

**APPLICATION to  
MONTEREY COUNTY  
LAFCO**

**Carmel Area Wastewater District  
2016 Sphere of Influence & Annexation Proposal**

**Prepared By Denise Duffy & Associates  
For Carmel Area Wastewater District**

**April 2016**

Approved on December 10, 2015 by the Board of Directors of the Carmel Area Wastewater District for Application to LAFCO



# Carmel Area Wastewater District

P.O. Box 221428 Carmel California 93922 ❖ (831) 624-1248 ❖ FAX (831) 624-0811

Barbara Buikema  
General Manager  
Kevin A. Young  
Operations Superintendent  
Robert R. Wellington  
Legal Counsel

Board of Directors  
Gregory D'Ambrosio  
Michael K. Rachel  
Robert Siegfried  
Charlotte F. Townsend  
Ken White

April 26, 2016

Ms. Kate McKenna  
Executive Officer  
Local Agency Formation Commission of Monterey County  
132 W. Gabilan St., Suite 102  
Salinas, CA 93901

Subject: Submission of Annexation Application for Carmel Area Wastewater District Sphere of Influence Amendment and Service Area Annexation

Dear Ms. McKenna:

On December 10, 2015 the Carmel Area Wastewater District's (CAWD) Board of Directors approved Resolution No. 2015-55 authorizing the submittal of the application to the Monterey County Local Agency Formation Commission (LAFCO) to annex certain properties described in the attached application documents into the LAFCO Service Area and amend the CAWD Sphere Of Influence (SOI) for the purpose of providing wastewater collection, treatment and disposal services. There are no plans to expand the existing uses.

The District's proposal includes the following components:

- Annexation of most of the area within its existing Sphere of Influence,
- Expansion of its Sphere of Influence to the east, to include those areas primarily accessible by gravity flow service lines,
- Partial annexation of the proposed Sphere expansion area, in locations where the District anticipates near-term sewer service connection requests,
- Inclusion of lands already served under LAFCO-approved "out-of-District" service agreements (State Parks-owned properties at Point Lobos) into District boundaries, and
- Designation of a "Future Study Area" in the Carmel Highlands. Under this designation, the Highlands area would be outside of the District's Sphere of Influence, but may warrant inclusion in the Sphere in future years. Further study would need to be completed prior to inclusion.

The annexation of the proposed area into the District's LAFCO Service Area and amendment of the SOI is proposed to allow for provision of wastewater collection service for the Service Area in an orderly manner. The annexation is proposed to meet the demands of existing service area and approved or planned development, as designated in approved and or adopted plans and local jurisdictions' General Plans, and Area Plans, and to provide wastewater service from the District into areas where there is a current or potential need.

As per your application instructions, please find three (3) copies plus a CD enclosed of each of the following documents:

- CAWD Board of Directors Resolution of Application to LAFCO
- Written Request for LAFCO Application including Completed Application Forms
- Mapping and Annexation and Amendment Areas Legal Description
- CEQA Documentation (Final Initial Study/Negative Declaration adopted by the District)
- Sphere of Influence Policies and Criteria" Attachment
- Request to Monterey County for Zero-Property Tax Transfer Agreement
- List of Assessor's Parcel Numbers

In addition, enclosed is one (1) check in the amount of \$4,200 (annexation of area greater than 25 acres) payable to Monterey County LAFCO.

Please advise if you have any question or require anything else to process this application. We appreciate your cooperation in this matter.

Best regards,



Drew Lander  
CAWD, Principal Engineer

cc: Barbara Buikema, General Manager, w/o attachments CAWD

KATE McKENNA, AICP  
Executive Officer

## APPLICATION FORM / JUSTIFICATION OF PROPOSAL Carmel Area Wastewater District 2016 Sphere of Influence & Annexation Proposal

*Please provide the following information about your request. For those items that do not apply, indicate “not applicable” or “N.A.” Please use additional sheets if necessary.*

*This information will be used by LAFCO to understand the proposal and determine its consistency with State law and local policies, including the Cortese-Knox-Hertzberg Local Government Reorganization Act and LAFCO of Monterey County’s “Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization.”*

### I. GENERAL INFORMATION

a. Describe the proposed action (Annexation, Detachment, Sphere of Influence Amendment, formation, etc.) affecting a city or special district:

The Carmel Area Wastewater District (CAWD or the District) wants to annex areas into the LAFCO Service Area (SA) and amend the CAWD Sphere Of Influence (SOI) (hereinafter, “proposed project”) to allow for provision of wastewater collection service for the SA in an orderly manner. The annexation and amendment is proposed to meet the demands of the existing SA and approved or planned development, as designated in approved and/or adopted plans and local jurisdictions’ General Plans and Area Plans, and to provide wastewater service from the District into areas where there is a current or potential need. The proposed project includes:

1. Annexation of the areas within the District’s existing SOI as well as annexation of areas within the proposed SOI area, in locations where the District anticipates near-term sewer service connection requests.
2. Annexation of lands already served under LAFCO-approved “out-of-District” service agreements (such as State Parks-owned properties at Point Lobos) into District boundaries.

The proposed project also includes a “Future Study Area” designation in the Carmel Highlands area. Under this designation, the Highlands area would be outside the District’s SOI, but may warrant inclusion in the SOI in future years; however further study would need to be completed prior to inclusion.

The District’s existing SOI and proposed boundary changes including proposed new SOI Amendment and SA Annexation Areas are shown on **Figures 1 and 2**.

Minor modifications were made by the CAWD Board during the voting of Resolution No. 2015-55 to adopt the Draft IS/ND. The CAWD board voted to adopt all components of the proposal described in the Draft IS/ND except the Board decided to keep the Odello Property within the District's Sphere. Therefore, the area described as "Existing Sphere of Influence to be Removed" would remain within the District SOI. These lands are described fully within the Draft and Final IS/ND. The Board considered their removal but opined that as this area is designated Open Space, there may be some need in the future to provide some wastewater services for open space or public park use, although it was not deemed to be necessary to include this area within areas proposed for annexation. Also, as there is no development planned per the County Land Use Plan, it was decided that keeping the area within the District would have no impact. Furthermore, keeping this area within the SOI and unchanged from current conditions would not impact or change circumstances when compared to the baseline analysis within this CEQA document. The only change therefore, necessary was to revise the project description of this Adopted Final IS/ND to indicate that this area will be kept within the Sphere of Influence and not be removed as originally proposed within the Draft IS/ND, this change is reflected in **Figures 1 and 4**.

Note: Also refer to the attached adopted Final IS/ND, **Appendix B**: Cortese-Knox-Hertzberg and LAFCO of Monterey County Consistency Analysis for CAWD. **Appendix B** of the adopted Final IS/ND presents the following:

**Table B-1** presents Cortese-Knox-Hertzberg Local Government Reorganization Act Consistency.

**Tables B-2 and B-3** present LAFCO Policy Analysis for CAWD's Proposed Sphere of Influence Amendment and Annexation.

Monterey County LAFCO has adopted guidelines for annexation review in its Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization. An analysis of the proposed project's conformance with the LAFCO standards, consistent with the policies of the Cortese-Knox-Hertzberg Act, is provided in the tables in **Appendix B**. These tables discuss the primary applicable policies for LAFCO actions on the proposed project. The policies related to E) Preservation of Open-Space and Agricultural Lands are not fully addressed in **Appendix B** since sites designated as prime farmland were reviewed as described in Section D.IX of the adopted Final IS/ND. The policies related to F) Housing and Jobs were reviewed and determined not to be applicable to this proposed project. The proposed project is for inclusion of sites in a wastewater district to allow development to connect to sanitary; and are not for approval of development projects on those sites.

b. Applicant (chief petitioner/contact person):

Name, Title (if applicable): Drew Lander, Principal Engineer

Agency: Carmel Area Wastewater District

Address: 3945 Rio Road, Carmel-by-the-Sea, CA 93923

Phone Number: (831) 624-1248 ex. 203

Email Address: [Lander@cawd.org](mailto:Lander@cawd.org)

Describe the location of the subject territory, including Assessor Parcel Number(s):

Please see the Maps and Legal Description Section of this proposal.

**Figure 3** shows the Monterey County LAFCO Map of the existing SOI and CAWD SA. The proposed project described above totals approximately 10.5 square miles, including five square miles of the existing service area, .25 square miles of the existing SOI, .3 square miles of future study area, and 4.35 square miles of proposed new area including the additional Annexation areas (new areas) and the area of the existing SOI to be annexed as shown on **Figures 1 and 2**. The area includes

portions of the City of Carmel-by-the-Sea, and the unincorporated Monterey County communities of Carmel Valley, and Point Lobos.

The proposed project covers many parcel numbers. The subareas within the District's proposal are more specifically described below and parcels can also be seen on **Figures 1 and 2**. Major properties and assessor parcels numbers are identified in **Figure 4** and a list of assessor parcel numbers (APNs) are also included in Public Notice Information Section of this proposal.

Carmel Hills: This area is located in unincorporated Monterey County, between Highway 1 and the Hatton Canyon State Park property:

- Carmel Hills includes medium density-zoned residences within unincorporated Monterey County. Approximately 75 lots in this area are within the SOI but currently outside the District's SA. These lots are served by septic tanks, while the majority of all surrounding parcels are served through the District. The vast majority of these lots are developed with single-family residences, with some less than one acre in size. This area is proposed to be annexed as shown on **Figures 1 and 2**.

Carmel Valley within the historic Rancho Cañada de la Segunda, north of Carmel Valley Road: This area is composed of four large tracts of land:

- Pacific Meadows Area Parcels and Del Mesa Parcels: Pacific Meadows is an affordable housing development which is currently included with the boundaries of the CAWD (Assessor's Parcel Numbers: 051-630-060 and 051-630-050). However, surrounding parcels are not in the District. This includes 235 acres of County owned easements/open space and six large single family parcels on the north side of Carmel Valley Road. Three of the single family parcels are improved and three unimproved; these parcels average seven acres in size. Only limited development is possible in this area. (Assessor's Parcel Numbers: various).

While the Del Mesa Senior Citizen development is within the District, the northern portion of this property is maintained as open space. This open space land is currently not within the District boundaries, however, District service lines are located on these properties. Development of this area is not anticipated. (Assessor's Parcel Number: 051-630-060).

- September Ranch: On November 9, 2010, the County Board of Supervisors approved a subdivision of this land to allow 95 residential lots. The property is located 2.5 miles east of Highway 1 on the north side of Carmel Valley Road, between Canada Way and Valley Greens Drive. While construction has not yet begun, a condition of the development approval was connection to the District. (Assessor's Parcel Numbers: (Assessor's Parcel Numbers: 015-171-010-000; 015-171-012-000; 015-361-013- 000; 015-361-014-000).

Portion of Land on North Side of Carmel Valley Road (Property Reserve, Inc.): A strip of land along Carmel Valley Road between the Pacific Meadows Area and the Carmel Hills area also is proposed for inclusion in the annexation area. (Refer to **Figure 1**). This strip of land near Carmel Valley Road is included in order to allow CAWD to place service lines adjacent to the right of way (placement of service lines traversing the edge of a public right of way sometimes require area to avoid obstacles). The entire property contains 571 undeveloped acres and is zoned by the County for low and rural residential use, with densities ranging between 2.5 and 10 acres per unit. This property was restricted through an agricultural preservation contract which expired in 2013. The entire property is not included in this annexation and sphere boundary proposal because there is no future development proposed or planned for the property and the property has no service extension needs in the foreseeable future. The only portion included is proposed for inclusion in the SOI and annexation area is the strip of land along Carmel Valley Road (**Figures 1 and 2**). The District includes this area along the roadway within the proposed project as it will facilitate orderly extension of District

boundaries and for service line provision as noted above. (Assessor's Parcel Number: 015-161-024)

Carmel Valley, within the historic Rancho Cañada de la Segunda, south of Carmel Valley Road:

- **Rancho Cañada Golf and Country Club:** This area contains developed uses as shown on **Figure 4**. On the western end, the area includes the Rancho Cañada Golf and Country Club. Part of this golf course is now within the District. The Sphere expansion is proposed for the remainder of the course, except for the area south of the Carmel River. The portion of the Rancho Canada property across the river is excluded because it would require a river crossing (which has not been identified) and therefore would not be considered accessible at this time. (Assessor's Parcel Numbers: various).
- **Rancho Cañada Plan Area:** An 81-acre development proposal for Rancho Cañada Village Specific Plan between the Carmel River and Rancho Canada Golf Course is also included in the Sphere Amendment and Annexation Area. In 2007, a plan was proposed to the County to develop this area of the golf course land with approximately 280 residential units. A Draft Environmental Impact Report (EIR) for the project was released. This development concept has been delayed and reduced density alternatives are being considered. The plan proposes wastewater service by the District and the District has issued a can and will serve letter for the project. Although the plans are currently in revision, this area is anticipated to need service by the District after obtaining County approvals and California Environmental Quality Act (CEQA) compliance. (Assessor's Parcel Numbers: 015-162-017, 015-162-025, 015-162-026, 015-162-040).
- **Existing Homes in Carmel Valley Quail Lodge and Other Areas:** This area is shown on **Figure 4**. Existing single-family homes cover most of the remaining areas south of Carmel Valley Road within the proposed Sphere expansion. This includes the Descanso Oak Estates, Rancho Cañada #1 and Carmel Valley Golf and Country Club (Quail Lodge Homes) Subdivisions. The vast majority of these existing and developed residential lots are under one acre in size with many under .50 acre. The Quail Lodge development also includes lands used for golf and restricted open space. Quail Lodge and the Quail Lodge Golf and Country Club are within the District's SA. The extension of the SOI and annexation of these areas into the District will facilitate orderly extension of District boundaries, reduce the piecemeal annexation requests in this area and be more consistent with current Monterey County Environmental Health Division requirements for minimum lot sizes for use of septic systems on single-family residential properties. (Assessor's Parcel Numbers: various).
- **Wolter Properties:** This area also includes the Wolter Family Properties consisting of eight contiguous lots on the south side of Valley Greens Drive bordering the Quail Lodge Golf Course. The 48-acre site and individual parcels are all zoned as Low Density Residential and each lot could be developed as residential (single-family) as an allowed use under County zoning. One lot is currently developed with a single-family home. The site has historically been used for agricultural use. In recent years, it was the proposed site for a Canine Center, however the project was denied at the Board of Supervisors in November, 2015. (Assessor's Parcel Numbers: 169-431-001-3, 169-431-006-8 and 169-431-11 and 12.)

Point Lobos Area:

- In 2001, LAFCO approved the extension of wastewater service outside of the District's boundaries to the Point Lobos State Natural Reserve. Subsequently, wastewater lines were also extended into Point Lobos Ranch, an undeveloped site on the eastern side of Highway 1 which contains several State Parks-owned staff residences. The District proposes to include these properties within its SOI and to annex them as they are already serviced by existing wastewater lines.

c. Size (in acres) of the affected territory:

The proposed project includes amendment of the District’s adopted SOI within Monterey County to add territory, including the proposed Annexation Areas, as shown on **Table 1** and **Figures 1 and 2**. The proposed SOI and Annexation would increase the total acreage within the District boundaries and SOI from the existing area of 3,200 acres to approximately 6,240 acres, excluding the Future Study area.

<b>Table 1</b>	
<b>Summary of Proposed Sphere of Influence Amendment, Annexation and Future Study Area Properties</b>	
<b>Category</b>	<b>Area (Acres)</b>
Existing Carmel Area Wastewater District	3,200
Existing Sphere of Influence (SOI)	170
Existing Sphere of Influence to be Annexed	40
Future Study Area	200
Proposed Addition SOI and Total Annexation Area <sup>1</sup>	<b>3,040</b>
Total Area (Existing plus Proposal for Annexation)	<b>6,240</b>
Source: County of Monterey GIS database, Whitson Engineers	

d. Population:

1) Estimated population in the subject area:

The District estimates its population is 11,000 people within the District boundaries and an additional 4,500 Pebble Beach residents contractually served for wastewater treatment (LAFCO 2015). No specific demographics exist for the District.

Extrapolations from census data for Zip Code 93923 indicate that the area is losing population. The US Postal Service defines Zip Code 93923 as "Carmel and Carmel Highlands." This zip code area, which is larger than the District, included 12,073 people in 2010; in 2000, 13,108 people lived in the zip code. The City of Carmel-by-the-Sea, which is within both Zip Code 93923 and the District, also lost population between 2000 and 2010, as it has for each decade since 1980. The City's 2010 population of 3,722 is fifteen percent less than it was in 1950 (LAFCO 2015).

2) Proximity to other populated areas:

The affected territory encompasses major transportation arterials (Highway 1), is entirely within Carmel-by-the-Sea city limits, and partially encompasses the Pebble Beach and Del Monte Forest. The District is in proximity to the cities of Pacific Grove and Monterey to the north and northeast as well as Carmel Valley to the east.

e. Why has the proposed action been requested?

The annexation of the proposed area into the District’s LAFCO SA and amendment of the SOI is proposed to allow for provision of wastewater collection service for the SA in an orderly manner. See **Appendix B, Table B-1**, of the adopted Final IS/ND (page B-2). The annexation is proposed to meet the demands of existing SA and approved or planned development, as designated in approved and or adopted plans and local jurisdictions’ General Plans and Area Plans, and to provide wastewater service from the District into areas where there is a current or potential need. Pursuant to 56425(h), the proposed annexation area is partially inhabited, and proposed and planned for limited additional

<sup>1</sup> Note: Annexation Area = Existing SOI + Proposed SOI/Annexation Area (does not include the existing SOI area of Odello which is not proposed for annexation per Board action on December 10, 2015).

development consistent with adopted land uses in the area. LAFCO of Monterey County adopted “Policies and Procedures Relating to Sphere of Influence and Changes of Organization and Reorganization” on April 25, 2011 (per 56375 (g)) and adopted a Municipal Services Review of the Carmel Valley Area (MSR) in 2006. These documents, in addition to CAWD’s Capital Improvement Program (CIP) 15-Year Master Plan Report, 2013, CAWD Sewer System Management Plan (SSMP), Updated October 2013, the Administrative Draft MSR for CAWD (2016), and the adopted Final IS/ND for this proposed request establish the nature, location, and extent of the functions and classes of services provided by existing districts.

Over the years, many property owners within, or adjacent to, the District's existing SOI have expressed a need for wastewater service, often because of failing septic systems (LAFCO, 2016). Similarly, the District has annexed a number of subdivisions and properties needing wastewater service on a case by case basis. These annexations have frequently included areas that were not contiguous to the existing District boundaries. As a result, District boundary growth has not always been planned in a consistent manner with LAFCO policy or structured annexations with a known sphere boundary.

The adopted Final IS/ND explains that the District is interested in taking a more orderly, proactive and comprehensive approach to updating its SOI and SA boundaries to meet current and future needs. District goals for service provision have historically considered the potential to fully serve all areas within a short distance from existing service facilities including areas east into Carmel Valley, as proposed under this project application.

In addition, the District objectives including retaining capacity in order to provide services for the existing residential development located at the mouth of the Valley. The annexation areas as proposed will allow the District to reserve capacity for those developed and existing legal lots which are currently either served by septic systems or undeveloped legal lots of record. The District notes that capacity of the treatment plant is finite and this proposed project and annexation will reserve the sewer capacity and right to serve the existing developed lots. In this way, future new development proposed outside of the proposed SOI elsewhere in the valley would be constrained by the remaining availability of the treatment plant.

f. List any conditions proposed as a part of the proposal.

There are no conditions assigned to the SA annexation and SOI amendment under the request. The following existing regulations and requirements will be applied:

- The future development will be subject to all existing ordinances and requirements of the CAWD.
- Applicants will pay appropriate CAWD application, connection, user and other fees as designated by CAWD.

g. Do you request that the proposed area be taxed for existing bonded indebtedness or contractual obligations? Yes X No     

If yes, please explain:

After annexation the affected territories will not be taxed for any future bonded indebtedness of CAWD unless the property has paid all connection fees applicable at the time of connection, or the property has previously received or is receiving sewer service.

## 2. DETERMINATION OF BOUNDARIES

- a. Do the proposal’s boundaries follow existing political boundaries (such as property lines or jurisdictional lines) and/or physical features such as river, lakes, railroad tracks, and freeways?  
If not, please explain the reasons for nonconformance.

Yes, the proposal's boundaries primarily follow existing property and jurisdictional lines. Every effort was made to ensure that the boundaries are orderly and logical. Where appropriate, logical boundary adjustments were made due to the location of the Carmel River as a natural physical boundary. Please see application Item 2d below, and the Maps and Legal Description Section of this application.

- b. If the proposal's boundaries create an island, corridor, or strip either within the proposed territory or immediately adjacent to it, please explain why this is the case.

As stated in **Appendix B, Table B-2**, of the adopted Final IS/ND (page B-5), the proposed project does not create islands or corridors; in fact, the proposal to include all of the proposed annexation area in CAWD's SOI is being pursued to comply with this LAFCO policies. The one area where the annexation area does not include property primarily surrounded by CAWD boundaries is within an area designated for agricultural lands and would not be served by public services.

- c. For annexations to a city or district, does the annexation include the adjacent streets and rights-of-way? Please describe how the proposal will conform to road right-of-way guidelines for proposals submitted to LAFCO. (LAFCO Policies and Procedures, Part D.II.7)

The annexation of these properties is to the wastewater district and for provision of sewer pipelines and maintenance. In almost all cases, the annexation area includes areas within the road right-of-way and needed property to allow sewer line construction in these areas.

- d. Would the proposal divide any existing tax assessment parcels? If so, please explain why this is proposed.

Please see the Maps and Legal Description Section of this application. The proposal will divide APNs 015-162-039, 015-162-045, 157-181-040, and 157-181-008 due to the location of the Carmel River, which is considered an appropriate geographic boundary. In addition, APN 243-011-001, which is the location of the Carmel River State Beach, will be divided; this section of the Carmel River State Beach was not included in the proposal because it was a logical boundary adjustment as there is no contemplation for service extensions to the beach.

- e. Would the proposal divide any existing identifiable community, commercial district, or any other area having social or economic homogeneity? If so, please explain why this is proposed.

Not applicable, the action of changing the District's LAFCO boundaries and SA extensions will not divide an established community, commercial district, or any other area having social or economic homogeneity.

- f. Does the proposal include all territory that would reasonably benefit from agency services? If not, please explain why not.

As stated in the adopted Final IS/ND (page 14), a long-term goal to expand sewer service into the Carmel Highlands has been identified by County Environmental Health and the Regional Water Quality Control Board. The District is interested in eventually serving this area, and there are no other existing or likely future sewer service providers. However, no foreseeable funding has been identified to support the very substantial infrastructure improvements that the expansion will require. For this reason, LAFCO staff has recommended designation of Carmel Highlands as a "Future Study Area." As defined by local LAFCO Policies and Procedures, a Future Study Area is "territory outside of an adopted Sphere of Influence that may warrant inclusion in the sphere in future years. Further study would have to be completed prior to inclusion."

### 3. DUPLICATION OF AUTHORITY TO PERFORM SIMILAR FUNCTIONS

- a. Would the proposal result in any duplication of authority? (i.e., two or more governmental agencies providing the same or similar types of services) If so, please justify the need for the duplication.

As stated in **Appendix B, Table B-1**, of the adopted Final IS/ND (page B-5), duplication of authority to wastewater service will not occur. There are no other agencies providing the same or similar types of services in the area outside of the CAWD and including consideration of agreements with the Pebble Beach Community SA. All of the relevant general, specific, and master planning documents identify CAWD as the wastewater supply agency and wastewater collection service provider in the region. The proposed project does not create islands or corridors.

#### 4. CONFORMANCE WITH CITY OR COUNTY GENERAL AND SPECIFIC PLANS

a. Indicate the existing land use (including residential density):

As stated in the adopted Final IS/ND, land use designations within the proposed SOI amendment and Annexation Area vary and each provide specified regulations and policies. City of Carmel and the County of Monterey General Plan, Carmel Area Land Use Plan and Carmel Valley Area Plan each have each adopted their own policies and regulations that govern the planning and development of the CAWD area and proposed project.

The changes to CAWD boundaries are consistent with the Monterey County General Plan, City of Carmel-by-the-Sea General Plan and land use designations and policies, in addition to environmental impact reports for proposals within the Carmel Area Land Use Plan and Carmel Valley Master Plan area. Future planned development of the annexation area has been assumed, and accounted for in the area planning and project EIRs. Additionally, the District's Capital Improvement Program 15-Year Master Plan Report 2013, and CAWD Sewer System Management Plan (SSMP), Updated October 2013, provides an overview of system management. The CIP Master Plan and District budgets provide documentation for securing the physical and financial mechanisms for providing improvements required to meet future wastewater supply demand.

In addition, the area is consistent with the Administrative Draft MSR for CAWD (2016) as well as the adopted Final IS/ND for this proposed request which establishes the nature, location, and extent of the functions and classes of services provided by existing districts.

Please see also **Figure 4** and Description of Location of the Subject Territory (Answer 1.b) above for more detailed information on the land uses within the District's subareas proposed for SOI annexation of SA amendment.

b. What is the City's general plan designation and zoning for the subject territory, if applicable?

No changes to land uses are proposed as CAWD has no authority over land uses. As stated in the adopted Final IS/ND, all of the relevant general, specific, and master planning documents identify CAWD as the wastewater supply agency and wastewater collection service provider. Therefore, CAWD's proposed annexation is consistent with these general, specific and master planning documents. The changes to CAWD boundaries are consistent with the Monterey County General Plan, City of Carmel-by-the-Sea General Plan and land use designations and policies, in addition to environmental impact reports for proposals within the Carmel Area Land Use Plan and Carmel Valley Master Plan area. Future planned development of the annexation area has been assumed, and accounted for in the area planning and project EIRs. In addition, the District's Capital Improvement Program 15-Year Master Plan Report 2013, and CAWD Sewer System Management Plan (SSMP), Updated October 2013, provides an overview of system management.

c. What is Monterey County's general plan designation and zoning, if applicable?

Monterey County's General Plan has multiple designations and zoning within the proposed project area, please refer to **Figure 5** to review all applicable land use designations and zoning by Monterey County. See response above.

d. What is the proposed future land use?

The land use pattern within the City of Carmel-by-the-Sea is well established and unlikely to change. According to the City's General Plan, the City of Carmel-by-the-Sea is virtually "built-out" with very little buildable vacant land. Data from the County Assessor indicates that, as of July 2010, 2,057 parcels in the Carmel-by-the-Sea Sphere are zoned for residential uses and only 55 of these parcels are unimproved vacant land. The City's land use policies focus on maintaining the predominance of the residential character in the City through appropriate zoning and land development regulations in all districts (LAFCO 2011). Most of the area within Monterey County proposed for annexation is either currently built out or proposed for approved development (see **Figures 4 and 5**). Areas proposed for development include the Rancho Canada golf course area and the approved September Ranch. Current developed areas are shown in the adopted Final IS/ND including the Quail area homes which are on septic systems. These homes would not be allowed to be on septic under current County regulations. Extending wastewater service to these suburban areas in need of wastewater service is consistent with LAFCO policy. This SOI and annexation would not induce growth.

In the future, the population served by the District will increase primarily through expansion of the area served. Expansion is likely to occur into existing developed areas of the Carmel Valley and Carmel Highlands and areas of anticipated or potential development, including approved subdivision in Carmel Valley (the September Ranch) and proposed development within the area of Rancho Canada. The District maintains a Capital Improvement Program 15-Year Master Plan to provide for its future service needs.

- e. Is the proposal consistent with the applicable City or County General Plan designation? (and any Specific Plan) If not, please specify the reasons for non-conformance.

Yes, please see Figure 5 for Monterey County Major General Plan and Zoning Designation. Review of the policies conducted for the adopted Final IS/ND indicates that changes to CAWD boundaries are consistent with the Monterey County General Plan, City of Carmel-by-the-Sea General Plan and land use designations and policies, in addition to environmental impact reports for proposals within the Carmel Area Land Use Plan and Carmel Valley Master Plan area.

- f. Please describe the City or County's long-term planned direction of growth and comment on whether the proposed action is consistent with that plan.

As described above, little growth is anticipated, through 2035, within the area that includes the District's proposed boundaries. The majority of City and County growth will occur through annexation of existing adjacent developed parcels and land proposed for development (LAFCO 2015).

- g. For annexation and other changes of organization: If the change of organization involves a city, has the city rezoned the area?

Not applicable. The property is within either the City of Carmel-by-the-Sea or Monterey County. No change in jurisdiction is proposed. Existing zoning and general plan designation information is noted above.

- h. Amount and description of publicly owned land in the area:

Please see the Maps and Legal Description Section of this application and Description of Location of the Subject Territory (Answer 1.b) above. The primary area of open space is the Point Lobos State Park currently served by the District. The District owns facilities at its District office location and treatment plant site. The Odello lands are included in the existing SOI of the District and are open space. In addition, there is a public trail between Rancho San Carlos Road and the Odello lands that is publicly owned.

- i. Could the proposal serve to encourage development of currently undeveloped areas or increase the intensity of development of already developed areas?

The proposal would not be likely to encourage development or increase the intensity of development. However, as stated in the adopted Final IS/ND, the proposed project will result in inclusion of additional lands within the District's SOI and annexation of these areas into the CAWD, which could result in future service area extensions. However, no service area extension or development is proposed at this time as part of the proposed SOI amendment and annexation. If the SOI amendment and annexation boundary adjustments are approved, the properties located within the area could apply for service to the CAWD. Most of the area is developed or designated for low density residential uses with some limited areas designated resource conservation or open space areas. Furthermore, any development that may be proposed in the future would be subject to review and permit approvals from Monterey County at which time the appropriate level of environmental review would be conducted.

The project would expand the service area for the District, which is a boundary adjustment. Future applications to the District would require wastewater distribution upgrades to provide reliable service. Should future development be approved by the County this proposal is consistent with development being able to proceed, however the proposal does not encourage development

j. Describe any special land use concerns (airports, schools, industrial areas, etc.):

The proposed project includes an annexation and SOI amendment and therefore does not cause special land use concerns.

5. CONFORMANCE WITH SPHERES OF INFLUENCE

a. Is the proposal consistent with the adopted Spheres of Influence of affected local agencies? If not, describe the inconsistency and any overriding considerations.

Yes, the proposed annexation is concurrent with a SOI amendment. The changes to CAWD boundaries are consistent with the City of Carmel-by-the-Sea General Plan and land use designations and policies, in addition to environmental impact reports for proposals within the Carmel Area Land Use Plan and Carmel Valley Master Plan area. Future planned development of the annexation area has been assumed, and accounted for in the area planning and project EIRs. Additionally, the District's Capital Improvement Program 15-Year Master Plan Report 2013, and CAWD Sewer System Management Plan (SSMP), Updated October 2013, provides an overview of system management.

6. ENVIRONMENTAL IMPACT ASSESSMENT (Please submit final CEQA clearance documentation)

The District circulated a Draft IS/ND and adopted a Negative Declaration (ND) after required public review. The adopted Final IS/ND evaluates the environmental affects in accordance with the CEQA for the proposed amendments to the District SOI and SA annexations.

Based on the evaluation in the adopted Final IS/ND including, but not limited to, hydrology and water quality, environmental setting, population/housing, public services, and utilities and service systems, the evaluation concluded that the proposed SOI amendment and SA annexation "...that there is no substantial evidence that the project will have a significant negative effect on the environment" (CAWD, Resolution No. 2015-55, 2015).

Per the requirements above, Environmental Clearance Documents have been attached to this application and include: the Draft IS/ND, Notice of Availability, adopted Final IS/ND, and Notice of Determination for this proposed request.

7. ECONOMICS, SERVICE DELIVERY, AND DEVELOPMENT PATTERNS

- a. Please describe how the proposal will impact the ability of affected local agencies (cities, special districts and the County) to continue to provide their services. Include any potential fiscal impacts from the proposal on the affected agencies' revenues or expenditures.

CAWD's adopted Capital Improvement Program 15-Year Master Plan Report 2013 and Budgets demonstrate CAWD's financial capability and ongoing successful provision of wastewater service. No adverse service or financial impacts have been identified in those documents. The District's Capital Improvement Program 15-Year Master Plan Report 2013, and CAWD Sewer System Management Plan (SSMP), Updated October 2013, provides an overview of system management. The Capital Improvement Program 15-Year Master Plan Report 2013 and District Budgets provide documentation for securing the physical and financial mechanisms for providing improvements required to meet future wastewater supply demand. There will be fiscal impact from increased services. Capital costs of service extensions for any property will be the responsibility of the property (or properties) requesting service at time of installation.

- b. Please describe any efforts to mitigate adverse effects of the proposal on any local agency's ability to continue to provide services to its residents.

An adopted Final IS/ND was prepared by the CAWD as the lead agency, pursuant to the CEQA and the CAWD Board adopted a ND. The purpose of the adopted Final IS/ND is to determine whether the proposed annexation and SOI amendment could significantly affect the environment, requiring the preparation and distribution of an EIR for public review. Based on the analysis provided in the adopted Final IS/ND, no significant environmental impacts were found. No mitigation is required as a result of the proposed project.

- c. What is the demonstrated need for the proposed additional municipal services? (either now or in the near future)

The annexation is proposed to meet the demands of existing service area and approved or planned development, as designated in approved and or adopted plans and local jurisdictions' General Plans, and Area Plans, and to provide wastewater service from the District into areas where there is a current or potential need. CAWD currently provides services to various areas that are not contiguous to its existing SA boundary. Annexing the proposed annexation area implements policies related to orderly development and is considered administratively more efficient than requesting annexation on a project-by-project basis. The changes to CAWD boundaries are consistent with the Monterey County General Plan, City of Carmel-by-the-Sea General Plan and land use designations and policies, in addition to environmental impact reports for proposals within the Carmel Area Land Use Plan and Carmel Valley Master Plan area. Future planned development of the annexation area has been assumed, and accounted for in the area planning and project EIRs.

Additionally, the area is consistent with the Administrative Draft MSR for CAWD (2016) as well as the adopted Final IS/ND for this proposed request which establishes the nature, location and extent of the functions and classes of services provided by existing districts.

- d. Please describe the capacity of the proposal's subject agency to provide such services.

As stated in the adopted Final IS/ND, there is documented sufficient capacity and authorization to serve the proposed expanded SOI and expansion. The CAWD's current permitted capacity is 3.0 million gallons per day (MGD) and the District General Manager has determined that the average daily dry weather flow is currently between 1.2 and 1.4 MGD. In addition, the District's collection and treatment infrastructure is currently adequate and a detailed capital improvement program has been adopted and funded to ensure that the District provides adequate service. Expanded wastewater lines would be funded by property owners before service is extended.

- e. Are there any factors (such as topography, isolation from existing developments, premature intrusion of urban-type developments into a predominantly agricultural area, or other

pertinent economic or social reason) that may reduce the proposal's ability to serve the public interest? Please comment.

Not applicable, as evaluated in the adopted Final IS/ND as well as the CAWD Adopted Municipal Services Review (LAFCO 2006); the 2016 Administrative Draft CAWD Municipal Services Review, Updated with CAWD comments, (LAFCO 2015) and the CAWD Master Capital Improvement Plan (LAFCO 2015) there are no other factors that may reduce the proposal's ability to serve the public interest.

- f. List any related public approvals required for the proposal, including those of local, State, and Federal agencies.

The proposed project includes the following approvals and permits; the adopted Final IS/ND covers all project actions.

- Carmel Area Wastewater District: Board approval of Sphere of Influence Amendment, Annexation and Resolution to LAFCO for Application for the above. (COMPLETED)
- Local Agency Formation Commission of Monterey County: Processing a Sphere of Influence amendment and annexation to the CAWD. Approval of an amendment of the Sphere of Influence and approval of annexation proposed. (IN PROGRESS)

- g. Have affected local agencies been notified? If so, what was the response?

The adopted Final IS/ND was circulated for a 30-day review period and was initiated on November 9 and ended on December 9, 2015. City of Carmel-by-the-Sea and Monterey County were on the distribution list. During the public review period a total of three (3) comment letters were received during the public review period. The County of Monterey Environmental Health Department wrote a letter of support for the proposed annexation.

- h. Have the property owners and registered voters within the subject area been contacted? If so, what was the response?

The proposed Draft IS/ND was circulated for a 30-day review period and was initiated on November 9 and ended on December 9, 2015. The Notice of Intent (NOI) to adopt the Draft IS/ND was posted with the Monterey County Clerk and the State Clearinghouse, made available on CAWD's website, posted at CAWD offices, distributed to relevant public agencies, and emailed/mailed to a list of interested individuals and local groups. In addition, copies were made available for review at CAWD offices and the local libraries.

Over the years, many property owners within, or adjacent to, the District's existing SOI have expressed a need for wastewater service, often because of failing septic systems. Thus, the project is supported throughout the community.

- h. Do residents within the proposal area use facilities or programs provided by the local agency? Indicate the source of this information.

Not applicable; other areas currently receive service but the proposal is for a Amendment and Annexation of property into the CAWD SOI and SA to consolidate wastewater services in the proposed annexation area into continuous areas with the CAWD SA.

- i. Do residents within the proposal area travel to the city or boundaries of the special district for shopping, recreation, work, or other purposes? Indicate the source of this information.

Not applicable.

- j. Do the city, or area served by the district, and proposal areas share the same mailing address and zip code?

The District and SOI cover a large area that services multiple zip codes.

- k. Briefly describe any other factors demonstrating interdependence of the city/district and proposal area.

The proposed SOI amendment and annexation includes all areas within Monterey County, California with no competing wastewater service agencies available or able to provide this service.

## 8. PHASING

- a. Does this proposal include any multi-step, incremental phasing of annexation or other LAFCO approvals? If so, please describe the phasing component in relation to LAFCO of Monterey County's adopted policies for phasing (LAFCO Policies and Procedures, Part D.VIII).

Phasing of annexation areas is not currently proposed by CAWD. The Future Study Area is an area not proposed for inclusion within the SOI or for annexation but planned for a potential future phase of study. A long-term goal to expand sewer service into the Carmel Highlands has been identified by County Environmental Health and the Regional Water Quality Control Board. The District is interested in eventually serving this area, and there are no other existing or likely future sewer service providers. However, no foreseeable funding has been identified to support the very substantial infrastructure improvements that the expansion will require.

## 9. OPEN SPACE AND AGRICULTURAL LAND

The annexation of the proposed area into the District's LAFCO SA and amendment of the SOI would not result in conversion of agricultural lands. The project will not convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance to non-agricultural use. Please see the adopted Final IS/ND, **Appendix B, Table B-3, Part IX**. Open Space and Agricultural Land, as well as several parts of the main text of the adopted Final IS/ND, such as **Section B. Agricultural Impacts, Figure 6. Important Farmlands**, and the "growth inducement" discussion under **Impact a) Section M. Population and Housing**.

The only property designated as Important Farmland and included in the SOI/Annexation area is the Wolter Properties site (Refer to **Figure 4**). The 48-acre site is shown as Important Farmlands on attached **Figure 6**. However, as discussed above, the project is already subdivided into eight parcels which are designated for residential uses. In this case, the farmland designation is not considered as relevant for LAFCO policy conformance purposes (LAFCO, Personal communication October 2015).

There is one vacant/undeveloped parcel that is not proposed for annexation due to the agricultural designation of the property. **Figure 6** identifies this area as Prime Farmland, also as shown on **Figure 5** this area is designated as Resource Conservation. The Odello property is currently within the CAWD SOI but is not proposed for annexation into the District's service area.

## 10. GROUNDWATER STANDARDS - (All proposals) - Please describe how the proposal conforms to each of the following adopted LAFCO policy statements regarding groundwater.

- a. LAFCO will encourage boundary change proposals involving projects that use reclaimed wastewater, minimize nitrate contamination, and provide beneficial use of storm waters.

As stated in the adopted Final IS/ND, the District operates a treatment facility for wastewater collected by the District and the adjacent Pebble Beach Community Service District. Wastewater is treated to a "tertiary" level (Title 22) and used to irrigate golf courses and public open spaces. In addition to its wastewater collection and treatment services, the District partners with the adjacent Pebble Beach Community Services District to make reclaimed wastewater available for landscape irrigation, thereby reducing the need for local potable water resources. The changes to CAWD boundaries are consistent with the Monterey County General Plan, City of Carmel-by-the-Sea

General Plan and land use designations and policies to reduce nitrates and encourage use of reclaimed water.

- b. LAFCO will encourage proposals which have incorporated water conservation measures. Water conservation measures include drought tolerant landscaping, water-saving irrigation systems, installation of low-flow plumbing fixtures, retrofitting of plumbing fixtures with low-flow devices, and compliance with local ordinances.

Not applicable, there would be no water system improvements or capacity increases through this boundary adjustment.

- c. LAFCO will encourage those proposals which comply with adopted water allocation plans as established by applicable cities or water management agencies.

Not applicable, there will be no change in adopted water allocation plans under this proposal.

- d. LAFCO will encourage those proposals where the affected jurisdiction has achieved water savings or new water sources elsewhere that will off-set increases in water use in the project site that would be caused by the proposal.

Not applicable, there would be no water system improvements or capacity increases through this boundary adjustment.

- e. LAFCO will discourage those proposals which contribute to the cumulative adverse impact on the groundwater basin unless it can be found that the proposal promotes the planned and orderly development of the area.

As previously stated and discussed in the adopted Final IS/ND, there would be no water system improvements or capacity increases through this boundary adjustment. No change is proposed in existing or proposed area water system improvements. Therefore, the proposed project would have no effect on water systems. Further, the proposed project would not deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level. Recharge to the Carmel Valley area comes from a variety of sources including directly from precipitation on the valley floor, runoff from the bordering valley sides and tributaries, deep percolation from surface irrigation and individual septic systems, agriculture return flow, down-valley groundwater flow through the alluvium and in the river channel. Approximately 85 percent of the recharge in the aquifer occurs through the Carmel Riverbed, with additional water coming from tributary drainages, precipitation, inflow from surface bedrock, and return flow from irrigation systems and septic tanks. The Carmel Valley Aquifer system functions as a water supply source for a large portion of the local area. The primary consumptive use is from pumping of the aquifer for domestic use. The use of septic systems after future annexation of the properties within the SOI area could reduce the portion of the return flow from septic tanks of the existing single family homes with septic systems on the Valley floor. Groundwater quality has also been affected by seepage from septic systems in the Carmel Valley area. However, the contribution of recharge from infiltration of septic systems in these homes in comparison to the other sources is small and the timeframe for removal of septic systems by individual homeowners is likely to occur over time (and some homes may choose not to hook up to the CAWD system). Therefore, the contribution is small and the timing unknown. The potential future indirect impacts from reduction of septic systems on the water system will thus not result in the depletion of groundwater or the groundwater system<sup>2</sup>.

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<sup>2</sup> The use of septic systems have also been linked to increased pollutants in groundwater. Pollutants that are not removed by septic systems can migrate into groundwater by leaching through the soil resulting in potential contamination of ground water resources. This problem can be magnified as the number of older failing systems increases over time.

- f. LAFCO will discourage those boundary change proposals which, when considered individually and after taking into account all mitigation measures to be implemented with the project, still cause a significant adverse impact on the groundwater basin.

The results of the adopted Final IS/ND found the proposal would not have an impact on hydrology and water quality. The proposed project would have a beneficial impact to the groundwater basin by the removal of septic systems in certain areas. The proposed project will allow for a boundary change and annexation of properties currently on septic systems into the CAWD SA. The CAWD recycled water project uses wastewater to treat and recycle for use on golf courses, thereby reducing reliance on groundwater. The CAWD wastewater system and reclaimed wastewater supplies will also reduce septic contaminants, including minimize nitrate contamination, and provide beneficial use of wastewaters.

11. INCORPORATION GUIDELINES - (not applicable)

12. REGIONAL TRAFFIC IMPACTS - (not applicable)

13. EFFICIENT URBAN DEVELOPMENT PATTERNS - (not applicable)

14. DISADVANTAGED UNINCORPORATED COMMUNITIES ADJACENT TO CITIES - (not applicable)

15. CONTRACT / SERVICE EXTENSION AGREEMENT - (not applicable)

16. ENVIRONMENTAL JUSTICE

LAFCOs are required to consider the extent to which a proposal will promote environmental justice. As defined by statute, environmental justice means “the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.”

- a. Please provide information on the demographics of the proposal area, including ethnicity and income.

No specific demographics exist for the District. In 2014, the City of Carmel-by-the-Sea’s population was 3,807 people, with the predominate ethnicity being white (88 percent of the population in 2014) (U.S. Census Bureau 2014). Monterey County has a population estimate of 433,898 in 2015 with 57.4 percent of the community being Hispanic or Latino in 2014 (U.S. Census Bureau 2015).

- b. Will all residents have access to the facilities or services requested by this application?

If the SOI amendment and annexation boundary adjustments are approved, the properties located within the area could apply for service to the CAWD.

- c. Will the projected cost of such services be appropriate to the income levels of the area’s population? If so, are the service costs likely to be held to this level for the long-term?

District user fees are based on State rate models for sewage treatment works. Rate increases are projected for future years based on operating costs. Recent investment in the treatment plant facility has been undertaken to improve reliability and reduce operating costs to minimize any need rate increases. Current rates have been found to be on par with, or below, similar sized Districts.

- d. What measures have been taken to solicit public comment on the proposal?

As previously stated, the proposed Draft IS/ND was circulated for a 30-day review period and was initiated on November 9 and ended on December 9, 2015. The Notice of Intent (NOI) to adopt the Draft IS/ND was posted with the Monterey County Clerk and the State Clearinghouse, made available on CAWD’s website, posted at CAWD offices, distributed to relevant public agencies, and

emailed/mailed to a list of interested individuals and local groups. Additionally, copies were made available for review at CAWD offices and the local libraries.

- e. Would this proposal result in inferior public services being provided to an area where there is a concentration of low-income or ethnic groups?

No.

- f. Are there any adjacent neighborhoods that might benefit from the agency's services that could be included in the proposal? If so, what are the demographics for this area and why were they excluded?

As previously stated, a long-term goal to expand sewer service into the Carmel Highlands has been identified by County Environmental Health and the Regional Water Quality Control Board. The District is interested in eventually serving this area, and there are no other existing or likely future sewer service providers. However, no foreseeable funding has been identified to support the very substantial infrastructure improvements that the expansion will require. For this reason, the proposal includes the designation of Carmel Highlands as a "Future Study Area." In addition, the proposal to include all of the proposed annexation area in CAWD's SOI is being pursued to comply with LAFCO policies to ensure islands or corridors of underserved areas are not present.

- g. Please provide a listing of the members of the City Council or District Board of Directors for the subject agency, and include the gender and ethnicity of each member.

The Carmel Area Wastewater District is governed by a five-member Board of Directors, four male and one female Directors. Ethnicity is Caucasian.

- h. Are members elected or appointed? If elected, please note whether elections are by district or at-large.

CAWD Board of Directors members are elected at-large.

- i. How long is the term of office? 4 years

- j. How will the voting rights of persons in the affected territory be affected?

Persons in the affected territory will become eligible to vote for, and serve on, the District's Board of Directors.

#### References/Literature Sources

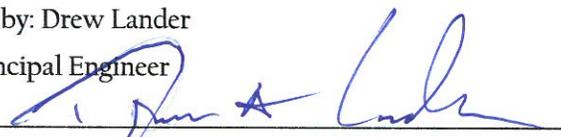
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ADDITIONAL INFORMATION

Any further information, comments, or justification you wish to make that may be helpful in the Commission's review of the proposal:

Prepared by: Drew Lander

Title: Principal Engineer

Signed:  \_\_\_\_\_

Date: