



February 10, 2014

David Byers, Esq.
Big Wave, LLC
259 West Third Avenue
San Mateo, CA 94402

Subject: Revised Big Wave Project – LAFCo Process Related to Water Provision of Revised Project

Dear Mr. Byers:

This letter responds to your request for an explanation of the type of LAFCo approval(s) required to allow Montara Water and Sanitary District (MWSD) to provide water service to the revised Big Wave project and recommendations on the processing and timing of approvals. Compliance with the California Environmental Quality Act (CEQA) is also addressed.

The revised project designated “Big Wave Wellness Center and Office Park – North Parcel Alternative” (NPA) proposes water provision by MWSD rather than by Coastside County Water District (CCWD) as proposed in the original project description and proposes sanitary sewer service by Granada Sanitary District (GSD) as originally proposed. This change in water provider is problematic from a policy standpoint given the spheres of influence for Midcoast special districts and the fact that the project site is already in the boundaries of a sanitary district – GSD and is in the sphere of influence of a neighboring water district. In addition to being in the sphere of influence of CCWD, it contiguous to CCWD boundaries and therefore eligible for annexation. It is not in the LAFCo adopted sphere of influence for MWSD. Any provision of water service to the project site therefore requires amendment of the sphere of influence for MWSD and CCWD.

LAFCo does not recommend sphere amendment and annexation, because this would create overlapping service area with GSD. One alternative is to apply for a sphere of influence amendment removing the territory from the CCWD sphere, placing it in the MWSD sphere and applying for extension of water service outside MWSD boundaries pursuant to Government Code Section 56133. This section requires that a public agency may only extend service outside jurisdictional boundaries if it applies to LAFCo and receives LAFCo approval. The application process requires application by resolution by the subject district (MWSD) which would include a plan for providing service detailing how service would be provided, capital improvements needed, and how service would be funded. As the applicant, MWSD would be lead agency under CEQA and would prepare an environmental document that LAFCo would rely upon as responsible agency.

In considering the application, LAFCo must consider adopted spheres of influence for agencies on the Midcoast including a stated preference for consolidation of MWSD and GSD forming a multi-purpose community services district that would facilitate meeting park and recreation needs in addition to water, sewer and solid waste. LAFCo must consider factors to be considered in Government Code Section 56668. Section 56668 (c) requires LAFCo to consider the proposal in the context of: "The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county." In this regard, consolidation of MWSD and GSD presents an alternative that would place the study area in a single multi-purpose special district with both water and sewer authority, eliminate the circumstance of overlapping service responsibility between MWSD & GSD and provide opportunity for park and recreation for the entire Unincorporated Midcoast. However, in this case, LAFCo's charge to provide for efficient service and logical boundaries through consolidation is dependent upon political will on the part of MWSD which now desires to expand its water service area and GSD which desires to add park and recreation service.

Procedurally, application to LAFCo for extension of service outside jurisdictional boundaries would require the following actions by MWSD:

1) Preparation of Application for sphere amendment and extension of service, Plan for Providing Service pursuant to Section 56653 which would include the all of the following and any additional information required by the Commission or the Executive Officer:

(a) An enumeration and description of the services to be extended to the affected territory.

(b) The level and range of those services.

(c) An indication of when those services can feasibly be extended to the affected territory.

(d) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.

(e) Information with respect to how those services will be financed.

2) Preparation of Environmental Document that analyses potential impacts of the project and project alternatives.

3) Once environmental review is complete and the District is ready to adopt the environmental document, the District Board would adopt a resolution of application to LAFCo and submit the resolution, application, plan for service, indemnification form and LAFCo fees.

4) LAFCo processing includes referral to affected County departments and affected agencies. LAFCo schedules the application for a public hearing and can approve, approve with conditions or modifications or deny the application. LAFCo has the discretion to approve the application

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on Coastal Commission approval of the Big Wave Wellness Center and Office Park – North
Parcel Alternative.

In regard to timing, I defer to the County Planning Department regarding whether the Planning
Department can process the revised project application with or without the LAFCo process
being complete.

Sincerely,



Martha Poyatos
Executive Officer

cc: Members, Formation Commission
Rebecca Archer, LAFCo Legal Counsel
Jim Eggemeyer, San Mateo County Community Development Director
Clemens Heldmeier, General Manager, Montara Water and Sanitary District
Chuck Duffy, General Manager, Granada Sanitary District
David Dickson, General Manager, Coastside County Water District