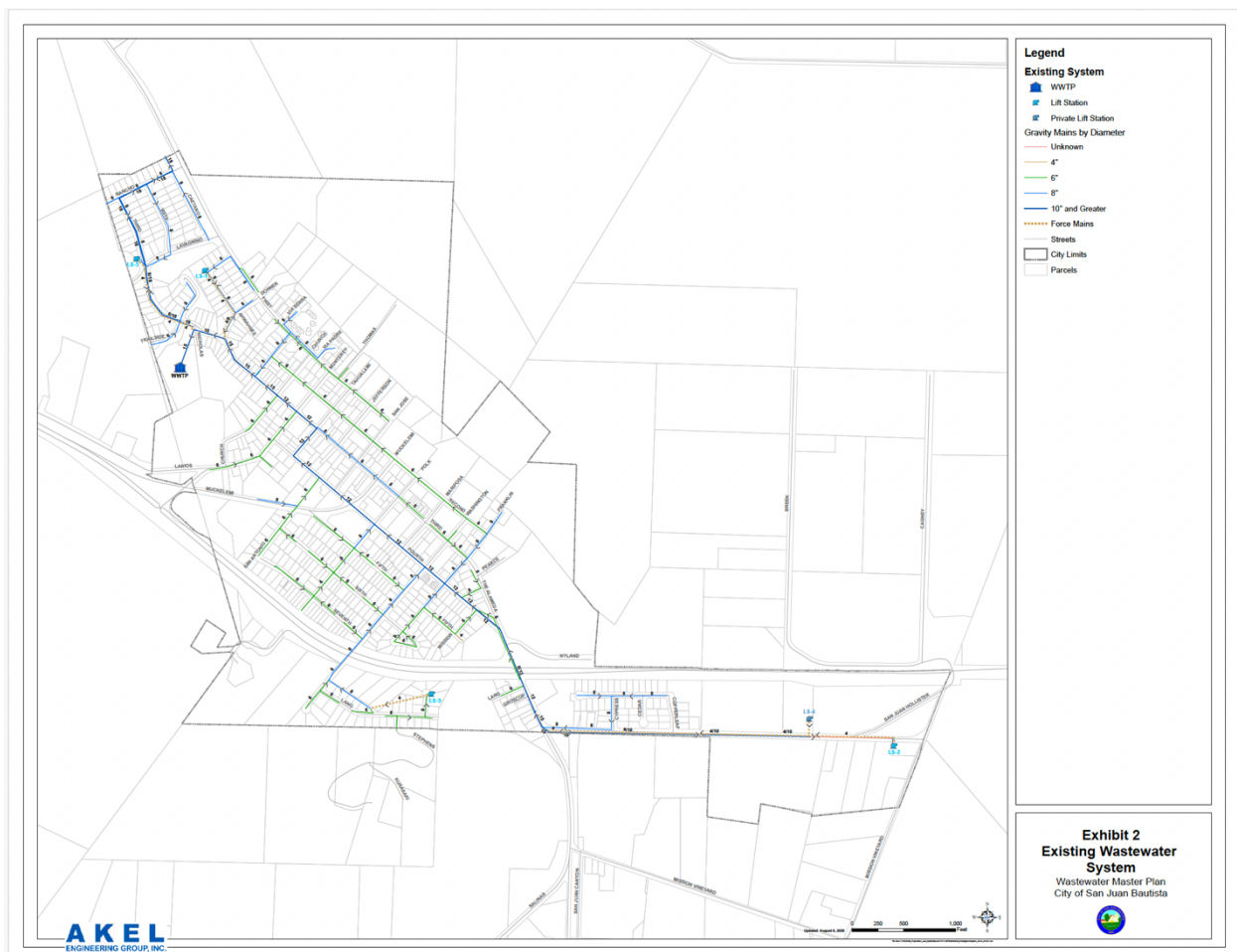
WASTEWATER SERVICES

SERVICE OVERVIEW

The City's service area is generally bound to the north by Prescott Road, to the east by Mission Vineyard Road, to the southwest by State Route 156, and the south by Old San Juan Hollister Road. The topography is generally flat, with slopes increasing north to south toward the Gabilan Mountain Range.

The City operates and maintains a wastewater collection system that covers most of the developable area within the Planning Boundary. The wastewater flows are currently conveyed to the City of San Juan Bautista Wastewater Treatment Plant (WWTP).⁸⁹ Figure 5-10 illustrates the City's wastewater system.

Figure 5-10: The City of San Juan Bautista Wastewater System Map



⁸⁹ City of San Juan Bautista Wastewater Master Plan. November 2020.p. 21.

TYPE AND EXTENT OF SERVICES

Services Provided

The City of San Juan Bautista provides wastewater collection services to approximately 700 residential, commercial, industrial, and institutional accounts.⁹⁰ The City's wastewater collection system services residential and non-residential lands primarily within the City limits. Areas within the City's potential wastewater collection service area include:

- 741 acres of flow-generating lands, including residential and non-residential areas.
- 106 acres of undeveloped lands inside the service area.

Services to Other Agencies

The City of San Juan Bautista does not provide services to other agencies.

Contracts for Services

In 2018, the City of San Juan Bautista contracted with Cypress Water Services, Inc. to operate the City's Wastewater Treatment Plant (WWTP) for three years. This agreement was extended for one year in 2020, renewed in 2021, and is expected to last until 2024.⁹¹

Additionally, on September 7, 2021, the City of Hollister and SJB entered a memorandum of understanding (MOU) for SJB to send domestic wastewater to Hollister. This is due to high salt levels being discharged into the creek by the City's WWTP exceeding the NPDES permit levels and causing a violation.

On July 2023, the agreement was amended to add language concerning the volume of wastewater to be sent to Hollister, capping the volume at no more than 0.43 Million Gallons Per Day (mgpd) yearly average. This is substantially higher than the .16 mgpd of wastewater generated today, and it is the maximum amount to be generated at the buildout of the City over the next forty years and in the foreseeable future.⁹²

Extra-territorial Services

Since 2001, the City has provided municipal sewer services outside of the City boundary to Coke Farms, an agricultural production operation. According to Resolution No. 2001-14, Coke Farms requested sewer services to accommodate 3,000 gallons per day of effluent flow.

⁹⁰ City of San Juan Bautista Wastewater Master Plan, August 2020, p. 1-1.

⁹¹ City of San Juan Bautista Iterim Agreement for Wastewater Operator Services. April 27, 2022.

⁹² Resolution No. 2023-49 A Resolution of the City of San Juan Bautista Approving the Amended Agreement with the City of Hollister for Domestic Wastewater Treatment and Disposal.

The City also provides sewer services to Natural Selections Foods, another agricultural operation outside of the City boundary, since 2002. According to Resolution No. 2002-01 Natural Selections Foods requested the City sewer services to accommodate 10,000 gallons per day domestic wastewater flows.

Unserved Areas

Two industrial users, Taylor/Earthbound Farms and True Leaf Farms, operate private water and wastewater facilities; the City's water system does not service these users, but they convey wastewater flows to the WWTP.

STAFFING

The City's sewer system operations are supported by contracts, a public works supervisor, four full-time maintenance workers, and two part-time staff for additional public works tasks.

The City has also engaged the engineering firm MNS, with a Deputy City Engineer assigned to provide daily support for the Department. This role was crucial to the City's response to the 2023 floods.⁹³

WASTEWATER FACILITIES AND CAPACITY

COLLECTION SYSTEM

The City owns and operates a wastewater collection system comprising approximately 9.3 miles of gravity trunks, force mains, and five lift stations, which convey the flow to the City's Wastewater Treatment Plant (WWTP). The City's wastewater collection system has a single primary trunk that collects and conveys wastewater flows to the WWTP. The primary trunk begins along The Alameda near Old San Juan Hollister Road. It collects flows as it travels along Fourth Street, Tualami Street, and Third Street until the flows reach the WWTP location.

According to Stantec's report, the existing WWTP is a tertiary treatment facility that includes a mechanical screen and influent pump station, sequencing batch reactor pond (SBR, located in Pond 1), flow equalization tanks, a denitrification pond (located in Pond 2C with floating media), pressure sand filters, and ultraviolet (UV) disinfection. Sludge is stored in lagoons (Pond 2A and 2B). The original plant was a facultative pond plant. The last major improvement project in 2010 upgraded Pond 1 to an aerated pond functioning as an SBR and

⁹³ City of San Juan Bautista, Budget Book 2024. P.78.

divided Pond 2 into three cells, which include a polishing pond and two sludge storage lagoons. The 2010 upgrade project also added a mechanical basket screen, a new dual media pressure filtration system, and a UV disinfection system. In 2018, the City removed 30 years of accumulated sludge from Pond 2 to accommodate the continued operation of the treatment plant.

TREATMENT FACILITY

Capacity

The existing W/WTP is located at 1300 Third Street in San Juan Bautista. The City's W/WTP has a permitted capacity of 270,000 gpd facility that provides sanitary wastewater collection, treatment, and disposal for the community.

According to the 2020 Wastewater Master Plan, the SBR provides some buffering capacity (1.6 mg); however, the available volume is insufficient to equalize the excess daily flow during peak flow conditions.⁹⁴

INFRASTRUCTURE NEEDS

This City of San Juan Bautista Wastewater Treatment Plant (W/WTP) is not designed to remove salt (e.g., sodium, chloride, and total dissolved solids) from its domestic wastewater. As such, the City has received repeated effluent violations for chloride, sodium, and total dissolved solids (TDS). In recent years, the Regional Water Quality Control Board has issued notices for high levels of biochemical oxygen demand (BOD), ammonia, and total suspended solids.

The wastewater master plan evaluated various solutions to mitigate the effluent quality concerns. These solutions would require upgrading the existing W/WTP or building a force main and lift station to convey the City's wastewater to the Hollister Domestic W/WTP.

As mentioned previously, the City of San Juan Bautista (SJB) entered into a memorandum of understanding (MOU) with the City of Hollister for SJB to send domestic wastewater to the City.

As a result, a San Juan Bautista to Hollister Sanitary Sewer Force Main project is underway. The project setting begins at the existing City of San Juan Bautista Wastewater Treatment Plant (W/WTP) on Third Street in San Juan Bautista and terminates at the City of Hollister

⁹⁴ City of San Juan Bautista, Wastewater Master Plan. August 2020. p.4-4.

Domestic WWTP at the intersection of State Route 156 and San Juan Hollister Road, within Hollister. The majority of the project route is on existing road rights-of-way within farmland.

The project is projected to be funded by a combination of grants, low-interest-rate financing from the USDA or Clean Water State Revolving Fund (SRF) financing program, and cash funding generated from prior and proposed sewer rate increases. The City anticipates that \$5.4 million of the project will be funded through grants, but It is actively pursuing more grant funding. The following chart shows a breakdown of anticipated project funding sources.⁹⁵

The project is estimated to cost the City \$18,571,000. However, the City of San Juan Bautista can only finance up to \$14,268,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available, resulting in a reasonable user charge. As such, the City received a Water and Waste System Grant from the United States Department of Agriculture for \$4,303,000 or 23.17 percent of the project development costs.⁹⁶

The State's Fiscal Year 2022/23 Budget included a 3-million-dollar appropriation for the City's sanitary sewer force main project. According to Resolution No. 2023-53, this funding is critical to the \$23.6 million needed to fund the project.⁹⁷

In May 2023, the City also applied for an EPA's State and Tribal Grant Community Assistance Grants Program to obtain partial funding for its Wastewater System Compliance Project - Force Main to Hollister WWTP. This grant specifically covers the City's pre-award costs incurred on or after October 1, 2021. These are the same costs that would have been allowable if incurred after the date of the Federal award. The grant will allow the City to cover the project design, engineering, and environmental assessment and compliance costs for achieving compliance with the National Permit Discharge Elimination System standards and the EPA's Administrative Order on Consent Requirements.⁹⁸

Construction was scheduled to begin between Spring 2022 and Fall 2023 and was expected to last about one year. This timeline includes project award, notice to proceed, substantial completion, start-up, punch-list resolution, and project closeout. Substantial completion is estimated to be nine months after the notice to proceed.

In August 2023, the City entered construction agreements with Specialty Construction, Incorporated (SCI) after successfully bidding for a \$16,518,749 contract price. The project's

⁹⁵ Bartle Wells Associates, City of San Juan Bautista - Sewer Rate Study Final Report, October 13, 2021. p.6.

⁹⁶ Water and Waste System Grant Agreement, United States Department of Agriculture Rural Utilities Service.

⁹⁷ Resolution No. 2023-53, A Resolution of the City of San Juan Bautista Authorizing the City Manager to Sign and File a Financial Assistance Application for a Financing Agreement from the State Water Resources Control Board for the City's Sanitary Sewer Force Main Project ("Project").

⁹⁸ Pre-Award Costs for San Juan Bautista's Community Grant Project Period: March 2020 - June 2026.

groundbreaking ceremony was held on September 2023 at San Juan Bautista Wastewater Treatment Plant, 1127 Third Street, Corner of Third and Trailside Drive.

The August 2023 Quarter Report and Schedule Update outlined the following construction and completion dates:⁹⁹

- 30 percent project completion: November 15, 2023
- 60 percent project completion: February 28, 2024
- Substantial construction complete (start-up force main): April 27, 2024
- Punch list resolution: May 30, 2024
- Initial Project completion: June 26, 2024

However, in a May 2024 project timeline update by SCI, a key challenge hindering project completion was identified as material procurement, particularly the main switchboard. This component is critical as the new lift station cannot undergo start-up testing without it. Until the new lift station is operational, the existing one must remain in service. Demolition is scheduled to start on September 4th, 2025, with sludge removal expected to finish by early February 2026. As the project progresses and key equipment delivery dates are confirmed, a more detailed schedule is set to be established.¹⁰⁰

When the project is completed, the City will no longer treat water; it will just collect and convey it to the Hollister wastewater treatment plant.

STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

The San Juan Bautista to Hollister Sanitary Sewer Force project aims to bring San Juan Bautista's water and wastewater systems into compliance with local NPDES permit limits. The collaboration's main objective is to provide adequate wastewater collection system facilities to meet existing and projected peak dry weather flows and peak wet weather flows for San Juan Bautista and Hollister.¹⁰¹

⁹⁹ RE: San Juan Bautista Compliance Project 2022- 2s Quarter Report (Report #4). August 1, 2023.

¹⁰⁰ Specialty Construction, Incorporated. 23415- Sanitary Sewer Force Main to Hollister Project, San Juan Bautista, CPM Schedule Update – Progress through 4-30-24. May 10, 2024. p.4.

¹⁰¹ Public Review CEQA-Plus Initial Study/ Proposed Mitigated Negative Declaration San Juan Bautista to Hollister Sanitary Sewer Force Main. November 202, p.5.

CHALLENGES

As stated previously, the City’s WWTP effluent has received repeated violations for chloride, sodium, and total dissolved solids (TDS). In more recent years, the Regional Water Quality Control Board has issued notices for high levels of biochemical oxygen demand (BOD), ammonia, and total suspended solids.

WASTEWATER FLOW

EXISTING DEMAND

The 2020 Wastewater Master Plan utilized water billing consumption records to determine the City’s wastewater flows. These records were adjusted to align with historical WWTP inflow records and account for attenuation. The average annual WWTP flow for the City was recorded at 0.15 mgd.

PROJECTED DEMAND

The average day wastewater flows from existing and future developments by 2036 is estimated at 0.43 mgd. These flows were used to size future infrastructure facilities, including collection mains and lift stations. Flows were also used to allocate and reserve capacities in the existing or proposed facilities.

Based on an average of 3.8 persons per home, the City estimates that the WWTP can accommodate up to 1,500 new homes. According to the 2035 General Plan projection of 3 percent population growth, the City anticipates 497 new homes by 2035. Alternatively, the Wastewater Master Plan projects a 1.9 percent population growth by 2035, totaling approximately 2,900 residents, resulting in 287 new homes. Additionally, based on San Benito County’s Average Annual Growth Rate (AAGR) of 0.47, SJB’s population is projected to increase to 2,403 by 2060.¹⁰² With the WWTP’s capacity to accommodate 1,500 new homes and an average of 3.8 persons per home, all of these growth scenarios can be accommodated.

SERVICE ADEQUACY

This section reviews indicators of wastewater service adequacy, including collection system integrity and regulatory compliance. Whenever available, industry standards are used to

¹⁰² The City of San Juan Bautista, Request for Information, June 2023.

determine the level of services provided. In lieu of adopted standards, the report also makes use of generally accepted industry best practices or benchmarking with comparable providers.

SEWER SYSTEM INTEGRITY

There are several measures of the integrity of the wastewater collection system, including sanitary sewer overflows, peaking factors resulting from infiltration and inflow (I/I), and efforts to address infiltration and inflow.

Sanitary Sewer Overflows

All wastewater agencies are required to report sanitary sewer overflows (SSOs) to SWRCB. Sewer overflows are discharges from sewer pipes, pumps, and manholes. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The sewer overflow rate is calculated as the number of overflows per 100 miles of the main pipeline per year.

The SWRCB shows 0 SSOs for the City of San Juan Bautista.

Infiltration and Inflow

Wastewater flow includes not only discharges from residences, businesses, institutions, and industrial establishments but also infiltration and inflow. Infiltration refers to groundwater that seeps into sewer pipes through cracks, pipe joints, and other system leaks. Inflow refers to rainwater that enters the sewer system from sources such as yard and patio drains, roof gutter downspouts, uncapped cleanouts, pond or pool overflow drains, footing drains, cross-connections with storm drains, and even holes in manhole covers. Infiltration and inflow tend to affect older sewer systems to a greater degree. Infiltration and inflow rates are highest during or right after heavy rain. They are the primary factors driving peak flows through the wastewater system and a major consideration in capacity planning and costs.

The peaking factor is the ratio of peak-day wet weather flows to average dry weather flows. The peaking factor indicates the degree to which the system suffers from I/I, where rainwater enters the sewer system through cracks, manholes, or other means. A peaking factor of up to three is generally considered acceptable based on industry practices.

According to the City's waste disposal agreement with Hollister, an inflated capacity was allocated to account for stormwater infiltration and inflow. Although SJB's current flow is about 0.15 to 0.20 mgd, the agreement permits up to 1.2 mgd, with a yearly average limit of 0.43 mgd.

REGULATORY COMPLIANCE

The San Juan Bautista WWTP operates under Order No. R3-2009-0019 NPDES permit No. CA0047902.

In August 2020, the City executed the Administrative Order on Consent, agreeing to bring the wastewater treatment plant into compliance with Environmental Protection Agency (EPA) National Pollution Discharge Permit requirements. The City has been estimated to have been out of compliance since at least 2007, having a high content of chlorides, sodium, and "total dissolved solids." On October 15, 2020, the City committed to three actions to resolve the issue: 1) send the wastewater to Hollister for treatment and decommission the current plant; 2) eliminate brine-producing water softeners that add salt to the system, and 3) import drinking water and blend it with the groundwater to reduce the salts from entering the system in the first place. In February 2021, a Memorandum of Understanding was executed with the San Benito County Water District (SBCWD) agreeing to provide the City with treated surface water from the West Hills Treatment Plant to blend with its groundwater. The City adopted the sewer rates necessary to fund the first step in its plan. The proposed water rates in this study are necessary to allow the City to move forward with the rest of the compliance plan and import water from SBCWD.

According to the RWQCB's website, the City of San Juan Bautista had 202 violations from 2019 to 2023, of which 13 were reported in 2023.

Additionally, the RWQCB's website shows three enforcement actions since 2015. All three are administrative civil liability enforcement actions regarding mandatory minimum penalties (MMPs) due to effluent limit violations. The 2022 enforcement action indicates the facility's history of regularly discharging waste that exceeds effluent limitations. State Water Resources Control Board (SWRCB) and the Central Coast Water Board Enforcement staff have tried to resolve MMPs for violations accrued since 2007 for several years. However, the attempts to resolve the MMPs have not been successful. The Enforcement Order, issued in August 2022, resolves alleged violations that accrued between March 31, 2007, and March 31, 2022, and incorporates historic alleged violations previously included in settlement offers that were not settled with the City.

The enforcement action indicates that on July 1, 2008, the Director of the State Water Board Office of Enforcement issued the City an Offer to Participate in an Expedited Payment Program (EPP), which included a notice of violation (NOV) notifying the City of four serious effluent violations and one non-serious effluent violation subject to an MMP of \$3,000 per violation.

The State Water Board's inability to settle the EPP due to a lack of response from the City until 2018, when the Central Coast Water Board enforcement staff re-engaged with new City staff to address the outstanding violations. The Central Coast Water Board Prosecution Team invited the City to enter confidential settlement negotiations to resolve all alleged violations subject to MMPs, including some additional violations from 2007. Since 2018, the Parties have negotiated confidential settlements with two City managers.

Between March 31, 2007, and March 31, 2022, the Central Coast Water Board alleges that the City incurred \$981,000 in MMPs for serious and non-serious effluent limit violations subject to individual penalties.

In June 2019, the Environmental Protection Agency and the State's Regional Water Quality Control Board ("RWQCB") inspected the City. In October 2019, the results of this inspection and findings were included in a letter that indicated the City was polluting the water from the wastewater treatment facility.¹⁰³

Due to the consistent accrual of MMPs and continued non-compliance with Order No. R3-2009-0019, the EPA issued an Administrative Order on Consent No. CWA-309(a)-20-007 (AOC) on August 20, 2020, to bring the City back into compliance with Order No. R3-2009-0019. The AOC also requires the City to correct non-compliance conditions identified in the EPA's October 17, 2019, inspection report, which includes violations of sections 301(a) and 402 of the Clean Water Act. This led to the San Juan Bautista to Hollister Sanitary Sewer Force Main compliance project.

Additionally, two enforcement actions were effective in February and October 2023. The order issued in February 2023 resolves MMPs for violations of effluent limitations contained in Waste Discharge Requirements Order No. R3-2009-0019, NPDES Permit No. CA0047902 occurred from April 30, 2022, through September 30, 2022. Central Coast Water Board staff publicly noticed the Order from January 4, 2023, through February 5, 2023, and received no comments.

The City of San Juan Bautista is subject to a total expedited payment of \$33,000, which the City must pay to the SWRCB State Water Pollution Cleanup and Abatement Account by March 15, 2023.¹⁰⁴

¹⁰³ Item: # 9.A City Council Meeting April 18, 2023. City of San Juan Bautista City Council Staff Report.

¹⁰⁴ Central Coast Regional Water Quality Control Board. October 31, 2023. Enforcement Program: Expedited Payment Letter (EPL) No. R3-2023-0076, Acceptance of Conditional Offer and Waiver of Hearing Executed as Administrative Civil Liability Order for City of San Juan Bautista Wastewater Treatment Facility Effluent Violations of WDR Order No. R3-2009-0019, San Benito County, NPDES No. CA0047902, WDID No. 3 350102001.

While the order issued in October 2023 resolves MMPs for violations of effluent limitations contained in Waste Discharge Requirements Order No. R3-2009-0019, NPDES Permit No. CA0047902 occurred from October 31, 2022, through June 30, 2023. Central Coast Water Board staff publicly noticed the Order from September 28, 2023, through October 29, 2023, and received no comments.

The City of San Juan Bautista (City) is subject to a total expedited payment of \$36,000, which the City must pay to the State Water Resources Control Board (SWRCB) State Water Pollution Cleanup and Abatement Account by November 30, 2023.¹⁰⁵

GOVERNANCE STRUCTURE OPTIONS

SJB's 2016-ADOPTED SOI AND UGB IS NOT LAFCO APPROVED

One issue that needs to be addressed is that the 2016 General Plan Sphere of Influence and Urban Growth Boundary for SJB was never adopted by LAFCO. Therefore, the 1998 SOI remains the guide for growth, and it conflicts with nearly all of the 2016-2035 General Plan Land Use, Open Space, and Conservation policies, including the following key Land Use Element Programs.

In 2020, the SJB Council appointed an "Urban Growth Boundary Committee" to weigh the options to address this discrepancy. The process involved contentious meetings, frequent new appointments, and numerous absences.

The committee ultimately evaluated two primary approaches: one advocating for a more expansive SOI to enhance legislative control and development management, and the other for a more restrictive SOI to preserve open space within a designated planning area. After thorough deliberation, including input from property owners and the community, and an assessment of resource and development constraints, the City Council adopted a revised SOI and UGB in November 2023. This update aligns the SOI with City limits and reduces the size of the UGB. The resolution also includes plans to amend the 2035 General Plan and collaborate with San Benito County to formalize a Planning Area through a Memorandum of Understanding.

The City plans to apply to LAFCO after completing a Community Plan, being drafted by EMC Planning Group. This plan will focus on managing infill and mixed-use development

¹⁰⁵ Central Coast Regional Water Quality Control Board. October 31, 2023. Enforcement Program: Expedited Payment Letter (EPL) No. R3-2023-0076, Acceptance of Conditional Offer and Waiver of Hearing Executed as Administrative Civil Liability Order for City of San Juan Bautista Wastewater Treatment Facility Effluent Violations of WDR Order No. R3-2009-0019, San Benito County, NPDES No. CA0047902, WDID No. 3 350102001.

within City limits while addressing constraints such as public safety, hazards, natural resource conservation, and infrastructure.

Additionally, a required component for a significant update in SOI is an MSR. As such, LAFCO plans to complete a full MSR for the City of San Juan Bautista in the next fiscal year.

CITY OF SAN JUAN BAUTISTA MSR DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

- 5-1: The city has experienced a cycle of "booms" and "busts," with the population dwindling in some decades and surging in others. According to the 2020 Census, the population in San Juan Bautista has slightly increased to 2,089. The California Department of Finance (DOF) reports that as of 2023 the City's population has decreased to 2,022.
- 5-2: According to the Department of Finance (DOF), countywide growth projections for San Benito County are expected to see an approximately 0.47 percent average annual growth rate (AAGR) from 2020 (64,432) through 2060 (77,666). Utilizing the County's AAGR and Hollister's 2023 population estimates of 2,022, the population within the City is anticipated to increase slightly to 2,403 by 2060.

THE LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AGENCY'S SOI

- 5-3: The statewide MHI for 2017-2021 according to Census Bureau data is estimated at \$84,097, and hence the calculated threshold of \$67,277 defines whether a community was identified as disadvantaged. Therefore, with a median income of \$92,404, the City of San Juan Bautista is not considered a disadvantaged community.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

- 5-4: The City of San Juan Bautista (SJB) operates and maintains a wastewater collection system that covers the majority of the developable area within the Planning Boundary. Currently, the wastewater flows are conveyed to the City of San Juan Bautista Wastewater Treatment Plant (WWTP). The City provides wastewater collection services to approximately 700 residential, commercial, industrial, and institutional accounts.
- 5-5: The City also provides sewer services to two agricultural production, Coke Farms and Natural Selections Foods, operations outside of City boundary.
- 5-6: According to the City's 2020 Wastewater Master Plan, Peak Dry Weather Flow (PDWF) and Peak Wet Weather Flow (PWPF) used for evaluating the existing collection system were estimated at 0.51 MGD and 1.74 MGD, respectively. The PDWF and PWPF used for designing the General Plan buildout system, including growth, were estimated at 1.39 MGD and 2.25 MGD, respectively. This indicates the City only uses about 36 percent of the permitted capacity during Peak Dry Weather Flow and about 77 percent during Peak Wet Weather Flow.
- 5-7: The SWRCB shows 0 SSOs for the City of San Juan Bautista.

- 5-8: According to the RWQCB's website, there were 202 violations for the City of San Juan Bautista from 2019-2023, of which 13 violations were reported in 2023. Additionally, the RWQCB's website shows three enforcement actions since 2015. All three are admin civil liability enforcement actions regarding mandatory minimum penalties (MMPs) due to effluent limit violations.
- 5-9: Due to SJB's repeated effluent limit violations, in 2021, the City of Hollister and SJB entered into a memorandum of understanding (MOU) for SJB to send domestic wastewater to Hollister.
- 5-10: As part of the City's wastewater master plan, various solutions to mitigate the effluent quality concerns were also evaluated, and connection to the City of Hollister's plant was chosen as a viable option. The project is expected to be completed in January 2025. Once the project is finished, the City will no longer be treating water, just collecting and conveying it to the Hollister wastewater treatment plant.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

- 5-11: According to the 2023 high-level organizational review, Citygate identified several fiscal positives implemented by the City that have helped to improve its overall fiscal health. These include a fiscally healthy General Fund, the sewer and water rate increase of 2021 and 2022 respectively, the hiring of an Assistant City Manager to focus on economic development, and the implementation of a new financial system.
- 5-12: Citygate also identified potential fiscal-related operational issues during its review. This included a lack of review or adjustment related to current fees and charges, a lack of formalized policies and procedures, the potential noncompliance with the California Government Code due to the use of the same auditor service, and the lack of succession planning, cross-training, and long-range financial planning.

STATUS OF, AND OPPORTUNITIES FOR SHARED FACILITIES

- 5-13: As mentioned previously, due to SJB's repeated effluent limit violations, SJB began sending domestic wastewater to Hollister since 2021. Additionally, a Hollister Sanitary Sewer Force project is underway for SJB to convey the City's wastewater to the Hollister Domestic WWTP.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

- 5-14: The City's website is easily navigated and makes available a substantial amount of information and documentation that is clear and concise for the customer. However, the most recent audited financial statements, Annual Compensation Reports, and the State Controller's Office Financial Transaction Reports are unavailable on the City's website as required. It is recommended that the City add these reports to the website in an easily accessible location.
- 5-14: It is also recommended the City makes the Sanitary Sewer Management Plan (SSMP) available on its website.

- 5-15: It is recommended that completed and up-to-date ethics training and Form 700s for each required staff be readily available on the City's website.
- 5-16: The City of San Juan Bautista demonstrated transparency when sharing information to create this report.
- 5-17: As a governance structure option, it was recommended that the City work with LAFCO to ensure that an updated SOI that corresponds with the existing General Plan is adopted.

6. SAN BENITO COUNTY WATER DISTRICT

AGENCY OVERVIEW

BACKGROUND

The San Benito County Water District (SBCWD) is a California Special District formed in 1953 by the San Benito County Water Conservation and Flood Control Act. At that time, the District merged with the Hollister Irrigation District, becoming the successor to the water rights, water facilities, and land interests of the Hollister Irrigation District. The name was changed from San Benito County Water Conservation and Flood Control District to San Benito County Water District in 1988.

The San Benito County Water District (SBCWD) is the Groundwater Sustainability Agency (GSA) for the Bolsa, Hollister, San Juan Bautista, and Tres Pinos groundwater basins (and is cooperating with Santa Clara Valley Water District, which is the GSA for small portions of the Hollister and San Juan Bautista basins within Santa Clara County). SBCWD is also seeking consolidation of the basins, which would support comprehensive, more cost-effective management of these contiguous, connected basins.

The District has broad powers for the conservation and management of water (flood, surface, drainage, and groundwater). The District's primary focus is managing water quantity and quality throughout San Benito County, including, where appropriate, the development of local water supplies and the development and importation of water supplies from outside the County.

Residential communities served include the City of San Juan Bautista, the City of Hollister, and unincorporated urban areas surrounding Hollister and Tres Pinos.

The District provides water service and water-related services through zones of benefit. Current zones of benefit are:

- District Administration (Zone 1)
- San Benito River System (Zone 3)
- San Felipe Project (Zone 6)
- Groundwater Sustainability Plan (Zone 7)

SBCWD is the county-wide manager of water resources, the owner and operator of local surface water reservoirs (Hernandez and Paicines) and associated recharge operations, and the wholesaler for Central Valley Project (CVP) supplies from the U.S. Bureau of Reclamation (USBR).

SBCWD relies on a portfolio of water supply sources: groundwater, imported water, recycled water, and local surface water. This review is specific to the District's recycled water services.

BOUNDARIES

The District encompasses all of San Benito County, with an area of approximately 1,389 square miles and a population of over 63,526 people. Residential communities served include the City of San Juan Bautista, the City of Hollister, and unincorporated urban areas surrounding Hollister and Tres Pinos.

ACCOUNTABILITY AND GOVERNANCE

GOVERNANCE

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here focus on 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, 2) a website with required content and other useful information, 3) timely ethics training for board members and an adopted reimbursement policy, 4) a defined complaint process designed to handle all issues to resolution, 5) adopted bylaws that provide a framework and direction for governance and administration, 6) adoption of a conflict-of-interest code as required by law, 7) proper filing of Form 700 by the governing body members, and 8) transparency of the agency as indicated by cooperation with the MSR process and information disclosure at meetings, in documents and on a website.

A five-member Board of Directors (Board) governs the District. Board members are elected for four-year terms from divisions that are coterminous with the supervisory districts of San Benito County. Directors must be residents of and registered voters in the division they represent. Members begin service in December of even-numbered years.

The Board of Directors meets on the last Wednesday of each month at 5:00 p.m. at the San Benito County Water District office, 30 Mansfield Road, Hollister, CA 95023. Beginning April 27, 2022, residents can attend all San Benito County Water District Board meetings in person.

The District also offers meetings via Zoom. Agenda packets and minutes for Board meetings are available on the City's website.

One of its committees first considers most matters before the Board. Each committee then reports to the full Board, which makes the necessary decisions. There are twelve standing committees:

- Finance
- Investments
- Administration
- Expansion
- Rural Water Systems
- Zone 3 Operations and Water Supply
- Zone 6 Water Supply
- Zone 6 Operations
- Personnel
- Pacheco Reservoir Exploratory
- San Felipe Division Activities
- Groundwater Sustainability Agency

Several ad-hoc committees exist for special purposes and meet on an as-needed basis. In addition, Board members serve as the District representatives to the following Board of Directors and multi-agency committees:

- San Luis & Delta Mendota Water Authority (2 positions)
- Association of California Water Agencies-Joint Powers Insurance Authority
- Pajaro River Watershed Flood Prevention Authority
- Water Resources Association of San Benito County
- Urban Area Water and Wastewater Master Plan Governance Committee (2 positions)

Figure 6-1: The San Benito County Water District Governing Body

GOVERNING BODY					
Manner of Selection	Directors are elected by division that are coterminous with the supervisory districts of San Benito County				
Length of Term	4-year				
Meetings	Last Wednesday of each month at 5 p.m. at the San Benito County Water District at 30 Mansfield Road, Hollister, CA 95023				
Agenda Distribution	Online				
Minutes Distribution	Online				
BOARD MEMBERS					
Member Name	Division	Position	Term Expiration	Manner of Selection	Length of Term
Mark Wright	1	Director	2026	By Division	4-years
Joe Tonascia	2	Director	2024	By Division	4-years
Andrew Shelton	3	Director	2024	By Division	4-years
Doug Williams	4	Director	2026	By Division	4-years
Sonny Flores	5	Director, President	2024	By Division	4-years
CONTACT					
Contact	Jeff Cattaneo, Interim General Manager				
Mailing Address	30 Mansfield Road, Hollister, CA 95023				
Phone	(831) 637-8218				
Email/Website	jcattaneo@sbcwd.com				

The Sustainable Groundwater Management Act (SGMA) requires a communications plan to reach and involve the community and stakeholders around the Groundwater Sustainability Plan. SBCWD recognizes that this is a critical aspect of ensuring that this process is transparent, engaging, effective, and fully available to community members. As such, the District produces and distributes informational fact sheets, provides specific website resources on the Sustainable Groundwater Management Act/Groundwater Sustainability Plan, utilizes social and traditional media, and conducts several community workshops around key issues and milestones in the GSP preparation.

Interested community members can also sign up to receive email updates, including notices of upcoming community workshops.

ACCOUNTABILITY

Ethics training is required once every two years, beginning with an odd-numbered year (AB 1234, Chapter 700, Statutes of 2005). Training is available online at the State of California Fair Political Practices Commission (FPPC) website. All SBCWD's Board Members have completed up-to-date Ethics Training.

Additionally, a Statement of Economic Interest, or Form 700, must be submitted annually to indicate transparency in economic interests as required by the Political Reform Act of 1974 (California Government Code Sections 81000-81003). Every elected official and public employee who makes or influences governmental decisions is required to submit Form 700. All SBCWD's members have current filings for Form 700 with the California Fair Political Practices Commission, indicating transparency in their economic interests.

It is recommended that the Districts make all certificates of completion for ethics training and Forms 700s available on the District's website to ensure enhanced transparency.

Through the District, there also exists a conflict-of-interest code and bylaws, outlined in the municipal code, as required and by which the City of San Juan Bautista must abide.

There is legislation to help ensure public agencies adhere to accountability standards.

California AB 2257 (Government Code §54954.2) is an update to the Brown Act. It indicates requirements for methods by which an agenda for all meetings should be available on an agency's website. The San Benito County Water District complies with this regulation.

The San Benito County Water District demonstrated accountability in its disclosure of information and cooperation with the LAFCO questionnaires and other requests for information.

The following figure identifies efforts to meet State laws designed to ensure transparency and accountability. The San Benito County Water District meets the requirements outlined in State laws regarding the Brown Act, website materials, and best practices to ensure easy access to significant planning documents and financial reports. The City's website is easily navigated and makes available a substantial amount of information and documentation that is clear and concise for the customer. Annual Compensation Reports, the State Controller's Office Financial Transaction Reports, and the Enterprise System Catalogue are available on the

City’s website as required. It is recommended that the District makes up-to-date financial statements available.

Figure 6-2: Transparency and Accountability Indicators

TRANSPARENCY AND ACCOUNTABILITY	SBCWD
Agency website ¹ (GC §53087.8)	Yes
Contact information available on website (GC §53087.8 (a)(3))	Yes
Annual Compensation Report (GC §53891 and 53908)	Yes
Adopted budget available on website	Yes
State Controller’s Office Financial Transaction Report available on website (GC §53891 and 53893)	Yes
Notice of public meetings provided	Yes
Agendas posted on website (GC §54954.2)	Yes
Public meetings are live streamed	Yes
Minutes and/or recordings of public meetings available on website	Yes
Master Plan available on website	Yes
Strategic Plan available on website	N/A
Sanitary Sewer Management Plan available on website	N/A
Enterprise System Catalogue available on website (GC §6270.5 (a))	Yes
Efforts to engage and educate the public on the services to the community	Yes
Staff and governing board member ethics training and economic interest reporting completed	Yes
Compliance with financial document compilation, adoption, and reporting requirements	Yes
Adherence to open meeting requirements	Yes

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the District a Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. This was the ninth year the District has been awarded a Certificate of Achievement.

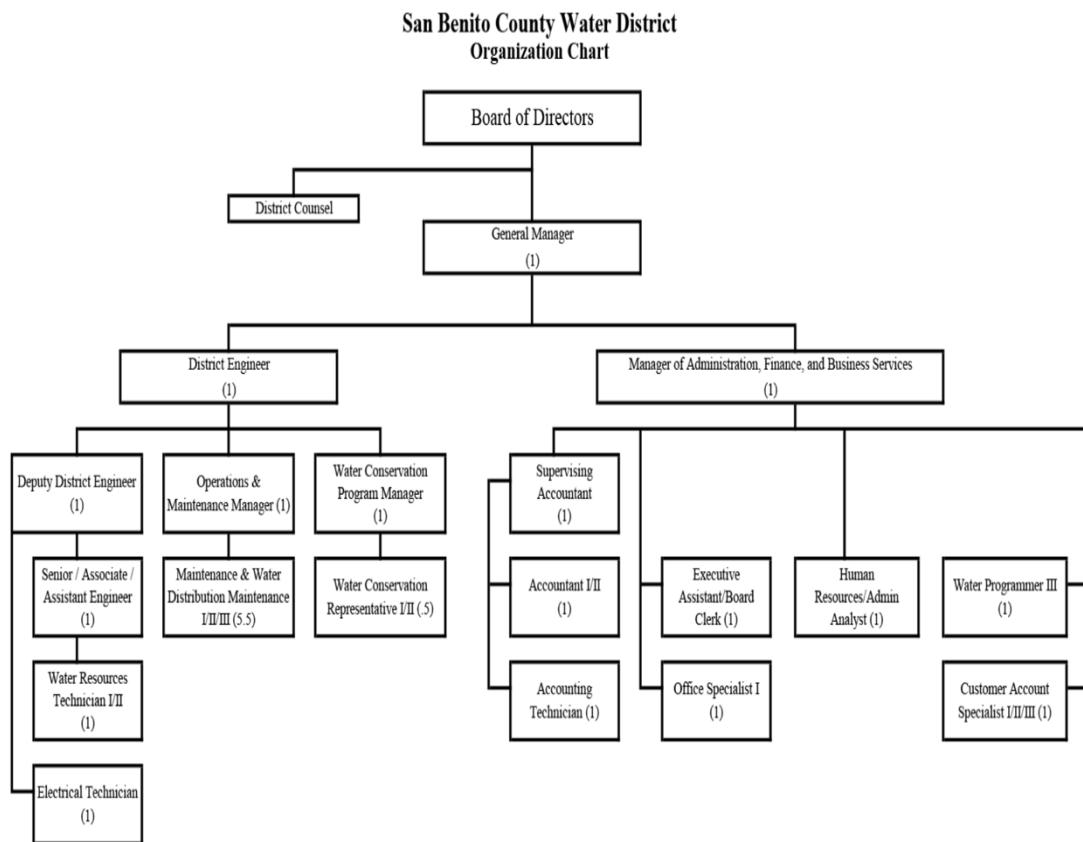
To be awarded a Certificate of Achievement, a District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

PLANNING AND MANAGEMENT PRACTICES

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

The San Benito County Water District has 23 full-time equivalent (FTE) employees. Figure 6-3 illustrates SBCWD’s organization chart. The District performs annual employee and agency-wide performance evaluations, including

Figure 6-3:- San Benito County Water District Organizational Chart



FINANCIAL PLANNING PRACTICES

SBCWD's Board of Directors annually adopts a capital and an operating budget for the ensuing fiscal year, effective July 1, as a financial plan for the year. Although there is no legal requirement to report budgetary basis financial information in this report, the District's Board of Directors reviews performance to budget quarterly. The District also conducts audited financial statements annually.

MANAGEMENT PLANNING PRACTICES

SBCWD adopted an updated Agricultural Water Management Plan (AWMP) in 2021, per the California Water Code, which requires that agricultural water suppliers (providing water to 10,000 or more irrigated acres) prepare and adopt an Agricultural Water Management Plan (AWMP) and submit that Plan to the California Department of Water Resources (DWR). The Plan is required to describe and evaluate water deliveries and uses, sources of supply, water quality, water delivery measurements, water rates and charges, water shortage allocation policies, drought management, and reasonable and practical efficient water management practices.¹⁰⁶

SBCWD also participates in the 2020 Hollister Urban Area (HUA) Urban Water Management Plan (UWMP), which was prepared as a collaborative effort among the San Benito County Water District (District), Sunnyslope County Water District (Sunnyslope or SSCWD), and the City of Hollister (Hollister). The Plan aims to guide the area's future water management efforts.

This Plan builds on and updates the 2015 UWMP, accounting for changes in the California Water Code and local planning and water management efforts. Updates include the Drought Reliability Assessment, quantification demand reduction of the Water Shortage Contingency Plan, and detailed consideration of supply reliability by source.

Master Plans

In 2008, an original Master Plan was prepared to establish project opportunities for regional cooperation and coordination of water, wastewater, and recycled water facilities to serve the HUA. The planning effort was initiated through the 2004 Memorandum of Understanding (2004 MOU) developed among the City of Hollister (City), San Benito County (County), and the San Benito County Water District (SBCWD). The 2004 MOU was amended in 2008 to

¹⁰⁶ San Benito County Water District, 2020 Agricultural Water Management Plan. September 2021 p.1.

include the Sunnyslope County Water District (SSCWD). The Master plan was previously updated in 2017.

The 2017 Master plan recommended several supply augmentation and facility expansion projects, including a few specific to recycled water. For example, to improve recycled water production, the City of Hollister's Water Reclamation Facility (WRF) would add flow equalization, and the recycled water distribution system would be expanded to new customers, as needed.¹⁰⁷

Since the 2017 update, several changes have occurred, including the City of San Juan Bautista (SJB) joining the MOU, drought conditions continuing, California adopting the Sustainable Groundwater Management Act, and the landscape of future water supply options evolving. Given these changes, the 2022 San Benito Urban Areas (SBUA) Water Supply and Treatment Master Plan (Master Plan Update) was adopted, focusing on drinking water supply and treatment planning. The report provides water demand projections through 2045 and an updated strategy for near- and long-term water supply and treatment. The planning period for this Master Plan Update extends from 2021 to 2045.

The SBUA is located in San Benito County, California, approximately 50 miles southwest of the City of San Jose and 40 miles east of Monterey Bay. The 2008 Master Plan and 2017 Master Plan Update focused on the Hollister Urban Area (HUA), which includes the City of Hollister and its adjacent unincorporated areas of San Benito County designated for urban development. The SBUA Master Plan Update incorporates the City of San Juan Bautista into the study.

Other Plans

SBCWD adopted a Climate Change Plan in 2022 to review and summarize the analysis performed to date assessing the anticipated impacts of climate change on the District's water supply. The Plan also documents the District's efforts in identifying system vulnerabilities and risk mitigation strategies. This Plan is appended to the 2022 San Benito Urban Areas Water Supply and Treatment Master Plan Update.¹⁰⁸

The District was also part of the 2022 San Benito County Multi-Jurisdictional Hazard Mitigation Plan (HMP) along with County of San Benito County, City of Hollister, City of San Juan Bautista, and Sunnyslope County Water District, which aims to reduce the community's vulnerability to natural and manmade disasters and enhance resilience. The County has

¹⁰⁷ San Benito Urban Areas Water Supply and Treatment Master Plan Update, October 25, 2023.p.7.

¹⁰⁸ San Benito County Water District, Climate Change Strategic Plan. December 13, 2022, p.2.

maintained a HMP since 2011, meeting the requirements of the Stafford Act and Title 44 CFR §201.6, with the last update in 2016. The 2021 HMP incorporates lessons from recent California wildfires, droughts, intermittent floods, and the COVID-19 pandemic. Funded by FEMA's Hazard Mitigation Grant Program, the plan ensures eligibility for FEMA's Hazard Mitigation Assistance grants and outlines the County's strategy to increase community resilience to hazards without establishing policy or legal implications.

GROWTH AND POPULATION PROJECTIONS

This section reviews historical and recent population and economic growth, projected growth, and growth areas.

LAND USE

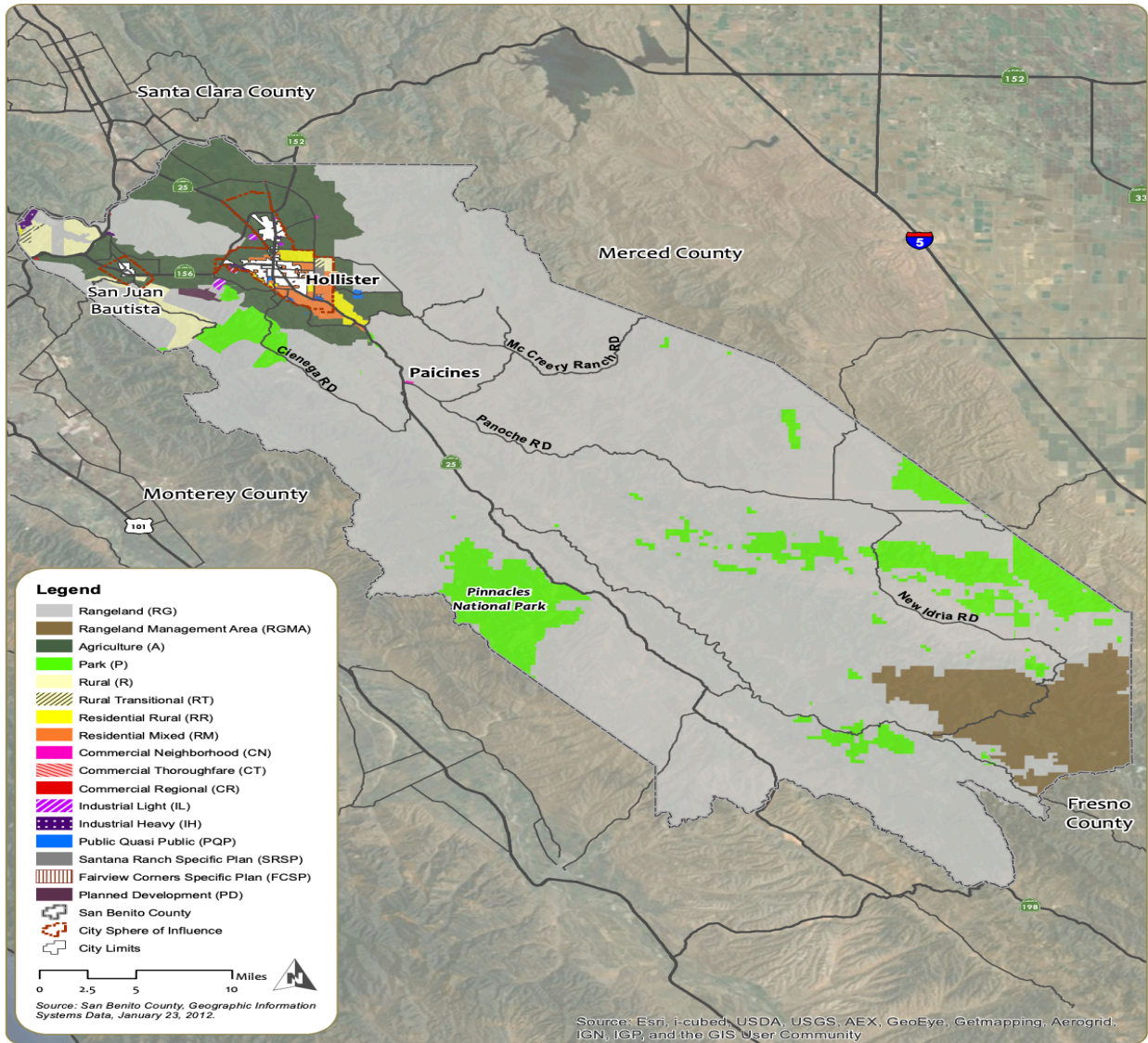
San Benito County has land use regulatory authority over all unincorporated land in the County, which includes everything except land within the city limits of Hollister and San Juan Bautista or land owned/managed by either the State or Federal governments (e.g., State Parks, National Parks, Bureau of Land Management areas, and tribal lands). The County's jurisdiction covers roughly 83 percent of all land, the vast majority designated either Rangeland (RG) or Agriculture (A). However, there are more intensive residential and urban uses within the San Juan and Hollister valleys, particularly surrounding the two cities. The purpose of the Rangeland (RG) designation is to maintain open space and grazing land on hills, mountains, and remote areas of the County. This designation applies to areas with minimal transportation access, high to very high fire hazards, and no public infrastructure (e.g., sewer, water, drainage). Most of these areas are located within remote parts of the County. This designation allows uses directly supporting agricultural operations and one principal residential dwelling unit per lot. Secondary dwellings are allowed for relative, caretaker/employee, and farm worker housing. Figure 6-5 shows land use designations for the entire County.

As mentioned, SBCWD's service area encompasses the entirety of San Benito County. Accordingly, for a detailed discussion of the growth and population projections for the City of Hollister and the City of San Juan Bautista, please refer to Chapters 4 and 5, respectively.

The San Benito County 2014-2023 Housing Element illustrates that approximately 99 percent of the County is unincorporated land, with roughly 79 percent being in some form of public or private open space. The majority of the open space lands are in private ownership under the Williamson Act Contract (64.5 percent), with the remainder in government ownership (13.2

percent). About 91 percent of government land in the County is federally owned, most of which is located in South County and held by the Bureau of Land Management land (105,403 acres) or Pinnacles National Monument (approximately 26,000 acres).¹⁰⁹

Figure 6-4: San Benito County Land Use Diagram



¹⁰⁹ San Benito County Housing Element, 2014- 2023. Adopted by the San Benito County Board of Supervisors on April 12, 2016, p.5-i.

The San Benito County's 2035 general plan includes a land use element that focuses on identifying ways the County can encourage growth in existing unincorporated communities, new communities, or clustered residential developments to preserve prime farmland and rangeland, protect natural habitats, and reduce the financial, social, and environmental impacts of urban sprawl. ¹¹⁰

The General Plan also has a public facilities and services element that provides the framework for decisions in San Benito County concerning public and private infrastructure, utilities, and services. One of the goals within this element is water supply and conservation. This goal aims to ensure reliable water supplies for unincorporated areas to meet the needs of existing and future agriculture and development while promoting water conservation and the use of sustainable water sources (Goal PFS-3). Additionally, the following specific goals are highlighted: ¹¹¹

- **PFS-3.1 Water District Support:** The County shall support efforts of the San Benito County Water District to ensure that adequate high-quality water supplies are available to support current residents and businesses and future development projects.
- **PFS-3.2 Interagency Coordination:** The County shall cooperate with public and private water agencies to help address existing and future water needs for the county.
- **PFS-3.3 Water Rights Protection:** The County shall support public and private water agencies in their efforts to protect their water rights and water supply contracts, including working with Federal and State water projects to protect local water rights.
- **PFS-3.4 Drought Response:** The County shall encourage all public and private water agencies to develop and maintain drought contingency and emergency services plans, emergency inter-ties, mutual aid agreements, and related measures to ensure adequate water services during drought or other emergency water shortage.
- **PFS-3.5 Water Supply Development:** The County shall support plans to develop new, reliable future sources of supply, including, but not limited to, the expansion of surface water storage and conjunctive use of surface water and groundwater while promoting water conservation and water recycling/reuse.
- **PFS-3.6 Conjunctive Use:** The County shall support conjunctive use of groundwater and surface water to improve water supply reliability.

¹¹⁰ San Benito County 2035 General Plan, July 21, 2015. p.3-1.

¹¹¹ San Benito County 2035 General Plan, July 21, 2015. p.7-5 to 7-6.

- **PFS-3.7 Groundwater Management:** The County shall support cooperative, regional groundwater management planning by water resource agencies, water users, and other affected parties to ensure a sustainable, adequate, safe, and economically viable groundwater supply for existing and future uses within the County.
- **PFS-3.8 Integrated Management:** The County shall support and participate in the integrated management of surface water and groundwater resources, wastewater, stormwater treatment and use, and the use of reclaimed water.
- **PFS-3.9 Sufficient Water Supply for New Development:** The County shall require new developments to prepare a source water sufficiency study and water supply analysis for use in preparing, where required, a Water Supply Assessment per SB 610 and a Source Water Assessment per Title 22. This shall include studying the effect of new developments on the water supply of existing users. The County encourages the development of integrated regional water management plans or similar plans.

GROWTH & POPULATION PROJECTIONS

A detailed discussion of trends in population growth, growth strategies, and planned and proposed development within San Benito County is included in the Executive Summary (Chapter 1).

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCo is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. The intent and history of this requirement is outlined in the Background Section of this report.

A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.

According to Census Bureau data, the statewide Median Household Income (MHI) for 2017-2021 is \$84,097, and hence, the calculated threshold of \$67,277 defines whether a community is disadvantaged. Therefore, with a median income of \$95,606 as of 2021, San Benito County as a whole is not considered to be a disadvantaged community.

Additionally, the California Department of Water Resources (DWR) has created a mapping tool using US Census data (American Community Survey Five-Year Data, 2016-2020) to identify disadvantaged communities based on median household income. The tool overlays

Census Place, Census Tract, and Census Block Group data, highlighting areas where median household incomes are below 80 percent of the statewide median household income, as defined by the Disadvantaged Community (DAC) Definition. Unlike LAFCO, DWR does not use voter registration thresholds to define communities.

According to the DWR mapping tool, several areas within the county are classified as disadvantaged Census Block groups. These include parcels in the northeast and southeast regions of San Juan Bautista along San Juan Highway and a parcel east of Dunneville near Pacheco Pass Highway. Additionally, disadvantaged areas are noted south of Hollister and northwest of Ridgemark.

FINANCE ABILITY TO PROVIDE SERVICES

FINANCIAL ABILITY TO PROVIDE SERVICES

The District is not required by statute to adopt a budget; however, it does so annually to outline the major elements of the forthcoming year's operating and capital plans and allocate funding required for those purposes. Budget appropriations for major capital projects continue yearly until the project is completed. The Board Finance Committee reviews a quarterly financial report and reports it to the Board of Directors.

The District's single enterprise fund is managed on a cost of service or "economic resources" measurement focus. This approach includes all assets and activities in the statement of net position.

Operating revenues and expenses arise primarily from the provision and delivery of water services. The main sources of operating revenue are customer charges for these services while operating expenses include the costs of sales and services, general and administrative expenses, and capital asset depreciation.

Revenues and expenses that do not fall under these categories are classified as nonoperating. Nonoperating revenues include general and special-purpose taxes and assessments.

Additionally, a fiduciary fund accounts for resources held for the benefit of parties outside the District.¹¹²

¹¹² San Benito County Water District. Notes to Basic Financial Statements. June 30, 2022. p.20.

Figure 6-5: The San Benito County Water District Financial Summary FY 22-23

SBCWD FINANCIAL SUMMARY FY 22-23	
Operating revenue	\$8,561,579
Operating expenses	
Cost of water	\$1,875,591
Wages and employee related expenses	\$2,770,615
Pension cost (gain) expense	\$2,596,779
Contract services	\$3,761,037
Material and equipment	\$398,527
General and administrative	\$425,823
Utility expense	\$439,460
Depreciation and amortization	\$3,628,807
Total operating expense	\$15,896,639
Operating Loss	(\$7,335,060)
Non-operating revenue (expenses)	
Taxes and assessments	\$12,058,062
Grant revenue	\$21,965
Other nonoperating revenues	\$220,136
Interest revenues	\$1,349,524
Investment loss	(\$601,321)
Interest expense	(\$184,837)
Other nonoperating expense	(\$5,270)
Net nonoperating revenue (expenses)	\$12,858,259
Net position, beginning of year	\$143,935,158
Net position, end of year	\$149,458,357
Change in net position	\$5,523,199

BALANCED BUDGET

Recurring operating deficits are a warning sign of fiscal distress. In the short term, reserves can backfill deficits and maintain services. However, ongoing deficits eventually will deplete reserves.

In FY 22-23, SBCWD's operating expenses (\$15,896,639) exceeded operating revenue (\$8,561,579) by \$7,335,060. Additionally, non-operating revenue was \$12,858,259, consisting primarily of tax assessments and grant revenue.

NET POSITION

An agency's "Net Position" represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position indicates financial soundness over the long term.

In FY 22-23, SBCWD's total assets, including deferred outflows of resources (\$185,716,923), exceeded total liabilities (\$36,258,566) with a total net position of 149,458,375. This reflects an increase of \$5,523,199 from FY 21-22.

FUND BALANCES AND RESERVES

Fund balances and reserves should include funds for cash flow and liquidity in addition to funds to address longer-term needs. Cash reserves should be adequate to respond to system emergencies, temporary deficits, economic downturns, fiscal emergencies, and needed capital improvements.

The District has a restriction and designation of net assets/cash policy that was initially adopted in 2004 and was last amended in 2023. The policy aims to document the District's business practices, accurately reflect the nature, purpose, and management of restricted and designated net assets, and provide a clear picture of the District's financial condition to constituents, creditors, financial institutions, regulatory agencies, state and federal agencies, and the general public.

The policy includes restricted and designated net assets/cash. Restricted net assets/cash, defined by GASB Statement 34 and FASB Statement 71, are funds whose use is externally limited by creditors, grantors, contributors, or government laws and regulations. They may also be restricted by constitutional provisions or enabling legislation, ensuring funds are used for specified purposes or legal obligations.

According to GASB Statement 34, the designated net assets/cash represent how management intends to use resources, aligning with plans approved by senior government officials. These designations impose self-imposed restrictions on the use of available financial resources.¹¹³

Figure 6-6: SBCWD Restricted and Designated Net Assets/Cash

NAME OF RESTRICTED OR DESIGNATED NET ASSETS/CASH	PURPOSE
Restricted Net Assets/Cash	
District Revolving Fund	To provide funds which may be used for emergencies and to pay costs necessary for the establishment of a zone within the District.
San Felipe Hollister Conduit Reserve	To meet unforeseen extraordinary costs and emergencies.
San Felipe- Reach 1 Reserve	To meet operations and maintenance costs incurred during period of special stress and extraordinary repair or replacement costs associated with Reach 1.

¹¹³ Resolution no. 2023-14. A Resolution of the Board of Directors of the San Benito County Water District Amending Resolution 2022-20 Regarding the District Policy on Restriction and Designation of Net Assets/Cash.

USBR Contract Repayment and Rate Management Reserve	Funds to pay for San Felipe Division costs, including existing foreseeable and unforeseeable costs that may result from catastrophic failure of San Felipe Division facilities.
Reach 1 Major Repair and Replacement Reserve	To provide funds for major repair and replacement associated with Reach 1.
Reserved for Water Treatment Plants – Asset Replacement Reserve	To provide funds for capital replacement of assets of the Water Supply and Treatment Program, and funds so expended will be replaced through subsequent contributions
Reserve for Other Post-Employment Benefits (OPEB) Trust	To provide restricted funds for retiree future medical payments.
Designated Net Assets/Cash	
Reserved for Operations	The reserves designated for operating contingencies are established to provide for unforeseen needs, revenue shortfalls, and emergency appropriations during the year.
Reserved for Capital Improvements	Established by board action(s) to fund future capital improvement projects. The purpose of this designation is to accumulate funds for specific projects or utility purpose to provide all or a portion of the cost.
Reserved for Self-Insurance	Established by board policy to fund the contingent liability for the District’s self-insured portion of vehicle coverage.
Reserved for Capital Asset Replacement	This designation is to accrue funding for asset purchase and replacement in the period of use. Through this funding reservation, monies are set aside for planned future asset expenditures within

	specified categories. In addition, this reserve provides a funding source for unanticipated asset needs, mitigates the impact of large budget expenditures, and assists with asset management and long range planning.
Water Supply Revolving Reserve	To provide additional source of funds for Zone 6 water supply augmentation through local or imported water purchases.
Expanded Pacheco Reservoir	To provide funds for the pre-construction (planning and design) phase of the project.

PENSIONS AND OPEB

The District provides post-employer retirement benefits to its employees to assist with future medical premium costs. In 2000, the District joined the Public Employees’ Medical & Hospital Care Act (PEMHCA) for its employees, offered through the California Public Employees’ Retirement System (CalPERS). It is an agent multiple-employer plan administered by CalPERS. The healthcare plan provides medical insurance benefits to active and eligible retirees and their families in accordance with memoranda of understanding with employee groups and adoption by the Board of Directors.

The District provides PEMHCA post-retirement healthcare benefits to all full-time employees who retire directly from the District after the age of 55 years and with five years of CalPERS service. Government Code Section 22892 of the PEMHCA prescribes the minimum employer contribution amount. It was initially established as a specific dollar value with specified increases from calendar years 2004 through 2008. Beginning in 2009, the calculated adjustments were based on the medical care component of the Consumer Price Index-Urban (CPI-U) consistent with CalPERS. At that time, the District opted for the unequal method of distribution. Beginning in 2020, the District was required to pay 100 percent of the minimum required contribution, which is \$139.

In addition, the District provides supplemental contributions to all employees who retire directly from the District combined with a regular service retirement through CalPERS. Employees must be at least 55 and have at least ten years of District service at retirement.¹¹⁴

¹¹⁴ Annual Comprehensive Financial Report of the San Benito County Water District for the Fiscal Year Ended June 30, 2022, p. 46.

LEASES AND LONG-TERM DEBT

In 2016, the District obtained financing for capital improvements related to the Hollister Urban Area Water Supply and Treatment Agreement (HUWSTA) and the Recycled Water projects for \$5,500,000 with City National Bank. At the end of FY21-22, the District’s remaining obligation for this loan was \$3,434,600.

In February 2021, a new debt of \$2,905,000 was issued to pay off the USBR In-Basin Capital obligation in accordance with the Water Infrastructure Improvements for the Nation (WIIN) Act. In April 2021, another debt of \$3,016,000 was issued for the CalPERS Unfunded Accrued Liability to reduce the interest on the obligation long term. The payment to CalPERS was reflected in Deferred Outflows of Resources and reduced the District’s pension liability in FY22-23.

RATES AND CHARGES

San Benito County Water District uses rates and charges to recover current operating, maintenance, and interest costs related to water service from current users as required of a public enterprise agency and as authorized by San Benito County Water District Zone 6 voters on November 8, 1977.

The Board of Directors adopts water rates for groundwater, surface water, and rural water system services. The District follows Proposition 218 landowner notification, protest process, and public hearings to adopt new or increased rates and charges. On January 25, 2023, the Board approved rates for the 2023-24, 2024-25, and 2025-26 fiscal years.

The basis of the recycled water charges is the operations and maintenance costs associated with the delivery of recycled water. These include water supply, water quality, and infrastructure. Figure 6-6 shows the current and proposed recycled water rates and power charges related to pumping recycled water. The rates are based on the cost of service. The recycled waterpower charge is subject to additional pass-through increases if actual costs are higher than projected.¹¹⁵

Figure 6-7: Proposed Recycled Water & Power Rates, \$/AF (Per Acre Feet)

	EXISTING RATES	FY 23-24	FY 24-25	FY 25-26
Recycled Water	\$211.00	\$294.70	\$300.59	\$306.61

¹¹⁵ San Benito County Water District, Zone 6 Water Rate and Capacity Fee Study. Final Report. January 5, 2023,p.6.

Power Charge	\$63.09	\$101.10	\$104.65	\$108.32
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RECYCLED WATER

SERVICE OVERVIEW

The San Benito County Water District (SBCWD) is a contractor with the U.S. Bureau of Reclamation (USBR) for imported water from the Central Valley Project (CVP). Surface water imported from the Central Valley Project (CVP) is treated to drinking water standards at the Lessalt Water Treatment Plant and West Hills Water Treatment Plant in Hollister. Once residents and businesses use this water, the resulting wastewater is sent to the City’s Reclamation facility, where it is treated and used for agriculture and/or landscape irrigation. Not only does the recycled or reclaimed water act as a new water supply, but the higher quality wastewater leaving residents and businesses also helps meet state discharge requirements and will help protect the groundwater basin. It also helps to mitigate reduced allocations from the CVP associated with drought and other environmental issues, allowing for more flexibility, reliability, and local control.

Recycled water is treated to strict standards set by the California Department of Health Services and rigorously monitored by local, state, and federal agencies to ensure it continuously meets those standards.

SERVICES PROVIDED

The San Benito County Water District has a new “Amended and Restated Contract” with no expiration for a maximum of 8,250 AFY of municipal and industrial (M&I) water and 35,550 AFY of agricultural water. The District negotiated the renewal of this contract in May 2007. Imported water is delivered to agricultural, municipal, and industrial customers in Zone 6 through 12 subsystems containing approximately 120 miles of pressurized pipeline laterals (SBCWD 2011). Zone 6 is the District’s zone of benefit for CVP water, and it overlies the Hollister and San Juan Management Areas.¹¹⁶

SBCWD owns two surface water treatment plants and manages local and imported surface water through the San Benito River and San Felipe Distribution System. The drinking water delivered to the Sunnyslope County Water District and the City of Hollister becomes recycled water (from the City of Hollister’s reclamation plant) used for irrigation. The imported water

¹¹⁶ Hollister Urban Area, 2020 Urban Water Management Plan, July 202. p.6-1.

improves overall water quality as the groundwater pumped from local aquifers has varying levels of salts and high mineral content.¹¹⁷

This reclaimed water meets Title 22 standards and has been deemed acceptable for unrestricted use for agricultural irrigation. Currently, its average total dissolved solids (TDS) level is approximately 1050 ppm¹¹⁸, which falls within the Title 22 standard limit of 1,500 ppm for recycled water used in unrestricted urban settings. The Title 22 regulation ensures that recycled water meets specific quality standards before it can be used for various non-potable purposes such as landscape irrigation, industrial uses, and certain types of agricultural irrigation where allowed.

SERVICES TO OTHER AGENCIES

In February 2021, a Memorandum of Understanding was executed with the San Benito County Water District (SBCWD) agreeing to provide the City of Hollister with treated surface water from the West Hills Treatment Plant to blend with its groundwater. The District will also begin delivering treated surface water to the City of San Juan Bautista (San Juan Bautista) in 2025.

CONTRACTS FOR SERVICES

San Benito County Water District owns the West Hills Water Treatment Plant but contracts with Sunnyslope Water to conduct the daily operation and maintenance at West Hills.

OVERLAPPING SERVICE PROVIDERS

There are no overlapping service providers within the SBCWD service area.

COLLABORATION

The MOUs between the County, SBCWD, Hollister, and Sunnyslope County Water District govern the collection, treatment, and disposal of wastewater and recycled water.¹¹⁹

RECYCLED WATER SUPPLY

Recycled water is considered supplemental and interruptible. According to SBCWD, the recycled water supply is very reliable since the source is the City of Hollister Reclamation

¹¹⁷ San Benito County Water District / Zone 6 Water Rate Study January 25, 2023. p.1.

¹¹⁸ PPM is the US standard unit of measurement in water chemistry. It indicates the density of a given substance dissolved in water.

¹¹⁹ Hollister Urban Area UWMP 2020, p.7-1.

Plant. Over the last five years, SBCWD has produced 2,500 acre-feet of recycled water for distribution and use in irrigation or other industrial uses.

RECYCLED WATER DEMAND

Any water user in the service area boundaries with an applicable use of recycled water may apply for recycled water service. SBCWD may, at its discretion, allocate recycled water for the best and highest use of the water in a manner most efficient for preserving and restoring the groundwater basin. The district may establish priorities for water assignments to balance salt loadings, meet customer needs, or based on other criteria.

The district requires that approved recycled water customers accept and use recycled water in a manner consistent with the allowed uses and these rules and regulations.¹²⁰

RECYCLED WATER INFRASTRUCTURE AND FACILITIES

Water recycling is a cooperative effort of SBCWD and the City of Hollister. Recycled water has been provided by the City of Hollister for landscape irrigation since 2010. The system was expanded in 2014, including infrastructure and treatment capability to improve water quality for agricultural irrigation. The system was further enhanced in 2015 when the District installed 1.65 miles of additional distribution system piping and 30 metered deliveries to provide water for agricultural customers for approximately \$1,000,000. In 2016, the Recycled Water Storage Pond was installed in "Pond 2" at the Domestic Waste Reclamation Facility (DWRF) to improve distribution system water quality and to store surplus supply during high agricultural demand periods when the DWRF is not producing enough recycled water. In 2019, the District installed a series of sand media filters upstream of the Recycled Water Distribution System to improve water quality, allow agricultural customers to use drip irrigation, and minimize backwash waste. According to the 2020 Agricultural Water Management Plan, recycled water is provided to approximately 865 acres for agricultural production and landscape irrigation.¹²¹

The District continues to refine its operations and attract new customers to the recycled water project. Additional minor facilities have been added to increase the circulation of stored water in the ponds and additional filtration to increase water quality delivered to recycled water customers. The completion of the storage facilities will allow for 1,000 acre-feet of recycled water per year to be delivered, and nearly 100 percent of the recycled water produced between

¹²⁰ Municipal Code 4.52.050.

¹²¹ San Benito County Water District, 2020 Agricultural Water Management Plan. September 2021. p.19-20.

April - September of each year will be available for use. According to the District, using recycled water for agricultural purposes will be particularly important in the next few years as the region continues to work through the current drought.¹²²

SHARED FACILITIES

Wastewater from residents and businesses is sent to the City of Hollister's Water Reclamation Facility to produce Title 22 reclaimed water for park irrigation, airport greenery, and groundwater recharge.

The district has reported that there are currently no opportunities for facility sharing.

RECYCLED WATER SERVICE ADEQUACY

According to SBCWD, the reclaimed water meets Title 22 standards and has been deemed acceptable for unrestricted use for agriculture irrigation. Currently, the total dissolved solids (TDS) is expected to be an average of approximately 1050 ppm (parts per million).

According to the SBCWD Recycled Water Annual Report for Cycle Year 2022, water conservation levels and drought have impacted the City of Hollister's reclamation plant output. Therefore, the District used virtually all the water produced. The plant output is expected to increase as the City of Hollister grows, and the District's deliveries are projected to increase. The District reports that it continues to invest substantially in recycled water infrastructure to enhance reliability and supply to meet growing demand.

GOVERNANCE STRUCTURE OPTIONS

No options specific to SBCWD have been identified.

¹²² Annual Comprehensive Financial Report of the San Benito County Water District for the Fiscal Year Ended June 30, 2022, p. ii.

SAN BENITO COUNTY WATER DISTRICT MSR DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

- 6-1: The San Benito County Water District (SBCWD) encompasses all of San Benito County.
- 6-2: The population of San Benito County has grown rapidly since its establishment on February 12, 1874. In 1880, the population was 1,000; by 1980, it had grown to 23,005, and according to the California Department of Finance (DOF), as of 2023, the population is 65,666. This indicates a roughly 18.8 percent increase and a 0.64 percent Average Annual Growth Rate (AAGR) since 2010 when the population was 1,862.
- 6-3: According to the Department of Finance (DOF), San Benito County's countywide growth projections are expected to see an approximately 0.47 percent average annual growth rate (AAGR) from 2020 (64,432) through 2060 (77,666).

THE LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AGENCY'S SOI

- 6-4: According to Census Bureau data, the statewide Median Household Income (MHI) for 2017-2021 is \$84,097, and hence, the calculated threshold of \$67,277 defines whether a community is disadvantaged. Therefore, with a median income of \$95,606 as of 2021, San Benito County as a whole is not considered to be a disadvantaged community.
- 6-5: According to the DWR mapping tool, some areas within the county are classified as disadvantaged Census Block groups, including parcels in the northeast and southeast regions of San Juan Bautista along San Juan Highway, a parcel east of Dunneville near Pacheco Pass Highway, areas south of Hollister, and northwest of Ridgemark.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

- 6-6: Water recycling is a cooperative effort of SBCWD and the City of Hollister.
- 6-7: The San Benito County Water District (SBCWD) is a contractor with the U.S. Bureau of Reclamation (USBR) for imported water from the Central Valley Project (CVP). Surface water imported from the Central Valley Project (CVP) is treated to drinking water standards at the Lessalt Water Treatment Plant and West Hills Water Treatment Plant in Hollister. Once residents and businesses use this water, the resulting wastewater is sent to the City's Reclamation facility, where it is treated and used for agriculture and/or landscape irrigation.

- 6-8: Over the last five years, SBCWD has produced 2,500 acre-feet of recycled water for distribution, irrigation, or other industrial uses.
- 6-9: The District has not identified any infrastructure needs.
- 6-10: According to the SBCWD Recycled Water Annual Report for Cycle Year 2022, water conservation levels and drought have impacted the City of Hollister's reclamation plant output. Therefore, the District used virtually all the water produced. As the City of Hollister grows, the plant output will increase, and the District's deliveries are projected to increase. The District reports that it continues to invest substantially in recycled water infrastructure to enhance reliability and supply to meet growing demand.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

- 6-12: In FY 22-23, SBCWD's operating expenses (\$15,896,639) exceeded its operating revenue (\$8,561,579) by \$7,335,060. However, non-operating revenue amounted to \$12,858,259, primarily from tax assessments and grants. As a result, the District's net position increased by \$5,523,199 from FY 21-22.
- 6-13: On January 25, 2023, the Board approved rate increases for the fiscal years 2023-24, 2024-25, and 2025-26. These increases reflect the costs of operations and maintenance for delivering recycled water, including expenses related to water supply, water quality, and infrastructure.

STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

- 6-14: The collection, treatment, and disposal of wastewater and recycled water uses are governed by the MOUs between the County, the District, Hollister, and Sunnyslope County Water District (SSCWD), in addition regulatory requirements.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

- 6-15: SBCWD meets the requirements outlined in State laws regarding the Brown Act, website materials, and best practices to ensure easy access to significant planning documents and financial reports. The City's website is easily navigated and makes available a substantial amount of information and documentation that is clear and concise for the customer. Annual Compensation Reports, the State Controller's Office Financial Transaction Reports, and the Enterprise System Catalogue are available on the City's website as required. It is recommended that the District also makes up-to-date financial statements available.
- 6-16: All SBCWD's Board Members have completed up-to-date Ethics Trainings and Form 700s.
- 6-17: It is recommended that the District make all completed and up-to-date ethics training Certificates of Completions and Form 700s readily available on the City's website.
- 6-18: The San Benito County Water District demonstrated transparency when sharing information to create this report.

7. SUNNYSLOPE COUNTY WATER DISTRICT

AGENCY OVERVIEW

BACKGROUND

Sunnyslope County Water District (SSCWD) was founded on December 17, 1954, to provide potable water supplies to San Benito County residents in the area east of the City of Hollister boundary at that time. As Hollister continued to grow, many of these areas were annexed into the city but retained water service from Sunnyslope.

In the early 1970s, with the development of the Ridgemark Country Club to the southeast of Hollister, Sunnyslope agreed to provide sanitary sewer service in addition to potable water service. This sewer service eventually expanded to include the Quail Hollow and Oak Creek developments in the mid-1990s.

Sunnyslope County Water District was formed as a California Special District pursuant to the California County Water District Act, §30000 et seq., to furnish water and wastewater services to residents of the District in San Benito County, California. This review is specific to wastewater services.

The Sunnyslope County Water District was last included in a San Benito LAFCO Countywide Municipal Services Review 2007.

BOUNDARIES

The Sunnyslope County Water District covers about 3.9 square miles or 2496 acres.

SPHERE OF INFLUENCE

The District's water system serves an area of approximately 3.9 square miles in the City of Hollister and surrounding areas. The District's wastewater system (collection, treatment, and disposal) serves a smaller area within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions.¹²³

¹²³ Sunnyslope County Water District San Benito County, California, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020, p.i.

ACCOUNTABILITY AND GOVERNANCE

GOVERNANCE

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here focus on 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, 2) a website with required content and other useful information, 3) timely ethics training for board members and an adopted reimbursement policy, 4) a defined complaint process designed to handle all issues to resolution, 5) adopted bylaws that provide a framework and direction for governance and administration, 6) adoption of a conflict-of-interest code as required by law, 7) proper filing of Form 700 by the governing body members, and 8) transparency of the agency as indicated by cooperation with the MSR process and information disclosure at meetings, in documents and on a website.

SSCWD is a special district governed by a five-member independently elected Board of Directors (Board) serving staggered four-year terms elected at-large from within the District's service area. On August 11, 2011, SSCWD adopted the Basis of Authority & Operating Principles of the Board Policy 7000, which further defines the District's Operating Principles of the Board (Norms). The Board of Directors appoints the General Manager responsible for the District's administration. The General Manager organizes and directs District activities in accordance with the Board's policies and priorities. Current Board members' names, positions, and term expiration dates are shown in Figure 7-1.

The Board holds regular meetings on the fourth Tuesday of each month at 5:15 pm in the Board Room of Sunnyslope County Water District, 3570 Airline Highway, Hollister, CA. The Board may also schedule special meetings at other times when needed and will post notice according to the Brown Act. The public can access meetings in person and through virtual viewing via Zoom. Agendas for Board meetings are available at the District's office and on the SSCWD website. Additionally, the District's online searchable database allows residents to search for past or present agenda packets and minutes.

Figure 7-1: Sunnyslope County Water District Governing Body

GOVERNING BODY				
Manner of Selection	At Large			
Length of Term	Staggered 4-years			
Meetings	Fourth Tuesday of each month at 5:15 p.m. at the Board Room of Sunnyslope County Water District at 3570 Airline Highway, Hollister, CA 95023			
Agenda Distribution	Online, at the District's office			
Minutes Distribution	Online			
BOARD MEMBERS				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Dorothy "Dee" Brown	President	2026	At Large	4-years
Edward Mauro	Vice President	2026	At Large	4-years
Mike Alcorn	Director	2026	At Large	4-years
Jerry Buzzetta	Director	2024	At Large	4-years
James Parker	Director	2024	At Large	4-years
CONTACT				
Contact	Drew Lander, General Manager			
Mailing Address	3570 Airline Highway, Hollister, CA 95023			
Phone	(831) 637-4670			
Email/Website	drew@sunnyslopewater.org			

SSCWD regularly issues newsletters to customers and the community to highlight their services and showcase various aspects of the District's work, from daily tasks to long-term planning.

ACCOUNTABILITY

Ethics training is required once every two years, beginning with an odd-numbered year (AB 1234, Chapter 700, Statutes of 2005). Training is available online at the State of California Fair Political Practices Commission (FPPC) website. All SSCWD's Board Members, except Director James Parker, have completed Ethics Training for 2024. The District reports that Director Parker is scheduled to complete the Ethics training in May 2024. Additionally, the

District's General Manager, Finance/HR Manager, Water/Wastewater Superintendent, Crew Chief, and Executive Secretary have completed Ethics Training for 2024. It is recommended that the Districts make all Certificates of Completions available on the District's website.

Additionally, a Statement of Economic Interest, or Form 700, must be submitted annually to indicate transparency in economic interests as required by the Political Reform Act of 1974 (California Government Code Sections 81000-81003). Every elected official and public employee who makes or influences governmental decisions is required to submit Form 700. All SSCWD's board members have current filings for Form 700 with the California Fair Political Practices Commission, indicating transparency in their economic interests. Furthermore, SSCWD's finance and human resource manager and the District's general manager have current filings for Form 700. It is recommended that the District make all completed and up-to-date Form 700 filings available on the website.

Through the District, there also exists a conflict-of-interest code and bylaws, outlined in the municipal code, as lawfully required and by which the Sunnyslope County Water District must abide.

There is legislation to help ensure public agencies adhere to accountability standards. California AB 2257 (Government Code §54954.2) is an update to the Brown Act and indicates requirements for methods by which an agenda for all meetings should be made available on an agency's website. SSCWD complies with this regulation.

SSCWD demonstrated accountability in its disclosure of information and cooperation with the LAFCO questionnaires and other requests for information.

The following figure identifies efforts to meet State laws designed to ensure transparency and accountability. SSCWD meets the requirements outlined in State laws regarding the Brown Act, website materials, and best practices to ensure easy access to significant planning documents and financial reports. SSCWD's website is easily navigated and makes available a substantial amount of information and documentation that is clear and concise for the customer. Annual Compensation Reports, the State Controller's Office Financial Transaction Reports, and the Enterprise System Catalogue are also available on the District's website as required.

Figure 7-2: Transparency and Accountability Indicators

Agency website (GC §53087.8)	Yes
Contact information available on website (GC §53087.8 (a)(3))	Yes
Annual Compensation Report (GC §53891 and 53908)	Yes
Adopted budget available on website	Yes
State Controller’s Office Financial Transaction Report available on website (GC §53891 and 53893)	Yes
Notice of public meetings provided	Yes
Agendas posted on website (GC §54954.2)	Yes
Public meetings are live streamed	Yes
Minutes and/or recordings of public meetings available on website	Yes – No archived recordings available
Master Plan available on website	Yes
Strategic Plan available on website	N/A
Sanitary Sewer Management Plan available on website	Yes
Enterprise System Catalogue available on website (GC §6270.5 (a))	Yes
Efforts to engage and educate the public on the services to the community	Yes
Staff and governing board member ethics training and economic interest reporting completed	Yes – Director Park is in the process of completing ethics training
Compliance with financial document compilation, adoption, and reporting requirements	Yes
Adherence to open meeting requirements	Yes

PLANNING AND MANAGEMENT PRACTICES

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

As of FY 23- 24, the Sunnyslope County Water District (SSCWD) has 21 full-time equivalent positions approved by the Board.¹²⁴

FINANCIAL PLANNING PRACTICES

The Sunnyslope County Water District (SSCWD)'s financial planning efforts include an annually adopted budget and annually audited financial statements.

Every June, the Sunnyslope County Water District Board of Directors is presented with and votes on the budget for the upcoming fiscal year (July 1 - June 30). The budget serves as a guide for how the District plans to meet the various expenses inherent in all aspects of its operation and offset those costs with the income it receives. As a public agency, Sunnyslope County Water District does not make a profit but strives to balance its income and expenses over the long term.

Every year, Sunnyslope County Water District undergoes a full financial audit by a third-party professional accounting firm. This audit aims to assure the public that the District is operating responsibly and transparently.

MANAGEMENT PLANNING PRACTICES

SSCWD has a strategic plan adopted in 2012, however, it is recommended that the District update its strategic plan to reflect current and future priorities and goals. An updated strategic plan is key for communicating the District's vision and departmental priorities to the public and enhance transparency.

The District does not have any additional management planning practices.

Sanitary Sewer Management Plan

In accordance with the California State Water Resources Control Board Order No. 2006-003, Sunnyslope County Water District has developed and is currently maintaining and implementing its Sewer System Management Plan. This plan summarizes the District's operational activities and goals for its wastewater collection system to ensure the health and safety of the public and the environment. At least once every five years, a complete update of the SSMP must be conducted to incorporate all changes and modifications. This update is taken before the Board of Directors for approval. The SSCWD's SSMPs were last updated in 2020. The audit is intended to evaluate the effectiveness of the SSMP's programs, identify

¹²⁴ Sunnyslope Water Service District, General Manager Response for Information, April 12, 2024.

potential weaknesses, and determine improvement opportunities for use in future SSMP modifications.

The SSMP is reviewed annually by the General Manager, Water/Wastewater Superintendent, Associate Engineer, Crew Chief, and all Maintenance staff during the operations and emergency response training. This training generally takes place in January and is required for all relevant management and field staff.¹²⁵

Master Plans

The Hollister Urban Area Water & Wastewater Master Plan (HUAMP) is adopted in collaboration with the City of Hollister, San Benito County Water District, and Sunnyslope County Water District to address long-term regional water and wastewater supply and quality. The plan includes an analysis of current and future water demand, water supplies and availability, water treatment options, wastewater treatment, and recycled water. This plan serves as the basis for all long-term water and wastewater decisions in the Hollister area. The HUAMP was last updated in 2017.

Other Plans

The Sunnyslope County Water District (SSCWD) had a five-year water and wastewater Capital Improvement Plan (CIP) for FY 17/18 - FY 21-22. The CIP included projects that aim to improve the overall functionality of the water or wastewater system and incorporate long-term strategy goals. The plan also included costs associated with each project, which are general estimations used for budgetary purposes and to help determine the timing of various projects.

The District's also incorporates CIP into annual budgets for wastewater specific projects. For instance, the FY 23-24 budget has projects such as, equipment repairs, street repairs, sludge removal, and tank maintenance.

Another planning document the District maintains related to wastewater services is an Overflow Emergency Response Plan, which outlines the steps and procedures that District staff will follow in instances of a sanitary sewer overflow. This plan aims to ensure the health and safety of the public and the environment during and after such an emergency.

¹²⁵ Sunnyslope County Water District, Sewer System Management Plan (SSMP) 2020, p.21.

GROWTH AND POPULATION PROJECTIONS

This section reviews historical and recent population and economic growth, projected growth, and growth areas.

LAND USE

San Benito County has land use regulatory authority over all unincorporated land in the county, which includes everything except land within the city limits of Hollister and San Juan Bautista or land owned/managed by either the State or Federal governments (e.g., State Parks, National Parks, Bureau of Land Management areas, and tribal lands).

Sunnyslope's SOI includes some areas within the eastern and southeastern parts of the City of Hollister. According to the City of Hollister 2040 General Plan, land use designations within the Sunnyslope SOI include open space and mixed-density residential designated areas. The San Benito County 2035 General Plan also shows that the majority of the land in the east and southeast parts of the City of Hollister is designated for mixed-use residential.

Sunnyslope's SOI also includes the Ridgemark, an area south of the City of Hollister. According to the San Benito County 2035 General Plan, the majority of the land designation for the Ridgemark area is mixed-use residential. The remaining parcels are designated for park and Public Quasi-Public (PQP) use. The purpose of the Public Quasi-Public designation is to provide space for uses, including public utility facilities and services such as schools, landfills, recycling, resource recovery, sewage treatment plants, fire stations, and other similar uses.¹²⁶

The Sunnyslope SOI also includes areas surrounding the City of Hollister to the north, eastern, and southeastern parts.

The northern parts of the area are designated for rural residential use. The purpose of the rural residential designation is to allow for large-lot rural residential homes within areas of the county that are generally unsuitable for productive agriculture because of existing small property sizes, multiple property owners, and proximity to other more intensive residential developments. These properties typically lack public infrastructure (e.g., water, sewer, drainage).

The eastern areas outside the City of Hollister are mostly designated for mixed-use residential use, and a few parcels are designated for Rural Transitional and Santana Ranch Specific Plan (SRSP) uses. According to San Benito County's General Plan, the purpose of the Rural

¹²⁶ San Benito County 2035 General Plan, July 21, 2015, BOS-Adopted, p. 3-6 to 3-11.

Transitional designation is to allow traditional rural development as a transition between rural and urban areas. Development within this designation should be associated with rural standards and will typically lack public infrastructure (e.g., water, sewer, drainage). These transitional areas are intended to fulfill the need to buffer higher-density residential development from exclusively agricultural areas to minimize the conversion of agricultural lands to urban uses.

The Santana Ranch Specific Plan designation area is about 292 acres east of the intersections of Fairview Road with Hillcrest Road and Sunnyslope Road. The Santana Ranch Specific Plan includes 1,092 dwelling units of various housing types and densities, including 774 single-family residential units at densities of 1.0 to 5.0 per acre and 318 multiple residential units at 5.1 to 12 units per acre. It also includes 9.7 acres of commercial retail and 2.0 acres of office development. Specific land uses in this area must be consistent with the Santana Ranch Specific Plan, which sets forth a comprehensive planning vision and regulatory framework for the project.¹²⁷

The eastern areas outside the City of Hollister are largely designated as mixed-use residential and residential rural uses. Additionally, a few parcels in the area are designated for Public Quasi Public and Fairview Corners Specific Plan (FCSP) uses. The Fairview Corners Specific Plan designation encompasses approximately 60 acres adjacent to the proposed Gavilan College San Benito Campus, directly north of the Airline Highway (State Route 25) and east of Fairview Road. The Fairview Corners Specific Plan includes 57-acre single-family residential units east of the City of Hollister, including 220 housing units and open space. Specific land uses in this area must be consistent with the Fairview Corners Specific Plan, which sets forth a comprehensive planning vision and regulatory framework for the project.

CURRENT POPULATION

Currently, the District's service area population is estimated to be 24,000, with an annual growth of approximately 750 persons. Over the past five years, Sunnyslope has grown at an average of 250 units annually. The District reports that there are enough approved subdivisions to keep that trend for three more years; however, due to increased interest rates, projections for this year estimate only 100 new units.¹²⁸

¹²⁷ San Benito County 2035 General Plan, July 21, 2015, BOS-Adopted, p. 3-4 to 3-11.

¹²⁸ Sunnyslope Water Service District, General Manager Response for Information, April 12, 2024.

PROJECTED GROWTH AND DEVELOPMENT

As discussed previously, SSCWD and the City of Hollister entered a Wastewater Treatment Services Agreement for the conveyance of wastewater from Gavilan College, Cielo Vista, Fairview Corners, and Lands of Lee projects—which are all within the District’s boundaries—to the City of Hollister’s existing facilities for treatment and disposal.¹²⁹

With the exception of Cielo Vista, which requested an out-of-jurisdiction service request seeking emergency service connection for 78 existing homes due to the failure of existing facilities for the area, the other three areas requested an out-of-area service for proposed developments.

The Gavilan College project area proposes new development to expand the community college campus. The out-of-jurisdiction service request will allow the project to avoid installing a new septic tank and connect to the City of Hollister’s wastewater collection and treatment system, saving Gavilan College approximately \$500,000 in public funds.

The Fairview Corners project area proposes the development of 189 new single-family detached homes and 20 accessory dwelling units. The development proponent for this project proposes to fund and install most of the proposed infrastructure improvements for the extension of sewer services for all three project areas: Cielo Vista Subdivision, Gavilan College, and Fairview Corners. The out-of-jurisdiction service request will allow the development project to connect to the City of Hollister’s wastewater collection and treatment system. It is unknown if there is an alternative project where septic tank(s) could/would be installed if the City’s sanitary sewer services are not provided or if the project would need to be redesigned.

The Lands of Lee project area proposes a new development of 121 single-family detached homes, 20 attached duet units, and up to 25 ADUs. The project has not received approved entitlements from San Benito County. There is an existing single-family detached residence on the property. This project intends to connect to the Fairview Corners project.

The affected territory is entirely within the boundaries of the unincorporated San Benito County and Sunnyslope County Water District. Properties within the Cielo Vista Subdivision project are located within the City of Hollister’s SOI, while properties within the Gavilan College, Fairview Corners, and Lands of Lee Projects are not located within the City’s SOI. The territory to be served is composed of 82 parcels consisting of approximately 220.08 acres.¹³⁰

¹²⁹ Sunnyslope Water Service District Conveyance of Wastewater to the City of Hollister for Treatment and Disposal, November 6, 2023.

¹³⁰ Staff Report, San Benito LAFCO File 546: Application for Approval of an Out-of-Agency Service Agreement between the City of Hollister and Sunnyslope County Water District. December 14, 2023.

Note that all sewer treatment from these areas goes to the City of Hollister and does not count for Ridgemark plant capacity.

Alternately, Figure 7-3 illustrates other planned and proposed developments within SSCWD’s SOI that affect sewer services. These planned and proposed developments will require a total allocated reserve of 460 EDUs or 91,800 gpd.

Figure 7-3: SSCWD Planned or Proposed Development Projects

PROJECT	# OF DWELLING UNITS	PROJECT TYPE	STATUS PROJECT
Promontory	90	Residential	Construction Phase
Vista Del Calabria Phase 1, 2, and 3	149	Residential	Construction Phase
John Wynn Ridgemark Commercial		Commercial	Pending Approval
John Wynn Ridgemark Residential infill development	190	Residential	Pending Approval
Total	429+ units		

GROWTH STRATEGIES

The out-of-agency service agreement between the City of Hollister and Sunnyslope County Water District for SSCWD to provide wastewater services is to accommodate the growth and development at Gavilan College, Fairview Corners, and Lands of Lee projects.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCo is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. The intent and history of this requirement is outlined in the Background Section of this report.

A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged community’s median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. Because income

information is not available for this level of analysis, disadvantaged unincorporated communities with smaller populations that meet LAFCO's definition cannot be identified.

The DWR Mapping Tool is an interactive map application that allows users to overlay the following three US Census geographies as separate data layers—Census Place, Census Tract, and Census Block Group. The specific dataset used in the tool is the US Census American Community Survey Five-Year Data: 2016 - 2020. Only those census geographies that meet the DAC definition are shown on the map (i.e., only those with an annual median household income (MHI) that is less than 80 percent of the Statewide annual MHI). Only those census geographies that meet the DAC definition are shown on the map (i.e., only those with an annual median household income (MHI) less than 80 percent of the Statewide annual MHI). According to Census Bureau data, the statewide MHI for 2016-2020 is estimated at \$78,672; hence, the calculated threshold of \$67,937 defines whether a community was identified as disadvantaged. According to the DWR Mapping Tool, the Sunnyslope County Water District's sewer service area is not considered a disadvantaged community.

FINANCE ABILITY TO PROVIDE SERVICES

FINANCIAL ABILITY TO PROVIDE SERVICES

The financial ability of agencies to provide services is affected by available financing sources and constraints. SSCWD's principal source of revenue is from water sales (53.8 percent of operating revenue) and wastewater sales (16.8 percent of operating revenue), constituting 70.6 percent of operating revenue.

The District's primary sources of non-operating revenues are water and wastewater capacity fees and investment income. The District reports that new housing development was moderate in the current year, with connection fees totaling \$1,438,150. The District received 104 water capacity fees this fiscal year, compared to 331 last year, and zero wastewater capacity fees this fiscal year, compared to 61 last year.

Operating expenses include salaries and benefits for 23 full-time employees, including water and wastewater system operations. The wastewater department's expenses include electricity for sewer pumping stations, repair and maintenance of the sewer manholes and mainline pipes, treatment costs, operation and maintenance of the Sequencing Batch Reactor (SBR), sludge disposal, and a 20 percent share of customer service and general and administrative costs. As of 2022, operating expenses are down 3.4 percent compared to last fiscal year, excluding

pension adjustments. The decrease in expenses is attributed to the reduction in surface water purchase and treatment and the idling of the Lessalt water treatment plant. The District's non-operating expenses include interest expense on our debt and the loss on disposal of assets.

Due to California State Executive Orders N-25-20 and N-29-20, the District halted service shutoffs for unpaid bills, resulting in an average of \$250,000 in unpaid monthly charges. The District plans to resume shutoffs starting February 2024 but has maintained uninterrupted service delivery and regulatory compliance throughout the pandemic.

Figure 7-4: The Sunnyslope County Water District Financial Summary 2022-23

SSCWD BUDGET		
Operating Revenues	2023	2022
Water services	\$6,480,883	\$7,346,626
Wastewater service	\$2,019,649	\$2,116,652
Contracted services	\$3,221,968	\$3,513,647
Late fees	\$84,884	\$115,540
Customer fees	\$52,157	\$207,940
Other	\$184,560	\$45,209
Total Operating Revenues	\$12,044,101	\$13,345,614
Operating Expenses		
Salaries and benefits	\$3,401,910	\$3,468,707
Pension	\$2,792,861	(\$3,532,778)
Operations and maintenance	\$6,762,696	\$7,342,410
Amortization and depreciation	\$2,456,304	\$2,391,254
Total Operating Expenses	\$15,413,771	\$9,669,593
Operating Income (Loss)	(\$3,369,670)	\$3,676,021
Non-Operating Revenues (Expenses)		
Interest income	\$449,391	\$44,846
Unrealized (loss) on investments	(\$275,856)	(\$675,297)
Gain on disposal of assets	\$10,493	
Other expense	(\$8,593)	(\$8,412)
Interest expense	(\$6,398)	(\$8,171)

Net Non-Operating Revenues (Expenses)	(\$3,200,633)	\$3,028,987
Capital Contribution		
Capacity and connection fees	\$1,438,150	\$7,349,525
Developer capital asset contributions	\$3,356,058	
Total Capital Contributions	\$4,794,208	7,349,525
Change in Net Position	\$1,593,575	\$10,378,512
Net Position - Beginning of Year	\$46,464,792	\$36,086,280
Net Position - End of Year	\$48,058,367	\$46,464,792

BALANCED BUDGET

Recurring operating deficits are a warning sign of fiscal distress. In the short term, reserves can backfill deficits and maintain services. However, ongoing deficits eventually will deplete reserves.

SSCWD’s FY 22-23 operating expenses exceeded operating revenue by \$3,369,670 or about 28 percent. In comparison, operating revenue for FY 21-22 exceeded operating expenses by \$3,676,021 or about 38 percent.

Alternatively, the District’s non-operating revenues have increased from (\$647,034) in FY 21-22 to \$169,037 in FY 22-23, mainly due to increased interest income.

The District has also received capital contributions from developers, who construct water and wastewater system infrastructure and then transfer it to the District for operation and maintenance. In FY 22-23, SSCWD reports accepting the water infrastructure and appurtenances of four completed subdivisions into its system for a total value of \$3,356,058. The five subdivisions include West of Fairview Phase 1A & 1B (\$1,650,330), Robert Ranch Phase 1&2 (\$1,191,857), Santana Ranch Phase 7 (\$246,881) and Twin Oaks Phase 4&5 (\$266,990). Total capital contributions also include capacity and connection fees, which for FY 22-23 totaled \$1,438,150.¹³¹

FUND BALANCES, RESERVES, AND LIQUIDITY

Fund balances and reserves should include funds for cash flow and liquidity in addition to funds to address longer-term needs. Cash reserves should be adequate to respond to system

¹³¹ Sunnyslope County Water District, Notes to Basic Financial Statements June 30, 2023, p.10-16.

emergencies, temporary deficits, economic downturns, fiscal emergencies, and needed capital improvements.

SSCWD has a reserve policy, adopted in 2014 and amended in 2020, to ensure adequate funding is available to meet operational, capital, and debt service obligations.

There are three major types of reserve funds: Legally Restricted Reserves, Board Designated Reserves, and Unrestricted Reserves. Legally Restricted Reserves have restrictions imposed by an outside source, such as bond covenants, contractual obligations, or other restrictions. Board Designated Reserves are set aside for a specific purpose as determined by action of the Board of Directors. The Board of Directors has the authority to redirect the use of these reserves as the needs of the District change. Unrestricted Reserves are required for adequate cash flow to meet operating needs and are planned as a source of funding for the Capital Improvement Program and to assist in providing orderly rate increases.¹³²

Figure 7-5 shows the District’s reserves and the balance as of FY 22-23. As of FY 22-23, SSCWD has \$15,078,036 in total restricted reserve, \$8,341,620 in board-designated reserve, and \$2,188,864 in undesignated unrestricted reserve.¹³³

Figure 7-5: The Sunnyslope County Water District Financial Reserves

RESERVE	FY 22-23 AMOUNT
Restricted Reserve	
Water capacity fees	\$12,041,086
Wastewater capacity fees	\$1,357,256
Debt services reserve	\$780,051
Pension benefits	\$899,643
Total Restricted Reserve	\$15,078,036
Unrestricted Reserve (Board Designated Reserves)	
Capital improvement reserve	\$5,772,624
Vehicle replacement	\$398,132
Emergency equipment replacement	\$1,000,000
Office and miscellaneous equipment replacement	\$420,864
Rate stabilization fund	\$250,000
Drought contingency reserve	\$500,000
Total Board Designated Reserve	\$8,341,620

¹³² Sunnyslope County Water District Reserve Policy, Policy Amended March 17, 2020,p.1.

¹³³ Sunnyslope County Water District, Notes to Basic Financial Statements June 30, 2023, p.49.

Unrestricted Reserve (Undesignated Reserve)	\$2,188,864
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NET POSITION

An agency’s “Net Position” represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position indicates financial soundness over the long term.

As of FY 22-23, the District’s assets exceed liabilities by \$48,058,367, which reflects the District’s net position. The most significant portion of the District’s net position (46.7 percent) reflects its investment in capital assets of \$22,449,847 (e.g., land, transmission and distribution systems, wells, tanks, pumps, buildings and structures, equipment, and vehicles), net of accumulated depreciation and related outstanding debt used to acquire those assets. The District uses its capital assets to provide water and wastewater service to its designated service area, and as such, these assets are not available for future spending.

The District’s net position increased \$1,593,575 from the prior fiscal year. The increase is primarily a result of the income from operations, capacity fees collected, developer capital contributions, and interest earned, offset by interest expense.¹³⁴

PENSIONS AND OPEB

The District offers two retirement plans to its employees. Employees hired before January 1, 2013, are members of the CalPERS Classic Plan, and employees hired after January 1, 2013, are members of the California Public Employees’ Pension Reform Act Plan (PEPRA Plan).

Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined annually by the actuary and must be effective on July 1st, following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. As of FY 22-23, the District’s contribution to the CalPERS Classic Plan was \$168,549. While the District’s contribution to the PEPRA Plan was \$107,124.¹³⁵

¹³⁴ Sunnyslope County Water District, Notes to Basic Financial Statements June 30, 2023, p.6-7.

¹³⁵ Sunnyslope County Water District, Notes to Basic Financial Statements June 30, 2023, p.39.

In 2011, the District rejoined the Public Employees' Medical & Hospital Care Act (PEMHCA) in January 2011, offering healthcare plans through the California Public Employees' Retirement System (CalPERS).

Under the CalPERS health plan, the District is required to pay the minimum employer health premium contribution for the District's eligible retirees and eligible surviving spouses. The employee is responsible for paying the remainder of the monthly healthcare premium. The minimum employer contribution for retirees' health premiums for calendar year 2023 is \$151 per month. The amount will increase in subsequent years to reflect inflation in the cost of healthcare. These benefits are being paid through the CalPERS California Employers' Retirement Benefit Trust (CERBT). To be eligible for retirement medical, an active employee must be at least 50, have a minimum of five years of service, and retire directly from the District.

The District intends to contribute to the Trust the actuarially determined contribution (ADC) net of the pay-as-you-go benefits paid annually directly from employer resources. For FY 22-23, the District's cash contributions were \$13,953 in premium payments made on behalf of retirees, implied subsidy payments of \$57,268, and administrative expenses of 458, resulting in total payments of \$71,679. No trust contributions were made in the FY 22-23 fiscal year.¹³⁶

The District also offers its employees a choice between two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Retirement law allows "rollovers" of 457 plan assets into other qualified retirement plans. Participants are fully vested at all times, and the District or creditors of the District have no claim against the plan. All funds are held by outside trustees and excluded from the statement of net position in conformity with Government Accounting Standards.

Effective July 1, 2010, the District agreed to match the lesser of 30 percent of the employee deferral contribution, or \$468, to the extent that District contributions and employee deferral do not exceed the maximum permitted by law.

For the year ended June 30, 2023, employee contributions consisting of employee deferrals, compensated absences, and cash in lieu of insurance benefits converted to deferred

¹³⁶ Sunnyslope County Water District, Notes to Basic Financial Statements June 30, 2023, p.44.

compensation totaled \$262,097. The required employer matching contribution for the same period was \$7,159.¹³⁷

LONG-TERM DEBT

As of June 30, 2023, the District had long-term debt and long-term liabilities totaling \$22,199,474. This includes a project financing agreement with the State Water Resources Control Board (SWRCB) that SSCWD entered into for a \$11.4 million State Revolving Fund (SRF) loan.

This loan provided funds for constructing the Ridgemark Wastewater Treatment and Recycled Water Improvements Project (the System), which generally consisted of upgrading and consolidating the District's Ridgemark I and Ridgemark II wastewater treatment facilities. The agreement's term is from December 14, 2010, to September 30, 2033.

Interest totaling \$345,037 accrued during the construction period and was incorporated into the loan's principal balance. At an annual interest rate of 2.6 percent, the amortized principal and interest payments total \$759,975 annually.

Another source of the District's long-term debt comes from the District's share of costs to upgrade the Lessalt Water Treatment Plant and construct the West Hills Water Treatment Plant. Although the San Benito County Water District (SBCWD) committed \$30 million to this project, costs exceeded this by \$11.6 million, funded through grants, reserves, and a \$4 million loan. The District's share of costs is split between the tranches, with payments spread over different periods and interest rates. The District's financial commitments for the three tranches are:¹³⁸

- The first tranche is \$6.5 million spread over 30 years at a 4.5 percent interest rate.
- The second tranche is \$8.5 million spread over 20 years at a 4.0 percent interest rate.
- The third tranche is \$2 million spread over 15 years at a 3.45 percent interest rate.

Lastly, as of June 30, 2023, the District recorded \$51,967 (net) as intangible right-to-use software arrangements in its statement of net position. These accounting and water monitoring software arrangements were classified as Subscription-Based IT Arrangements (SBITA) following GASB Statement No. 96 implementation. They require recording as intangible assets and SBITA liabilities by the District. The assets will be amortized over four and five years, with

¹³⁷ Sunnyslope County Water District, Notes to Basic Financial Statements June 30, 2023, p.43.

¹³⁸ Sunnyslope County Water District, Notes to Basic Financial Statements June 30, 2023, p.35-37.

no residual value guarantees. The accounting software arrangement concludes in 2025, and the water monitoring software arrangement ends in 2026.¹³⁹

RATES AND FEES

SSCWD's conducted a wastewater rate study in 2013. The Board approved wastewater rate increases in August 2013 via Ordinance No. 74, implementing a phased 19 percent increase annually over two years starting December 2013. These increases were crucial for funding the Hollister Urban Area Water Project (HUAWP) and constructing a new Sequencing Batch Reactor (SBR) at the Ridgemark Wastewater Treatment Plant. Several projects recommended in the HUAWP have been constructed to enhance drinking water quality and ensure compliance with water and wastewater regulations at the state and federal levels.¹⁴⁰

The District also conducted a study on water and wastewater capacity charges in 2013. Following a public hearing in August 2013, new charges were implemented effective October 6, 2013. These fees are imposed to provide new or increased water and wastewater services through new connections.¹⁴¹

WASTEWATER SERVICES

SERVICE OVERVIEW

SSCWD owns and operates the wastewater collection system for the Ridgemark, Quail Hollow, and Oak Creek areas.

TYPE AND EXTENT OF SERVICES

Services Provided

The District serves approximately 1,237 sewer accounts, of which 99 percent are residential customers. Wastewater flows by gravity from residences and businesses into the sewer pipes and manholes in the street. It then continues flowing downhill toward one of Sunnyslope's sewer lift stations. These pump the wastewater uphill through pressurized sewer pipes called force mains to a different part of the sewer system. From there, gravity flows to the Ridgemark Wastewater Treatment Plant or another lift station. There are lift stations on Oak Creek Ct., Paullus Dr., Sonnys Way, and Marks Dr.

¹³⁹ Sunnyslope County Water District, Notes to Basic Financial Statements June 30, 2023, p.37.

¹⁴⁰ Sunnyslope County Water District, Management's Discussion and Analysis For the Year Ended June 30, 2023. p.7-8.

¹⁴¹ Sunnyslope County Water District, Management's Discussion and Analysis For the Year Ended June 30, 2023. p.13.

Services to Other Agencies

SSCWD collects service charges and related fees from customers on behalf of the City of Hollister for wastewater collection and treatment services.

The Sunnyslope County Water District (SSCWD) has a contract with the City of Hollister and San Benito Foods - Neil Jones Foods Company to operate the Hollister Industrial Wastewater Treatment Plant on the western side of Hollister.

Contracts for Services

The City of Hollister provides additional wastewater treatment capacity in contract with the Sunnyslope County Water District as "an alternative to, or substitute for," the wastewater services already being provided by Sunnyslope County Water District.

Overlapping Service Providers

As mentioned, the City of Hollister provides additional wastewater treatment capacity to the area.

Extra-territorial Services

SSCWD entered a Wastewater Treatment Services Agreement with the City of Hollister for the District to provide wastewater services to Gavilan College, Cielo Vista, Fairview Corners, and Lands of Lee projects. These areas are all located in unincorporated San Benito County and within Sunnyslope County Water District's boundaries. All four areas are also within the Hollister Urban Area. The affected area is composed of 82 parcels consisting of approximately 220.08 acres.

The new sewer connection from Cielo Vista to the City of Hollister wastewater collections system has been completed.

Unserved Areas

There are no unserved areas within SSCWD.

Collaboration

Sunnyslope maintains a strong relationship with neighboring agencies, including San Benito County Water District and the City of Hollister. Significant coordination with these agencies has culminated in various regional plans for water supplies and quality, wastewater treatment and disposal, and long-term partnerships to accomplish many diverse goals.

STAFFING

As of FY 23-24, the Sunnyslope County Water District (SSCWD) has 15 FTE staff dedicated to water and wastewater services operations. The District reports all staff hold state certifications for sewer collections and treatment.

The operations department includes a Water/Wastewater Superintendent, an Operations and Maintenance Crew Chief, five Water Treatment Plant Operators, and eight Water/Wastewater Utility Maintenance staff. The department also has one Plant Maintenance Electrician/Instrumentation Technician position.

The Water/Wastewater Utility Maintenance staff are responsible for the daily maintenance and operational activities as assigned. They are generally the first responders to any sewer system issues and conduct the onsite work to resolve such issues. They also provide on-call service for 24/7 emergency response and monitor the sewer system via the District's Supervisory Control and Data Acquisition (SCADA).

WASTEWATER FACILITIES AND CAPACITY

COLLECTION SYSTEM

SSCWD's sewer system comprises approximately 13 miles of sewer mains, 315 manholes, four sewer lift stations, and the sequential batch reactor Ridgemark Wastewater Treatment Plant (WWTP). Approximately ten percent of the gravity sewer mains are made of 6" or 8" vitrified clay pipe (VCP) installed in the early to mid-1970s. The remaining 90 percent is predominantly 8" polyvinyl chloride (PVC) plastic pipe from the 1980s through 1990s. All four SSCWD sewer lift stations are equipped with the District's SCADA system, which allows operators to monitor and control the status of these stations remotely. Alarms programmed into the SCADA are active 24/7 and will alert operators of issues at key set points. Each station also has primary and backup submersible pumps in the wet wells to ensure they can continue operation even if one pump is damaged. Two lift stations have permanent onsite backup power generators. The other two lift stations have adequate wet well storage to give staff sufficient time to respond and connect the District's portable generators to the lift stations.¹⁴²

Maintenance and Operations

SSCWD's staff operate and maintain the Ridgemark Wastewater Treatment Plant. Sensors and instruments constantly feed information to the operators concerning every stage of the

¹⁴² Sunnyslope County Water District, Sewer System Management Plan (SSMP) 2020, p.8.

treatment process. Regular laboratory testing is done to ensure that each process is effective and that the treated water is environmentally safe for disposal. Emergency power generation is onsite and routinely tested to remain operational even during a power outage. The SCADA electronic control system allows operators to monitor and control the plant operations remotely at any time.

Qualified staff regularly clean the sewer by flushing and hydro-jetting to clear all the pipes, and wastewater flows freely. When the pipes clog with grease, trash, "flushable" wipes, or other debris, the wastewater can back up and overflow from the manholes or into people's houses. To prevent this, please only flush toilet paper down the toilet and never pour grease or cooking oil down the drain.

TREATMENT FACILITY

SSCWD operates the Ridgemark Wastewater Treatment Plant, which was completed in 2013 to treat sewage from the District's wastewater service area. Sunnyslope replaced its previous aerated pond wastewater treatment system with a new sequential batch reactor treatment plant to comply with stricter regulations on treated wastewater quality. This upgrade ensures that the District meets all wastewater quality regulations the plant was built to address.

Capacity

The permitted capacity of the Ridgemark WWTP is 350,000 GPD. SSCWD reports that the plant operates at 80 percent of its permitted capacity to avoid triggering a permit requirement to plan for additional operational capacity.

Currently, the flow is significantly below the 80 percent threshold, so there is no need to expand capacity at this time.

Maintenance and Operations

SSCWD's staff conducts routine preventative maintenance of the collection system facilities and equipment to ensure their reliability and consistent performance. This includes daily monitoring of lift stations, regular clearing lift stations of debris, and scheduled sewer pipe cleaning and flushing. Specific cleaning is done in target areas of historic concern and issues. The Crew Chief assigns the various maintenance activities from an Excel-based Computerized Maintenance Management System (CMMS), which schedules and creates work orders. Once these work orders are completed, the Crew Chief updates the program and assesses if further maintenance work is required. According to the 2020 SSMP, SSCWD intends to transition from the Excel-based CMMS to the Nexen Asset Management program—a more robust

CMMS system that will more easily analyze maintenance activities – in the coming years. Such analysis will enable SSCWD to become even more proactive in preventative maintenance by studying various system asset trends, costs, and lifecycles.¹⁴³

INFRASTRUCTURE NEEDS

SSCWD did not report any infrastructure needs.

STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

SSCWD did not identify any opportunities for shared facilities.

CHALLENGES

SSCWD did not report any challenges in providing services.

WASTEWATER FLOW

EXISTING AND PROJECTED DEMAND

Sunnyslope County Water District has 1314 sewer connections into the Ridgemark plant, with a daily flow of 160,000 GDP or about 45 percent of the permitted capacity of 350,000 GDP.

The District indicates although the recent sewer treatment agreement with the City of Hollister will add sewer collection to the Cielo Vista Neighborhood, Gavilan College, and the Fairview Corners development, all sewer treatment goes to the City of Hollister and does not count for Ridgemark plant capacity.¹⁴⁴

PROJECTED DEMAND

The District has approved 300 units to be added to the Ridgemark sewer, with an estimated capacity of 45,000 GDP set aside for these developments. After the full build-out of all planned developments, the District will be operating at approximately 252,000gal/day, or 72 percent of the permitted capacity.

I/I is estimated to be low because these areas do not have groundwater issues. Sewers are also constructed and inspected by district inspectors for water tightness.¹⁴⁵

¹⁴³ Sunnyslope County Water District, Sewer System Management Plan (SSMP) 2020, p.13.

¹⁴⁴ Sunnyslope Water Service District, General Manager Response for Information, April 12, 2024.

¹⁴⁵ Sunnyslope Water Service District, General Manager Response for Information, April 12, 2024.

SERVICE ADEQUACY

This section reviews indicators of wastewater service adequacy, including collection system integrity and regulatory compliance. Whenever available, industry standards are used to determine the level of services provided. In lieu of adopted standards, the report also makes use of generally accepted industry best practices or benchmarking with comparable providers.

SEWER SYSTEM INTEGRITY

There are several measures of the integrity of the wastewater collection system, including sanitary sewer overflows, peaking factors resulting from infiltration and inflow (I/I), and efforts to address infiltration and inflow.

Sanitary Sewer Overflows

All wastewater agencies are required to report sanitary sewer overflows (SSOs) to SWRCB. Sewer overflows are discharges from sewer pipes, pumps, and manholes. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The sewer overflow rate is calculated as the number of overflows per 100 miles of the main pipeline per year. The SWRCB shows 1 SSO for the Sunnyslope County Water District since 2018. The Spill occurred in 2022 due to a construction diversion failure.

Due to the relatively young age of the sewer system and SSCWD's proactive maintenance and cleaning practices, there have been very few Sanitary Sewer Overflows (SSO), sewer main breaks, or other issues.¹⁴⁶

The SWRCB shows 1 SSO for the Sunnyslope County Water District since 2018. The Spill occurred in 2022 due to a construction diversion failure.

Infiltration and Inflow

Wastewater flow includes not only discharges from residences, businesses, institutions, and industrial establishments but also infiltration and inflow. Infiltration refers to groundwater that seeps into sewer pipes through cracks, pipe joints, and other system leaks. Inflow refers to rainwater that enters the sewer system from sources such as yard and patio drains, roof gutter downspouts, uncapped cleanouts, pond or pool overflow drains, footing drains, cross-connections with storm drains, and even holes in manhole covers. Infiltration and inflow tend to affect older sewer systems to a greater degree. Infiltration and inflow rates are highest during or right after

¹⁴⁶ Sunnyslope County Water District, Sewer System Management Plan (SSMP) 2020.

heavy rain. They are the primary factors driving peak flows through the wastewater system and a major consideration in capacity planning and costs.

The peaking factor is the ratio of peak-day wet weather flows to average dry weather flows. The peaking factor indicates the degree to which the system suffers from I/I, where rainwater enters the sewer system through cracks, manholes, or other means. A peaking factor of up to three is generally considered acceptable based on industry practices.

According to the 2020 SSMP, infiltration and inflow (I/I) during storm events do not cause a noticeable increase in flow. The District also reports that inflow and infiltration vary, and only during significant rain events does the District's SCADA system show prolonged increases in flow. During these events, daily flow increased to 180,000 GPD or roughly 20 percent, which uses about half of the permitted plant capacity.¹⁴⁷

The District reports that historically, I/I have been very low, with a 10 percent increase in fluctuation during storms. SSCWD plans to remain below 80 percent of permitted capacity; therefore, I/I is expected not to exceed 85 percent of plant capacity.¹⁴⁸

REGULATORY COMPLIANCE

The RWQCB enforces the Clean Water Act, permit conditions, and other requirements of wastewater providers. Violations of State requirements for wastewater providers and treatment facilities are recorded by SWRCB. The Board may levy fines or order the provider to take specific actions to comply with water quality regulations.

In 2022, the Central Coast Regional Water Quality Control Board issued a notice of applicability, indicating that the Ridgemark Estates wastewater treatment facility's enrollment under the General Waste Discharge Requirements Order No. R3-2020-0020 and termination of Sunnyslope County Water District's coverage in the existing individual permit, Order No. R3-2004-0065.

The letter also includes monitoring and reporting program no. R3-2022-0033, which Sunnyslope County Water District must comply with. This includes submitting quarterly monitoring reports and annual reports to the Central Coast Water Board and complying with annual volumetric reporting requirements established by the SWRCB.

According to the RWQCB's website, there have been zero enforcement actions for SSCWD since 2011. Alternately, the District had 57 violations from 2019-2023, of which eight occurred in

¹⁴⁷ Sunnyslope Water Service District, General Manager Response for Information, April 12, 2024.

¹⁴⁸ Sunnyslope County Water District, Request for Information, April 2024.

2023.¹⁴⁹ Over the years, violations have been associated with high salinity levels including total dissolved service (TDS), chloride, and sodium. To address this issue, the District has increased the delivery of low-salinity surface water to customers, to help reduce the salinity of the wastewater. Although this is a long-term process, the District reports that significant progress has been made over the past 10 years, with salinity levels reduced more than half during this period.

Per the RWQCB's website the last inspection for the District was completed in 2021.

GOVERNANCE STRUCTURE OPTIONS

No issues that would require a change in the governance structure are identified for Sunnyslope. However, the District can participate in the following Governance Options identified for other agencies.

SUBSIDIARY DISTRICT

The Sunnyslope County Water District maintains a strong relationship with neighboring agencies, including the City of Hollister, providing additional wastewater treatment capacity as "an alternative to, or substitute for" the wastewater services already provided by the District. Therefore, SSCWD participating in the option to establish a subsidiary district that incorporates the HUA in collaboration with all the neighboring agencies is recommended to prevent service overlap and increase efficiency.

SSCWD ANNEXES HOLLISTER'S EXTRA-TERRITORIAL AREAS

Another option identified to address the various Hollister out-of-area connections is for SSCWD to annex the extra-territorial areas and begin serving wastewater services. It is important to note that this option must consider SSCWD's remaining plant capacity, which, taking into consideration approved and planned development, is roughly 72 percent. Additionally, a 10 to 20 percent flow increase that the District experiences during rainy seasons may need to be taken into consideration with this option.

¹⁴⁹ State Water Resources Control Board, California Integrated Water Quality System Project (CIWQS) Facility At-A-Glance Report.

CONSOLIDATION OF SSCWD AND TRES PINOS

Another option identified is for Tres Pinos County Water District (TPCWD) to consolidate wastewater services with SSCWD, as the District is currently taking over water services for Tres Pinos. This option allows for increased efficiency and reduced duplication of management and governance. The consolidation may also allow for streamlining water and wastewater services by placing both services under the same agency and enhancing the level of services provided to Tres Pinos' residents.

This option would require the willingness of both SSCWD and TPCWD. Additionally, relinquishing local control may be a struggle.

SUNNYSLOPE COUNTY WATER DISTRICT MSR DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

- 7-1: The Sunnyslope County Water District (SSCWD) wastewater system (collection, treatment, and disposal) serves a smaller area within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions.
- 7-2: The District's service area population is estimated to be 24,000. Over the past five years, the area has grown by approximately 750 people annually and by an average of 250 units.
- 7-3: The District reports that there are enough approved subdivisions to keep the growth trend for three more years; however, due to increased interest rates, projections estimate only 100 new units for this year.

THE LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AGENCY'S SOI

- 7-4: According to the DWR Mapping Tool, the Sunnyslope County Water District's sewer service area is not considered a disadvantaged community.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

- 7-5: SSCWD owns and operates the wastewater collection system for the Ridgemark, Quail Hollow, and Oak Creek areas. SSCWD's sewer system comprises approximately 13 miles of sewer mains, 315 manholes, four sewer lift stations, and the sequential batch reactor Ridgemark Wastewater Treatment Plant (WWTP).
- 7-6: The average wastewater flow to the Ridgemark WWTP is about 150,000 gallons per day (GPD), with maximum daily flows of up to 195,000 GPD. However, this is well within the Ridgemark WWTP's treatment capacity of 350,000 GPD.
- 7-7: The SWRCB website shows 1 SSO for the Sunnyslope County Water District since 2018. The Spill occurred in 2022 due to a construction diversion failure.
- 7-8: According to the SWRCB's website, Sunnyslope County Water District has had zero enforcement actions since 2011. Alternately, SSCWD had 57 violations from 2019 to 2023, of which eight occurred in 2023. Over the years, the primary cause of these violations has been high salinity levels in the wastewater. To address this issue, the District has increased the delivery of low-salinity surface water to customers, which helps reduce wastewater salinity. Over the past decade, the District has made significant progress with this effort, reducing salinity levels by more than half.

7-9: SSCWD did not report any infrastructure needs.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

7-10: The District utilizes financial planning and reserve policies to ensure continued service provision. However, the halt in service shutoffs due to California State Executive Orders N-25-20 and N-29-20 led to an average of \$250,000 in monthly unpaid charges. Although planning to resume shutoffs in February 2024, the District maintained uninterrupted service delivery and regulatory compliance throughout the pandemic.

STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

7-11: SSCWD maintains a strong relationship with neighboring agencies, including San Benito County Water District and the City of Hollister.

7-12: SSCWD collects service charges and related fees from customers on behalf of the City of Hollister for wastewater collection and treatment services.

7-13: The City of Hollister provides additional wastewater treatment capacity in contract with the Sunnyslope County Water District as "an alternative to, or substitute for," the wastewater services already being provided by Sunnyslope County Water District.

7-14: SSCWD entered a Wastewater Treatment Services Agreement with the City of Hollister for the District to provide wastewater services to Gavilan College, Cielo Vista, Fairview Corners, and Lands of Lee projects. These areas are all located in unincorporated San Benito County and within Sunnyslope County Water District's boundaries.

7-15: SSCWD did not identify any opportunities for shared facilities.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

7-16: SSCWD meets the requirements outlined in State laws regarding the Brown Act, website materials, and best practices to ensure easy access to significant planning documents and financial reports. SSCWD's website is easily navigated and makes available a substantial amount of information and documentation that is clear and concise for the customer. Annual Compensation Reports, the State Controller's Office Financial Transaction Reports, and the Enterprise System Catalogue are also available on the District's website as required.

7-17: It is recommended that completed and up-to-date ethics training and Form 700s for each required staff be readily available on SSCWD's website.

7-18: SSCWD demonstrated accountability in its disclosure of information and cooperation with the LAFCO questionnaires and other requests for information.

7-19: The identified governance structure options for SSCWD include participating in the formation of a subsidiary district with other neighboring agencies and consolidating with the Tres Pinos Water District to provide wastewater services.

8. TRES PINOS WATER DISTRICT

AGENCY OVERVIEW

BACKGROUND

The Tres Pinos County Water District (TPCWD) was formed in 1962 to serve the unincorporated Tres Pinos community in the eastern portion of San Benito County. TPCWD is an independent special service district that provides potable water and wastewater service to its local community. The town of Tres Pinos and the corresponding District service area is located approximately 7 miles southeast of the City of Hollister in San Benito County.¹⁵⁰

The Tres Pinos County Water District was last included in a San Benito LAFCO Countywide Municipal Services Review 2007. This MSR is specific to wastewater services.

BOUNDARIES

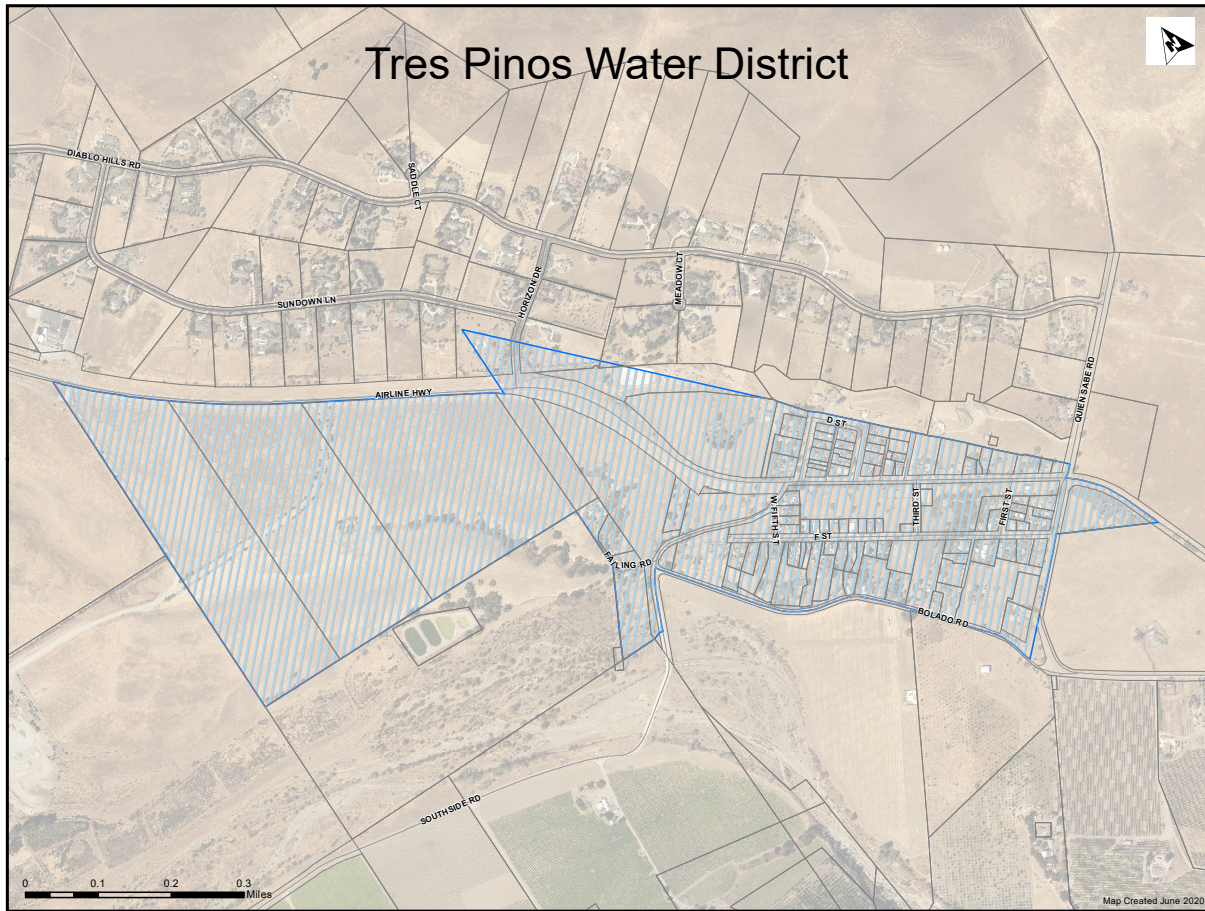
The Tres Pinos County Water District is situated approximately four miles south of the City of Hollister and five miles north of the City of Paicines in the northern portion of San Benito County. According to the San Benito County open data portal, the District comprises roughly 4 square miles. TPCWD is primarily situated between Airline Highway to the north, Bolado Road to the south, Quien Sabe Road to the east, and where Airline Highway meets Portogese Way on the west. A map of the service area is illustrated in Figure 8-1.

SPHERE OF INFLUENCE

While the District has service area boundaries, since Tres Pinos is an unincorporated community, it does not have a traditional sphere of influence. It is, instead, overseen by the County of San Benito and its Board of Supervisors.

¹⁵⁰ Tres Pinos County Water District, Developing a Comprehensive Long-Term Wastewater Management Plan. November 30, 2012. p.1-1.

Figure 8-1: Tres Pinos County Water District Map



ACCOUNTABILITY AND GOVERNANCE

GOVERNANCE

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here focus on 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, 2) a website with required content and other useful information, 3) timely ethics training for board members and an adopted reimbursement policy, 4) a defined complaint process designed to handle all issues to resolution, 5) adopted bylaws that provide a framework and direction for governance and administration, 6) adoption of a conflict-of-interest code as required by law, 7) proper filing of Form 700 by the governing body members, and 8) transparency of the agency as indicated by cooperation with the MSR process and information disclosure at meetings, in documents and on a website.

As an independent special district, Tres Pinos County Water District operates through a locally elected, five-member Board of Directors who serve four-year terms. Meetings take place at 6:30 pm at the District office on the third Tuesday of each month. Meeting minutes and agendas are available on the District’s website and through the District office, however, not all meetings have minutes available online. Figure 8-2 includes information about the current governing body. It is recommended that the District make minutes available for all board meetings in a timely manner to ensure transparency.

Figure 8-2: Tres Pinos County Water District Governing Body

GOVERNING BODY				
Manner of Selection	Local elections			
Length of Term	4 years			
Meetings	6:30pm on the third Tuesday of each month at the District office: 6850 Airline Hwy Tres Pinos, CA 95075			
Agenda Distribution	District website or District office			
Minutes Distribution	District website or District office			
BOARD MEMBERS				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Edward Schmidt	President	2026	Elected	4 years
Robert (Bub) Kelly	Vice-President	2024	Elected	4 years
Adam Rule	Secretary/Treasurer	2024	Elected	4 years
Cassandra Spencer	Director	2024	Elected	4 years
Jeanette Maroney	Director	2026	Elected	4 years
CONTACT				
Contact	Maria Fehl – Office Manager			
Mailing Address	6850 Airline Hwy., Tres Pinos, CA 95075			
Phone	831-628-3319			
Email/Website	Trespinoswaterdistrict@gmail.com/ https://trespinoswaterdistrict.specialdistrict.org			

The District reports various outreach efforts to keep its constituents and customers engaged and informed, including mailers sent with monthly statements, announcements placed on the bulletin board of a local market, as well as flyers displayed at the post office and on the District’s website. The District also began providing newsletters in 2018 to help serve the

District's customers better, inform residents about the latest happening, and how to get involved.

The District reports that any customer concerns specific to services provided are brought directly to the District office to be addressed. If the matter remains unresolved, the customer can bring it to a board meeting. The District reports zero wastewater-specific complaints in 2023, in part due to the moratorium on new hookups and having a flat, and therefore reliable, monthly fee.¹⁵¹

ACCOUNTABILITY

Ethics training is required once every two years, beginning with an odd-numbered year (AB 1234, Chapter 700, Statutes of 2005). Training is available online at the State of California Fair Political Practices Commission (FPPC) website.

Additionally, a Statement of Economic Interest, or Form 700, must be submitted annually to indicate transparency in economic interests as required by the Political Reform Act of 1974 (California Government Code Sections 81000-81003). Every elected official and public employee who makes or influences governmental decisions is required to submit Form 700.

All TPCWD's board members have up-to-date Ethics Trainings and Form 700s. It is recommended that the District makes all up-to-date documents available on the website to ensure transparency.

Through the District, there also exists a conflict-of-interest code and bylaws, outlined in the municipal code, as lawfully required and by which the Tres Pinos Water District must abide.

There is legislation to help ensure public agencies adhere to accountability standards.

California AB 2257 (Government Code §54954.2) is an update to the Brown Act and indicates requirements for methods by which an agenda for all meetings should be available on an agency's website. Tres Pinos Water District complies with this regulation. It appears to be that there are, however, two websites listed for the District online. One has the most current and general information, while the other has various service-specific information such as rates and policies, bill payments, and water quality reports. It is recommended that the District consolidate the website to avoid confusion and duplication of information and provide cohesive information to the residents.

¹⁵¹ Tres Pinos Water District, Request for Information. October 2023.

The following figure identifies specific efforts to meet State laws that are designed to ensure transparency and accountability. TPCWD meets some of the listed criteria, however, online access to various financial documents is not available on the District’s website as mandated by the state of California. Additionally, no planning documents are available on the District’s website. TPCWD also stated it does not participate in any developmental or regional plans. Overall, TPCWD demonstrated accountability in its disclosure of information and cooperation with the LAFCO questionnaires and other requests for information.

Figure 8-3: Transparency and Accountability Indicators

TRANSPARENCY	TPCWD
Agency website ¹ (GC §53087.8)	Yes
Contact information available on website (GC §53087.8 (a)(3))	Yes
Annual Compensation Report (GC §53891 and 53908)	Yes via link available on the District’s website
Adopted budget available on website	No
State Controller’s Office Financial Transaction Report available on website (GC §53891 and 53893)	Yes via link available on the District’s website
Notice of public meetings provided	Yes
Agendas posted on website (GC §54954.2)	Yes
Public meetings are live streamed	No
Minutes and/or recordings of public meetings available on website	Yes
Master Plan available on website	No
Strategic Plan available on website	No
Sanitary Sewer Management Plan available on website	No
Enterprise System Catalogue available on website (GC §6270.5 (a))	No
Efforts to engage and educate the public on the services to the community	Yes
Staff and governing board member ethics training and economic interest reporting completed	Yes
Compliance with financial document compilation, adoption, and reporting requirements	Yes – however, financial audit is delayed since FY 18-19
Adherence to open meeting requirements	Yes

PLANNING AND MANAGEMENT PRACTICES

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

Tres Pinos County Water District (TPCWD) has indicated that it employs staff on a part-time basis through Infinity Staffing, a temporary agency with a fixed number of hours per week. Currently, the District has two employees, an office manager, and a meter reader, that is contracted through the staffing agency. The District also has contracts for the maintenance and operation of its water and wastewater ponds.

TPCWD stated that employee evaluations are performed as necessary by an ad hoc committee created by the board.¹⁵² The District also submits an annual report to the state to illustrate the operations and productivity of wastewater services offered by the District.

FINANCIAL PLANNING PRACTICES

TPCWD follows an annual budgeting process. However, staffing challenges with the hired CPA have led to delays in conducting yearly audits. The most recent financial audit was finalized for FY 18-19.

SANITARY SEWER MANAGEMENT PLAN

The Sanitary Sewer Systems General Order (Order W/Q 2022-0103-DW/Q) requires public agencies that own or operate sanitary sewer systems to develop and implement sewer system management plans (SSMP). This plan summarizes the District's operational activities and goals for its wastewater collection system to ensure the health and safety of the public and the environment. The most recent SSMP was updated on November 30, 2012.

In 2023, Bracewell Engineering, the District's operator, accompanied the State Water Resources Control Board (SWRCB) to carry out a Sanitary Survey of the District. This survey involves an inspection, a report outlining findings, and a list of identified deficiencies.¹⁵³

¹⁵² Tres Pinos Water District, Request for Information. October 2023.

¹⁵³ 2023 Sanitary Survey of Tres Pinos County Water District, State Water Resources Control Board Division of Drinking Water. July 10, 2023.

It is recommended that the District updates the SSMP to incorporate all changes and modifications at least once every five years, as required.

GROWTH AND POPULATION PROJECTIONS

This section details population trends, projected growth and growth areas, as well as planned and proposed developments within San Benito County.

LAND USE

San Benito County, with its land use regulatory authority, governs all unincorporated land in the county, excluding areas within the city limits of Hollister and San Juan Bautista and land owned/managed by the State or Federal governments. This includes State Parks, National Parks, Bureau of Land Management areas, and tribal lands. The County also does not oversee land owned or operated by state or federal agencies, such as state and national parks or tribal lands. The County's 2035 General Plan guides land use decisions.¹⁵⁴

The majority of the land use designation in the south and south-central areas of Tres Pinos, as per the San Benito County 2035 General Plan, is Residential Rural. This designation allows large-lot rural residential homes in areas of the County that are generally unsuitable for productive agriculture due to small property sizes, multiple property owners, and proximity to other more intensive residential developments. These properties often lack public infrastructure such as water, sewer, and drainage.

Additionally, a small parcel in the southern area of Tres Pinos is designated a Public Quasi Public (PQP). The purpose of the PQP designation is to provide space for uses such as public utility facilities and services such as schools, landfills, recycling, resource recovery, sewage treatment plants, fire stations, and other similar uses.

The remaining areas in the southern region and the western part of Tres Pinos have an Agricultural land use designation. This designation is to maintain the productivity of agricultural land, especially prime farmland, in the County. This designation is applied to various types of agriculturally productive lands, including cropland, vineyards, and grazing lands.

Secondary dwellings are allowed for relative, caretaker/employee, and farm worker housing. These areas typically have transportation access but little to no public infrastructure. Park designation is minimal in Tres Pinos, which is in the southern area.

¹⁵⁴ San Benito County, San Benito County 2035 General Plan, p. 3-4 to 3-13.

The majority of the central and central east areas have a Rangeland land use designation. The Rangeland designation maintains open space and grazing land on hills, mountains, and remote areas of the County. This designation is applied to areas that have minimal transportation access, high to very high fire hazard, and no public infrastructure (e.g., sewer, water, drainage). Most of these areas are located within remote parts of the County.

Mixed Residential, Commercial Neighborhood, and Commercial Thoroughfare land use designations are concentrated in the central west parts of Tres Pinos. According to San Benito County's General Plan, the purpose of the Mixed Residential designation is to allow areas of unincorporated urban uses where circulation and utility services exist. This designation allows individuals to live in an unincorporated village or neighborhood atmosphere composed primarily of residential land uses with some commercial uses serving the residences. This designation applies to largely developed areas with public infrastructure and services necessary to support the increased density.

The Commercial Neighborhood designation provides convenience goods within or near communities or other population concentrations. This designation also allows mixed-use developments, including residential, retail, and office uses. While the Commercial Thoroughfare land use designation provides commercial services for motorists near highway interchanges, along thoroughfares, and near Federal, State, and regional parks, and other tourist attractions to capture pass-through traffic and allow for commercial uses that serve the agricultural and rural unincorporated community. These include small shopping centers, truck and automobile stations, and tourist-serving commercial uses.

CURRENT POPULATION

The District reports 121 active connections, or approximately 350 people, within its service area. This is not representative of the population of the unincorporated Tres Pinos community, which is estimated to be 1,006 as of 2022.¹⁵⁵

PROJECTED GROWTH AND DEVELOPMENT

The County of San Benito has completed the framework for growth and development within its General Plan. Of note, it explains that residential growth has outpaced that of commercial and mixed-use growth.¹⁵⁶ This is especially a contributing factor to poor economic growth within the county as most residents commute outside of the County for their employment.

¹⁵⁵ Tres Pinos Water District, Request for Information. October 2023.

¹⁵⁶ San Benito County, 2035 General Plan, p. 3-23

In terms of the impact of growth and development on water and wastewater systems, there is a concerted effort by the County that is outlined in the GP to focus on sustainability and conservation practices. In particular, the County acknowledges that multi-user wastewater collection and treatment facilities are limited due to their high maintenance costs.

In 2022, TPCWD received a moratorium on new hookups throughout the District due to compliance violations with California Code of Regulations, title 22, section 64554 (a), for not having adequate source capacity and storage capacity. The District reports that it is currently working at capacity and cannot accommodate new developments.

Tres Pinos has not met the deadlines of the compliance order and they remain on a service connection moratorium.

GROWTH STRATEGIES

Based on its 2023 Feasibility Study, it is recommended that TPCWD consolidate with either Stonegate Water System or the Sunnyslope County Water District. TPCWD has since stated the District was included in a grant to Consolidate with the Sunnyslope Water District, strictly for water services. It is recommended that similar reorganization options are explored for wastewater services.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCo is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. The intent and history of this requirement is outlined in the Background Section of this report.

A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged community's median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. Because income information is not available for this level of analysis, disadvantaged unincorporated communities with smaller populations that meet LAFCO's definition cannot be identified.

The DWR Mapping Tool is an interactive map application that allows users to overlay the following three US Census geographies as separate data layers—Census Place, Census Tract,

and Census Block Group. The specific dataset used in the tool is the US Census American Community Survey Five-Year Data: 2016 - 2020. Only those census geographies that meet the DAC definition are shown on the map (i.e., only those with an annual median household income (MHI) less than 80 percent of the Statewide annual MHI). According to Census Bureau data, the statewide MHI for 2016-2020 is estimated at \$78,672; hence, the calculated threshold of \$67,937 defines whether a community was identified as disadvantaged. According to the DWR Mapping Tool, the Tres Pinos community and areas immediately adjacent to its boundaries are not considered disadvantaged.

FINANCE ABILITY TO PROVIDE SERVICES

FINANCIAL ABILITY TO PROVIDE SERVICES

Due to the District’s aging wastewater system and limitations in adding new connections due to the 2020 mandate, TPCWD is challenged to continue to provide services and is seeking consolidation options with Sunnyslope County Water District. Additionally, rate increases have fallen short of generating enough revenue to cover maintenance expenses and other essential costs. The District also reports that reserves and capital funding are insufficient. Figure 8-4 illustrates the District’s budget overview for FY22-23.

Figure 8-4: Tres Pinos County Water District Budget Overview FY 22-23

TPCWD BUDGET OVERVIEW FY 22-23	
Operating Revenues	
Water sales	\$12,500
Water service - other	\$33,000
Water service – flat rate	\$45,950
Sewer	\$101,800
Late charges	\$14,400
Less Uncollectible Fees	\$0.00
Total Operating Revenues	\$207,650
Non-Operating Revenues	
Grant revenues	\$0.00
Interest	\$14.00
Other revenues	\$0.00
Total Operating Expenses	\$14.00

Total Income	\$207,664
Expense (Water)	
Contract labor	\$19,700
Maintenance and repair	\$29,700
Utilities	\$15,400
Permit/fees	\$11,900
Total water expense	\$76,700
Expense Pumping (Sewer)	
Contract labor	\$25,800
Maintenance and repair	\$8,700
Utilities	\$7,900
Permit/fees	\$2,300
Total water expense	\$44,700
Expense Administration	
Total Administration expense	\$112,903
Total Expense (water+sewer+administration)	\$234,303
Net income (total expense less total revenue)	(\$26,639)

REVENUES AND EXPENDITURES

Recurring operating deficits are a warning sign of fiscal distress. In the short term, reserves can backfill deficits and maintain services. However, ongoing deficits eventually will deplete reserves.

As previously stated, the District has struggled to generate enough revenue to cover its expenses. As shown in Figure 8-4, during FY 22-23, total expenses (\$234,303) exceeded total revenue (\$207,650) by \$26,639 or 12 percent. This trend of deficits, where expenses surpass revenues, has also been consistent in previous fiscal years. For instance, in FY 21-22, total expenses (\$207,264.82) surpassed total revenue (\$202,128.49) by \$5,136.33 or 2 percent. Similarly, in FY 20-21, total expenses (\$212,191.74) exceeded total revenue (\$181,718.72) by \$30,473.02 or 16 percent.

RATES

The District currently charges residential sewer customers a monthly service charge. Non-residential sewer customers are assessed a volume charge based on metered water usage. The sewer rates were approved by the Board of Directors on August 6, 2013, by Ordinance No. 74 and current rates took effect on December 21, 2014. The sewer rates were amended to put a cap on average winter water use in drought years by Ordinance No. 71, which took effect May 3, 2012.

A consumption charge of \$5.64 per Hundreds of Cubic Feet (HCF) for single- and multi-family dwellings is charged based on the average winter water usage for February and March and is updated each April. In drought years, as determined by the Board of Directors, customers whose average winter water usage increased by four or more HCF for February and March over the prior year will have their increase capped at the prior year's average plus 4 HCF.

Figure 8-5: Tres Pinos County Water District Budget Overview FY 22-23

CUSTOMER CLASSIFICATION	MONTHLY SEWER RATES
Single –Family Residential Dwelling (SFR)	\$95.93 plus \$5.64 per HCF**
Multiple –Family Residential Dwelling (MFR)	\$72.98 per unit, plus \$5.64 per HCF**
Cottages, Motels, Trailer Parks, Laundries, etc.	\$9.20 per HCF of metered water use
Commercial and Industrial	\$12.14 per HCF of metered water use
HCF – Hundreds of Cubic Feet (based on metered water usage)	

WASTEWATER SERVICES

SERVICE OVERVIEW

The TPCWD provides wastewater collection and treatment services to its community.

TYPE AND EXTENT OF SERVICES

Services Provided

The District reports 121 active connections, or approximately 350 people, within its service area.

Services to Other Agencies

Tres Pinos County Water District does provide services to other agencies.

Contracts for Services

TPCWD contracts with Bracewell Engineering for the operation and maintenance of wastewater ponds and water.

Overlapping Service Providers

There are no overlapping wastewater service providers within the TPCWD.

Extra-territorial Services

The TPCWD does not provide extra-territorial services.

Unserved Areas

The District has no unserved areas, and the current services provided are at capacity. Therefore, any unserved areas are potential regions of future growth due to the suspension of new service connections based on a citation from the State Water Resources Control Board in 2020 which mandated a moratorium on adding new service connections.

Collaboration

The District is not collaborating with other agencies to provide wastewater services.

WASTEWATER FACILITIES AND CAPACITY

COLLECTION SYSTEM

The District's wastewater treatment plant is located adjacent to the Tres Pinos Creek and the wastewater infrastructure includes a treatment facility that discharges to a 1.8-acre pond area.

TREATMENT FACILITY

Capacity

The district is working at capacity and is seeking alternatives.

Maintenance and Operations

Bracewell Engineering, the city's contracted operator, performs routine maintenance, including exercising valves, annual flushing, and lead service line inventory. According to the 2023 Sanitary Sewer Survey, the operator conducts site visits once or twice a week. All monitoring records are kept digitally for at least five years.

The 2023 Sanitary Sewer Survey indicates that TPCWD's water quality Emergency Notification Plan (ENP) does not meet the current requirements outlined in California Health

and Safety Code Section 116460. The Survey recommended that the District update the ENP to ensure compliance.¹⁵⁷

INFRASTRUCTURE NEEDS

The TPCWD wastewater system, built in 1963, is outdated and needs updating to continue providing an adequate level of service. The District reports that rate increases and income from existing connections are not enough to maintain and repair the facility. TPCWD received a citation from the State Water Resources Control Board in 2020 which mandated a moratorium on adding new service connections. The citation requires the District to build a new sewer treatment as upgrading the existing system is not possible.

STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

Currently, TPCWD does not share facilities. However, due to various challenges in providing services, including the District's inability to expand capacity and update the wastewater system, TPCWD is exploring potential options for long-term solutions, including consolidation with neighboring agencies. Specifically, consolidation with Sunnyslope County Water District (SSCWD) is highlighted as TPCWD recently consolidated its water services with SSCWD.

CHALLENGES

As mentioned previously, the District faces several challenges, including financial constraints, aged infrastructure, and the state-mandated moratorium on adding new service connections.

WASTEWATER FLOW

EXISTING DEMAND

TPCWD reports it is currently operating at full capacity. The 2023 Sanitary Survey indicates that the District cannot meet Maximum Day Demand (MDD) requirements through available storage. The District is overdue for compliance with the March 30, 2020, compliance order, which mandated the rehabilitation or replacement of the storage tank.

¹⁵⁷ 2023 Sanitary Survey of Tres Pinos County Water District, State Water Resources Control Board Division of Drinking Water. July 10, 2023. p.6.

The District’s storage capacity is 0.05 Million Gallons (MG), while the MDD ranged from 0.044 to 0.13 MG from 2012 to 2021.¹⁵⁸ Figure 8-6 illustrates the District’s MDD over this period.

Figure 8-6: TPCWD Maximum Day Demand (MDD), 2012-2021

TPCWD MDD IN MILLIONS GALLON (MG)			
Year	Max Day	Max Month	Year Total
2021	0.064*	1.32	11.34
2020	0.065*	1.34	12.05
2019	0.065*	1.35	11.17
2018	0.049	1.36	10.93
2017	0.044	1.25	10.21
2016	0.062*	1.24	10.68
2015	0.045	1.13	8.28
2014	0.13	2.65	15.65
2013	-	-	-
2012	0.071	1.46	12.90

*Max Day is calculated by dividing max month by number of days in month and multiplying by a peaking factor of 1.5

PROJECTED DEMAND

As mentioned previously, the state-mandated moratorium and TPCWD’s inability to expand capacity and update the wastewater system prevents the District from providing services to new connections.

SERVICE ADEQUACY

This section reviews indicators of wastewater service adequacy, including collection system integrity and regulatory compliance. Whenever available, industry standards are used to determine the level of services provided. In lieu of adopted standards, the report also makes use of generally accepted industry best practices or benchmarking with comparable providers.

¹⁵⁸ 2023 Sanitary Survey of Tres Pinos County Water District, State Water Resources Control Board Division of Drinking Water. July 10, 2023.p.5.

SEWER SYSTEM INTEGRITY

There are several measures of the integrity of the wastewater collection system, including sanitary sewer overflows, peaking factors resulting from infiltration and inflow (I/I), and efforts to address infiltration and inflow.

Sanitary Sewer Overflows

All wastewater agencies are required to report sanitary sewer overflows (SSOs) to SWRCB. Sewer overflows are discharges from sewer pipes, pumps, and manholes. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The sewer overflow rate is calculated as the number of overflows per 100 miles of the main pipeline per year.

The SWRCB shows 1 SSO for the Tres Pinos County Water District since 2018. The spill occurred in 2022 due to a gravity sewer main plugged with rags, two chunks of asphalt, and a small amount of grease.

Infiltration and Inflow

Wastewater flow includes not only discharges from residences, businesses, institutions, and industrial establishments but also infiltration and inflow. Infiltration refers to groundwater that seeps into sewer pipes through cracks, pipe joints, and other system leaks. Inflow refers to rainwater that enters the sewer system from sources such as yard and patio drains, roof gutter downspouts, uncapped cleanouts, pond or pool overflow drains, footing drains, cross-connections with storm drains, and even holes in manhole covers. Infiltration and inflow tend to affect older sewer systems to a greater degree. Infiltration and inflow rates are highest during or right after heavy rain. They are the primary factors driving peak flows through the wastewater system and a major consideration in capacity planning and costs.

The peaking factor is the ratio of peak-day wet weather flows to average dry weather flows. The peaking factor indicates the degree to which the system suffers from I/I, where rainwater enters the sewer system through cracks, manholes, or other means. A peaking factor of up to three is generally considered acceptable based on industry practices.

The 2023 Sanitary Sewer Survey indicates that the District's peaking factor is 1.5, which meets industry standards and reflects a low incidence of I/I in the District's system.

REGULATORY COMPLIANCE

The RWQCB enforces the Clean Water Act, permit conditions, and other requirements of wastewater providers. Violations of State requirements for wastewater providers and treatment facilities are recorded by SWRCB. The Board may levy fines or order the provider to take specific actions to comply with water quality regulations.

In 2022, the Central Coast Regional Water Quality Control Board determined the updated permit requirements and monitoring and reporting program No. R3-2022-0078 contained in the General Permit is more appropriate for your facility than Order No. R3-2012-0015.

According to the RWQCB's website, there have been zero enforcement actions for TPCWD since 2008. Alternately, the District had 61 violations from 2019-2024, with the last violation occurring in 2022. The main cause of the violations throughout the years is exceeding the annual average effluent limits and other effluent pollutant violations.

The RWQCB's website shows the last inspection for TPCWD was completed in 2022. However, as mentioned previously, inspections were conducted as part of the 2023 Sanitary Sewer Survey. During the 2023 inspection, a valve leak was detected on-site, and operators were in the process of locating a nearby shutoff valve to halt water flow and facilitate repairs. The report also included a recommendation for the District to map all valve locations.¹⁵⁹

GOVERNANCE STRUCTURE OPTIONS

As mentioned though, there are studies being conducted to evaluate the best option for consolidation with another agency since TPCWD does not have sufficient resources to expand or maintain its current operations. For several years, the district has been working on conducting studies to determine the best solution for the district.

Recently, the District was recently included in a grant to consolidate with Sunnyslope County Water District (SSCWD) for water services only. However, consolidation with SSCWD for wastewater services as well is recommended. This option allows for increased efficiency and reduced duplication of management and governance. The consolidation may also allow for streamlining water and wastewater services by placing both services under the same agency and enhancing the level of services provided to Tres Pinos' residents. This is also essential to ensure a consistent level of services for both utility services.

¹⁵⁹ 2023 Sanitary Survey of Tres Pinos County Water District, State Water Resources Control Board Division of Drinking Water. July 10, 2023.p.2.

TRES PINOS COUNTY WATER DISTRICT MSR DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

- 8-1: The Tres Pinos County Water District (TPCWD) wastewater collection and treatment services to 121 active connections, or approximately 350 people, within its service area.
- 8-2: In 2022, TPCWD received a moratorium on new hookups throughout the District due to compliance violations with the California Code of Regulations, title 22, section 64554 (a), for not having adequate source capacity and storage capacity. The District reports that it is currently working at capacity and cannot accommodate new developments.

THE LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AGENCY'S SOI

- 8-3: According to the DWR Mapping Tool, the Tres Pinos community, and areas immediately adjacent to its boundaries are not considered disadvantaged.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

- 8-4: The TPCWD wastewater system, built in 1963, is outdated and needs updating to continue providing an adequate level of service.
- 8-5: The District's storage capacity of 0.05 Million Gallons (MG) is insufficient to meet the Maximum Day Demand (MDD), which varied between 0.044 to 0.13 MG from 2012 to 2021.
- 8-6: The District is overdue for compliance with the March 30, 2020, compliance order, which mandated the rehabilitation or replacement of the storage tank.
- 8-7: The SWRCB shows 1 SSO for the Tres Pinos County Water District since 2018.
- 8-8: There have been zero enforcement actions for TPCWD since 2008. Alternately, the District had 61 violations from 2019-2024, with the last violation occurring in 2022. The main cause of the violations throughout the years is exceeding the annual average effluent limits and other effluent pollutant violations.
- 8-9: In 2023, a Sanitary Sewer Survey was conducted by SWRCB, during the inspection valve leak was detected on-site. Operators were in the process of locating a nearby shutoff valve to stop water flow and facilitate repairs. The report also recommended that the District map all valve locations.

8-10: Due to various challenges in providing services, including the District's inability to expand capacity and update the wastewater system, TPCWD is exploring potential options for long-term solutions, including consolidation with neighboring agencies.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

8-11: TPCWD faces challenges due to its aging wastewater system and restrictions on new connections, leading to a need for consolidation with Sunnyslope County Water District. Despite rate increases, revenue falls short of covering maintenance costs, alongside inadequate reserves and capital funding. Financial struggles are evident in consecutive fiscal years, where expenses consistently surpass revenues, highlighting ongoing financial strain.

STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

8-12: Due to various challenges consolidation with Sunnyslope County Water District (SSCWD) is highlighted as TPCWD recently consolidated its water services with SSCWD.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

8-13: TPCWD follows California AB 2257 (Brown Act) by publishing meeting agendas and minutes on its website. However, the District has two websites listed, which could lead to potential confusion for residents. It is recommended that the District consolidate the websites to ensure clarity and consistency. Additionally, it is also recommended that the District makes essential financial and planning documents, such as financial audits and Sanitary Sewer Management Plans, readily accessible online as mandated by law.

8-14: It is recommended all up-to-date ethics training certificates and Form 700s for each board member be readily available on TPCWD's website.

8-15: TPCWD demonstrated accountability in its disclosure of information and cooperation.

8-16: The identified governance structure option for TPCWD is to consolidate with SSCWD since the District does not have sufficient resources to expand or maintain its current operations.

9. SAN BENITO COUNTY SERVICE AREA #22 (CIELO VISTA ESTATES)

AGENCY OVERVIEW

BACKGROUND

County Service Areas (CSAs) are established to provide enhanced municipal services within unincorporated areas. CSAs are dependent special districts governed by the County Board of Supervisors. For some CSAs, parcels within the CSA boundaries are assessed annually based on a budgetary amount. In some cases, it has not been sufficient to provide asset replacement. Many CSAs have aging facilities and deteriorating roads, and future rate increases are anticipated. San Benito County has 30 active CSAs and seven inactive CSAs. County staff administers the CSAs countywide.

Cielo Vista was formed in January of 1987 and is located in the unincorporated area of the County of San Benito, north of the Airline Highway and west of Fairview Road.

The individual homeowners in each CSA are assessed a fee collected with their property taxes. Each CSA is assessed fees depending on what services the County is providing. No taxpayer funds are spent for any services provided to CSAs. The San Benito County Resource Management Agency (RMA) oversees the provision of such services.¹⁶⁰

Services provided by CSA No. 22 to Cielo Vista include payment of utilities, storm drainage, and wastewater treatment services.¹⁶¹

This review is specific to wastewater treatment services.

BOUNDARIES

Cielo Vista is located in the unincorporated area of the County of San Benito, north of the Airline Highway and west of Fairview Road. The CSA covers 53.6 acres or 0.08 square miles.

¹⁶⁰ San Benito County Civil Grand Jury Consolidated Final Report 2022-2023 p.42.

¹⁶¹ Services provided by CSA No. 22 to Cielo Vista include payment of utilities to PG&E and wastewater treatment services. p.9.

PLANNING AND MANAGEMENT

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

FINANCIAL PLANNING PRACTICES

The San Benito County Supervisors adopt budgets for all CSAs annually.

Sanitary Sewer Management Plan

CSA #22 currently does not have a Sanitary Sewer Management Plan (SSMP). State Water Resources Control Board General Order 2006-0003-DWQ requires agencies to submit a Sanitary Sewer Management Plan (SSMP) if they meet the following criteria: "Collection systems owned by state agencies, municipalities, counties, districts, and other public entities that own or operate sanitary sewer system greater than one mile in length and/or convey untreated or partially treated wastewater to a publicly owned treatment facility in the State of California are required to comply with the terms of this order."

According to the Wastewater Treatment Plant Evaluation conducted by Wallace Group, based on aerial images of the Cielo Vista Estates development, it is estimated that the sanitary sewer collections system spans approximately 1.5 miles and discharges to a publicly owned treatment facility, both of which require an SSMP to be developed.¹⁶²

¹⁶² Wallace Group, Wastewater Treatment Plant Evaluation, Cielo Vista WWTP. March 2021. p. 6.

GROWTH AND POPULATION PROJECTIONS

LAND USE

The Clio Vista area is just outside the City of Hollister's limit. According to San Benito County's 2035 General Plan, the entirety of the Clio Vista area is designated for mixed residential use. This designation allows areas of unincorporated urban uses where circulation and utility services exist. This will enable individuals to live in an unincorporated village or neighborhood atmosphere composed primarily of residential land uses with some commercial uses serving the residences. This designation applies to largely developed areas with public infrastructure and services necessary to support the increased density.

CURRENT POPULATION

The census estimates persons per household for 2018- 2022 in San Benito County to be approximately 3.22. Using that census household estimation for the County and the 76 developed residential units within the CSA, the area has a population of about 244.

PROJECTED GROWTH AND DEVELOPMENT

According to the 2035 San Benito County General Plan, the intensity of development within areas designated as mixed residential use will be directly proportional to the level and availability of public infrastructure and services. A maximum of 20 dwelling units per acre can be achieved in designated areas. Thirty percent of new residential dwelling units with available public sewer and water shall include mixed residential types with an average development density of 8 units per acre. The exception is the Residential Multiple zoning category, which allows densities of 8 to 20 units per acre. This designation also allows mixed-use developments that include residential, retail, and office uses.¹⁶³

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCo is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. The intent and history of this requirement is outlined in the Background Section of this report.

¹⁶³ San Juan Bautista 2035 General Plan November 1, 2015. p.3-5.

A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged community's median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. Because income information is not available for this level of analysis, disadvantaged unincorporated communities with smaller populations that meet LAFCO's definition cannot be identified now.

The DWR Mapping Tool is an interactive map application that allows users to overlay the following three US Census geographies as separate data layers—Census Place, Census Tract, and Census Block Group. The specific dataset used in the tool is the US Census American Community Survey Five-Year Data: 2016 - 2020. Only those census geographies that meet the DAC definition are shown on the map (i.e., only those with an annual median household income (MHI) that is less than 80 percent of the Statewide annual MHI). The statewide MHI for 2017-2021, according to Census Bureau data, is estimated at \$84,097, and hence, the calculated threshold of \$67,277 defines whether a community was identified as disadvantaged. According to the DWR Mapping Tool, CSA #22's sewer service area is not considered a disadvantaged community.

FINANCE ABILITY TO PROVIDE SERVICES

FINANCIAL ABILITY TO PROVIDE SERVICES

The financial ability of agencies to provide services is affected by available financing sources and constraints.

San Benito County's Public Works staff annually estimates each County Service Area budget. The estimated annual budget is based on the prior year's work effort, planned and CSA-requested future services, and inflationary factors. It also includes maintenance, repair, and capital improvements. The revenue and reserve balances are analyzed to determine the fees and charges.¹⁶⁴

¹⁶⁴ FY 2023/24 Property-Related Fee Schedule & Special Taxes CSA Nos. 16, 21, 22, 23, 24, 28, 31, 34, 35, 42, 46, 47, 48, 50, 51, 53, 54 & 55. p.5.

The CSA budget is re-calculated annually and used as the basis for the calculation of the annual fee for FY 2022/23 Property-Related Fee Schedule & Special Taxes CSA Nos. 16, 21, 22, 23, 24, 28, 31, 34, 35, 42, 46, 47, 48, 50, 51, each Equivalent Dwelling Unit, which shall not exceed the maximum per parcel fee, or the annual special tax to be imposed for CSA 55.

Figure 9-1: CSA #22 Financial Summary Fiscal Year 22-23 and 23-24

CSA #22 FINANCIAL SUMMARY		
Revenues	FY 22-23 Recommended	FY 23-24 Recommended
Charges for Services	\$70,000	\$70,000
Transfer In	0	0
Use of Money and Property	\$24	\$200
Total	\$70,024	\$70,200
Expenses		
Services and Supplies		
Wastewater Operations	\$54,200	\$121,200
Utilities	\$24,396	\$40,00
Other Consultants	\$0	\$1,600
Permits and Licenses	\$1,700	\$2,000
Water Treatment	\$0	\$0
Public and Legal Notices	\$0	\$0
Communications	\$40	\$120
Strom Drainage	\$0	\$0
Total Services and Supplies	\$80,336	\$164,920
Salary and Benefits		
Force Labor	\$18,080	\$17,760
Other Charges		
Cost Plan	\$8,552	\$0
Force Account Equipment	\$0	\$1,380
Property Tax Admin Fee	\$22	\$30
Total Charges	\$8,574	\$1,410
Total Expenses	\$106,990	\$184,090
Total Expenses Less Revenues	(\$36,966)	(\$113,890)

BALANCED BUDGET

Recurring operating deficits are a warning sign of fiscal distress. In the short term, reserves can backfill deficits and maintain services. However, ongoing deficits eventually will deplete reserves. CSA #22's FY 23-24 expenses exceed revenues by \$113,890. In comparison, during FY 22-23, expenses exceeded revenues by \$36,996. This change is due to the increase in services and supplies expenses related to wastewater operations, utilities, other consultants, and permits and licenses.

FEE SCHEDULE

According to the FY 23-24 fee report, all parcels within the boundaries of County Service Area No. 22 are proposed to be subject to the fee and fee schedule illustrated in Figure 9-3. The fee applicable to each type of parcel has been based on the proportional cost of the improvements and services attributable to the parcel. The revenues derived using the fee schedule will not be used for any purpose other than that for which the fee was imposed and shall not exceed the funds required to provide the improvements and services. The fee is being imposed for extended County services not available to the public at large in substantially the same manner as it is to the property owners in County Service Area No. 22. Special consideration has been given to the proportionality of the costs and the immediate availability of the improvements and services applicable to each parcel in the calculation of the fee schedule. Seventy-eight (78) parcels currently comprise the area designated as County Service Area No. 22. Given the current development, it has been determined that all developed residential parcels receive an equal share per unit of the proportional cost of the improvements and services.

The developed residential County use code has been assigned a value of one (1) equivalent dwelling unit ("EDU") per unit and used as the benchmark for other use codes. Any share of the costs assigned to the treatment plant or detention pond parcels is passed to property owners as homeowner's association or CSA expenses as applicable. Consequently, these parcels are typically assigned a zero EDU.

Figure 9-2: CSA #22 Fee Schedule

FISCAL YEAR	CPI INCREASE	DEVELOPED LAND RESIDENTIAL (1.0 EDU)	DEVELOPED LAND TREATMENT PLANT (0.0 EDU)	UNDEVELOPED LAND DETENTION POND (0.0 EDU)
2012/13	2.9%	918.94	0.00	0.00
2013/14	2.2%	939.16	0.00	0.00
2014/15	2.6%	963.57	0.00	0.00
2015/16	N/A	963.57	0.00	0.00
2016/17	N/A	963.57	0.00	0.00
2017/18	N/A	963.57	0.00	0.00
2018/19	N/A	963.57	0.00	0.00
2019/20	N/A	963.57	0.00	0.00
2020/21	N/A	963.57	0.00	0.00
2021/22	N/A	963.57	0.00	0.00

WASTEWATER SERVICES

SERVICE OVERVIEW

Wastewater treatment services include a contracted payment to consultants for operations and maintenance of the wastewater treatment plant. Additional costs include payments for operations and maintenance services provided by the County.¹⁶⁵

TYPE AND EXTENT OF SERVICES

Services Provided

Cielo Vista has 78 parcels: 76 developed residential, one treatment plant facility, and one detention pond.

Services to Other Agencies

County Service Area #22 does not provide services to other agencies.

¹⁶⁵ FY 2023/24 Property-Related Fee Schedule & Special Taxes CSA Nos. 16, 21, 22, 23, 24, 28, 31, 34, 35, 42, 46, 47, 48, 50, 51, 53, 54 & 55. p.9.

Contracts for Services

In 2023, the County of San Benito and Bracewell Engineering, Inc. entered into a contract for Bracewell Engineering to perform several services regarding the operation and maintenance of waste and water treatment plants within various County Service Areas (CSA), including the operation and maintenance of a wastewater treatment plant (WWTP) at CSA #22. The service provided is specifically to Cielo Vista Estates as required for permit compliance.

Per the 2023, Wastewater Treatment Services Agreement with the City of Hollister and Sunnyslope County Water District (SSCWD) for the conveyance of wastewater from four areas, including Cielo Vista, to Hollister's treatment and disposal facilities, as of 2024, the new sewer connection from Cielo Vista to the City of Hollister wastewater collections system for treatment and disposal has been completed.

Extra-territorial Services

County Service Area #22 does not provide extra-territorial services.

Unserved Areas

There are no unserved areas within the County Service Area #22.

WASTEWATER FACILITIES AND CAPACITY

TREATMENT FACILITY

The Cielo Vista WWTP is a sequencing batch reactor (SBR) constructed in the late 1980s. The County of San Benito (County) owns the facility and disposal area and operates it using contract operators. The facility consists of two SBRs, a sludge storage basin, mechanical and electrical equipment, and a leach field for disposal.

Capacity

The WWTP serves the Cielo Vista Subdivision (service area no. 22) and is designed to treat and dispose of a maximum of 30,000 gpd with an average flow of 19,000 gpd.

INFRASTRUCTURE NEEDS

Infrastructure for Cielo Vista includes a WWTP located within the CSA. The residual salt brine discharges from individual homeowner water softeners cause operational issues at the WWTP. There are increased operating costs to treat the sodium to acceptable levels. In addition, it can often impair the County's ability to comply with the State's mandated discharge requirements. Treated water with high sodium content also has no redeeming value or use to the environment. The County may be subject to fines and penalties for non-compliance with the Waste Discharge requirements.

SERVICE ADEQUACY

This section reviews indicators of wastewater service adequacy, including collection system integrity and regulatory compliance. Whenever available, industry standards are used to determine the level of services provided. In lieu of adopted standards, the report also makes use of generally accepted industry best practices or benchmarking with comparable providers.

SEWER SYSTEM INTEGRITY

There are several measures of the integrity of the wastewater collection system, including sanitary sewer overflows, peaking factors resulting from infiltration and inflow (I/I), and efforts to address infiltration and inflow.

Sanitary Sewer Overflows

All wastewater agencies are required to report sanitary sewer overflows (SSOs) to SWRCB. Sewer overflows are discharges from sewer pipes, pumps, and manholes. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The sewer overflow rate is calculated as the number of overflows per 100 miles of the main pipeline per year.

According to the SWCRB website, 0 SSOs were reported for the Cielo Vista.

Infiltration and Inflow

Wastewater flow includes not only discharges from residences, businesses, institutions, and industrial establishments but also infiltration and inflow. Infiltration refers to groundwater that seeps into sewer pipes through cracks, pipe joints, and other system leaks. Inflow refers to rainwater that enters the sewer system from sources such as yard and patio drains, roof gutter downspouts, uncapped cleanouts, pond or pool overflow drains, footing drains, cross-connections with storm drains, and even holes in manhole covers. Infiltration and inflow tend to affect older

sewer systems to a greater degree. Infiltration and inflow rates are highest during or right after heavy rain. They are the primary factors driving peak flows through the wastewater system and a major consideration in capacity planning and costs.

The peaking factor is the ratio of peak-day wet weather flows to average dry weather flows. The peaking factor indicates the degree to which the system suffers from I/I, where rainwater enters the sewer system through cracks, manholes, or other means. A peaking factor of up to three is generally considered acceptable based on industry practices. Cielo Vista estimates a peaking factor of 4.0 which slightly exceeds the industry practices and indicates a high incidence of I/I in the CSAs system.

REGULATORY COMPLIANCE

The Cielo Vista WWTP is regulated by Waste Discharge Requirements (WDR) Order No. 87- 115. The WDR contains two different sets of effluent limits for the facility depending on leach field application rates.

According to the California Integrated Water Quality System (CIWQS), the Cielo Vista facility has received four Notice of Violations (NOVs) since May 2003 and 19 Category 1 effluent violations since January 2019. The effluent violations have been primarily due to salts (TDS, Sodium, and Chloride), with a few minor Total Suspended Solids (TSS) violations corrected through equipment adjustments.

The last inspection for the Cielo Vista facility reported on the CIWQS website was completed in 2007. In 2021, the San Benito County contracted the Wallace Group to conduct a Wastewater Treatment Plant Evaluation on the Cielo Vista's WWTP. The report included a conditions assessment of the existing facility, analyzed the WDR requirements and effluent water quality violations, and provided recommendations for the facility based on these findings. The report highlighted exterior, interior, and other/health and safety deficiencies and concluded that based on the existing condition of the facility, continued operation of the Cielo Vista WWTP is Additionally, the report indicated that the facility would likely continue struggling to meet effluent salt limits even with repairs and updates and could receive additional NOVs.¹⁶⁶

The report also recommended two alternatives —demolishing the existing facility and connecting to the City of Hollister Sanitary Sewer System at Robert's Ranch using a gravity sewer connection or replacing the existing facility with a packaged Membrane Bio-Reactor Plant (MBR) and disposal leach field to address the various WWTP deficiencies.

¹⁶⁶ Wallace Group, Wastewater Treatment Plant Evaluation, Cielo Vista WWTP. March 2021, p. 11.

After comparing the capital and O&M costs for the two alternatives, the report concluded that connecting to the City of Hollister Sanitary Sewer System is the most cost-effective alternative. The capital costs for this alternative are significantly less, and the monthly cost savings for the residents would be over \$50/month. Additionally, many regulatory requirements would be eliminated if the Cielo Vista development is connected to the City of Hollister sewer, mainly WDR compliance (RWQCB) and Monterey Bay Air Resources "Hot Spots" requirements. The report indicated that time saved by no longer having to conduct site monitoring and preparing reports to meet regulatory requirements would further add to the cost savings of this alternative.¹⁶⁷

GOVERNANCE STRUCTURE OPTIONS

As mentioned, Cielo Vista requested an emergency out-of-jurisdiction service connection due to the failure of existing facilities. As of 2024, the new sewer connection from Cielo Vista to the City of Hollister's wastewater collection system has been completed, allowing for the conveyance of wastewater to the City's treatment and disposal facilities.

On March 26, 2024, the San Benito County Board of Supervisors, as the governing body of CSA #22, adopted a Resolution of Intent to divest CSA #22 of its authority to provide sanitary sewer services in accordance with Government Code Section 25213.6(a). A public hearing was held on April 30, 2024, during which the Board reviewed the divestiture, determined it to be exempt from CEQA, and discussed a proposed closeout assessment for residents following the transfer of services to the Sunnyslope County Water District (SSCWD). Subsequently, the Board approved Resolution 2024-52, authorizing the submission of an application to LAFCO for processing the proposed divestiture.

The divestiture will transfer responsibility for maintenance, ownership, and administrative oversight of the sanitary sewer services and infrastructure (excluding the existing wastewater treatment plant) to SSCWD, which will act as the successor public agency. Additionally, wastewater treatment responsibility will be transferred to the City of Hollister.

SSCWD has now assumed responsibility for the Cielo Vista sewer collection system and is sending the wastewater to the City of Hollister's treatment plant per the 2023 Wastewater Treatment Services agreement. Wastewater from Cielo Vista is currently being treated at the City of Hollister wastewater treatment plant.

¹⁶⁷ Wallace Group, Wastewater Treatment Plant Evaluation, Cielo Vista WWTP. March 2021, p. 11.

In June 2024, San Benito LAFCO adopted a Resolution No. 2024-05 approving the divestiture of wastewater services by CSA #22 serving Cielo Vista, with an effective date of September 1, 2024.

CSA #22 MSR DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

- 9-1: County Service Areas (CSAs) are established to provide enhanced municipal services within unincorporated areas. Cielo Vista is located in the unincorporated area of the County of San Benito, north of the Airline Highway and west of Fairview Road.
- 9-2: The census estimates persons per household for 2018- 2022 in San Benito County to be approximately 3.22. Using that census household estimation for the County and the 76 developed residential units within the CSA, the area has a population of about 244.

THE LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AGENCY'S SOI

- 9-3: The statewide MHI for 2017-2021, according to Census Bureau data, is estimated at \$84,097, and hence, the calculated threshold of \$67,277 defines whether a community was identified as disadvantaged. According to the DWR Mapping Tool, CSA #22's sewer service area is not considered a disadvantaged community.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

- 9-4: Wastewater treatment services include a contracted payment to consultants for operations and maintenance of the wastewater treatment plant. Additional costs include payments for operations and maintenance services provided by the County.
- 9-5: The residual salt brine discharges from individual homeowner water softeners cause operational issues at the WWTP. There are increased operating costs to treat the sodium to acceptable levels. In addition, it can often impair the County's ability to comply with the State's mandated discharge requirements. Treated water with high sodium content also has no redeeming value or use to the environment.
- 9-6: According to the California Integrated Water Quality System (CIWQS), the Cielo Vista facility has received four Notice of Violations (NOVs) since May 2003 and 19 Category 1 effluent violations since January 2019. The effluent violations have been primarily due to salts (TDS, Sodium, and Chloride), with a few minor Total Suspended Solids (TSS) violations corrected through equipment adjustments.
- 9-7: In 2021, San Benito County contracted the Wallace Group to conduct a Wastewater Treatment Plant Evaluation on Cielo Vista's WWTP. The report highlighted exterior, interior, and other health and safety deficiencies and concluded that based on the facility's existing condition, continued operation of the Cielo Vista WWTP is not recommended without significant repairs and updates to address safety concerns.

9-8: Additionally, the report indicated that even with repairs and updates, the facility would likely continue struggling to meet effluent salt limits and could potentially receive additional NOVs.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

9-9: CSA #22's FY 23-24 expenses exceed revenues by \$113,890. In comparison, expenses exceeded revenues during FY 22-23 by \$36,996. This change is due to the increase in services and supplies expenses related to wastewater operations, utilities, other consultants, and permits and licenses.

STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

9-10: Cielo Vista requested an out-of-jurisdiction service seeking an emergency service connection due to the failure of existing facilities for the area. As of 2024, the new sewer connection from Cielo Vista to the City of Hollister wastewater collections system for treatment and disposal has been completed.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

9-11: Following an application from the County to finalize the divestiture process, San Benito LAFCO, adopted Resolution No. 2024-05 approving the divestiture of wastewater services by CSA #22 serving Cielo Vista, with an effective date of September 1, 2024.

10. SAN BENITO COUNTY SERVICE AREA #45 (RANCHO LARIOS)

AGENCY OVERVIEW

BACKGROUND

County Service Areas (CSAs) are established to provide enhanced municipal services within unincorporated areas. CSAs are dependent special districts governed by the County Board of Supervisors. For some CSAs, parcels within the CSA boundaries are assessed annually based on a budgetary amount. In some cases, it has not been sufficient to provide asset replacement. Many CSAs have aging facilities and deteriorating roads, and future rate increases are anticipated. San Benito County has 30 active CSAs and seven inactive CSAs. County staff administers the CSAs countywide.

Rancho Larios is a small residential community in San Benito, just west of San Juan Bautista. The Local Agency Formation Commission (LAFCO) formed County Services Area No. 45 in August of 1995, which authorized the County to provide maintenance of drainage facilities, maintenance of streets, maintenance of recreation facilities, landscape, open space, street lighting, water service, sewer service, street sweeping, and extend Police and Fire services to the Rancho Larios Development. Rancho Larios has 147 parcels: 140 developed residential, five open spaces, and two communal lots with sports court facilities.

LAFCO formed CSA #45 to provide services, including maintenance of drainage facilities, maintenance of streets, maintenance of recreation facilities, landscape, open space, street lighting, water service, sewer service, street sweeping, and extension of police and fire services.

CSA No. 45 is not currently providing services to Rancho Larios; the Homeowner's Association (HOA) assumed responsibility for services provided, effective July 1, 2009.

Those services include responsibility for utilities, storm drainage maintenance (with oversight provided by the County), road maintenance, wastewater treatment, water services, maintenance of recreational facilities, street sweeping, landscape, and open space maintenance.

BOUNDARIES

Rancho Larios is located in the unincorporated area of the County of San Benito, north of Salinas Road, south of Rocks Road, and east of State Highway 156. The CSA is made up of 183.71 acres or 0.29 square miles.

ACCOUNTABILITY AND GOVERNANCE

No records specific to the CSA's governing body are available. Additionally, there are no websites associated with Rancho Larios.

GROWTH AND POPULATION PROJECTIONS

As of 2019, there are 147 developed residential parcels within CSA #45. No further population data is available for the area beyond this parcel count.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCo is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. The intent and history of this requirement is outlined in the Background Section of this report.

A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged community's median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. Because income information is not available for this level of analysis, disadvantaged unincorporated communities with smaller populations that meet LAFCO's definition cannot be identified now.

The DWR Mapping Tool is an interactive map application that allows users to overlay the following three US Census geographies as separate data layers—Census Place, Census Tract, and Census Block Group. The specific dataset used in the tool is the US Census American Community Survey Five-Year Data: 2016 - 2020. Only those census geographies that meet the DAC definition are shown on the map (i.e., only those with an annual median household income (MHI) that is less than 80 percent of the Statewide annual MHI). The statewide MHI

for 2017-2021, according to Census Bureau data, is estimated at \$84,097, and hence the calculated threshold of \$67,277 defines whether a community was identified as disadvantaged. According to the DWR Mapping Tool, CSA #45's sewer service area is not considered a disadvantaged community.

FINANCE ABILITY TO PROVIDE SERVICES

The financial ability of agencies to provide services is affected by available financing sources and financing constraints.

San Benito County's Public Works staff estimates each County Service Area budget annually. The estimated annual budget is based on the prior year's work effort, planned and CSA-requested future services, and inflationary factors. It also includes maintenance, repair, and capital improvements. The revenue and reserve balances are analyzed to determine the fees and charges.

Since FY 21-22, Rancho Larios has had no revenue allocation, while expenses for wastewater operations were estimated to be around \$300,000. It is unclear how the HOA covers operation and maintenance expenses.

WASTEWATER SERVICES

The County transferred responsibilities of operating the domestic wastewater treatment system at Rancho Larios Domestic Wastewater Treatment Plant to the Rancho Larios HOA.

The Homeowners Association (HOA) of Rancho Larios is responsible for payment to a consultant for the operation and maintenance of the wastewater treatment plant including four lift stations and oversight of the reclaimed water pond. The County provides oversight of wastewater treatment services. Domestic wastewater services are provided to 140 homes within the Rancho Larios HOA.

WASTEWATER FACILITIES AND CAPACITY

The Rancho Larios treatment system consists of influent screening, influent equalization basin, sequencing batch reactors, filters, chlorine contact chamber, and long-term effluent storage.

The Rancho Larios Domestic Wastewater Treatment plant is designed to treat a maximum daily capacity (dry weather flow) of 50,000 gpd (gallons per day). The average annual flow is 37,000 gpd.¹⁶⁸

SERVICE ADEQUACY

This section reviews indicators of wastewater service adequacy, including collection system integrity and regulatory compliance. Whenever available, industry standards are used to determine the level of services provided. In lieu of adopted standards, the report also makes use of generally accepted industry best practices or benchmarking with comparable providers.

REGULATORY COMPLIANCE

The Rancho Larios WWTP is regulated by the WQ 2014-0153-DWQ General Waste Discharge Requirements for Small Domestic Wastewater Treatment Systems (General Permit). According to the California Integrated Water Quality System (CIWQS), the Rancho Larios WWTP facility has received nine violations since 2019, with five violations in 2021. All violations Rancho Larios received in 2021 were due to violations of the following order conditions:

- Violation of Board Order R3-2004-0153 Section B. Reclamation Specifications, No. 7, "Valves in the recycled water irrigation system shall be designed and constructed so unauthorized persons cannot open them."
- Violation of Board Order R3-2004-0153 Section B. Reclamation Specifications, No. 8, "Proper backflow and cross connection protection for domestic water services and irrigation wells shall be provided."
- Violation of Board Order R3-2004-0153 Section E. General Specifications for Reclamation and Use, No. 10, "Recycled water pipes shall be colored purple or wrapped in purple color tape."
- Violation of Board Order R3-2004-0153 Section E. General Specifications for Reclamation and Use, No. 7, "All recycled water reservoirs and other areas with public access shall be posted (in English and Spanish) with signs that are visible to the public, in size no less than four inches high by eight inches wide, that include the following wording: "Recycled Water – Do Not Drink."

¹⁶⁸ Central Coast Regional Water Quality Control Board, Rancho Larios HOA May 27, 2022, Domestic Wastewater Treatment Plant.

- Violation of Board Order R3-2004-0153 Section E. General Specifications for Reclamation and Use, No. 9, "Permitter warning signs for the spray irrigation area shall be posted every 1250 ft. At a minimum, signs shall be posted at each corner and at access roads. Signs shall provide information consistent with the Department of Health guidelines 60310(f)."

The last inspection for the Rancho Larios facility reported on the CIWQS website was completed in 2021.

GOVERNANCE STRUCTURE OPTIONS

As mentioned previously, the Homeowners Association (HOA) has taken over the operation of the CSA #45 (Rancho Larios) wastewater services. However, it is unclear how the operational costs for wastewater services, estimated by the County to be approximately \$300,000, are recouped. The CSA is considered inactive.

Before FY 21-22, the County allocated the budget for the CSA every year; however, that was halted after the HOA took over operations. It is also unclear the extent of oversight the County is currently providing.

A dissolution of CSA #45 is an option depending on the service levels and effectiveness of the current operation.

CSA #45 MSR DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

- 10-1: County Service Areas (CSAs) are established to provide enhanced municipal services within unincorporated areas. LAFCO formed CSA #45 to provide services, including maintenance of drainage facilities, maintenance of streets, maintenance of recreation facilities, landscape, open space, street lighting, water service, sewer service, street sweeping, and extension of police and fire services.
- 10-2: As of 2019, there are 147 developed residential parcels within CSA #45. No further population data is available for the area beyond this parcel count.

THE LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AGENCY'S SOI

- 10-3: The statewide MHI for 2017-2021, according to Census Bureau data, is estimated at \$84,097, and hence the calculated threshold of \$67,277 defines whether a community was identified as disadvantaged. According to the DWR Mapping Tool, CSA #22's sewer service area is not considered a disadvantaged community.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

- 10-4: The Rancho Larios treatment system consists of influent screening, influent equalization basin, sequencing batch reactors, filters, chlorine contact chamber, and long-term effluent storage.
- 10-5: There are currently no services being provided to Rancho Larios by CSA No. 45; the Homeowner's Association (HOA) assumed responsibility for services provided, effective July 1, 2009. The HOA of Rancho Larios is responsible for paying consultants to operate and maintain the wastewater treatment plant. This includes managing four lift stations and overseeing the reclaimed water pond.

The Homeowners Association of Rancho Larios is responsible for payment to a consultant for the operation and maintenance of the wastewater treatment plant including four lift stations and oversight of the reclaimed water pond.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

- 10-6: Since FY 21-22, Rancho Larios has received no revenue allocation, yet expenses for wastewater operations were estimated at around \$300,000 annually, and it remains unclear how the HOA is covering these operational costs.

STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

10-10: No current or potential opportunities for shared facilities were identified.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

10-11: A dissolution of CSA #45 is recommended after a review of the service levels and effectiveness of the current operation.