



BOARD OF DIRECTORS

Agenda Report

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File #: 2021-1610

Agenda Date: 4/28/2021

Agenda Item No: 13.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

PROPOSED ANNEXATION NO. OC SAN-66 - MASS ANNEXATION OF FIVE AREAS IN ANAHEIM, VILLA PARK, AND YORBA LINDA

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Authorize Staff to annex five Areas to Orange County Sanitation District within the Cities of Yorba Linda, Anaheim, and Villa Park;
- B. Authorize the General Manager to execute associated Annexation documents in a form approved by General Counsel;
- C. Adopt Resolution No. OC SAN 21-07 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District authorizing initiation of proceedings and requesting the Orange County Local Agency Formation Commission to take proceedings for the Annexation to the Orange County Sanitation District, of territory in the Cities of Yorba Linda, Anaheim, and Villa Park (Annexation No. OC SAN-66 - Mass Annexation of Five Areas in Anaheim, Villa Park, and Yorba Linda)"; and
- D. Forego past Annexation, Capital Facility Capacity Charges, and Annual User Fees for the parcels to be annexed which are currently discharging sewer flows to the Orange County Sanitation District.

BACKGROUND

There are five general areas within the Cities of Yorba Linda, Anaheim, and Villa Park that contain approximately 1,200 parcels that need to be annexed to the Orange County Sanitation District's (OC San) service area. These areas are referenced and displayed in the attached Exhibit and are as follows:

Area Number	City	Major Cross Streets
1	Yorba Linda	Yorba Linda Blvd. & Yorba Ranch Rd.
2	Yorba Linda	Esperanza Rd. & Yorba Linda Blvd.
3	Anaheim	Fairmont Blvd. & Santa Ana Canyon Rd.

4	Anaheim	Stage Coach Rd. & Nohl Ranch Rd.
5	Villa Park	Adams Ranch Rd. & Center Dr.

A Municipal Services Review process and recent discussions with the Orange County Local Agency Formation Commission (LAFCO) recommended submission of a single application for the five areas of interest.

RELEVANT STANDARDS

- Maintain collaborative and cooperative relationships with regulators, stakeholders, and neighboring communities
- Protect OC San assets

PROBLEM

Properties in the proposed annexation areas receive sewer service via their respective local sewer provider. Sewer flows from these areas are collected, treated, and recycled/disposed by OC San's regional sewer system; however, OC San is unable to collect the "Annual User Fee" for these properties because the areas are not annexed to OC San's service area.

Additionally, there are several properties in Area Number 3 that are not connected to a sewer system and discharge to septic tanks. These properties would have to be individually annexed when each property owner wants to connect to the local sewer system. Individual annexations would require LAFCO fees that would be borne by each property owner.

PROPOSED SOLUTION

Adopt a Resolution that will allow OC San staff to process a single application for annexation (Annexation No. OC SAN-66 Mass Annexation of Five Areas in Anaheim, Villa Park, and Yorba Linda) through the LAFCO approval process.

Forego all past OC San fees for the properties to be annexed which are currently discharging sewer flows to OC San. User fees will be collected on a prospective basis.

TIMING CONCERNS

OC San must receive the final resolution from LAFCO prior to December 1, 2021 so sewer user fee collection can begin.

RAMIFICATIONS OF NOT TAKING ACTION

OC San will not be able to collect Annual User Fees for these properties moving forward. Properties that are on septic systems will have to apply for annexations individually.

PRIOR COMMITTEE/BOARD ACTIONS

July 2013 - Made a one-time exception to waive the fee in the amount of \$2,165. (Regarding unpaid

Capital Facility Connection Fees for a residential property.)

October 2005 - Approved the results of the non-residential parcel review project, directed staff to use the corrected database on a going-forward basis and provide direction to staff on the collection of past charges. (Direction was to refrain from pursuing past underpayments for User Fees.)

ADDITIONAL INFORMATION

Prior Committee/Board Actions have set a precedent to not back-charge property owners for past OC San fees where the current property owner is not at fault. In addition, since these parcels are not included in OC San's user fee roll, Proposition 218 notifications were never sent to these properties. Proposition 218 notifications are required by law and must be sent whenever there is a proposed new or increased property-related fee. Without the notification, Annual User Fees cannot be back-charged.

Under the LAFCO Annexation process, all affected properties will be notified, and a public hearing will be conducted. OC San is planning to perform a similar notification in parallel with LAFCO so the annexation can be streamlined, and all affected property owners are aware of the Annual User Fees moving forward. The properties indicated on the attached Exhibit to the Resolution are subject to change after LAFCO begins the application process. However, these will only consist of adjacent parcels that are within the area displayed.

Mass annexation of the properties in Area Number 3 that are currently on septic tank systems will streamline the process in the future when they are required to connect to the public sewer system. Water purveyors encourage conversion from septic systems since it reduces quality impacts to groundwater.

The estimated costs for the LAFCO Annexation fees is \$4,600 for fiscal year 2020/21 and \$10,400 for fiscal year 2021/22.

CEQA

The project is exempt from CEQA under the Class 20 categorical exemptions set forth in CEQA Guidelines (14 California Code of Regulations) Section 15320. Section 15320 (Class 20) "consists of changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised". Specifically, this project is exempt because this annexation is only an administrative boundary change of OC San's service area.

A Notice of Exemption will be filed with the Orange County Clerk-Recorder's office after approval of this item.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Adopted Budget, Fiscal Years 2020-2021 and 2021-22, General Management Administration Section 6, Page 3) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Resolution No. OC SAN 21-07