APPLICATION to
MONTEREY COUNTY
LAFCO

Carmel Area Wastewater District
2020 Sphere of Influence & Annexation Proposal

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

October 2020
Approved on July 30, 2020 by the Board of Directors of the Carmel Area Wastewater District for Application to LAFCO
LAFCO Application Outline of Submitted Materials
Carmel Area Wastewater District
2020 Sphere of Influence and Annexation Proposal

Please submit one paper copy of all required materials, plus a digital submittal (via email attachment, CD-ROM, or USB thumb drive) of all materials.

Written Request for LAFCO Action
Letter from Rachel Lather, District Engineer

CAWD Board of Directors Resolution of Application to LAFCO

Completed Application Form/Justification for CAWD Proposal

Responses to Sphere of Influence Policies and Criteria
Application Attachment A

Plan for Providing Services:
Application Attachment B

Map and Legal Description
Legal Description and map prepared by Whitson Engineers in conformance to State Board of Equalization requirements. The back envelope of this binder submittal contains the maps in 11x17 format.

Environmental Clearance Documentation

Consolidated Final IS/MND, which includes:

- Volume I – Final Initial/Study Mitigated Negative Declaration for the 2020 Carmel Area Wastewater District Sphere of Influence Amendment and Annexation Proposal (includes comment letter and Mitigation Monitoring and Reporting Program as attachments)
- Volume II – Draft Initial Study/Mitigated Negative Declaration for the 2020 Carmel Area Wastewater District Sphere of Influence Amendment and Annexation Proposal (includes Appendices)

Notice of Determination, with stamp from County Clerk

Notice of Availability

ADDITIONAL MATERIALS:

Property Tax Transfer Agreement: A property tax transfer agreement has been requested. CAWD understands the agreement must be approved by both the District Board of Directors and the County Board of Supervisors but does not need to be submitted with the application.

LAFCO Filing Fees: Required fee (CAWD check for $4,200) made out to LAFCO for processing in accordance with LAFCO fee schedule. See enclosed envelope.
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 July 30, 2020 the Carmel Area Wastewater District’s (CAWD) Board of Directors approved Resolution No. 2020-45, 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 CAWD Service Area and to extend the jurisdictional boundaries to include portions of Carmel Valley and Carmel Highlands in locations where the District anticipates or has received applications or interest for near-term sewer service connections, and where previous studies have identified septic system issues. There are no plans to expand the existing uses.

The District’s proposal includes the following components:

- Annexation of parcels in the areas of Carmel Highlands and Carmel Valley, within CAWD’s existing Sphere of Influence, and

- Amendment to allow expansion of its Sphere of Influence, adding and annexing parcels covering approximately 925 total acres, in locations where the District anticipates near-term sewer service connection requests.

The annexation of the proposed area into CAWD’s 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 CAWD into areas where there is a current or potential need.
As per your application instructions, please find two (2) copies plus a CD enclosed of each of the following documents:

- CAWD Board of Directors Resolution approving 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,

Rachél Lather
CAWD, Principal Engineer

cc: Barbara Buikema, General Manager, w/o attachments CAWD
RESOLUTION NO. 2020-45

A RESOLUTION ADOPTING A FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION, ADOPT THE ACCOMPANYING MITIGATION MONITORING AND REPORTING PLAN, AND APPROVE THE PROJECT AND DIRECT STAFF TO APPLY TO THE LOCAL AGENCY FORMATION COMMISSION (LAFCO) FOR THE 2020 SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION PROJECT,

PROJECT #19-09

-WHEREAS, the Carmel Area Wastewater District (District) desires to adopt the Final Initial Study/Mitigated Negative Declaration (IS/MND) and Mitigation Monitoring and Reporting Program (MMRP) for the 2020 Sphere of Influence and Annexation Project (the "Project"), which is on file with the Office of the County Clerk and incorporated herein by this reference; and

-WHEREAS, pursuant to the California Environmental Quality Act (CEQA), the Final IS/MND was prepared for this Project; and

-WHEREAS, the Project consists of adding 925 Acres of developed land, located in the Carmel Valley and Carmel Highlands areas within Monterey County, to the District; and

-WHEREAS, upon completion of the Draft IS/MND, the District, as the Lead Agency, prepared and filed a Notice of Completion (NOC) with the State Clearinghouse Office of Planning and Research (SCH OPR), for distribution to public agencies and interested parties for a public review period, commencing on June 1, 2020, and ending on June 30, 2020; and

-WHEREAS, copies of the Draft IS/MND were provided to all responsible agencies, and copies were also made available at the County of Monterey Office of the County Clerk; and

-WHEREAS, the District published a Notice of Intent to Adopt an IS/MND in the local newspaper and posted a copy of the notice and IS-MND document at the Monterey County Clerk’s Office, at the District Office, and online on the District’s website; and
WHEREAS, during the public review period, the District received one written comment on the Draft IS/MND, the comment has been considered and addressed, where applicable, and the Final IS/MND including the Public Review Draft IS/MND, all appendices and public comments and responses document(s) are attached hereto; and

WHEREAS, the Final IS/MND identifies potentially significant impacts to the environment, including but not limited to specific impacts to biological resources, cultural resources, and noise, which impacts can and will be avoided or mitigated to less than significant levels through adoption and implementation of the mitigation measures proposed as part of the Project, the IS/MND and MMRP.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors makes the following findings as required by CEQA with respect to the proposed Project:

A. That the Final IS/MND was prepared in accordance with all legal requirements of CEQA, including all public notice and comment period requirements;
B. That the Board of Directors has considered the Final IS/MND and the opportunity to comment within the public comment period, as well as the opportunity to comment after the public comment period and prior to the date of this Resolution;
C. That the Final IS/MND identified all potentially significant environmental impacts of the Project, including but not limited to specific potentially significant impacts to biological resources, cultural resources, and noise, which impacts can and will be avoided or mitigated to less than significant levels through adoption and implementation of the mitigation measures proposed as part of the Project, Final IS/MND, and MMRP;
D. That the additions and revisions, if any, to the text of the Draft IS/MND clarified and expanded upon the impact analyses and mitigation measures, and were not a substantial revision requiring recirculation;
E. That the Final IS/MND reflects the District’s independent judgment and analysis;
F. That there is no substantial evidence in the record that the Project, as mitigated, will not have a significant negative effect on the environment;
G. The administrative record is in the Carmel Area Wastewater District Office, at 3945 Rio Road, Carmel, California 93923; and

H. The Board Secretary is designated as the location and custodian of the documents and other material constituting the record of proceedings upon which this decision is based.

NOW, THEREFORE, BE IT FURTHER RESOLVED, by the Board of Directors of the Carmel Area Wastewater District, based upon all the oral and documentary evidence in the record, as follows:

1. That the Final IS/MND and the MMRP for the Project is adopted; and
2. That the District Board hereby approves the 2020 Sphere of Influence Amendment and Annexation Project as described in the IS/MND; and
3. That District staff is hereby directed to:
   a. Prepare for filing with the appropriate governmental agency(ies) a written notice memorializing the Board’s determination of the IS/MND certification as to the Project and approval of the Project (Notice of Determination or NOD); and
   b. Proceed with an application to LAFCO for the 2020 Sphere of Influence Amendment and Annexation Project.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Carmel Area Wastewater District duly held on June 25, 2020 by the following vote:

AYES: BOARD MEMBERS: PRESIDENT WHITE, DIRECTORS: D’AMBROSIO, TOWNSEND, RACHEL AND SIEGFRIED

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

President of the Board

ATTEST:

Secretary of the Board
APPLICATION FORM / JUSTIFICATION OF PROPOSAL
Carmel Area Wastewater District
2020 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.”

1. 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) is seeking to annex approximately 925 acres of developed land, outside of the current CAWD Sphere Of Influence (SOI) (hereinafter, “proposed project”) in locations where CAWD anticipates or has received applications for near-term sewer service connection requests. This area includes 220 acres located in Carmel Highlands, which are located outside of CAWD’s SOI and that were previously evaluated as part of a “Future Study Area” during the 2016 Annexation Proposal. The total proposed SOI amendment and annexation would increase the total acreage within the CAWD’s jurisdictional boundaries from approximately 6,200 acres to approximately 7,220 acres. The proposed annexation of these areas into the District’s boundaries and amendment of the SOI will allow for provision of wastewater collection services in an orderly manner.

The proposed project is planned to meet these demands, as well as include areas of approved or planned development, as designated in approved and or adopted plans and local jurisdictions’ General Plans, and Area Plans.

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 of this application.

Note: Also refer to the attached adopted Consolidated Final IS/MND.

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. 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): Rachél Lather, District Engineer  
Agency: Carmel Area Wastewater District  
Address: 3945 Rio Road, Carmel-by-the-Sea, CA 93923  
Phone Number: (831) 624-1248  
Email Address: lather@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.

The major areas proposed for annexation as part of the proposed project include:

1. **Carmel Valley Area (Area 1):** This area is located in unincorporated Monterey County, along Carmel Valley Road, between Quail Meadows and the Mid-Valley Shopping Center. The area contains 372 parcels, a majority of which are currently developed with low-density residential housing as well as established medium density residential housing and a retirement community. Other uses include smaller areas of commercial, public/quasi-public, or open space uses. The average lot size in Area 1 is less than 1.5 acres, representing the majority of residential properties. The larger parcels sizes in the area include developed commercial properties (Valley Hills Center, Mid Valley Shopping Center, Hacienda Hay and Feed, Earthbound Farms), commercial nurseries, public schools and churches. This area is directly adjacent to CAWD’s current jurisdictional boundary and is proposed for annexation. Specific developments within Area 1 are further described below:

   o **Carmel Valley Manor:** The Carmel Valley Manor is a 28-acre retirement community located north of Carmel Valley Road. The community is zoned low-density residential. The property is served by an Onsite Wastewater Treatment System (OWTS) which has been determined to be undersized by the County-EHB staff in August 2011 and September 2013. In addition, the property is well over the nitrogen loading limit. A feasibility study was conducted for the Carmel Valley Manor in 2018 which recommended that the Carmel Valley Manor continue discussions with CAWD to evaluate the potential for a sewer line extension for wastewater service to the area along Carmel Valley Road. Carmel Valley Manor is developing plans for connecting to the CAWD system but has not submitted a formal application for service extension.

   o **Valley Hills Shopping Center and surrounding parcels:** A portion of the Valley Hills Shopping Center is located within the District’s current boundaries. Adjacent uses south of the Valley Hills Shopping Center are parcels zoned for commercial and residential land uses. To the east are parcels zoned open space and commercial. These properties are occupied by commercial agricultural uses, including Hacienda Hay and Feed, Earthbound Farms, and commercial nurseries (Rana Creek Nursery, Valley Hills Nursery, and the Drought Resistant Nursery).

   o **Cypress Lane, Prado Del Sol and Meadows Road parcels:** East of Valley Hills are residential uses within the Cypress Lane, Prado Del Sol and Meadows Road neighborhoods. This is a low-density residential area located south of Carmel Valley Road and north of Carmel River. These lots are typically developed with single family homes and average just over an acre in size.

   o **Schulte Road and surrounding area:** Located between the residential neighborhoods identified above and Mid-Valley Shopping Center is an area of low-density residential development as well as various commercial and public/quasi-
public uses. This area includes various public/quasi-public uses such as the All Saints Day School, Carmel Valley High School, and Sanctuary Bible Church. Some commercial spaces are located closer to the Mid-Valley Shopping Center, including Griggs Nursery, the Holly Farm, and Folktale Winery.

- **Mid-Valley Shopping Center and adjacent parcels**: The Mid-Valley Shopping Center includes approximately 15 acres of light to heavy commercial space. Existing high-density residential development and existing medium-density homes are located directly behind the Shopping Center.

2. **Point Lobos Area - Larsen Property (Area 2)**: The Larsen Property (APN 243-112-015) is on the east side of SR 1 directly across from Point Lobos Recreation Area and adjacent to the existing CAWD jurisdictional boundaries. CAWD is proposing to annex this property as the Larsen’s have already filed an application through CAWD for a sewer connection lateral. The proposed lateral would traverse the Larsen property and pass underneath SR 1 to an existing access point on the pressurized sewer main parallel to the west side of SR 1.

3. **North Carmel Highlands (Area 3)**: The proposed annexation area in North Carmel Highlands is currently identified as a “Future Study Area” within the CAWD boundaries. The area includes 67 parcels, the majority of which are less than one acre and developed with single-family residences. The area is split up into two distinct areas, east and west of SR 1; these areas are described below:

   - **Corona Road (east of SR 1)**: The Corona Road area, is located on the east side of SR 1, in the north Carmel Highlands in unincorporated Monterey County. This area includes approximately 49 parcels. The Lower Corona Road community is a low-density single-family residential community currently served by individual septic systems. The community is actively pursuing construction of a sewer collection system to replace aging septic systems in the neighborhood. Currently, the neighborhood is working to form an Assessment District to facilitate this transition. Annexation of the Corona Road area into the District would be one of the first steps towards the community forming an Assessment District. The Corona Road area is located adjacent to the existing CAWD jurisdictional boundaries to the north (Point Lobos Recreation Area) and south.

   - **Properties west of SR 1 in north Carmel Highlands**: Additionally, properties located on the west side of SR 1, in the north Carmel Highland area in unincorporated Monterey County, are being proposed for annexation. This area is designated low-density residential and contains approximately 18 parcels. The vast majority of these parcels are developed with single-family homes which are serviced by on-site septic systems.

4. **South Carmel Highlands (Area 4)**: The proposed annexation area in South Carmel Highlands is also identified as a “Future Study Area” within the current CAWD boundaries. The area includes 268 residential parcels with an average size of less than one acre. This area includes two distinct neighborhoods, further described as follows:

   - **Yankee Point**: The Yankee Point neighborhood is located primarily on the west side of SR 1, although there is a small row of additional parcels on the east side of SR 1 included in the annexation areas as well. There are a few parcels that are designated resource conservation, however, a majority of the community is low-density residential. This area is developed with single-family residences that are currently using on-site septic.

   - **Otter Cove**: The Otter Cove community is further south of Yankee Point and includes residential development as well as larger watershed and scenic conservation parcels. Otter Cove is developed with single-family homes.
**Figure 1** shows the Monterey County LAFCO Map of the existing SOI and CAWD SA. The proposed project described above totals approximately 1.6 square miles. The area includes portions of unincorporated Monterey County, including the communities of Carmel Valley, Carmel Highlands, Yankee Point and Point Lobos.

The proposed project covers many parcel numbers. The subareas within the District's proposal are more specifically described above and parcels can also be seen on **Figure 2**. Major properties and assessor parcels are identified in **Figure 3** and a list of assessor parcel numbers (APNs) is also included as an appendix to this proposal.

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

The proposed project includes an amendment of the District’s adopted SOI and annexation to add parcels that cover approximately 925 acres, as shown in **Table 1**. The proposed SOI amendment and annexation would increase the total acreage within the District boundaries from the existing area of 6,200 acres to approximately 7,220 acres.¹

<table>
<thead>
<tr>
<th>Category</th>
<th>Area (Acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing CAWD Jurisdictional Boundary</td>
<td>6,240</td>
</tr>
<tr>
<td>Existing CAWD SOI (beyond existing and proposed boundaries)²</td>
<td>95</td>
</tr>
<tr>
<td>Proposed Project Annexation Area</td>
<td>925</td>
</tr>
<tr>
<td>Total Area (Existing SOI, plus proposed for annexation)</td>
<td>7,260</td>
</tr>
</tbody>
</table>

Source: County of Monterey GIS database, Whitson Engineers

Table 1

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d. **Population:**

1) **Estimated population in the subject area:**

The District estimates that its population is approximately 11,000 people within the District’s boundaries and an additional 4,500 Pebble Beach residents contractually served for wastewater treatment (LAFCO, 2016). 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, while 13,108 people lived in the zip code in 2000. 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, 2016).

2) **Proximity to other populated areas:**

The District encompasses the populated areas of Carmel-by-the-Sea, portions of Carmel Valley, Del Monte Forest, and Pebble Beach, and also includes a portion of State Route 1. The proposed annexation will add additional portions of Carmel Valley, Carmel Highlands, and Point Lobos to the District’s service area. The District is also in proximity to the cities of Pacific Grove and Monterey to the north.

e. **Why has the proposed action been requested?**

The annexation of the proposed areas into the District’s boundaries and amendment of the SOI will allow for provision of wastewater collection services in an orderly manner. Over the years, many

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¹ This includes 220 acres of area in the Carmel Highlands that were designated in 2016 as a “Future Study Area” but which currently remain outside the CAWD SOI boundaries.

² Existing CAWD SOI to remain within the SOI and not be annexed.
property owners within, or adjacent to, the District's existing SOI have expressed a need for wastewater service, often because of failing septic systems. Specifically, the Carmel Highlands area, proposed for annexation, has been identified through prior studies by CAWD and LAFCO as having the highest need for an alternative approach to wastewater management. The 2016 Municipal Service Review (MSR) for CAWD stated, “(Carmel) Highlands properties nearest to the ocean are the highest future priority because of the potential for effluent from septic systems to directly enter the marine environment. Future connection of these properties to the District’s sewer system would alleviate this environmental concern. In addition, more connections would increase the amount of effluent processed by the District’s wastewater plant. This, in turn, would provide for additional reclaimed water for use on public and private open space. In the longer term, the Carmel Highlands area may at some time be appropriate for inclusion in the District” (LAFCO, 2016).

The primary objective of the proposed project is to provide wastewater service from the District to those areas where there is a current or potential need. Proposed annexation areas are primarily developed land, outside of the current CAWD SOI, in locations where the District either anticipates, or has received interest or applications for, near-term sewer service connection requests. The proposed project is planned to meet these future demands, as well as include areas of approved or planned development, as designated in approved and or adopted plans and local jurisdictions’ General Plans, and Area Plans.

In addition, by facilitating future sewer service connections, the proposal would help gradually reduce the number of individual septic systems in the project area. Reducing the number of septic systems in the Carmel Highlands and Carmel River watershed areas is a public health benefit that has been a longstanding objective of the Monterey County Environmental Health Bureau (Monterey County EHB).

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

No conditions are proposed as part of this annexation proposal. However, any future development as a result of this service area annexation would be subject to the Mitigation Monitoring and Reporting Program and all existing ordinances and requirements of the CAWD. Additionally, applicants will pay appropriate CAWD application, connection, user and other fees as designated by CAWD. See Attachment B of the Consolidated Final IS/MND for the full text of mitigation measures applicable to future development in the annexation area.

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

If yes, please explain:

Following 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. Parcels proposed for annexation under this proposal in Areas 2, 3 and 4 are located along both sides of State Route 1. Every effort was made to ensure that the boundaries are orderly and logical. 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.
The proposed project does not create islands or corridors. The proposed project would annex the majority of parcels in the District’s Sphere of Influence and those previously identified as a future study area. The Odello Property, located within CAWD’s existing Sphere of Influence on the east side of Highway 1, is not included as part of the annexation area (see Appendix B of the Public Review Draft IS/MND). The Odello Property is located within an area designated for agricultural land uses and where future need for wastewater or other public services is not anticipated at this time.

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 to the wastewater district will allow for wastewater service and 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.

The annexation would not divide any existing tax assessment parcels.

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.

This proposal includes all territory that would currently and reasonably benefit from the extension of wastewater services by the District.

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.

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/MND, land use designations within the proposed SOI amendment and Annexation Area vary and each provide specified regulations and policies. 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 and land use designations and policies (see Section 5.2 Background Planning Documents and Approach to Analysis of the Draft IS/MND), 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 (2016), and CAWD Sewer System Management Plan (SSMP) (Readopted January 2020), provide 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 MSR for CAWD ( Adopted June 27, 2016) as well as the adopted Final IS/MND 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 Figures 4a and 4b 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 Consolidated Final IS/MND, all of the relevant general, specific, and master planning documents identify CAWD as the wastewater supply agency and wastewater collection service provider for the subject territory. 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 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 (2016), and CAWD SSMP (Readopted January 2020) provide 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 Figures 5a and 5b to review all applicable land use designations and zoning by Monterey County. See response above.

d. What is the proposed future land use?

Most of the area proposed for annexation is either currently built out or proposed for approved development (see Figures 4a and 4b), though some individual residential lots proposed for annexation may not have been developed as of this writing. Areas proposed for development include Carmel Valley (Area 1: includes Carmel Valley Manor, Valley Hills Shopping Center and surrounding parcels, parcels on Cypress Lane, Prado Del Sol, and Meadows Road, Schulte Road and the surrounding area, and the Mid-Valley Shopping Center and adjacent parcels), Point Lobos (Area 2: includes the Larsen Property), North Carmel Highlands (Area 3: includes Corona Road east of SR 1, and various properties west of SR 1) and South Carmel Highlands (Area 4: includes Yankee Point and Otter Cove). The parcels located in these developed areas are currently on septic systems. Extending wastewater service to these suburban areas in need of wastewater service is consistent with LAFCO policy. The proposed project would not induce growth.

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 Figures 5a and 5b for Monterey County Major General Plan and Zoning Designation. Review of the policies conducted for the adopted Final IS/MND indicates that changes to CAWD boundaries are consistent with the Monterey County 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 County growth will occur through annexation of existing adjacent developed parcels and land proposed for development (LAFCO, 2016).

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

Not applicable. The project is located within unincorporated portions of 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:

No publicly owned lands are proposed for annexation.

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, the proposed project will result in inclusion of additional lands within the District’s SOI and annexation of these areas into CAWD’s service area. However, no service area development is proposed at this time as part of the proposed SOI amendment and annexation. 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 County of Monterey General Plan and applicable 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 (2016) and CAWD’s SSMP (Readopted January 2020) provide an overview of system management.

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

The District circulated a Draft IS/MND and adopted a Mitigated Negative Declaration (MND) after the conclusion of the required public review period. The adopted Consolidated Final IS/MND 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 Consolidated Final IS/MND, 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 show “…no substantial evidence that the project, as mitigated, will not [sic] have a significant negative effect on the environment” (CAWD, Resolution No. 2020-45, 2020).

Per the requirements above, Environmental Clearance Documents, in the form of the Consolidated Final IS/MND, the Notice of Determination, and Notice of Availability have been attached to this application. The Consolidated Final IS/MND consists of:

- Volume I – Final Initial/Study Mitigated Negative Declaration for the 2020 Carmel Area Wastewater District Sphere of Influence Amendment and Annexation Proposal (includes comment letter and Mitigation Monitoring and Reporting Program as attachments)
- Volume II – Draft Initial Study/Mitigated Negative Declaration for the 2020 Carmel Area Wastewater District Sphere of Influence Amendment and Annexation Proposal (includes Appendices)

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 (2016) and the CAWD 2020-2021 Fiscal Year Budget 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’s SSMP, Readopted January 2020, provides an overview of system management. The Capital Improvement Program 15-Year Master Plan Report 2013 and the CAWD 2020-2021 Fiscal Year Budget 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 IS/MND was prepared and subsequently adopted by the CAWD as the lead agency, pursuant to CEQA. The purpose of the adopted Consolidated Final IS/MND 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 Consolidated Final IS/MND, no significant environmental impacts were found with incorporation of mitigation as identified in the Final IS/MND. Please see response 1, F of this application for the list and complete text of the mitigation measures associated with the project.

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

The proposed annexation of the areas into the District’s boundaries and amendment of the SOI will allow for provision of wastewater collection services in an orderly manner. 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. Specifically, the Carmel Highlands area, proposed for annexation, has been identified through prior studies by CAWD and LAFCO as having the highest need for an alternative approach to wastewater management. The 2016 MSR for CAWD stated that “(Carmel) Highlands properties nearest to the ocean are the highest future priority because of the potential for effluent from septic systems to directly enter the marine environment. Future
The primary objective of the proposed project is to provide wastewater service from the District to those areas where there is a current or potential need. Proposed annexation areas are primarily developed land, outside of the current CAWD SOI, in locations where the District either anticipates, or has received interest or applications for, near-term sewer service connection requests. The proposed project is planned to meet these demands, as well as include areas of approved or planned development, as designated in approved and or adopted plans and local jurisdictions’ General Plans, and Area Plans. By facilitating future sewer service connections, the proposal would help gradually reduce the number of individual septic systems in the project area. Reducing the number of septic systems in the Carmel Highlands and Carmel River watershed areas is a public health benefit that has been a longstanding objective of the Monterey County Environmental Health Bureau (Monterey County EHB).

As described above, the areas proposed for annexation are consistent with the MSR for CAWD (LAFCO, 2016) as well as the adopted Consolidated Final IS/MND 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 Consolidated Final IS/MND, 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) (about 10.7 acre-feet per day) and current demand averages 1.8 MGD (about 6.6 acre-feet per day). 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 Consolidated Final IS/MND as well as the CAWD Adopted Municipal Services Review (LAFCO, 2016) and the CAWD Master Capital Improvement Plan (LAFCO, 2016) 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 Consolidated Final IS/MND covers all project actions.

- **Carmel Area Wastewater District**: Board approval of Sphere of Influence Amendment and Annexation and Resolution to submit an Application for the above to LAFCO. (COMPLETED)

- **Local Agency Formation Commission of Monterey County**: Processing a Sphere of Influence Amendment and Annexation to CAWD. Approval of an amendment of the Sphere of Influence and approval of the proposed annexation. (IN PROGRESS)
• Coastal Commission authorization for expansion of the wastewater service boundary within the Coastal Zone, Areas 2-4.

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

The Public Review Draft IS/MND was circulated for a 30-day review period and was initiated on June 1, 2020 and ended on June 30, 2020. Monterey County was on the distribution list. During the public review period a total of one (1) comment letter was received during the public review period. The California Department of Transportation (Caltrans) wrote a letter addressing the requirement for encroachment permits for project activities in the State’s right-of-way. No comments were received from local agencies.

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

The Public Review Draft IS/MND was circulated for a 30-day review period and was initiated on June 1, 2020 and ended on June 30, 2020. The Notice of Intent (NOI) to adopt the Public Review Draft IS/MND 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.

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 an Amendment and Annexation of property into the CAWD SOI and SA to consolidate wastewater services in the proposed annexation area into continuous areas within 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 various areas within Monterey County, California. These areas do not contain any competing wastewater service agencies who are 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).

No multi-step, incremental phasing of annexation is proposed.

9. OPEN SPACE AND AGRICULTURAL LAND
The proposed annexation 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 Figure 6 of this application and Section 5.3.2 Agricultural Resources, as well as the “growth inducement” discussion contained in Section 5.3.14 Population and Housing, of the adopted Consolidated Final IS/MND, Volume II.

Area 1 within Carmel Valley includes three to four parcels designated as “Prime Farmland”. This designation includes the properties of Earthbound Farms and Rana Creek Nursery, both commercial agricultural facilities. Earthbound Farms also provides demonstration gardens, a café and a market open to the public, as well as seasonal events. The farmed portion of this site is designated as Open Space by the County’s General Plan. In addition, there are a few parcels designated as “Grazing Land,” within Area 1. These parcels are currently used as open space or existing commercial and agricultural operations. No conversion of these agricultural lands will occur as a result of the project.

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 Consolidated Final IS/MND, 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, as well as applicable land use designations and policies intended 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 as discussed in the adopted Consolidated Final IS/MND, 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 Carmel 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. 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.3

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/MND 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.

3 The use of septic systems has 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.
No specific demographics exist for the District. Monterey County has a population estimate of 434,061 in 2019 with 59.4 percent of the community being Hispanic or Latino in 2019 (U.S. Census Bureau, 2020).

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. Investment in the treatment plant facility has been undertaken to improve reliability and reduce operating costs to minimize any need for rate increases. Current rates have been found to be on par with, or below, similar sized wastewater agencies.

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

As previously stated, the proposed Draft IS/MND was circulated for a 30-day review period that initiated on June 1, 2020 and ended on June 30, 2020. The Notice of Intent (NOI) to adopt the Draft IS/MND 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.

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?

There are no neighborhoods adjacent to the proposed annexation areas that might benefit from the District’s services at this time. 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. The ethnicity of all board members is Caucasian. The board members are:

- Charlotte Townsend
- Ken White
- Bob Siegfried
- Greg D’Ambrosio
- Michael Rachel

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

County of Monterey. April 14, 1983. Carmel Area Land Use Plan
County of Monterey. November 5, 1996. Carmel Valley Master Plan
LAFCO. 2006. 2006 CAWD Adopted Municipal Services Review.
LAFCO. 2016. 2016 CAWD Adopted Municipal Services Review.
U.S. Census Bureau. 2019. QuickFacts Monterey County, California. Available online at:
https://www.census.gov/quickfacts/montereycountycalifornia

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: Rachél Lather
Title: District Engineer

Signed: ____________________________
Date: October 2nd, 2020

[Signature]