

**PUBLIC REVIEW DRAFT**

**MUNICIPAL SERVICE REVIEW**

**AVILA BEACH  
COMMUNITY SERVICES DISTRICT**



**PREPARED BY:  
SAN LUIS OBISPO  
LOCAL AGENCY FORMATION COMMISSION**

**DECEMBER 2008**

**San Luis Obispo  
LOCAL AGENCY FORMATION COMMISSION**

**Commissioners**

Chairman: Richard Roberts, Public Member

Vice Chairman: David Brooks, Special District Member

K. H. "Katcho" Achadjian, County Member

Bruce Gibson, County Member

Barbara Mann, Special District Member

Duane Picanco, City Member

Allen Settle, City Member

**Alternates**

Ed Eby, Special District Member

Tom Murray, Public Member

Vacant, City Member

James R. Patterson, County Member

**STAFF**

Paul L. Hood, Executive Officer

Raymond A. Biering, Legal Counsel

David Church, Deputy Executive Officer

Donna J. Bloyd, Commission Clerk

---

---

## Table of Contents

### Chapter 1: Introduction

Introduction ..... 4

### Chapter 2: Municipal Service Review

Factor 1: Growth and Population projections for the affected area ..... 8

Factor 2: Present and planned capacity of public facilities and adequacy of Public Services, including infrastructure needs or deficiencies ..... 12

Factor 3: Financial ability of agencies to provide services ..... 23

Factor 4: Status of, and opportunity for, shared facilities ..... 24

Factor 5: Accountability for community service needs including Governmental Structure and operational efficiencies ..... 36

### FIGURES

Figure 1-1 Avila Beach CSD Map ..... 6

Figure 1-2 County Service Area 12 Map ..... 7

Figure 2-1 Avila Beach Town Past-Projected Population ..... 8

Figure 2-2 Avila Beach Town/Valley Past-Projected Population ..... 13

Figure 2-3 Water Use 2001-2005 Gallons per Person per Day ..... 15

Figure 2-4 ABCSD Enterprise (Water-Sewer) Funds 2005-2008 ..... 19

Figure 2-5 ABCSD Governmental Funds 2005-2008 ..... 19

Figure 2-6 Long-Term Debt ..... 20

Figure 2-7 Reserve Funds 2005-2007 ..... 21

### TABLES

Table 1-1 ABCSD-LAFCO 2007 Recommendations ..... 4

Table 1-2 Principal Act ..... 5

Table 2-1 Existing Water Supply-Future Demand ..... 13

Table 2-2 Water Distribution System Improvements ..... 14

Table 2-3 Wastewater Distribution System Improvements ..... 16

# AVILA BEACH COMMUNITY SERVICES DISTRICT

## EXPANDED MUNICIPAL SERVICE REVIEW

### CHAPTER 1 - INTRODUCTION

This is an expanded Municipal Service Review completed for the Avila Beach Community Services District (ABCSD). In December 2007, the Local Agency Formation Commission approved the Sphere of Influence Update and Municipal Service Review for the ABCSD. A limited Municipal Services Review was prepared and approved by the Commission. The Commission directed LAFCO Staff to complete a more comprehensive Municipal Service Review for the ABCSD in 2008.

This Service Review is an informational document that could be used for updating the ABCSD's Sphere of Influence. The purpose of a Municipal Service Review (MSR) is to provide information about a jurisdiction's service capabilities in the context of being able to serve the Sphere of Influence of a jurisdiction. It is used to help the Commission determine the appropriate extent of a Sphere of Influence. The MSR is not a regulatory document that requires a jurisdiction to comply with a particular set of legal requirements. It is a review of jurisdiction's ability to provide service to existing and future residents.

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act) required the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence (SOI) for all applicable jurisdictions in the County by January 2008. No expansion or reduction to the ABCSD's Sphere of Influence was made by LAFCO. The table below identified the Active Powers of the ABCSD and the recommendation adopted by LAFCO in December 2007:

**Table 1-1: Avila Beach CSD – LAFCO 2007 Recommendation**

<b>Community Services District</b>	<b>Active Powers</b>	<b>Recommendation</b>
Avila Beach Community Services District	Water, Sewer, Street Lighting, Solid Waste, and Fire Protection	No changes to the SOI are recommended; however a more comprehensive Municipal Service Review should be completed in 2008 because of the increased development in Avila Beach.

**Municipal Service Review.** A SOI is generally considered to be the future service area boundary for a jurisdiction over the next 20 years. The Municipal Service Review is used to help determine the Sphere of Influence and the jurisdiction's ability to provide services to an expanded area or, in some cases, a reduced SOI area. The MSR is not a detailed audit of a jurisdiction's operations or financial status, nor is it intended to be used as such. The Service Review is a summary-level analysis of information provided by the ABCSD to LAFCO. Information from the County Planning Department and Auditor's Office is also used to prepare the MSR. LAFCO Staff reviews and summarizes the variety of information provided by the ABCSD and other sources. Based on this review, LAFCO makes a recommendation regarding the Sphere of influence.

The Municipal Service Review for the Avila Beach Community Services District is prepared in accordance with Section 56430 of the California Government Code. This code section was updated in 2008 to include six factors instead of the original nine factors. The MSR contains written determinations that address the following six factors. Information and written

determinations regarding each of the factors is provided in the Service Review. The six service review factors are addressed in Chapter Two and include:

1. Growth and Population projections for the affected area.
2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
3. Financial ability of agencies to provide services
4. Status of, and opportunity for, shared facilities
5. Accountability for community service needs including governmental structure and operational efficiencies
6. Any other matter related to effective or efficient service delivery, as required by commission policy

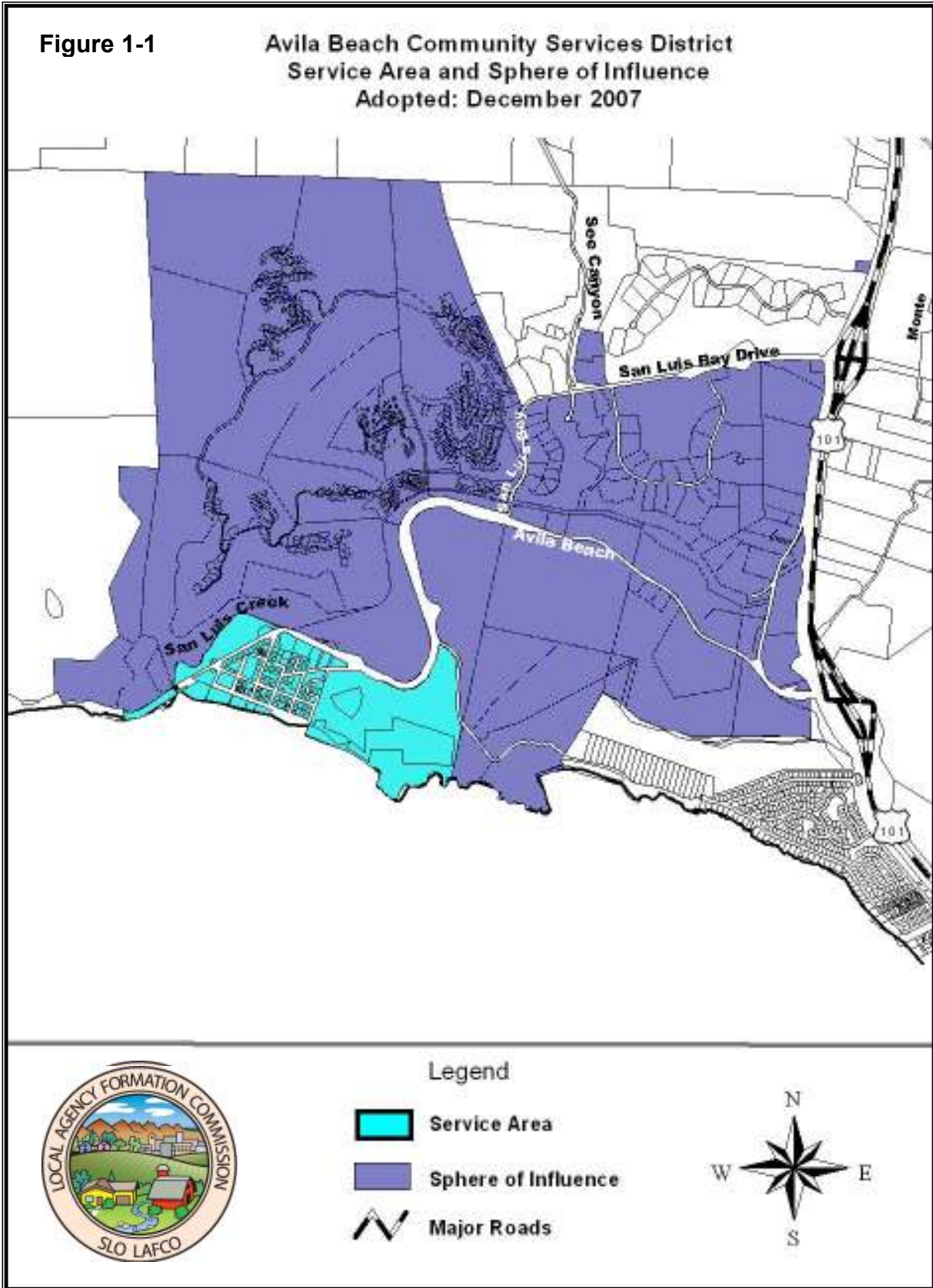
LAFCOs compile a variety of information in preparing a Service Review. Also, administrative and organizational information is collected and evaluated. In order to complete this analysis LAFCO relied on Audit Reports submitted to the County Auditor-Controller's Office pursuant to state law, original formation filing documents, State Controllers Special Districts Annual Financial Reports, and information from various websites. The entire list of references is included in Attachment B.

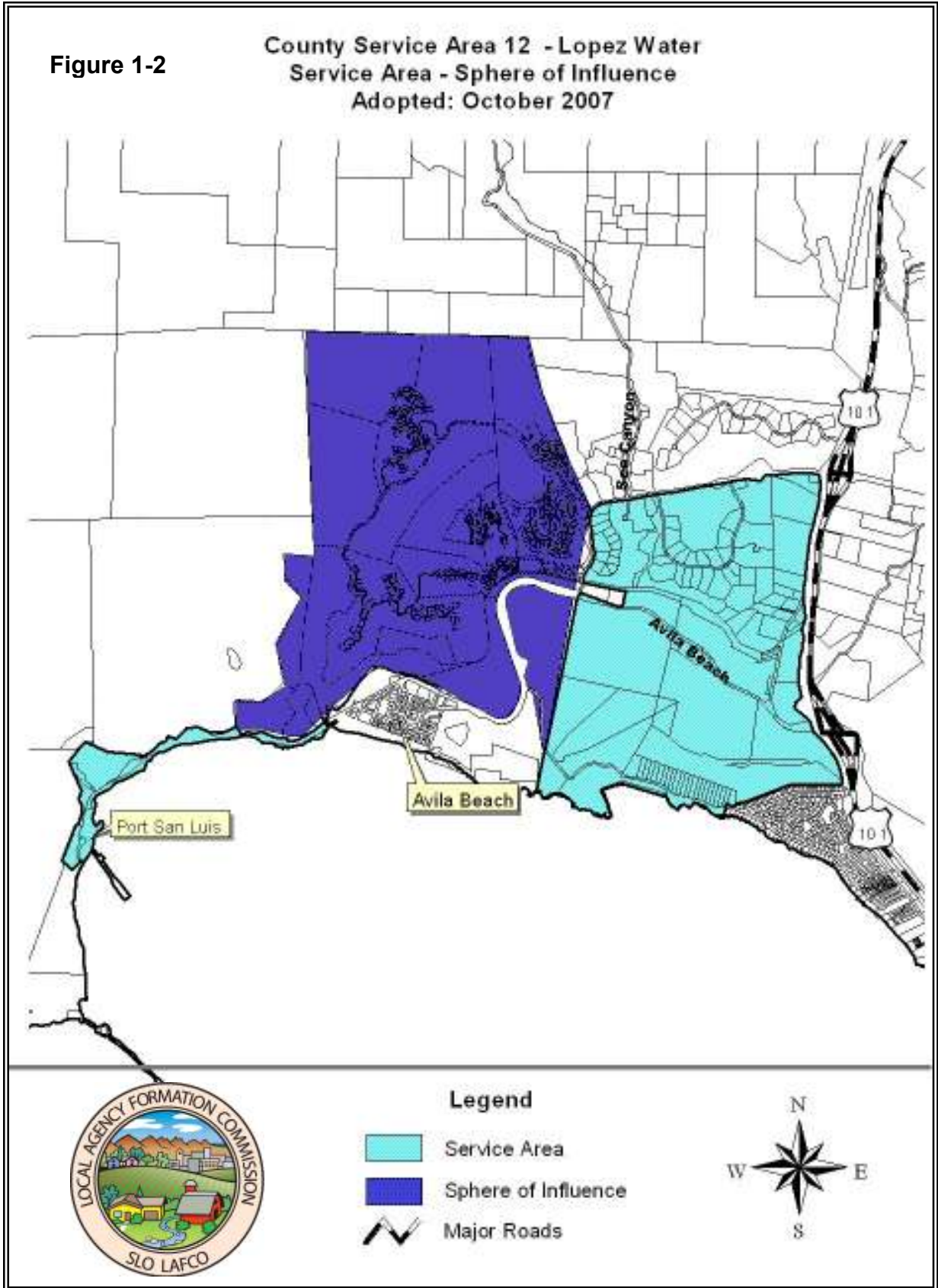
**Principal Acts.** Principal Acts are the parts of California Law that govern district formations, activities and operations. The Principal Act for a Community Services District is found in sections of California Law listed below:

**Table 1-2: Principal Act**

District	Code Section	Code
Community Services District	61000-61144	Government Code

**Sphere of Influence Recommendation.** The ABCSD's Sphere of Influence was updated by LAFCO on December 6, 2007 and is shown in Figure 1. No changes to the SOI are recommended at this time. The SOI includes 1,908.4 acres to the north and east of the town of Avila Beach. The service area of the District is 153.9 acres. The SOI also includes 778 parcels many of which are part of several developments in the area including; the Kingfisher Development, the San Luis Bay Estates Development, the Mallard Green Development, the Heron Crest Development, and the San Luis Bay Inn to the west. These developments are not served by the ABCSD, but use private water and sewer services (San Miguelito Mutual Water Company) set up to specifically serve these developments. The Sphere of Influence also includes the properties owned by San Miguelito to the east of the town. The reasoning behind the ABCSD's existing Sphere of Influence is to plan for the possible future consolidation of government services. In particular, the eventual consolidation of County Service Area 12 (shown on the next page) with the ABCSD. Also the area is within the Urban Reserve Line of the County's General Plan. Urban Reserve Lines identify the eventual extent of a community over the next 20 years. The area takes in what is commonly referred to as the Avila Beach/Avila Valley Area. It should be noted that within the SOI the ABCSD has contracts with San Miguel Mutual Water Company and the San Luis Coastal Unified School District (Lopez and State Water) as well as Avila Valley Estates Mutual Water Company (State Water) for services.





# AVILA BEACH COMMUNITY SERVICE DISTRICT

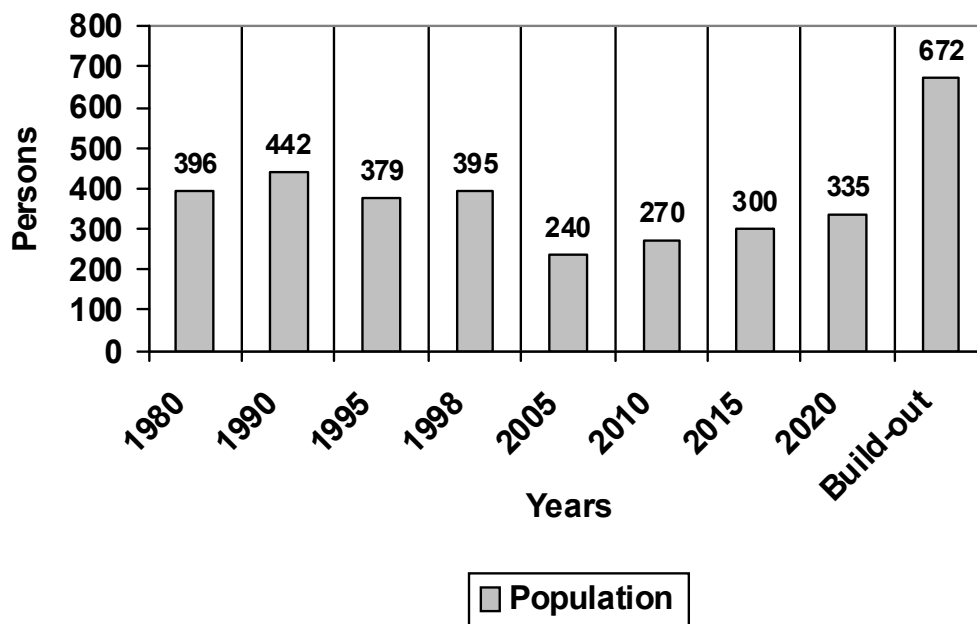
## CHAPTER 2 - MUNICIPAL SERVICE REVIEW

The following sections address the six factors listed in the Cortese/Knox/Hertzberg Act in Government Code Section 56430.

### Factor 2. Growth and Population projections for the affected area

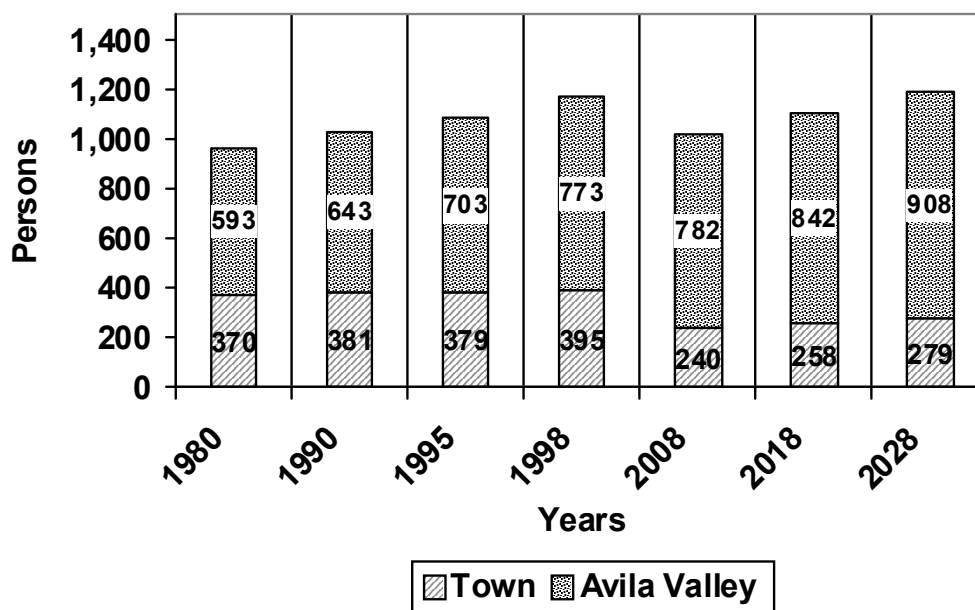
Growth and population of Avila Beach has fluctuated over the last several years and is now on the increase. Growth and population for the area is projected in several documents including the San Luis Bay Area Plan, the Clean Air Plan, Council of Governments Long Range Population projections, and the Avila CSD's Wastewater Master Plan and Water Master Plan. In the Wastewater Master Plan for Avila Beach, the ABCSD estimates that it now serves approximately 240 permanent residents in town with an estimated peak tourist population of 5,000 per day. In 1998, the Specific Plan prepared by the County of San Luis Obispo for the town estimated the population at 395. During the Avila Beach Cleanup project, which was a major excavation project of an underground hydrocarbon spill, the town's population decreased significantly. Based on the number of connections now being served by the ABCSD, the Master Plans prepared by the District estimate the existing population at 240. The estimated build-out population based on existing zoning is 672. The area service by the District is relatively small. A number of apartments and new visitor serving hotels and restaurants have been built in the last few years. The number of permanent residents will increase in the town area over the next several years. The chart below uses data from the U.S. Census, County, and District Master Plans to estimate build-out for the town.

**Figure 2-1**  
**Avila Beach Town Population Past and Projected**



The Avila Valley is located to the north and east of Avila Beach, with a portion of the Valley within the Sphere of Influence of the Community Services District. The chart below shows the estimated population growth in the Town and the Avila Valley area since 1980 and the potential growth in those areas under the existing Area Plan. Much of the area within the ABCSD Sphere of Influence has been built out in recent years and includes numerous residential units. This area is served by the San Miguelito Mutual Water Company. The County Department of Planning and Building estimates the total current population for the Avila Beach and Avila Valley areas to be 1,022. The annualized growth rate over the last several has been .78%. These numbers are reflected in the chart below. The County Planning Department estimates that total build-out for the Avila Beach and Avila Valley Area would be 1,721. At the current growth rate this would not be achieved until 2075.

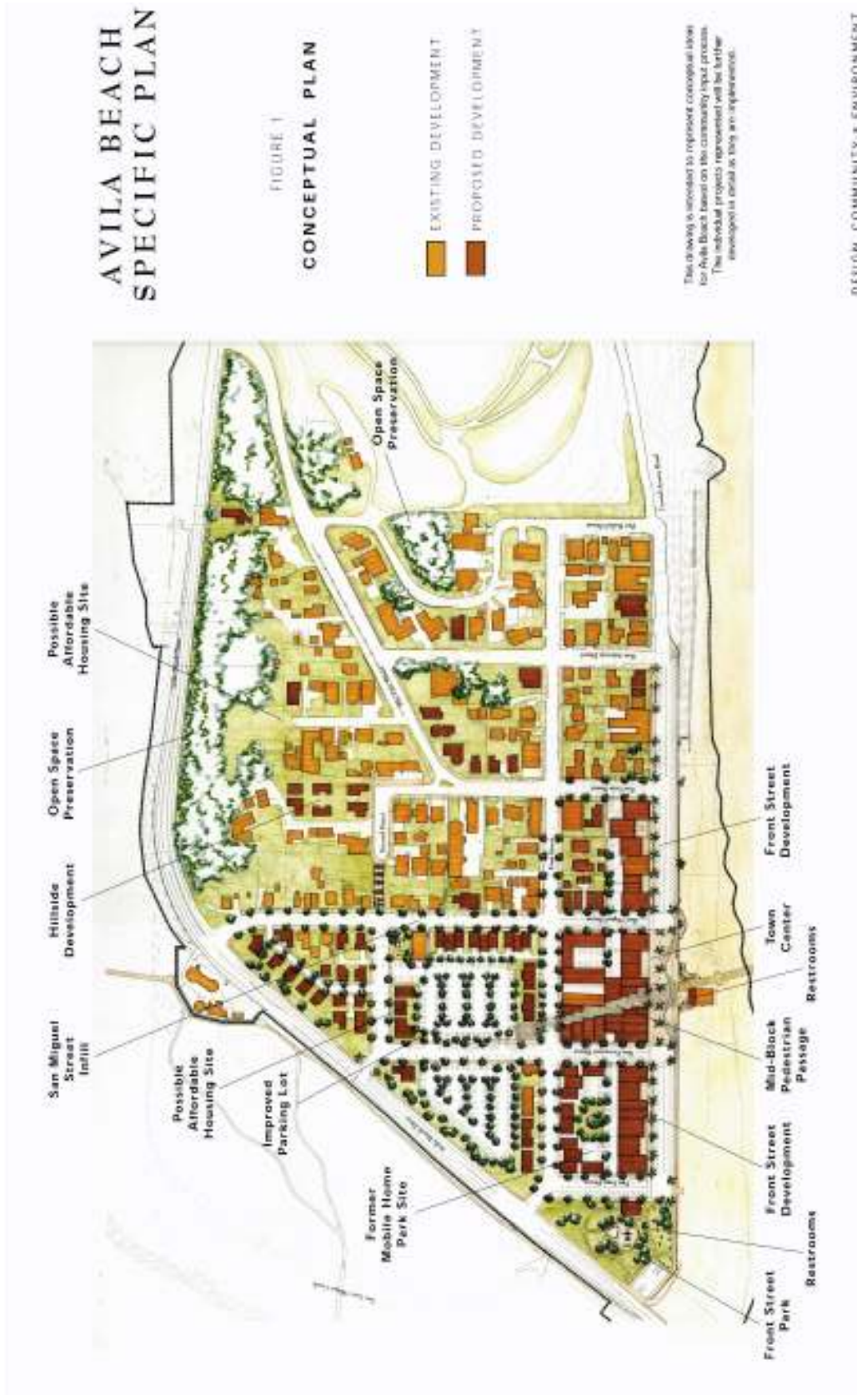
**Figure 2-2  
 Avila Beach Town/Valley Population Past and Projected**



From 1998 to 2000 Unocal’s cleanup project caused the population in the town to significantly decrease. The Town’s population is slowly increasing as rebuilding occurs while the growth in the Avila Valley area is leveling off.

**AVILA BEACH SPECIFIC PLAN**

The Specific Plan for Avila Beach has guided development of the town since the Unocal clean up project was completed. The map of the conceptual plan on the following page identifies the areas of existing and proposed development. The Specific Plan focused on redeveloping the town in cohesive and well designed manner. The Plan envisioned the growth of a town center, development along Front Street, a Mid-Block Passage, improved parking, Front Street Park, visitor serving uses at the former Mobile Home Park site and other development in areas of the town. The Specific Plan was developed with input from the Community and is currently being implemented as the town re-builds. The ABCSD has been the water and sewer service provider for development within the town and has been able to serve projects that have been approved under the Specific Plan.



The County's Certified Local Coastal Plan characterizes the future growth and development for the Avila Valley Area as follows:

### **SAN LUIS BAY ESTATES**

*This private development lies north of Avila Road between San Luis Bay Drive on the east and an area west of the mouth of San Luis Obispo Creek, covering approximately 1,187 acres. The southern portion of the development lies within the coastal zone. In 1981, a master development plan was approved for phased construction of a recreational/residential community. The master development plan establishes the location and extent of residential, commercial, recreational and related development; the phasing sequence for future construction; the proposed circulation system; and development and design standards for proposed uses (Amended 1987, Ord.2321).*

*The master development plan for San Luis Bay Estates established a maximum total of 808 residential units. The Local Coastal Program Land Use Plan, as certified by the Coastal Commission in 1984, deleted two residential clusters totaling 43 dwelling units located adjacent to the golf course within the Coastal Zone. However, these 43 units may be transferred to other locations within San Luis Bay Estates through approval of an amendment to the master development plan, unless the 43 units are retained within Phase IV (Amended 1987, Ord. 2321).*

*The dwelling units within San Luis Bay Estates are to be attached or detached single-family units of conventional construction (except for the existing mobilehome park) and will be developed in several clusters, retaining about 80 percent of the project area in open space. Additional proposed development is to include a commercial center. Each phase of the project will be implemented through a Conditional Use Permit application in accordance with the Land Use Ordinance. Water and sewer service considerations, traffic and other potential environmental impacts will be evaluated with each phase of development*

*Facilities constructed by 1987 include the hotel, 18-hole golf course, tennis facilities, private water supply and sewage disposal systems, fire station, private roads, a mobilehome park, an office area adjacent to the entrance gate on San Luis Bay Drive, and Phase I residential townhouse development (the hotel and golf course are within the coastal zone) (Amended 1987, Ord. 2321).*

*It is expected that this development will remain a recreational/residential community. Each phase of the project will require Conditional Use Permit approval. With continuation as a private community, none of the facilities would be maintained or operated by the county. An expansion of the existing hotel has been approved (Amended 1987, Ord. 2321).*

### **AVILA VALLEY**

*Avila Valley is at the easterly edge of the Avila Beach urban reserve area, about 2 miles east of Avila Beach. It is bounded on the east by Highway 101, on the south by Ontario Ridge and on the north and west by San Luis Bay Drive. This area was included within the 1972 Avila Valley Specific Plan. However, that specific plan has been repealed in the resolution for adoption of the Land Use Element.*

*The valley has many areas with high open space values and also several areas of hazard lands, primarily flood plains along San Miguelito and San Luis Obispo Creeks and geologic hazard areas on steep slopes. Areas which present a natural hazard should be left in open space or designated for very low intensity uses and development should be located where construction will not destroy natural or scenic values of the site. Areas with high soil erosion hazard, habitat value and scenic value should be retained for open space uses, while limited development is appropriate in areas of moderate environmental and scenic value. Most development should be concentrated in areas of low environmental or scenic impact.*

*The previous specific plan recommended a variety of land uses. The major amount of development, approximately 170 to 200 dwelling units, was proposed for the central portion of the valley bounded by San Luis Bay Drive on the north and west, Ontario Road on the east, and San Luis Obispo Creek on the south. More recently, lower density development has been approved in this area, recognizing the reduced amount of Lopez water allotments available to the properties. The lower density appears to also reduce the economic feasibility of providing public sewers in the valley. In addition to these changes in the central valley, some of the properties along the westerly edge of Ontario Road have recently broken down through the lot split process and homes constructed on parcels having a lower density than proposed in the previous specific plan.*

The ABCSD's Sphere of Influence includes the San Luis Bay Estates and Avila Valley Area and is consistent with the Urban Reserve Line shown on the map below. These areas continue to be built out at a steady pace and are currently served by private water and sewer companies. These areas are not anticipated to grow to a great extent in the upcoming years. The Town of Avila Beach, which is the service area of the ABCSD, continues to recover from the Unocal Cleanup which was completed in 2000. The population in the town will increase as rebuilding continues. Also, the future development of the former Tank Farm will likely require District services. The type and intensity of development for the site has yet to be determined.



## **DETERMINATIONS**

1. The projected future growth in the population of Avila Beach is estimated in the Wastewater and Water Master Plans which were recently completed by the ABCSD. These projections are based on land uses in the town.
2. The projected buildout population for the Avila Beach/Avila Valley Area within the Sphere of Influence of the ABCSD is estimated by the County Planning Department to be 1,722. The current total population is estimated to be 1,022.
3. The Wastewater and Water Master Plans used the Avila Beach Specific Plan in the development to analyze existing service needs and future needed capacities.
4. The Master Plans also state that the ABCSD does not currently intend to annex properties within the existing Sphere of Influence. Prior to annexation into the District, an adequate water supply and wastewater capacity would need to be documented in a plan for services provided by the District.
5. Annexation of any of these areas into the District would likely entail the transfer of water resources currently being used to serve the area. It also would likely involve the transfer/expansion of wastewater facilities.
6. The Master Plans provide a build-out analysis for the existing service area which estimates the Avila Beach town population at 672 when the residentially zoned properties are developed. The current population is estimated to be 250 people.
7. The Avila Valley Areas are building under the current General Plan. Services to portions of the Valley are provided by private companies; San Miguelito Mutual Water Company and Avila Beach Mutual Water Company.
8. The Avila Beach Specific Plan provides the zoning, design and other policies with regard to growth and development within the town of Avila Beach.

## **Factor 2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

Prior to updating a Sphere of Influence, LAFCO is responsible for assessing whether an agency is reasonably capable of providing the needed resources and basic infrastructure to serve areas within the ABCSD and in the Sphere of Influence. It is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations occur. It is prudent for LAFCO to evaluate the present and long-term infrastructure demands and resource availability of the community for future LAFCO decisions.

This section reviews the ABCSD's capabilities with regard to the provision of water, wastewater collection and solid waste. The District Contracts with CAL FIRE for fire protection services. The roads are maintained by the County of San Luis Obispo Public Works Department and law enforcement services by the County Sheriff with roads covered by the California Highway Patrol. The most important infrastructure needs are the provision of water and wastewater services to the town of Avila Beach.

### **WATER**

The ABCSD provides water services for the community of Avila Beach. The ABCSD's water supply comes from Lopez Lake Reservoir/County Service Area 12 (68 Acre feet) and State Water (100 acre feet). The District prepared a Water Master Plan in 2006 that addresses water supply, future demand, storage and distribution facilities, and infrastructure improvements. The Master Plan provides the District with information regarding future water supply, demand and infrastructure needs. The ABCSD's 2006 Water Master Plan provides the District with information to maintain and construct water system infrastructure that will meet the needs of existing and future residents. The Water Master Plan states the following:

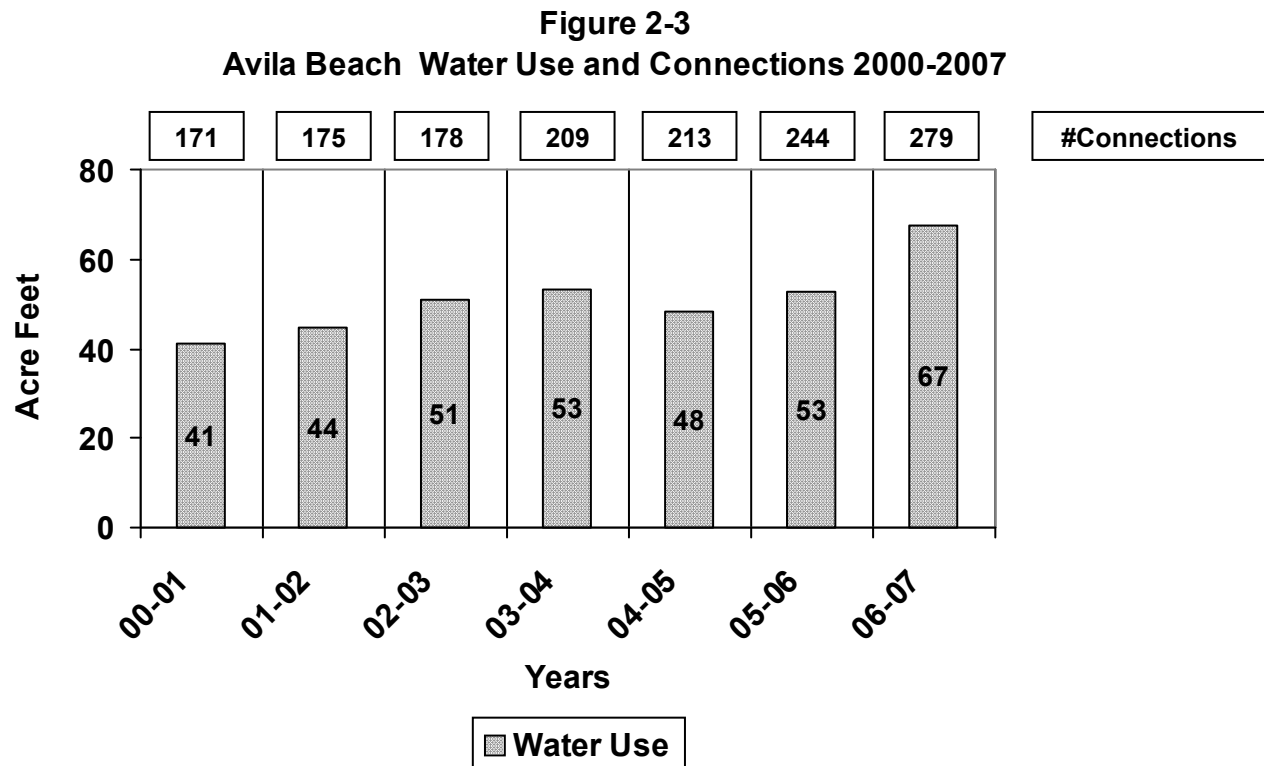
*The WMP was prepared to evaluate the existing water distribution system and recommend a program of improvements in order to provide for a well-planned and comprehensive program.*

**Water Supply.** The ABCSD has a limited water supply that appears adequate to serve the build out of the town of Avila and limited development of the Tank Farm. The District has a water allocation of 168 acre feet; 68 from Lopez Lake/CSA 12 and 100 acre feet from State Water. At build-out, the Master Plan estimates that the town will use 150 acre feet of water. Development of the Tank Farm which is within the service area of the District is estimated to use 20 acre feet. The table below is developed with information from the ABCSDs Water Master Plan:

The availability of State Water as a future supply may be in question for the ABCSD due to reductions in deliveries from the State Project. The current estimate for water delivery may reduce State Water allocations by as much as 85%. The reductions are caused by the need to maintain habitat for Delta Smelt and other species during the current drought situation. It should be noted that if the drought ends reductions will not be needed. The ABCSD does not as yet have a drought buffer purchased as do some agencies. The drought buffer allows a jurisdiction to receive it's allocation during years when the overall allocation of State Water is decreased. Without this purchase of drought buffer, it could mean that the District will not receive its full allocation of State Water in the future. The water supply situation would need to be carefully

considered as part of any future annexation proposal. The District has access to two wells located at the corner of San Luis Bay Drive and See Canyon Drive. The pumping capacity of these wells is unknown and therefore was not considered as part of the ABCSD Water Master Plan.

**Existing and Future Water Demand.** Using current data from the District, the existing Water Use and number of connections are shown for the fiscal years from 2000-2007 in the chart below:



The chart shows that in 2000-01 water was used at a rate of .24 acre feet per connection per year. This is same rate for fiscal year 2006-07. Over the above seven year period water use connection has remained relatively stable. The water use data in the Water Master Plan indicates that the town of Avila Beach uses water at a per capita rate of 190 gallons per person per day. This number was used to estimate future water demand for the town.

The table below shows the existing water supply and estimates the future demand:

Source	Water Supply AFY	Existing Demand Town	Future Demand Town Buildout+Tank Farm
Lopez Lake Reservoir	68.3	51 AFY	170 AFY
State Water	100		
Totals	168.3		

The Water Master Plan does not plan for the annexation of the area located in northern part of the Sphere Influence. It does include the future needs of the Tank Farm Area located in the eastern part of the Sphere of Influence. The areas in the northern part of the SOI are served by San Miguelito Water Company, a private water purveyor. It should also be noted that the estimate of 20 afy for the Tank Farm is unconfirmed at this point in time.

**Water Supply and Storage.** This section of the Water Master Plan describes the water supply for the District in more detail and the water storage situation. The water supply is described in a previous section. Two Tanks located on the Tank Farm site provide water storage for the town of Avila Beach. The Tank Farm site is at a significantly higher elevation than the town and provides these tanks with a higher water pressure because of the resulting gravity flow. Tank 1 was built in 2002 and has a capacity of 690,000 gallons. Tank 2 was built in 1977 and was recently repaired. It has a capacity of 165,000 gallons. Total available storage from Tanks 1 and 2 is 855,000 gallons. There is a site adjacent to tank 1 that can accommodate a replacement for Tank No. 2 as the town develops. The Water Master Plan calculates that the Total Storage needed to meet the needs of the Town and Tank Farm to be 602,660 gallons. The existing capacity of 855,000 is more than adequate to meet the needs of the District.

**Water Distribution System.** This section of the Water Master Plan evaluates the District's Water Distribution System. The pipelines are inventoried and a water model is run to help identify system deficiencies and make recommendations for improvements. The model included system demands, distribution system and elevation data and calibration criteria. This analysis was comprehensive and from it a number of recommended improvements are included in the Water master Plan. The overall performance by the distribution system was considered satisfactory in terms of meeting the needs of the existing and future water demands. The capital improvements that were identified are prioritized and the cost is estimated:

<b>Table 2-2 – Water Distribution System Improvements</b>		
<b>Project</b>	<b>Estimated Total Cost</b>	<b>Priority</b>
Priority 1 – Lopez Booster Station: Upgrade pumps that fills the storage tanks	110,250	Upgrade to a currently inadequate facility should be completed within 5 years
Priority 3 – Pipeline Upgrades: Replace 6” and 8” asbestos Cement pipes with 8” PVC	997,789	Non-critical inadequacy of localized nature. Should be completed within 10-15 years
Priority 3 – Water Storage Tank: Replace 165,000 gallon tank with 440,000 gallon tank	661,500	Non-critical inadequacy of localized nature. Should be completed within 10-15 years

**County’s Resource Management System-Annual Summary Report.** The County’s Resource Management System (RMS) annually evaluates the availability of resources and the capability of systems to serve the residents of a community. The RMS classifies resources according to various Levels of Severity: none, I, II, or III. The Resource Management System’s 2007 Annual Resource Summary Report identified no Level of Severity for ABCSD’s water supply and system. The water situation in Avila Beach is stable and adequate resources and facilities exist to serve existing and future residents. The County’s Resource Management System Annual Report objectively summarizes the water resource situation for Avila Beach. The report has been considered by the Board of Supervisors, the ABCSD and the public.

## SEWER

The ABCSD provides the town of Avila Beach with wastewater collection, treatment and disposal services. The Wastewater Treatment Plant processes wastewater from the town of Avila Beach and the Port San Luis Harbor District through a contractual agreement. Occasionally the plant also accepts limited amounts of wastewater from other local facilities through contractual agreements. Treated wastewater is disposed on through the ocean outfall pipeline. The District prepared a Wastewater Master Plan in 2006 to prepare for the future growth of the town of Avila Beach. The Plan evaluates the existing wastewater collection system and recommends a capital improvement plan program for the system. The Plan assumes build-out of the town and increases in tourism as the town re-builds from the oil and diesel cleanup project.

Overall, the wastewater treatment and collection system is adequate to serve the existing and future needs of the town of Avila Beach. The study recommends a number of capital improvements to enhance the capacity of the system as the town grows. In 2006, the Wastewater Treatment Plant was operating at 37% of capacity. Because of increased flows during the summer tourist season and the contractual capacity of the plant allocated to the Port San Luis Harbor District, the ABCSD is continuing to study the need for improved capacity to meet the needs of the town as build out occurs. The plan recommends that the following improvements be made to the system:

<b>Table 2-3 – Wastewater System Improvements</b>		
<b>Project</b>	<b>Estimated Total Cost</b>	<b>Priority</b>
Priority 1 – Inflow-Infiltration Study: Determine where water is leaking into the system	\$30,000	Upgrade to a currently inadequate facility should be completed as soon as funding is available
Priority 2 – San Rafael St 4” sewer Replacement: Replace with 6” PVC pipe	\$33,513	Correct less critical deficiencies to provide for build-out of the town (10-15 years)
Priority 3 – Wastewater Treatment Capacity Study to determine upgrade recommendations	\$40,000	Scheduled to be complete in 2009
<b>TOTALS</b>	<b>\$103,513</b>	

## FIRE

The California Department of Forestry and Fire Protection, (CAL FIRE) provides fire protection for the County of San Luis Obispo and the Avila Beach Community Services District by cooperative agreements. CAL FIRE and the County of San Luis Obispo have had cooperative fire protection since 1929. This efficient use of personnel, facilities, equipment, training and management is good government. It is good for the citizens and it is good for the personnel whose job it is to protect the life and property of those citizens.

MISSION STATEMENT

*To serve and safeguard the community from the impacts of fire, emergency injury and illness, and other physical dangers by providing emergency fire/rescue response, public education, planning, and prevention for the County of San Luis Obispo and its residents.*

CAL FIRE/ San Luis Obispo County Fire Station 62 is located in Avila Valley. San Luis Obispo County Fire Department and Avila Beach Community Services District operate cooperative fire protection for the Community of Avila. In 2000, Avila Beach Fire Department began contracting for fire services with CAL FIRE/San Luis Obispo County Fire, moving all staff and equipment to Avila Valley Station 62.

Station 62 has a varied response area which includes the hills west of Highway 101 in Avila Valley, Highway 101 from the southern rim of San Luis Obispo to Pismo Beach, Avila Valley, Avila Beach, Port San Luis and Pirates Cove beach area. Station 62 also responds into northern Shell Beach. Diablo Canyon Nuclear Power Plant is also located in Station 62's response area.

Currently, Station 62 responds an ICS Type-1 Engine and a regional Breathing Support. A Personal Water Craft is assigned to Station 62 for water rescues. Engine 62 is staffed with two permanent CAL FIRE employees, one Fire Apparatus Engineer and a Fire Captain. They are supported by 25 member Paid Call Firefighters (PCF's) who are dispatched via radio pager. Depending on the type of call and its location PCF's will either respond to the incident or will report to the fire station.

Boat 62 is an 11' Yamaha water rescue craft, specifically designed for surf rescues along the rugged coast of San Luis Obispo County. Boat 62 is operated by qualified boat operators, all of whom have attended and passed a rigorous swim test and three day training. Boat 62 allows for rapid and effective access to remote parts of the coast and ensures all emergencies in the oceans near Avila are safe.

Breathing Support 62 is a regional resource, utilized by several fire departments in southern San Luis Obispo County. Breathing Support 62 is activating for all structure fires allowing for firefighters to continually access a steady clean air supply for breathing apparatus. Breathing Support 62 is also utilized for it's lighting capability. Breathing Support 62 is also dispatched with Haz Mat 1 on all Hazardous Materials incidents.

**Insurance Service Office (ISO).** The ISO is an advisory organization that serves the property and casualty insurance industry by providing inspection and statistical services. The Insurance Service Office classifies communities from 1 to 10 (Sometimes 9 is used depending on the rating criteria). A Public Protection Classification (PPC) rating has a direct bearing on the cost of property insurance for every home and building in a community. The ISO collects information on municipal fire-protection efforts in communities throughout the United States. In each of those communities, ISO analyzes the relevant data using a Fire Suppression Rating Schedule (FSRS). Communities with the best systems for water distribution, fire department equipment and firefighting personnel and fire alarm facilities receive a rating of 1. The ISO then assigns a Public Protection Classification from 1 to 10. Class 1 represents exemplary public protection, and Class 10 indicates that the area's fire-suppression program doesn't meet ISO's minimum criteria. The following criteria are analyzed when establishing the ISO rates a community:

- Fire alarm and communication systems, including telephone systems, telephone lines, staffing, and dispatching systems.
- The fire department, including equipment, staffing, training, and geographic distribution of fire companies.
- The water supply system, including the condition and maintenance of hydrants, and a careful evaluation of the amount of available water compared with the amount needed to suppress fires.

Fire protection in the community of Avila Beach has received a Public Protection Classification (PPC) rating of five (5) from the Insurance Service Office.

## **DETERMINATIONS**

### **Water**

1. Based on information found in the Water Master Plan, the ABCSD clearly recognizes the need for carefully and professionally managed water resources, and planning to provide a supply that is sustainable, reliable and adequate. The Wallace Group provides high quality Public Works Administration for the District.
2. The ABCSD has an adequate and reliable water supply to meet the needs of current and future residents. The process of implementing the Water Master Plan which calls for water infrastructure improvements that will maintain the District's ability to provide water service.
3. The ABCSD does not intend to serve the areas within the Sphere of Influence (with the exception of the Tank Farm site) with existing water supplies. The existing water supply is planned for use for build-out of the town with 20 afy estimated for use at the Tank Farm Site.
4. The ABCSD requires new development to pay for any new water infrastructure needed to serve housing or commercial development.
5. The ABCSD manages its water facilities in a professional and effective manner that complies with State regulations and provides for the healthful provision of water to its residents and customers.
6. The ABCSD has hired qualified professional consulting firms to complete the studies and analysis needed to plan for future infrastructure and water resource needs.

### **Wastewater**

7. The capacity of the ABCSD's wastewater system is adequate to serve the growth anticipated in the town and Tank Farm Areas. The ABCSD's system is currently operating at 37% of capacity.
8. The ABCSD has prepared the Wastewater Master Plan to evaluate the future capital improvements needed to maintain the system. The Plan estimates that the ABCSD Wastewater System, with minor improvements can accommodate the build-out population of 672 people at 100% capacity.

9. The ABCSD continues the process of analyzing, upgrading, and replacing various components of the wastewater system through the implementation of their annual budget and capital improvement plan.

**Fire**

10. The ABCSD contracts with the CAL FIRE to adequately provide emergency services to the Community of Avila Beach.
11. The Insurance Service Office rated the Community of Avila Beach 5 out of a possible 10.
12. According to the County's Budget In 2007, the average response time after receiving a request for assistance was nine minutes for the Avila Beach area. The goal for response in 2008 is 10 minutes for the Avila Beach area. The Avila Beach Area includes areas surrounding the Town of Avila Beach. Response time to calls in the town is lower than 9 minutes.
13. Mutual and automatic aid agreements with California Fire (CAL FIRE) and other agencies exist to help in responding to emergency incidents.

**Infrastructure**

14. The ABCSD is in the process of upgrading and maintaining public facilities, including the water distribution pipelines and wastewater collection system.
15. Capital Improvement Projects are budgeted for in the fiscal year and planned for in a managed program that is tracked and monitored.
16. Based upon review of the available information, the ABCSD's operations and facilities are in compliance with environmental and safety standards of various agencies.

### **Factor 3. Financial ability of agencies to provide services**

This section provides an overview of the ABCSD's financial ability to provide services. In performing this part of the service review, several documents were used, including:

- Independent Audit Reports submitted to the County Auditor for 2005, 2006 and 2007
- Special Districts Annual Report, State of California Controllers Office 2003-04, 2004-05, and 2005-06
- Avila Beach Community Services District Budgets, Fiscal Years 2005-06 and 2006-07 (one year budget), Budget for Fiscal Year 2007-08

The Budget documents submitted consist of a spreadsheet that identifies revenues and expenditures for each ABCSD Department/Function; Administration, General (Fire), Sanitary, Water, Street Lights, and Solid Waste. A Staff Report to the Budget Committee describing the Revenues and Expenditures was also provided by the Wallace Group. From an accounting point of view the budget clearly articulates the ABCSD's future financial performance plans. The budget could use a narrative section for each department that may include: Goals, Objectives, Accomplishments and Number of Personnel. This may be impractical and too costly given the small size of the ABCSD.

Also submitted is a five year Capital Improvement Program from 2005-2010. This has a comprehensive list of all of the capital improvement projects to be completed in this time period. Most all of the projects are related to Water and Wastewater improvements.

The ABCSD's budget is broken down into six categories: 1) Administration, 2) General/Fire, 3) Sanitary, 4) Water, 5) Street Lights, and 6) Solid Waste. The revenues come from the following sources:

- Operating Revenue
- County Taxes
- Station Rent
- Late Charge Penalty
- Interest Income
- Installation fees
- Harbor Charges
- Plan Check Fees
- Contract Services

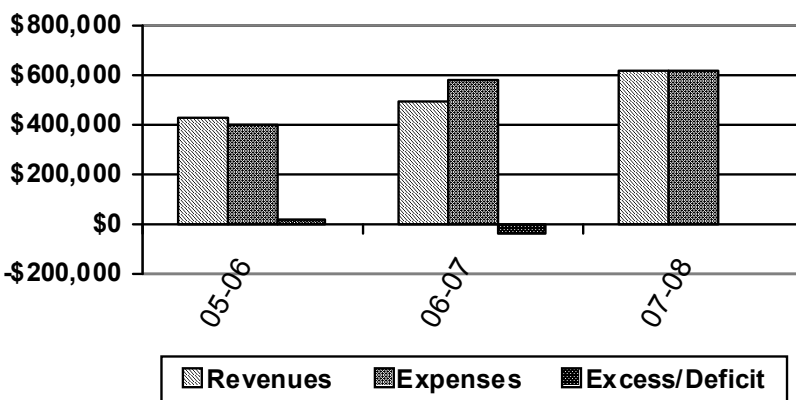
The activities above are categorized as Governmental and Business activities. The Business activities are funded through fees and charges to customers. In general, the Governmental Activities, Administration, lighting, and Fire, are funded from property taxes with some revenues coming from Investment, Rental, and Miscellaneous Income.

The Business-type activities (Water/Sewer) are paid for by revenues from charges/fees for services. These are rates and fees paid by customers of the ABCSD for the services that are provided. The rates and fees are established by the ABCSD Board of Directors.

The charts on the next page show the revenues and expenditures from the Government Funds and the Business-type or Enterprise funds from 2005 through 2007. It should be noted that water and sewer rates and fees are used to offset the costs of providing those services and for infrastructure maintenance and improvements needed to enhance the facilities that provide these services.

Revenues from service fees have steadily increased over the last three years as have expenditures. In 2006, the ABCSD performed a Water and Sewer Rate Study which documented that the current adjusted rates are keeping up with expenses. The ABCSD reviews rates and fees each year as part of the budget process.

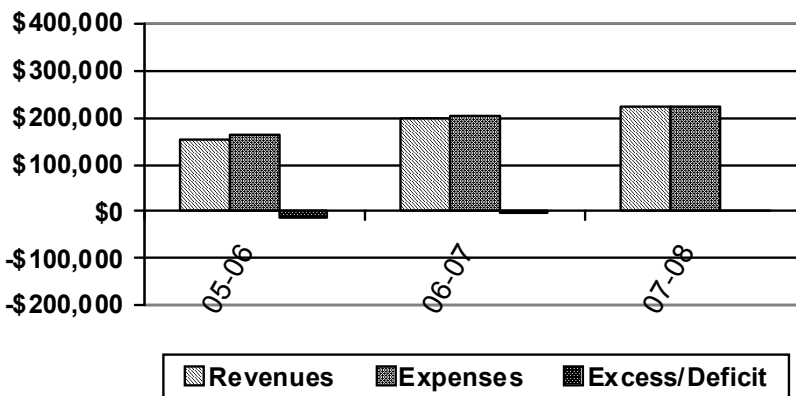
**Figure 2-4: Avila Beach CSD Enterprise  
Water and Sewer Budgets 2005-2008  
Operating Expenses and Revenues**



Source: Annual ABCSD Budgets

For governmental funds, revenues from property taxes have steadily increased over the last several years. Expenses also continue to rise at the same time. Revenues are keeping pace with expenses. The chart below reflects the budgets approved by the ABCSD for the Admin, General, Street Lighting, and Solid Waste from fiscal years 2005 through 2008.

**Figure 2-5: Avila Beach CSD Governmental  
(Admin/General/Street Lights/Solid Waste) Budgets 2005-2008  
Expenses and Revenues**



Source: Annual ABCSD Budgets

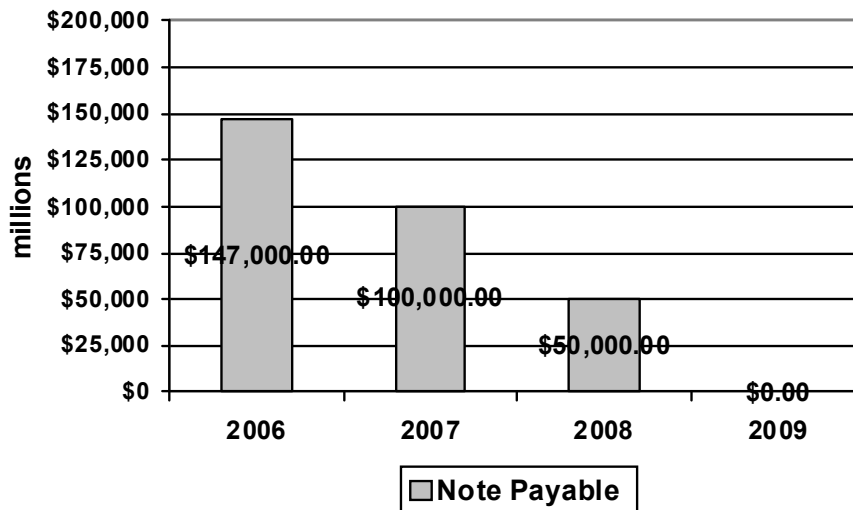
**Annual Audits.** For the past three years the Annual Audits were conducted by Crosby & Cindrich, Certified Public Accounts based in San Luis Obispo. This company has been performing audits for a variety of governmental clients since 1999. The Independent Auditor's Reports for fiscal years 2005, 2006, and 2007 drafts were compiled from the County Auditor's Office.

These audits provide for an independent third party review of the ABCSD's financial statements and status. The Independent Auditor found that the Financial Statements prepared by the ABCSD were consistent with State and Federal accounting principals and requirements. According to the auditor, no financial misstatements were found and materials were presented fairly and in conformity with generally accepted accounting principals. The Independent Auditor makes a number of "Notes" regarding the financial statements. These Notes intend to objectively identify and assess accounting policies, Cash and Investments, Property Taxes, Notes Receivable, Capital Assets, Long-Term Debt, Employee Retirement Plan, Joint Powers Agencies, and other financial issues related to the ABCSD. The Annual Audits contain several pieces of information that are important in reviewing the financial health of the CSD:

- Extent of Long Term Debt/Loans
- Identification of any unfavorable financial issues or practices
- Level of reserves and use of reserves
- Compliance with GASB (Governmental Accounting Standards Board) regulations

The ABCSD is currently able to meet its financial obligations and maintain a reserve fund, Annual audits confirm the fiscal status of the ABCSD. The Chart below shows the principal of the long-term debt incurred by the ABCSD. This is a note payable from the Department of Fish and Game and is interest free. The ABCSD has made all payments associated with these bonds and loans in timely manner.

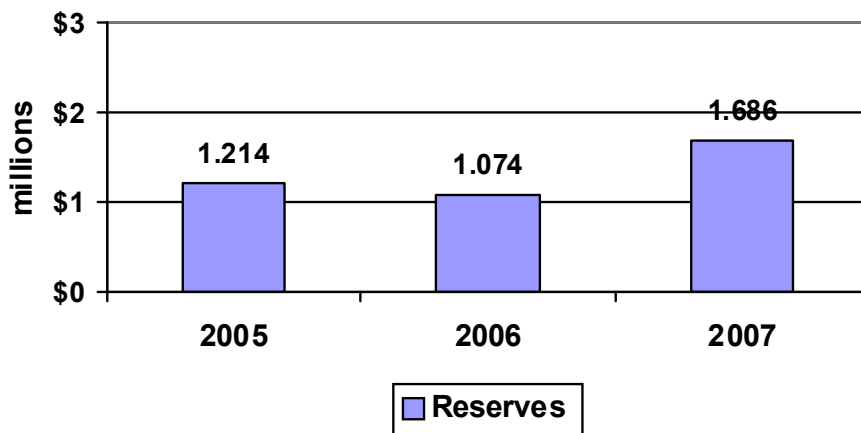
**Figure 2-6: Avila Beach CSD Long Term Debt 2005-2007  
Interest Free Note Payable- Department of Fish and Game**



The ABCSD deposits its reserve balance with the State Treasurers Office in a Pooled Money Investment Account under the Local Agency Investment Fund (LAIF). This is a common practice for special districts in managing their reserves. The ABCSD has substantial reserves deposited

in the LAIF. In recent years the ABCSD has been using these funds to pay for capital improvement projects shortfalls in the water and wastewater operating funds. These funds have also been used in to finance capital improvements on a cash basis.

**Figure 2-7: Avila Beach CSD  
Reserve Funds 2003-2007**



In 2007, the reserve fund was at \$1,686,356. With a total budget of \$879,127 for the District the current reserves are about 200% of the budget. However, most of the reserves will be used to complete capital improvements for the wastewater system. The strength of the District's reserve situation is an indicator of a well managed District that is prepared for the future.

In November 2007, the ABCSD approved a rate increase which will be adjusted in the future by CPI increases. This should keep the CSD in good financial standing and allow expenses related to water and sewer services to be covered by fees and charges.

**Grants.** The ABCSD has been very successful in obtaining grants to upgrade facilities and complete projects. The District has received well over \$1 million in state grants for such items as replacement of a water tank and improvements to the wastewater system. These grants have come from the Department of Fish and Game and the Regional Water Quality Control Board. The Wastewater Treatment facility has received grants from the Small Communities Grant Program available through the State Water Resources Control Board. Also, the settlement from Unocal and improvements made to the District's wastewater and water systems during the completion of the cleanup project has helped the District maintain a solid financial deposition.

## **DETERMINATIONS**

1. The ABCSD is financially capable of providing services to its customers.
2. The revenues for the water and wastewater funds are in general keeping pace with expenses. Annual increases in rates based on CPI should maintain the Districts stable financial situation.
3. The ABCSD prepares the budget each year with adjustments made on an mid-year or as needed basis. The budget is prepared as a series of spreadsheets with supporting documentation. A Staff Report describing the revenues and expenditures is provided to the Board of Directors for consideration.
4. The ABCSD budget process includes review by a budget sub-committee, public budget meetings by the Board of Directors, and mid-year budget reviews.
5. The ABCSD has very little in terms of a long-term debt. The interest free note for \$147,000 from the Department of Fish and Game is being paid on a regular basis. The ABCSD has made its payments in a timely manner and will pay off this loan in 2009.
6. The Annual Audits for the last three years did not identify any financial issues or problems.
7. The ABCSD has successfully worked with Federal, State, FEMA and County Agencies to secure grants and loans to pay for the development and construction for facilities and improvements.
8. The ABCSD conducts meetings and workshops to inform the public about the budget and the proposed increase in rates.
9. The ABCSD should consider updating its policies/guidelines that outline the process and procedures for preparing the budget each year with the intent of clearly identifying the steps taken to develop and adopt the budget.

#### **Factor 4. Status of, and opportunity for, shared facilities**

In the case of developing areas in the ABCSD, LAFCO can evaluate whether services or facilities can be provided in a more efficient manner if both the ABCSD and County share these facilities. In some cases, it may be possible to establish a more cooperative approach to facility planning by encouraging the ABCSD, surrounding jurisdictions, and the County to work cooperatively in such efforts. The ABCSD works cooperatively with a number of agencies and organizations to improve the quality of life and the level of service for the residents of Avila Beach. The CSD worked with the following agencies, groups and organizations:

- Avila Beach Business Association
- Avila Beach Yacht Club
- Avila Beach Community Association
- Cal Poly
- South County Sanitary Company
- Unocal/Chevron
- Port San Luis Harbor District
- Port San Luis Marine Institute
- California Coastal Conservancy
- County Fire Department – CAL FIRE
- Central Coast Water Authority
- California Coastal Commission
- Regional Water Quality Control Board
- County of San Luis Obispo - Planning and Building Department
- County of San Luis Obispo - Public Works Department
- Army Corp of Engineers
- San Luis Obispo Regional Transportation Agency
- California Conservation Corps

The ABCSD has worked with many of the above community groups and agencies to complete projects and activities. The Port San Luis Harbor District contract with the ABCSD for wastewater disposal of up to 70,000 gallons in per day average flow capacity. The District is in a contract with the Central Coast Water Authority for 100 acre feet of State Water. The ABCSD also works with numerous agencies to ensure compliance with regulatory standards, including the Regional Water Quality Control Board. Cal Poly operates the former Unocal pier and receives water service from the District. The South County Sanitary Company provides solid waste services. The ABCSD leases the building on the park site to the Port San Luis Marine Institute for \$1 per year. The ABCSD has worked with Unocal/Chevron over the years to construct numerous facility improvements. The cost of these improvements was paid for by Unocal/Chevron, saving the District thousands of dollars in upgrade costs.

## **DETERMINATIONS**

1. The ABCSD shares in the development, operation, construction, and maintenance of various facilities with several groups and agencies and the community at large during regular Board meetings.
2. The ABCSD works to maintain effective relationships with community groups and agencies to facilitate the development, construction and maintenance of facilities that are beneficial to the community.
3. The development of areas within the ABCSD service boundary may lead to shared infrastructure with the County; i.e. roads and streets (a County function), Sheriff, parks and recreational facilities. Close coordination is encouraged.

## **Factor 5. Accountability for community service needs including governmental structure and operational efficiencies**

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure against the ability to provide adequate services to the SOI areas.

### ***1. Does the District strive to involve the public in decision-making?***

The ABCSD involves the public in the decision-making process by complying with the Brown Act open meeting law. The ABCSD's meeting agendas are posted at its office and other places in the community. A regular mailing list is maintained.

Meetings are conducted according to the Brown Act and the ABCSD's By-Laws require compliance with Brown Act as well. The ABCSD's meeting agendas clearly indicate the business to be discussed and items to be considered. The ABCSD sends out press releases and flyers to inform residents of upcoming decisions and projects. The ABCSD could benefit from having a website. A website would be a good source of information for documents, projects, and administrative activities. The website could also be used to make Staff Reports for each meeting agenda item available to the public. This would provide the public with easy access and decrease the number of information requests received directly by the administration office.

### ***2. Does the District facilitate local media coverage and public information programs?***

The ABCSD sends agendas to the local media: newspapers, radio and television. Public noticing as required by law is completed by the ABCSD.

### ***3. Are elected and appointed District members accessible and attentive to its constituency?***

The elected officials are accessible and responsive to their constituency. Directors serve on the Board provide information to the public and other Board members. The Board also reviews its By-Laws on a regular basis. The ABCSD is planning on setting up a website next year and has budgeted funds for this action.

### ***4. Are annual budget and audit reports available to the public?***

The Budget Annual Audits are available from the ABCSD upon request.

## **Organizational Information**

The District is governed by an elected Board of Directors. The Wallace Group is District Administrator and District Engineer for the Avila Beach Community Services District. The Wallace Group has provided services to the District for over 10 years. The Wallace group provides a variety of services to the District including the management of the water resources and wastewater facilities, preparation of annual budgets, and planning for the future needs of District customers. The company has developed a geographic information system (GIS) for the District to track development changes within the community. For this development tracking project, Wallace sought to streamline the will serve and plan-check process for the District. The scope of services for this project involved developing an up-to-date GIS parcel base map to track lot changes and to link this base map to a development-tracking database. Wallace Group

also developed this GIS to centralize other District related information such as aerial photography, digital photography, and utility information. This information system is used by staff to more efficiently track, analyze, and report development changes to the District.

## **DETERMINATIONS**

1. The ABCSD makes reasonable and wide-ranging efforts to maintain a public dialogue regarding issues and projects of concern to the community.
2. The ABCSD's outreach program includes providing information regarding current issues of significance to the community.
3. The ABCSD should establish a website that is accessible and contains information regarding District activities. Adding documents, studies and staff reports for agenda items to the website would increase public accessibility to information and decrease inquiries to the office. The District will be considering establishing a website in the next fiscal year.
4. The ABCSD maintains relationships with local news media providing information and/or interviews as requested.