

MEMO

TO: Board of Directors

FROM: District Manager

DATE: March 11, 2010

SUBJECT: APPLICATION TO SANTA CRUZ LOCAL AGENCY FORMATION
COMMISSION (LAFCO) FOR ANNEXATION OF OLYMPIA MUTUAL
WATER COMPANY

RECOMMENDATION:

It is recommended that the Board of Directors review this memo and approve the attached resolution authorizing the District to initiate an application to LAFCO for annexation of the Olympia Mutual Water Company.

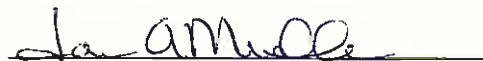
BACKGROUND:

At the January 17, 2008 Board of Directors meeting, your Board approved Resolution No. 15 (07-08) authorizing a District application to the California Department of Public Health for consideration for a Safe Drinking Water State Revolving Fund (SDWSRF) loan on behalf of the Olympia Mutual Water Company. Olympia Mutual Water Company (OMWC) is a privately owned mutual water company formed in 1948. OMWC currently provides water service to approximately 52 property owner members. OMWC is generally located along West Zayante Road in the area bounded by Newton, Lilac, Madrone, Azalea, Pine and Elm Drives. See Attachment 1.

The existing water source for OMWC is a single underground spring, which has been classified as "under the influence of surface water". OMWC has been issued a Compliance Order to bring the source water and system into compliance with the Surface Water Treatment Rule. In 2003 OMWC submitted an application for SDWSRF for system improvements. Proposed improvements included a treatment plant and storage tank. Pursuant to SDWSRF requirements consolidation with other water systems must be evaluated as an alternative project. Review of a proposed consolidation of OMWC with the District indicates that consolidation is a viable alternative to the construction of new treatment facilities. OMWC desires to move forward with consolidation.

Pursuant to California Government Code Section 56425, LAFCO developed and adopted a Sphere of Influence for the San Lorenzo Valley Water District which includes the Olympia Mutual Water District. The District is required by California Government Code Section 56000 et. seq. to submit an application to LAFCO for Annexation to the San Lorenzo Valley Water District's Service Area for the territory known as Olympia Mutual Water Company. In order for LAFCO to conduct proceedings, the District is required to initiate an application and submit a resolution to LAFCO.

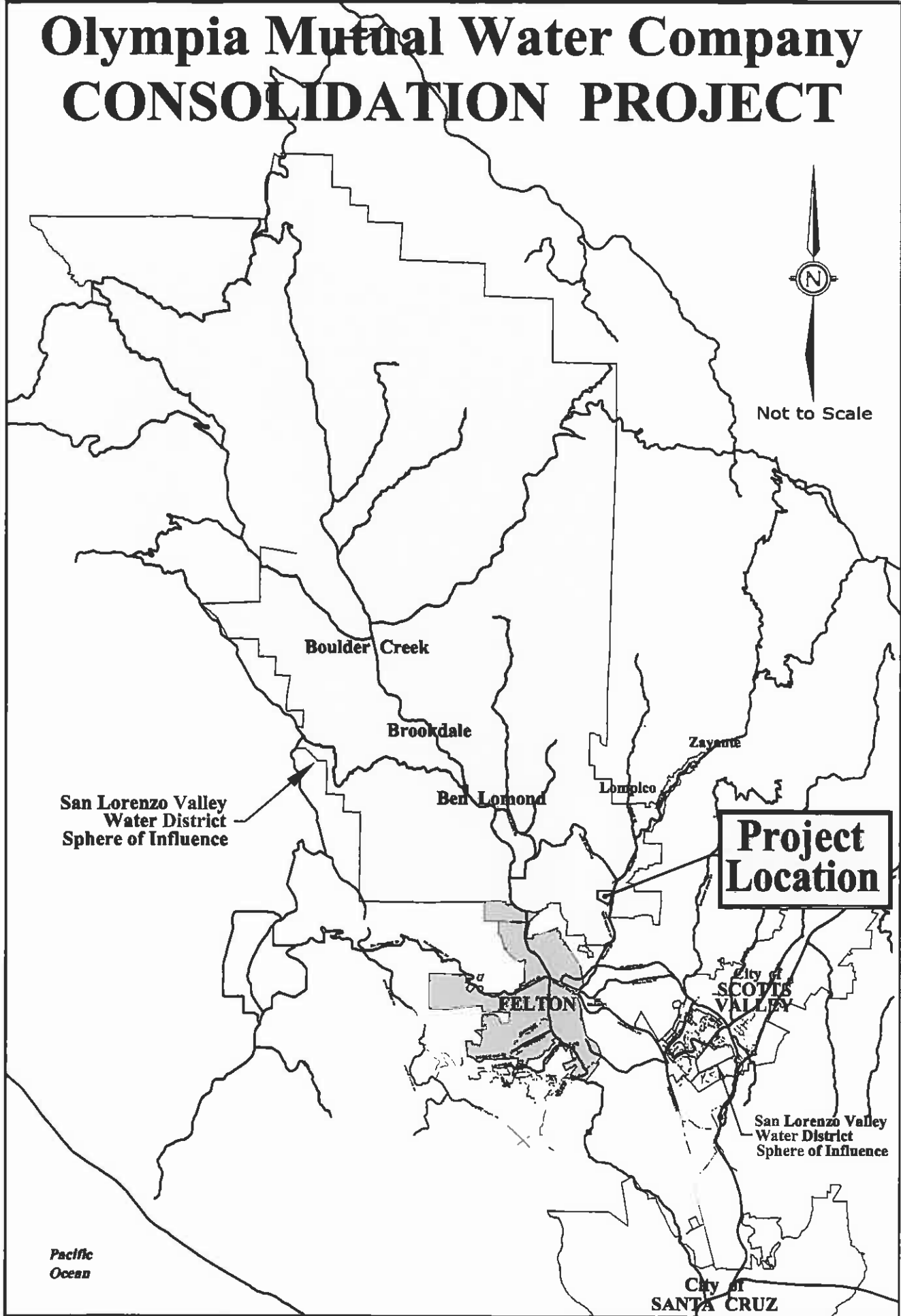
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James Mueller
District Manager

JAM/bsb

Olympia Mutual Water Company CONSOLIDATION PROJECT



SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. (09-10)

SUBJECT: RESOLUTION OF APPLICATION TO THE SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION (LAFCO) FOR ANNEXATION OF OLYMPIA MUTUAL WATER COMPANY

WHEREAS, pursuant to California Government Code Section 56425, Santa Cruz Local Agency Formation Commission (LAFCO) developed and adopted a Sphere of Influence for the San Lorenzo Valley Water District; and

WHEREAS, the San Lorenzo Valley Water District desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 et. seq. relative to Olympia Mutual Water Company; and

WHEREAS, the Board of Directors of the San Lorenzo Valley Water District has determined there is a need to submit an application to LAFCO for amendment of said Sphere of Influence to include the properties of Olympia Mutual Water Company and all associated customers; and

WHEREAS, the Board of Director's of the San Lorenzo Valley Water District has determined there is a need to submit an application to LAFCO for amendment of the District's Service Area Boundary to include the properties of Olympia Mutual Water Company and all associated customers;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the San Lorenzo Valley Water District hereby authorizes and directs application to the Santa Cruz Local Agency Formation Commission (LAFCO) to amend the Sphere of Influence and Service Area Boundary for the San Lorenzo Valley Water District relative to Olympia Mutual Water Company.

FURTHER, BE IT RESOLVED that District staff is hereby authorized and directed to submit said application(s) and other pertinent documents as may be necessary on behalf of the District.

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 18th day of March, 2010, by the following vote of the members thereof:

AYES:
NOES:
ABSTAIN:
ABSENT:

B. Barchi, District Secretary
San Lorenzo Valley Water District