



Municipal Service Review & Sphere of Influence Study

South Orange County II





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ACRONYMS

AF	Acre foot
AF/YR	Acre feet per year
AVCA	Aliso Viejo Community Association
CCF	Hundred cubic feet
CFS	Cubic feet per second
CHP	California Highway Patrol
CIP	Capital Improvement Plan (or Program)
CSD	Community Services District
EBSD	Emerald Bay Service District
ETWD	El Toro Water District
FY	Fiscal Year
GPM	Gallons per minute
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
LBCWD	Laguna Beach County Water District
MG	Million gallons
MGD	Million gallons per day
MNWD	Moulton Niguel Water District
MSR	Municipal Service Review
MWDOC	Municipal Water District of Orange County
N/A	Not available
NFPA	National Fire Protection Association
OCFA	Orange County Fire Authority
OCPL	Orange County Public Library
OCSD	Orange County Sheriff's Department
RDMD	Resources Development and Management Department (County of Orange)
SFF	Structural Fire Fund
SOCWA	South Orange County Wastewater Authority
SOI	Sphere of Influence

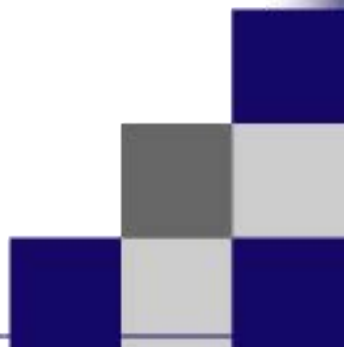


SCWD	South County Water District
UWMP	Urban Water Management Plan



Section 1:

EXECUTIVE SUMMARY





EXECUTIVE SUMMARY

Background

In 1997, the State Legislature convened a special commission to study and make recommendations to address California's rapidly accelerating growth. The Commission on Local Governance for the 21st Century focused their energies on ways to empower the already existing County LAFCOs, originally established in 1963. One of the major new responsibilities of LAFCO is to conduct regional studies of municipal services (Municipal Service Reviews, or MSRs) every five years. MSRs are a way to assist agencies and residents by: (1) evaluating existing municipal services, and (2) identifying any future constraints or challenges that may impact service delivery in the future. MSRs are a prerequisite for completion of sphere of influence studies.

The Cities and Special Districts addressed by this MSR include:

- City of Aliso Viejo
- City of Dana Point
- City of Laguna Beach
- City of Laguna Hills
- City of Laguna Woods
- City of Lake Forest
- El Toro Water District
- Laguna Beach County Water District
- Moulton Niguel Water District
- South Coast Water District
- Emerald Bay Service District
- Capistrano Bay Community Services District
- Three Arch Bay Community Services District



The Orange LAFCO MSR process occurred in three interrelated phases. The first phase included individual meetings between LAFCO staff and the key “stakeholders” (city and special district staff representatives) within the South County II MSR study area. The meetings provided an opportunity for LAFCO staff to explain the MSR process, become better informed about city and district issues, and to receive relevant financial, organizational and demographic data from the cities and districts which were used in the preparation of this MSR study. Stakeholder meetings occurred during January and February of 2007.

The second phase of the process included the preparation and distribution of the draft MSR report. The draft report was completed in mid-May 2007 and was provided to the stakeholders for review and comment. Stakeholder review occurred prior to the MSR being distributed to the public or LAFCO. All comments received were carefully reviewed by LAFCO staff. Relevant comments were incorporated into the final draft document. A second draft MSR report was distributed for stakeholder review and comment in mid-June 2007.

Distribution of a final draft MSR to the public and LAFCO occurred in early July 2007. A public hearing before LAFCO, scheduled for July 18, 2007, will allow for additional input from both the public and stakeholders. The MSR report, which is a LAFCO document, is not intended to comprehensively analyze all options and issues discussed but rather to present a “high level” overview of the issues. The agencies and residents within the MSR study area will be required to complete detailed analyses (i.e., fiscal studies, etc.) prior to the implementation of any of the alternatives discussed in the MSR report.

The third phase of the MSR process is the Commission’s consideration of the proposed agencies’ spheres of influence prepared by LAFCO staff, which will happen concurrently with the Commission’s review of this MSR report at a noticed public hearing on July 18, 2007. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 defines a “sphere of influence” as a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission. Before an area can be annexed, it must be within the annexing agency’s adopted sphere of influence. At the hearing, the Commission will receive and file the MSR report and adopt spheres of influence for the agencies.

Summary

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review municipal services before updating the spheres of influence and to prepare a written statement of determination with respect to each of the following:



- 1) Infrastructure needs or deficiencies;
- 2) Growth and population projections for the affected area;
- 3) Financing constraints and opportunities;
- 4) Cost avoidance opportunities;
- 5) Opportunities for rate restructuring;
- 6) Opportunities for shared facilities;
- 7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
- 8) Evaluation of management efficiencies; and
- 9) Local accountability and governance.

The study area addressed in this report generally includes the South Orange County area from the northern boundaries of the Cities of Lake Forest and Laguna Woods and sweeping south and west to the northern boundary of San Juan Capistrano (see *Figure 1.1*). Of the six cities and seven special districts reviewed in this MSR, no significant issues were identified.

Over the past 30 years, the southern portion of Orange County has been a primary growth area as development shifted from the northern and mid-county areas south where there was available, developable land. Large master planned communities accounted for the majority of this growth in the late 1980s and early 1990s. While the MSR area is still projecting growth in most areas, population increases will not be as dramatic as this portion of South Orange County rapidly approaches a “build-out” condition. Potential growth areas have been identified in both the City of Lake Forest and the City of Aliso Viejo. Lake Forest is studying the possibility of adding a maximum of 5,400 residential units within its Opportunities Study Area, and Aliso Viejo is projected to add an additional 1,000 residential units over the next five years. Cumulatively, population increase within the entire MSR area is projected to grow by slightly less than 11 percent by year 2030.

Police, fire, water, wastewater, solid waste, animal control and library services are provided to the six cities within the MSR study area by city departments, special districts or through contract with private or public entities. The cities and special districts have adopted capital improvement programs which commit resources to long-term infrastructure maintenance and development. Water and sewer districts within the MSR area share water resources and well as pipeline and treatment capacity. No significant issues were identified within the MSR area pertaining to rate restructuring, cost avoidance opportunities, shared facilities or management efficiencies.

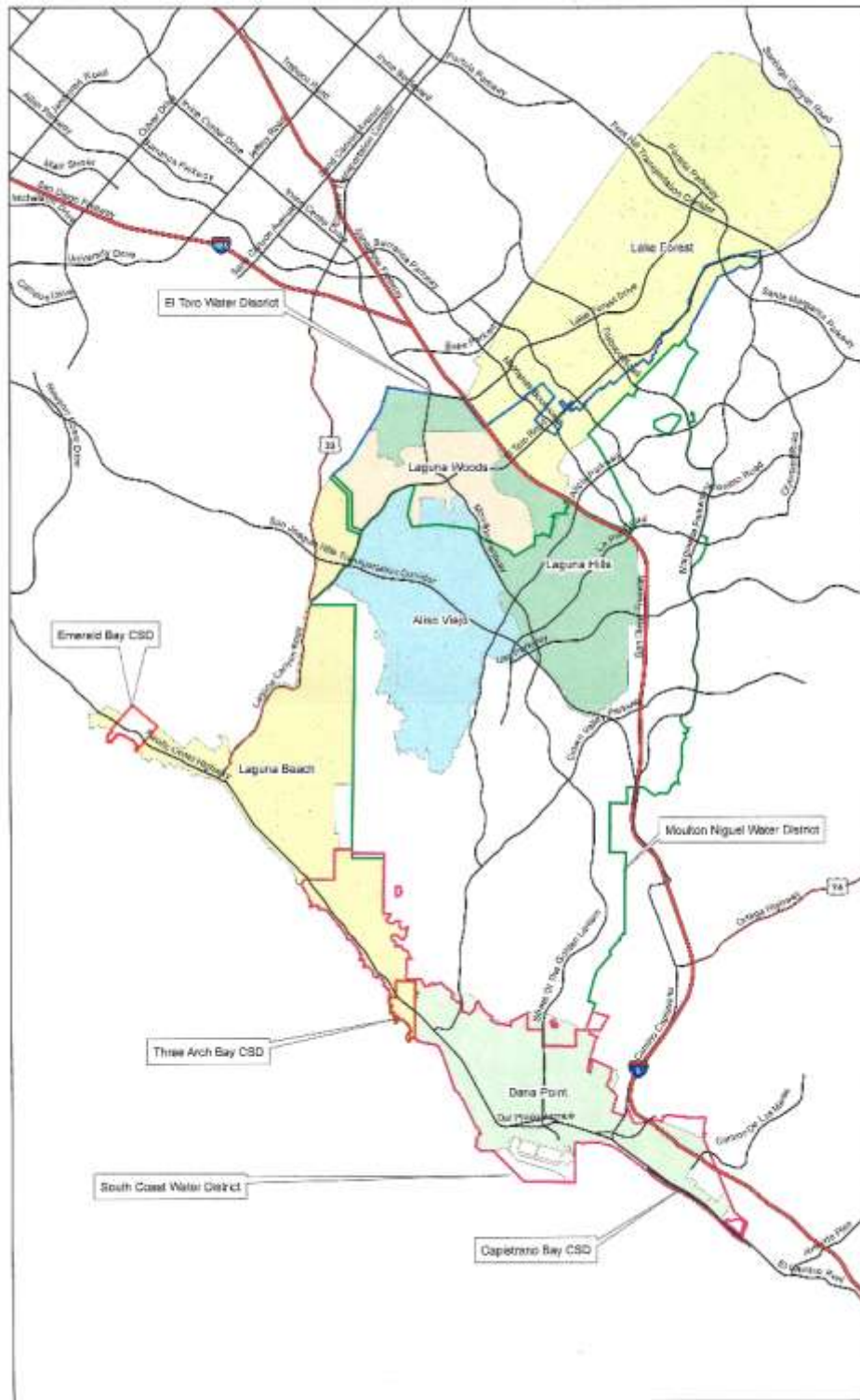


Over the past several years, public agencies have experienced escalating costs without a compensating increase in revenue, and the required transfer of local money to the state compounded the problem for FY 2004-2005 and FY 2005-2006. While the uncertainty of local funds for public agencies remains a significant financing constrain statewide, overall the cities and districts within the South County II MSR have adequate funds to maintain current service levels.

Several government structure options were identified for the agencies including reorganization of the water districts through consolidation, merger with adjacent cities and/or the formation of a regional provider of wholesale water services to serve south Orange County agencies. Options identified for the CSDs included dissolution of the districts with services taken over by cities. City government structure options included the potential transfer of certain regional parks from county to city responsibility and the annexation of adjacent unincorporated areas. All of these options would require additional study and may become more practical over time; however, at this time, the services provided by the cities and districts are accomplished in an efficient and cost-effective manner.



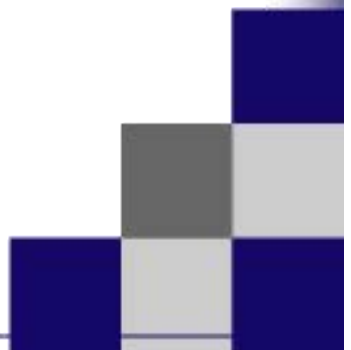
Figure 1.1. MSR Area Overview





Section 2:

AGENCY PROFILES





AGENCY PROFILES

Introduction

This Municipal Service Review (MSR) and Sphere of Influence (SOI) study addresses the following municipal service providers in South Orange County (*Tables 2.1 to 2.6, Figures 2.1 to 2.6*):

- City of Aliso Viejo
- City of Dana Point
- City of Laguna Beach
- City of Laguna Hills
- City of Laguna Woods
- City of Lake Forest

Several special districts also exist within the study area (*Tables 2.7 to 2.13, Figures 2.7 to 2.13*):

- El Toro Water District
- Laguna Beach County Water District
- Moulton Niguel Water District
- South Coast Water District
- Capistrano Bay Community Services District
- Emerald Bay Service District
- Three Arch Bay Community Services District

The Orange County Sheriff's Department and Orange County Fire Authority also provide service to the MSR area. These agencies were studied in MSR 05-24 South Orange County in 2005.



TABLE 2.1
City of Aliso Viejo

Incorporated July 1, 2001							
Agency Information				Service Area Information			
Address:	12 Journey, Suite 100 Aliso Viejo, CA 92656			Incorporated Area (sq. miles): Population Served: Population Served Outside of City Boundaries:		6.9 44,924 0	
Contact:	Gina Tharani, Financial Services Manager						
Phone:	(949) 425-2500 (949) 425-3899 fax						
Website:	www.cityofaliso Viejo.com						
Governance							
Council members: 5, elected at-large							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$13,712	Operating Budget:	\$12,338	Capital Improvement Budget:	\$2,649	Reserves at Year End (FY '05-'06):	\$12,780
Service Summary							
Contracted Services Provided to Other Agencies							
None							
Contracted Services Provided by Other Agencies							
Law Enforcement				Orange County Sheriff's Department			
Animal Control				County of Orange			
Fire / Emergency				Orange County Fire Authority ¹			
Ambulance Service				Doctors Ambulance Service ²			
Law Enforcement							
Number of Patrol Units: 10 cars / 2 motors				Number of Priority 1 Service Calls 2006: 230			
Personnel (Sworn/Non-Sworn): 25 / 4							
Fire Protection/ Emergency							
Number of Stations: 1				Personnel (Sworn/Support Staff): 9 / 272			
Number of Incidents 2006: 1,965 (Fire 40; EMS 1,284; Other 641)							
Water Service							
Moulton Niguel Water District				Number of Connections: N/A			

¹ OCFA is a Joint Powers Authority, created to provide fire and emergency services to its member agencies.

² Ambulance contracts are managed by OCFA. Member agencies have the right to select their own ambulance service provider as managed by OCFA, under delegated authority by the County of Orange.



Table 2.1 (Continued)
City of Aliso Viejo

Incorporated July 1, 2001	
Agency Information	Service Area Information
El Toro Water District	Data not provided
Sewer Service	
Moulton Niguel Water District	Number of Connections: N/A
El Toro Water District	Data not provided
Solid Waste	
CR&R/Solag	
Parks and Recreation³	
Number of Public Parks:	21 (2 City owned, 19 owned by HOA)
Acreage (Parks and Open Space):	1,607 (14 City owned, 1,593 owned by HOA)
Number of Recreation and Community Centers:	1 (City owned)
Animal Control	
County of Orange	Shelter location: Orange
Libraries	
County of Orange	Number of Libraries: 1
Additional Services Provided	
Building and Planning Services:	Yes
Flood Control:	Yes
Storm Drainage:	Yes
Redevelopment:	No

³ Parks and recreation services are also provided by master homeowners association (AVCA).



Figure 2.1. City of Aliso Viejo

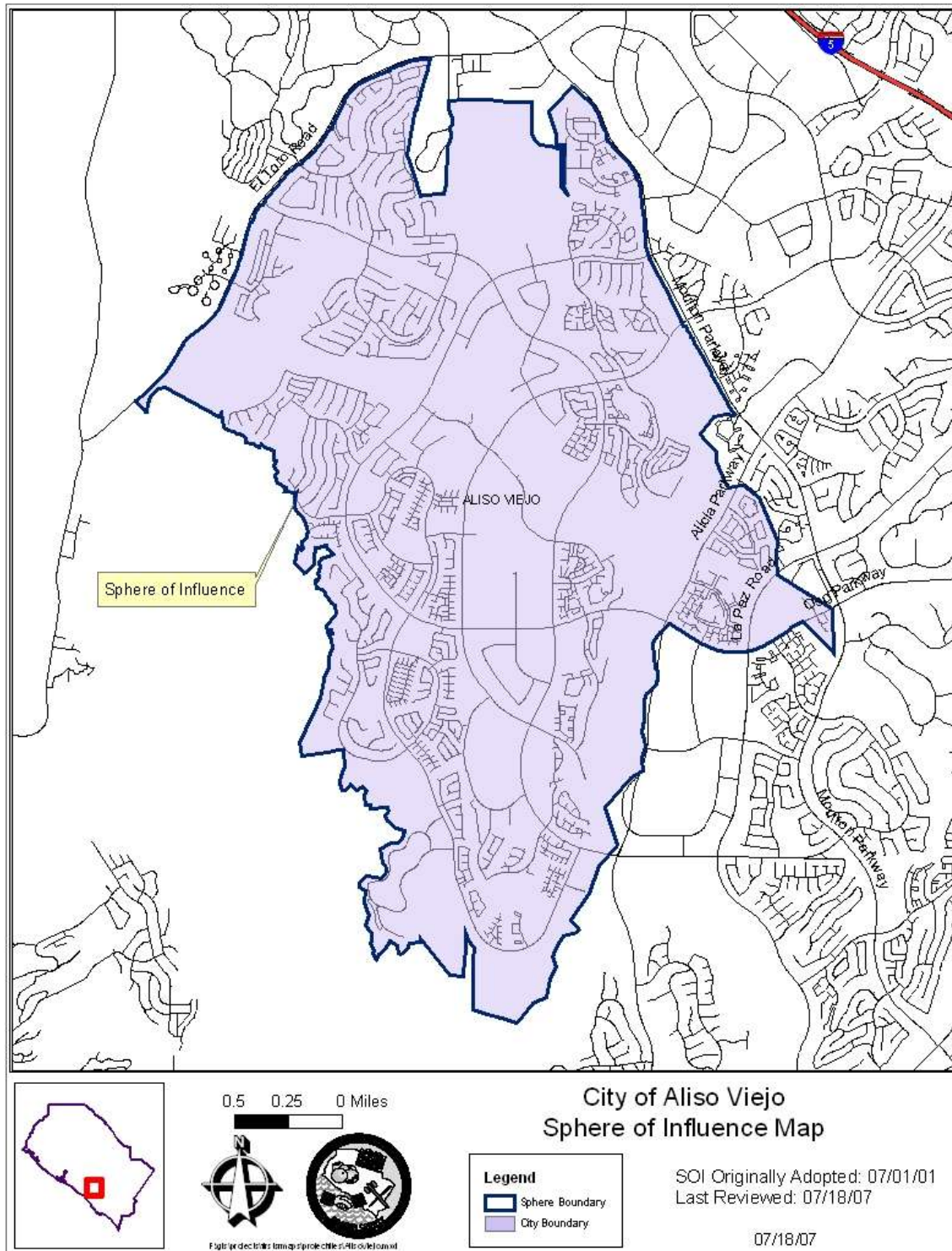




TABLE 2.2
City of Dana Point

Incorporated 1989							
Agency Information				Service Area Information			
Address:	33282 Golden Lantern Dana Point, CA 92629			Incorporated Area (sq. miles): Population Served: Population Served Outside of City Boundaries:	6.5 35,110 0		
Contact:	Christy Teague, Economic Dev. Manager						
Phone:	(949) 248-3519 (949) 248-9920 fax						
Website:	www.danapoint.org						
Governance							
Council members: 5, elected at-large							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$25,241	Operating Budget:	\$23,732	Capital Improvement Budget:	\$31,362	Reserves at Year End (FY '05-'06):	\$787
Service Summary							
Contracted Services Provided to Other Agencies							
None							
Contracted Services Provided by Other Agencies							
Law Enforcement				Orange County Sheriff's Department			
Animal Control				San Clemente/Dana Point Animal Services Authority			
Fire / Emergency				Orange County Fire Authority ⁴			
Ambulance Service				Doctors Ambulance Service ⁵			
Law Enforcement				Orange County Sheriff's Department			
Number of Patrol Units: 21				Number of Priority 1 Service Calls 2006: 282			
Personnel (Sworn/Non-Sworn): 31 / 19							
Fire Protection/ Emergency				Orange County Fire Authority			
Number of Stations: 3				Personnel (Sworn/Support Staff): 36+			
Number of Incidents 2006: 2,535							
Water Service							
South Coast Water District, San Juan Capistrano Water/Sewer, Moulton Niguel Water District				Number of Connections: Data not provided			

⁴ OCFA is a Joint Powers Authority, created to provide fire and emergency services to its member agencies.

⁵ Ambulance contracts are managed by OCFA. Member agencies have the right to select their own ambulance service provider as managed by OCFA, under delegated authority by the County of Orange.



TABLE 2.2 (Continued)
City of Dana Point

Incorporated 1989	
Agency Information	Service Area Information
Sewer Service	
South Coast Water District, San Juan Capistrano Water/Sewer, Moulton Niguel Water District	Number of Connections: Data not provided
Solid Waste	
CR&R/Solag	
Parks and Recreation	
Number of Public Parks:	21
Acreage (Parks and Open Space):	82
Number of Recreation and Community Centers:	1 (City owned)
Animal Control	
San Clemente/Dana Point Animal Services Authority	Shelter location: San Clemente
Libraries	
County of Orange	Number of Libraries: 1
Additional Services Provided	
Building and Planning Services:	Yes
Flood Control:	No
Storm Drainage:	Yes
Redevelopment:	No



Figure 2.2. City of Dana Point

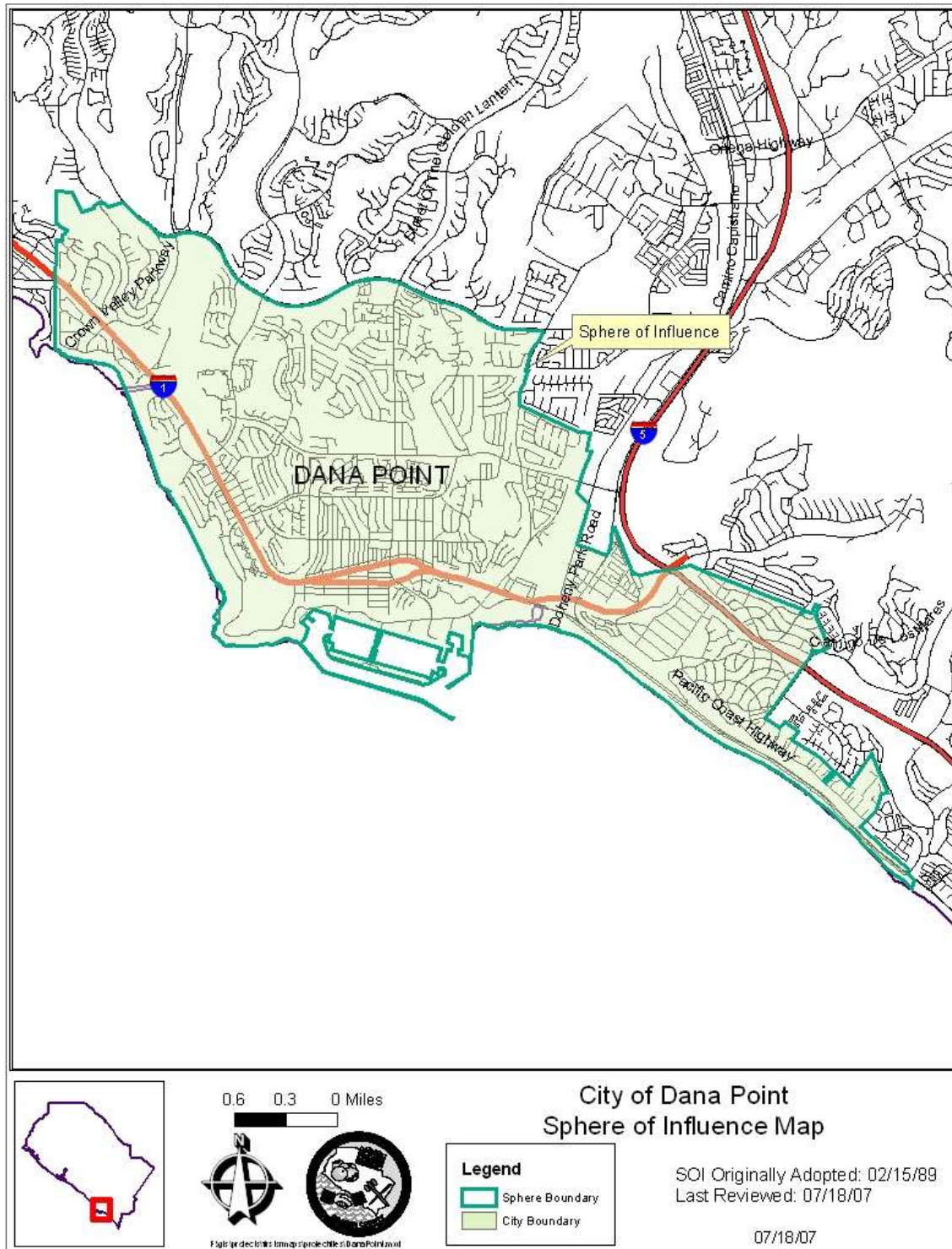




TABLE 2.3
City of Laguna Beach

Incorporated June 29, 1927							
Agency Information				Service Area Information			
Address:	505 Forest Avenue Laguna Beach, CA 92651			Incorporated Area (sq. miles): Population Served: Population Served Outside of City Boundaries:	9.1		
Contact:	Ken Frank, City Manager				23,727		
Phone:	(949) 497-3311 (949) 497-0771 Fax				0		
Website:	www.lagunabeachcity.net						
Governance							
Council members: 5, elected at-large							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$64,792	Operating Budget:	\$63,383	Capital Improvement Budget:	\$10,542	Reserve s at Year End (FY '05-'06):	\$11,499
Service Summary							
Contracted Services Provided to Other Agencies							
Animal Control				City of Laguna Woods			
Contracted Services Provided by Other Agencies							
Ambulance Service				Doctors Ambulance Service			
Law Enforcement				City of Laguna Beach			
Number of Patrol Units: 38				Number of Priority 1 Service Calls 2006: 673			
Personnel (Sworn/Non-Sworn): 57/64							
Fire Protection/ Emergency				City of Laguna Beach			
Number of Stations: 4				Personnel (Sworn/Support Staff): 40/1			
Number of Incidents 2006: 2,400 (est.)							
Water Service							
South Coast Water District, Laguna Beach County Water District				Number of Connections: 8,520 ⁶ (LBCWD only)			
Sewer Service							
South Coast Water District, City of Laguna Beach							
Number of Sewer Connections (City of Laguna Beach):							
Pipe:				95 miles			

⁶ The connection count includes 542 for Emerald Bay CSD.



TABLE 2.3 (Continued)
City of Laguna Beach

Incorporated June 29, 1927	
Agency Information	Service Area Information
Lift Stations:	25
Water Recycling Plant Capacity:	Data not provided (managed by SOCWA)
Water Recycling Plant Average Dry Weather Flow:	Data not provided (managed by SOCWA)
Solid Waste	
Waste Management of OC	
Parks and Recreation	
Number of Public Parks:	15
Acreage (Parks and Open Space):	99 ⁷
Number of Recreation and Community Centers:	2
Animal Control	
Laguna Beach	Shelter location: Laguna Beach
Libraries	
County of Orange	Number of Libraries: 1
Additional Services Provided	
Building and Planning Services:	Yes
Flood Control:	No
Storm Drainage:	Yes
Redevelopment:	No

⁷ Acreage includes joint-use facilities on school properties.



Figure 2.3. City of Laguna Beach

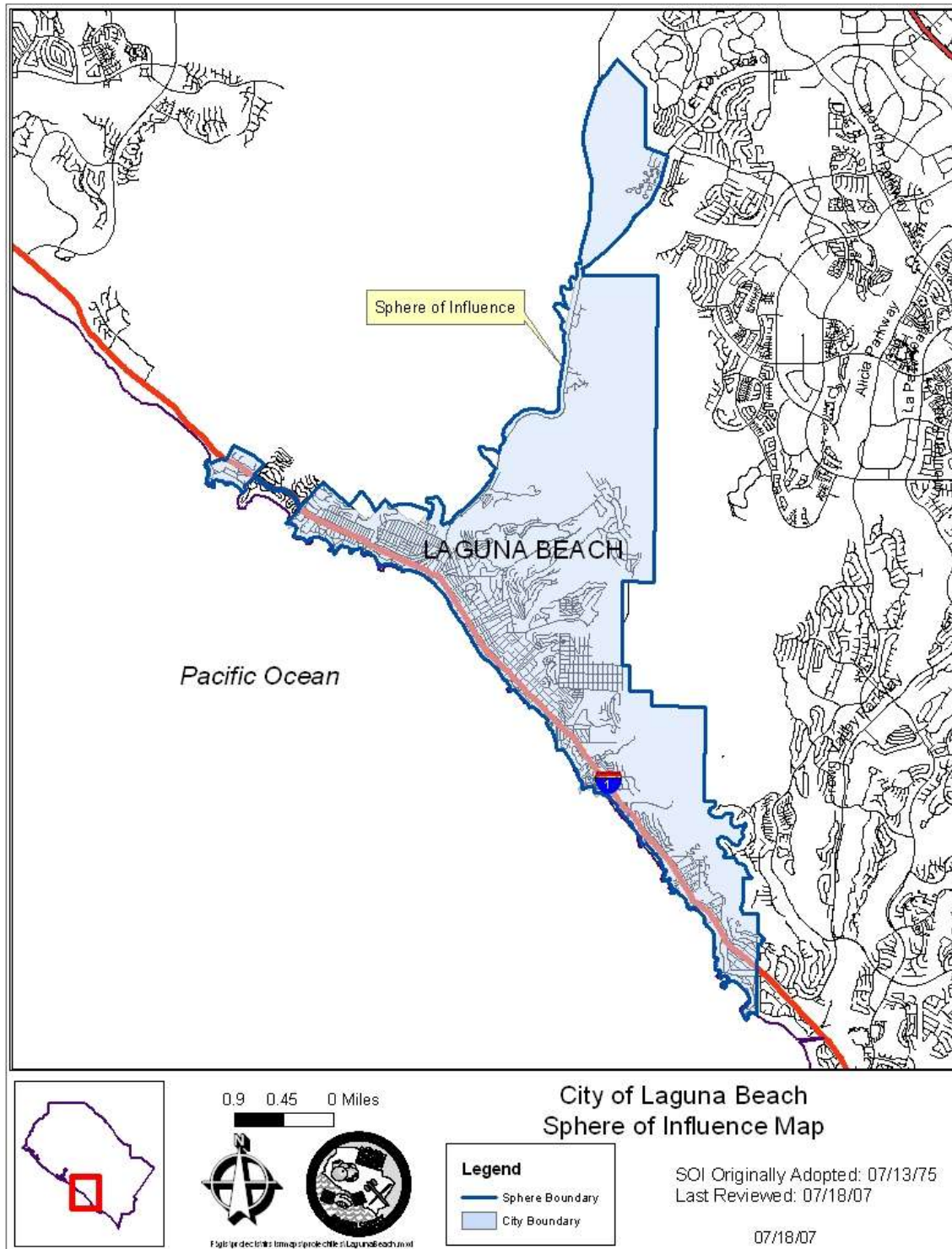




TABLE 2.4
City of Laguna Hills

Incorporated 1991							
Agency Information				Service Area Information			
Address:	24035 El Toro Road Laguna Hills, CA 92653			Incorporated (sq. miles):	Area	6.6	
Contact:	Donald J. White, Assistant City Manager			Population Served:	33,811		
Phone:	(949) 707-2620 (949) 707-2614 fax			Population Served Outside of City Boundaries:	0		
Website:	www.ci-laguna-hills.ca.us						
Governance							
Council members: 5, elected at-large							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$30,300	Operating Budget:	\$16,000	Capital Improvement Budget:	\$13,800	Reserves at Year End (FY '05-'06):	\$10,100
Service Summary							
Contracted Services Provided to Other Agencies							
None							
Contracted Services Provided by Other Agencies							
Ambulance Service				Doctors Ambulance Service ⁸			
Law Enforcement				Orange County Sheriff's Department			
Fire/Emergency Services				Orange County Fire Authority ⁹			
Animal Control				County of Orange			
Road Maintenance				County of Orange			
Law Enforcement				Orange County Sheriff's Department			
Number of Patrol Units: 10				Number of Priority 1 Service Calls 2006: 228			
Personnel (Sworn/Non-Sworn): 28.18/3.64							
Fire Protection/ Emergency				Orange County Fire Authority			
Number of Stations: 0				Personnel (Sworn/Support Staff): ¹⁰			
Number of Incidents 2006: 2,464							

⁸ Ambulance contracts are managed by OCFA. Member agencies have the right to select their own ambulance service provider as managed by OCFA, under delegated authority by the County of Orange.

⁹ OCFA is a Joint Powers Authority, created to provide fire and emergency services to its member agencies.

¹⁰ There are no stations within the City of Laguna Hills, although the city is served by several stations in neighboring cities.



TABLE 2.4 (Continued)
City of Laguna Hills

Incorporated 1991	
Agency Information	Service Area Information
Water Service	
El Toro Water District and Moulton Niguel Water District	Number of Connections: Data not provided
Sewer Service	
El Toro Water District and Moulton Niguel Water District	Number of Connections: Data not provided
Solid Waste	
CR/R Solag	
Parks and Recreation	
Number of Public Parks:	14
Acreage (Parks and Open Space):	590
Number of Recreation and Community Centers:	1
Animal Control	
County of Orange	Shelter location: Orange
Libraries	
County of Orange	Number of Libraries: 1
Additional Services Provided	
Building and Planning Services:	Yes
Flood Control:	No
Storm Drainage:	Yes
Redevelopment:	No



Figure 2.4. City of Laguna Hills

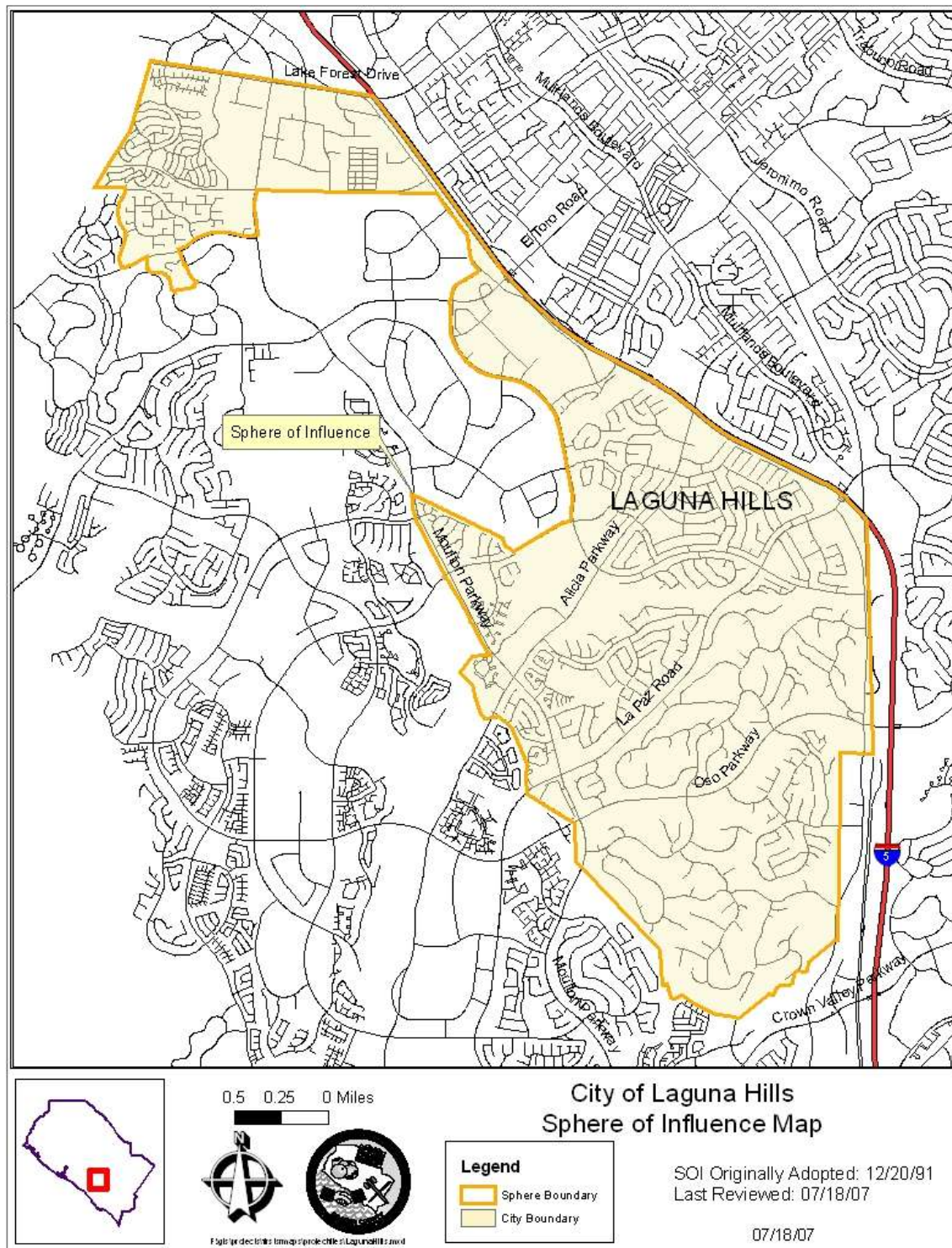




TABLE 2.5
City of Laguna Woods

Incorporated March 24, 1999							
Agency Information				Service Area Information			
Address:	264264 El Toro Road Laguna Woods, CA 92637			Incorporated Area (sq. miles):	4		
Contact:	Leslie Keane, City Manager			Population Served:	18,500		
Phone:	(949) 639-0500 (949) 639-0591 fax			Population Served Outside of City Boundaries:	None		
Website:	www.lagunawoodscity.org						
Governance							
Council members: 5, elected at-large							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$14,562	Operating Budget:	\$13,699	Capital Improvement Budget:	\$12,248	Reserves at Year End (FY '05-'06):	\$10,108
Service Summary							
Contracted Services Provided to Other Agencies							
None							
Contracted Services Provided by Other Agencies							
Law Enforcement				Orange County Sheriff's Department			
Animal Control				City of Laguna Beach			
Fire / Emergency				Orange County Fire Authority ¹¹			
Ambulance Service				Doctors Ambulance Service ¹²			
Street maintenance & sweeping				County of Orange			
Law Enforcement				Orange County Sheriff's Department			
Number of Patrol Units: 2				Number of Priority 1 Service Calls 2006: 108			
Personnel (Sworn/Non-Sworn): 5							
Fire Protection/ Emergency				Orange County Fire Authority			
Number of Stations: 1				Personnel (Sworn/Support Staff):			
Number of Incidents 2006: 4,264							
Water Service							
El Toro Water District				Number of Connections: Data not provided			

¹¹ OCFA is a Joint Powers Authority, created to provide fire and emergency services to its member agencies.

¹² Ambulance contracts are managed by OCFA. Member agencies have the right to select their own ambulance service provider as managed by OCFA, under delegated authority by the County of Orange.



TABLE 2.5 (Continued)
City of Laguna Woods

Incorporated March 24, 1999	
Agency Information	Service Area Information
Sewer Service	
El Toro Water District	Number of Connections: Data not provided
Solid Waste	
Ware Disposal	
Parks and Recreation	
Number of Public Parks:	1 ¹³
Acreage (Parks and Open Space):	324
Number of Recreation and Community Centers:	0 ¹⁴
Animal Control	
City of Laguna Beach	Shelter location: Laguna Beach ¹⁵
Libraries	
County of Orange	Number of Libraries: 1 ¹⁶
Additional Services Provided	
Building and Planning Services:	Yes
Flood Control:	No
Storm Drainage:	Yes
Redevelopment:	No

¹³ Most recreation services are provided by Laguna Woods Village HOAs

¹⁴ Laguna Woods Village and other private communities provide recreation centers for resident and guest use. The City of Laguna Woods does not have any community centers.

¹⁵ Animal registry services provided by City of Laguna Woods.

¹⁶ "Mini-branch" library located at City Hall. Consists of computer terminal to request books from OCPL system with pick-up and drop-off services.



Figure 2.5. City of Laguna Woods

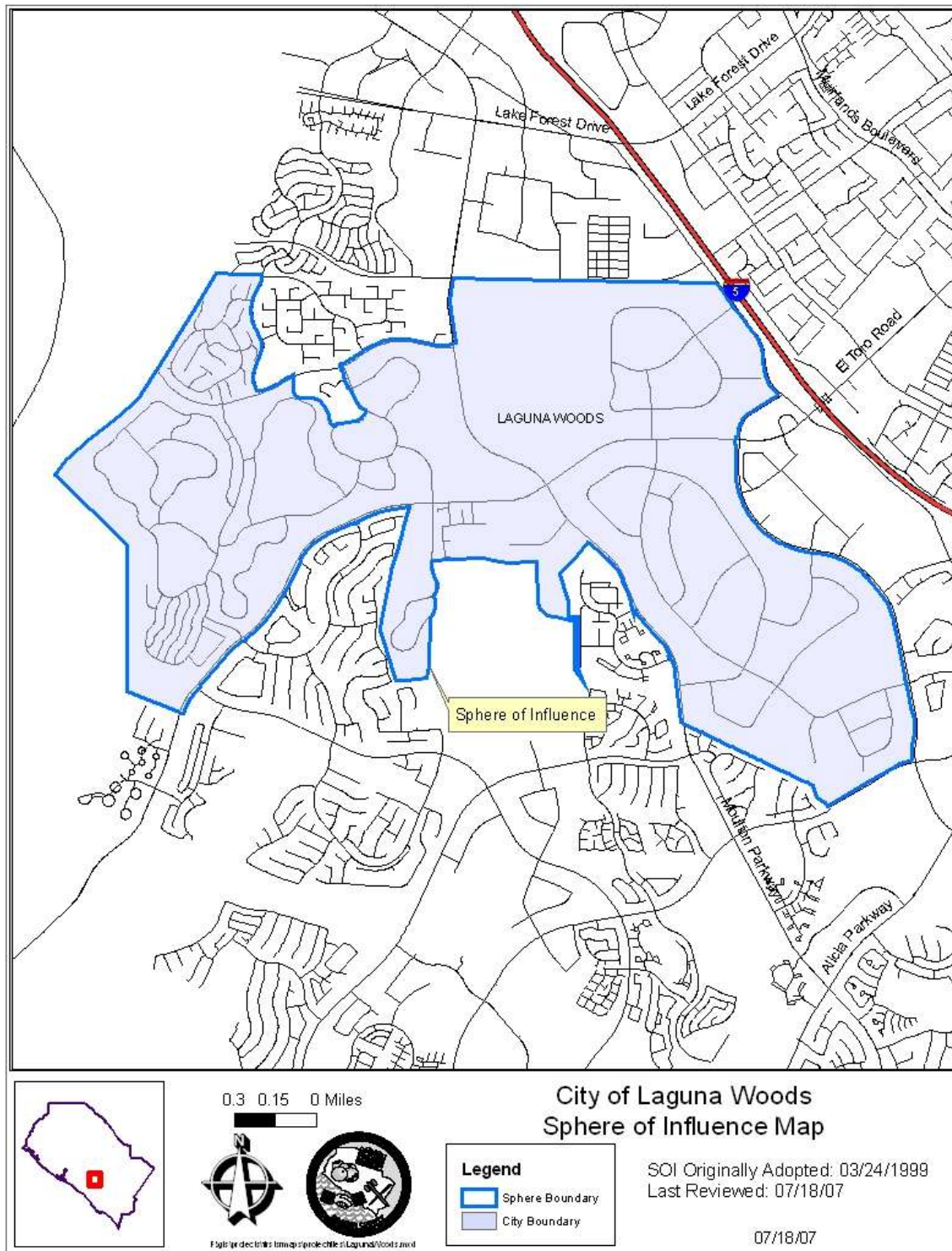




TABLE 2.6
City of Lake Forest

Incorporated December 20, 1991							
Agency Information				Service Area Information			
Address:	25550 Commercentre Drive, Suite 100 Lake Forest, CA 92630			Incorporated Area (sq. miles): Population Served: Population Served Outside of City Boundaries:	16.6		
Contact:	Benjamin Siegel, Asst. to the City Manager				78,020		
Phone:	(949) 461-3537 (949) 461-3549 fax				0		
Website:	www.ci.lake-forest.ca.us						
Governance							
Council members (how many): 5, elected at-large							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$38,866	Operating Budget:	\$29,900	Capital Improvement Budget:	\$5,115	Reserves at Year End (FY '05-'06):	\$24,283
Service Summary							
Contracted Services Provided to Other Agencies							
None							
Contracted Services Provided by Other Agencies							
Law Enforcement				Orange County Sheriff's Department			
Animal Control				County of Orange			
Fire / Emergency				Orange County Fire Authority ¹⁷			
Ambulance Service				Medix Ambulance ¹⁸			
Law Enforcement				Orange County Sheriff's Department			
Number of Patrol Units: 16				Number of Priority 1 Service Calls 2006: 445			
Personnel (Sworn/Non-Sworn): 46 / 6							
Fire Protection/ Emergency				Orange County Fire Authority			
Number of Stations: 3				Personnel (Sworn/Support Staff): 27 / 1			
Number of Incidents 2006: 3,902 (Fire 107, EMS 2,784, Other 1,011)							
Water Service							
El Toro Water District, Irvine Ranch Water District, Trabuco Canyon Water District				Number of Connections: Data not provided			

¹⁷ OCFA is a Joint Powers Authority, created to provide fire and emergency services to its member agencies.

¹⁸ Ambulance contracts are managed by OCFA. Member agencies have the right to select their own ambulance service provider as managed by OCFA, under delegated authority by the County of Orange.



TABLE 2.6 (Continued)
City of Lake Forest

Incorporated December 20, 1991	
Agency Information	Service Area Information
Sewer Service	
El Toro Water District	Number of Connections: data not provided
Irvine Ranch Water District	Number of Connections: data not provided
Trabuco Canyon Water District	Number of Connections: data not provided
Solid Waste	
Waste Management of OC	
Parks and Recreation	
Number of Public Parks:	21
Acreage (Parks and Open Space):	138.6
Number of Recreation and Community Centers:	1
Animal Control	
County of Orange	Shelter location: Orange
Libraries	
County of Orange	Number of Libraries: 2
Additional Services Provided	
Building and Planning Services:	Yes
Flood Control:	No
Storm Drainage:	Yes
Redevelopment:	Yes



Figure 2.6. City of Lake Forest

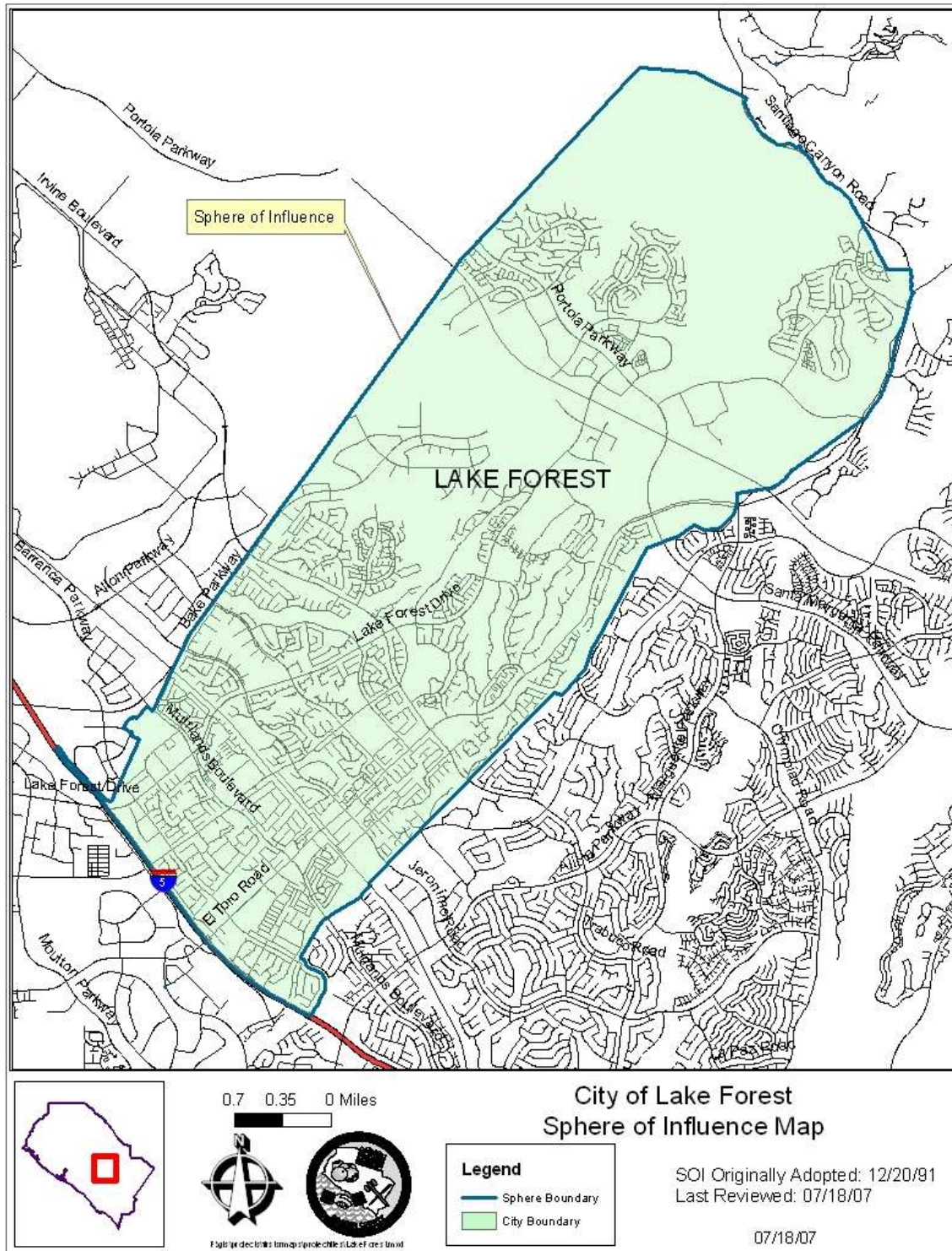




TABLE 2.7
El Toro Water District

ETWD Water District							
Formed September 1960							
California Water District Law Water Code Section 34000							
Agency Information				Service Area Information			
Address:	24251 Los Alisos Blvd. Lake Forest, CA 92630			Service Area (sq. miles): Population Served: Population Served Outside of District Boundary:	8.48 50,800 None		
Contact:	Robert R. Hill, General Manager						
Phone:	(949) 837-7050 x219 (949) 837-7092 Fax						
Website:	www.etwd.com						
Governance							
Board members: 5, elected at-large							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$19,207 ¹⁹	Operating Budget:	\$17,299 ²⁰	Capital Improvement Budget:	\$1,908	Reserves at Year End:	\$14,695
Service Summary							
Water and sewer service to all of the City of Laguna Woods and parts of the Cities of Lake Forest, Mission Viejo, Laguna Hills and Aliso Viejo							
Sewer Service							
Number of Sewer Connections:				9,500			
Pipe:				115 miles			
Lift Stations:				11			
Water Recycling Plant Capacity:				6.0 mgd			
Water Recycling Plant Average Dry Weather Flow:				4.7 mgd			
Water Service							
Number of Water Connections:				10,000			
Other Providers:				None			
Pipe:				170 miles			
Number of Reservoirs:				6			
Reservoir Storage Capacity:				287 million gallons, 136.5 mg owned by ETWD- Balance is maintained and operated by ETWD as emergency storage for SMWD and MNWD			
Emergency Interconnections:				12			
System Supply (Owned Capacity):				20,270 acre feet per year			
System Demand:				11,000 acre feet per year			

¹⁹ Sources of funds (cash)

²⁰ Uses of funds (cash) to cover operations



Figure 2.7. El Toro Water District

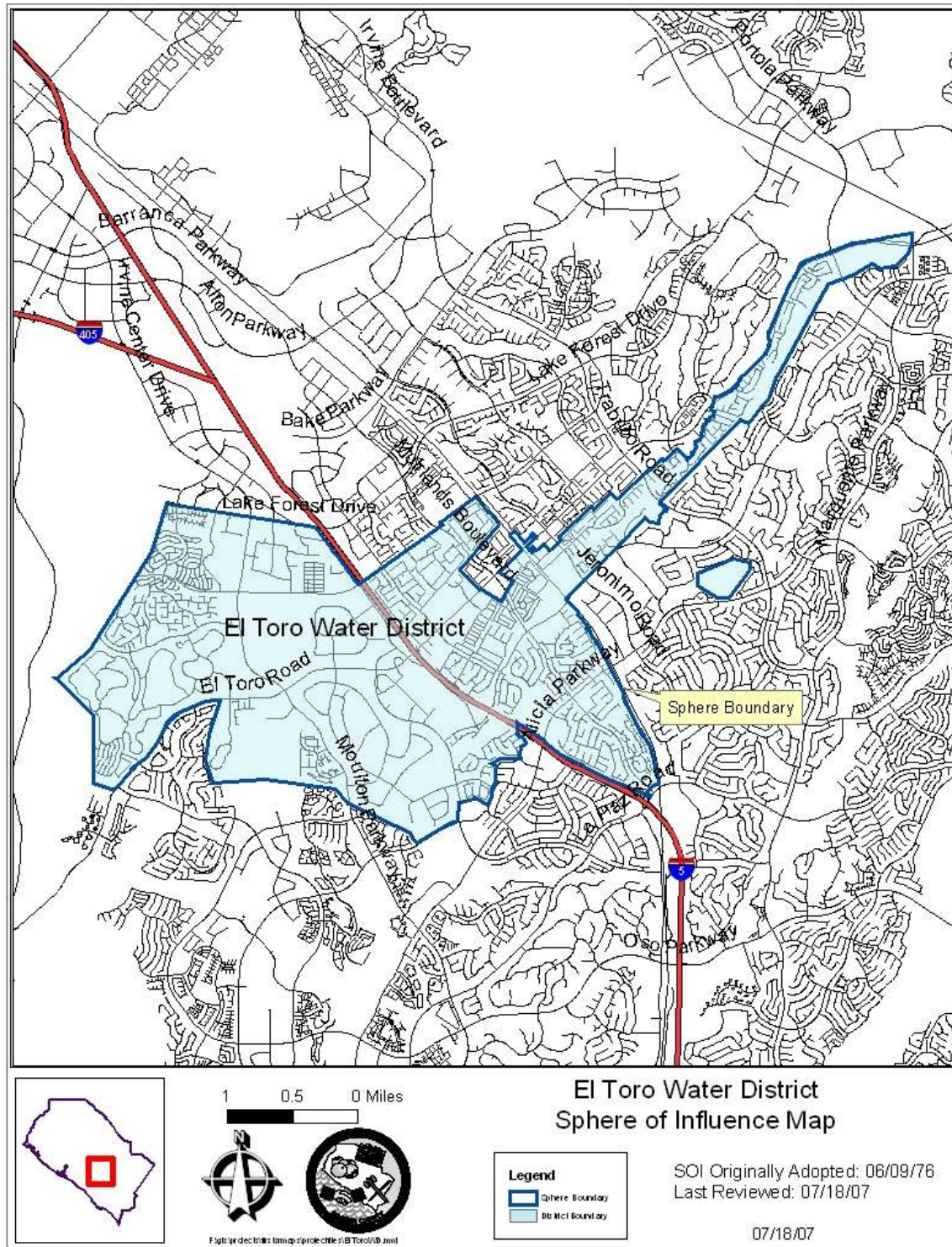




TABLE 2.8
Laguna Beach County Water District

1925							
County Water District Law Water Code 30000 et seq							
Agency Information				Service Area Information			
Address:	306 Third Street Laguna Beach, CA 92651			Service Area (sq. miles):	8.5		
Contact:	Renaë Hinchey, General Manager			Population Served:	25,000		
Phone:	(949) 494-1041			Population Served Outside of District Boundary:	None		
Website:	None						
Governance							
Board members: 5 (Directors are the five elected members of the Laguna Beach City Council)							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$10,045	Operating Budget:	\$6,876	Capital Improvement Budget:	\$3,025	Reserves at Year End:	\$7,144
Service Summary							
Provides water service to portions of the city of Laguna Beach, a portion of Crystal Cove State Park, and the community of Emerald Bay.							
Sewer Service				N/A			
Water Service							
Number of Water Connections:				8,520			
Other Providers:							
Pipe:				135 miles			
Number of Reservoirs:				21			
Reservoir Storage Capacity:				33.5 million gallons			
Emergency Interconnections:							
System Supply (Owned Capacity):							
System Demand:				4,836 af/yr			



Figure 2.8. Laguna Beach County Water District

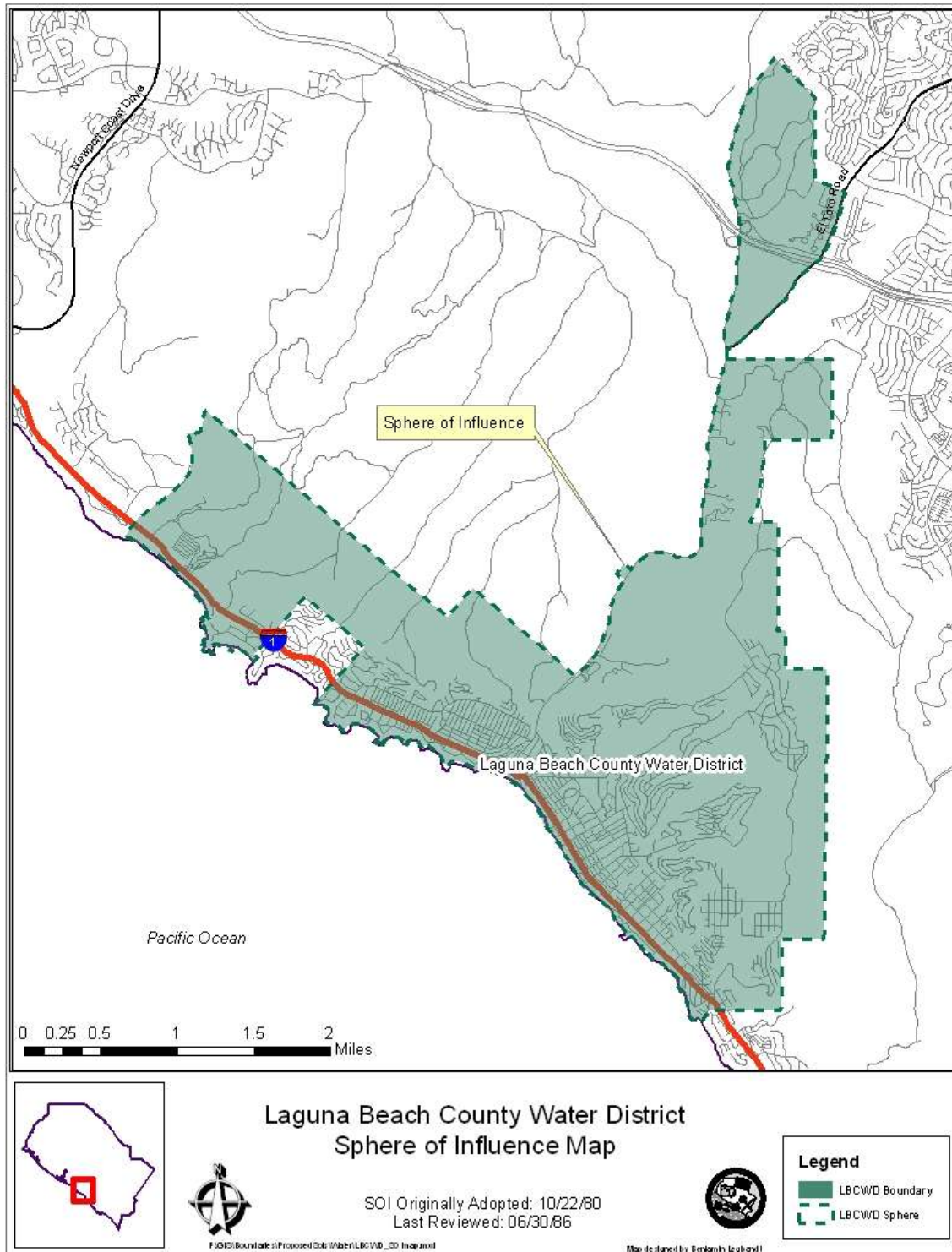




TABLE 2.9
Moulton Niguel Water District

Formed November 16, 1960							
California Water District Law Water Code 34000							
Agency Information				Service Area Information			
Address:	P.O. Box 30203 Laguna Niguel, CA 92607-0203			Service Area (sq. miles):	36.5		
Contact:	Robert Gumerman			Population Served:	165,934		
Phone:	(949) 488-4071 (949) 831-5651 Fax			Population Served outside of district boundary:	Negligible		
Website:	www.mnwd.com						
Governance							
Board members (how many): 7, elected by District							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$42,219	Operating Budget:	\$41,606	Capital Improvement Budget:	\$11,531	Reserves at Year End:	\$102,000
Service Summary							
Water and sewer services to the cities of Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo and Dana Point							
Sewer Service							
Number of Sewer Connections:				53,375			
Pipe:				530 miles			
Lift Stations:				19			
Water Recycling Plant Capacity:				N/A South Orange County Wastewater Authority (SOCWA) handles treatment and disposal			
Water Recycling Plant Average Dry Weather Flow:				N/A			
Water Service							
Number of Water Connections:				53,375 (1,183 recycled)			
Other Providers:				Owns capacity in ETWD and SCWD reservoirs			
Pipe:				Potable: 700 miles Recycled: 140 miles			
Number of Reservoirs:				Potable: 28 (26 steel, 2 pre-stressed concrete) Recycled: 11 (6 steel, 5 pre-stressed concrete)			
Reservoir Storage Capacity:				Potable: 64.7 MG Recycled: 344.7 MG			
Emergency Interconnections:				5			
System Supply (Owned Capacity):				123.1 cfs			
System Demand:				42,752 AF/Yr			



Figure 2.9. Moulton Niguel Water District

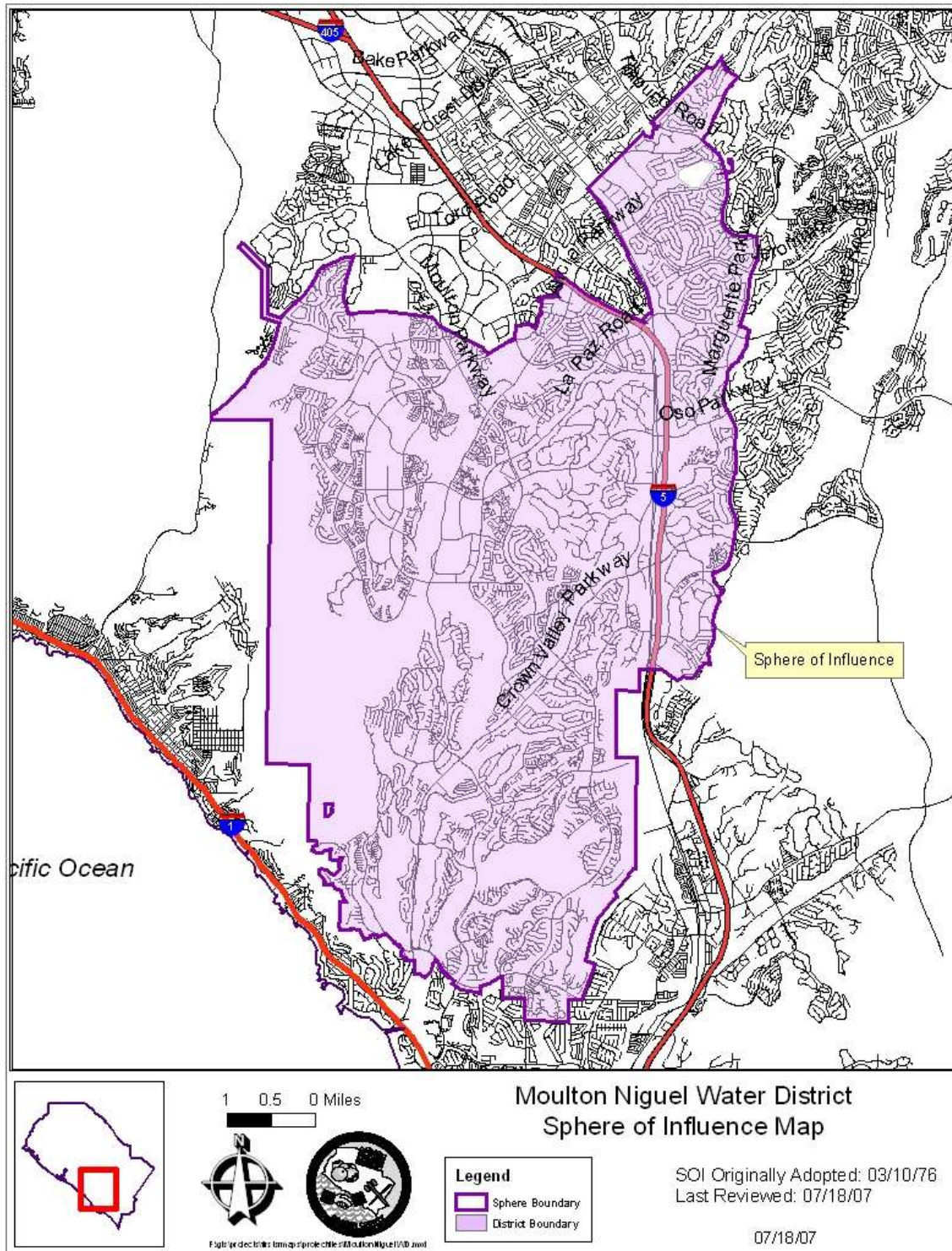




TABLE 2.10
South Coast Water District

January 1, 1999							
County Water District Law Water Code 30000							
Agency Information				Service Area Information			
Address:	31592 West Street Laguna Beach, CA 92651-6907			Service Area (sq. miles): Population Served: Population Served Outside of District Boundary:	8.3 40,000 9,500		
Contact:	Michael Dunbar, General Manager						
Phone:	(949) 499-4555 (949) 499-4256 Fax						
Website:	www.scwd.org						
Governance							
Board members: 5, elected at-large							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$28,366	Operating Budget:	\$19,571	Capital Improvement Budget:	\$18,699	Reserves at Year End:	\$52,825
Service Summary							
<i>Provides sewer and water service to cities of Dana Point, Laguna Beach, and San Clemente. Provides sewer service to cities of San Juan Capistrano and Laguna Niguel. Contract services for potable water, recycled water and wastewater collection for City of Laguna Beach for South Laguna area (Three Arch Bay north to Nyes Place). Contract services for Joint Regional Water Supply System, formerly Tri-Cities Municipal Water District for water transmission for 200,000 residents over 26 mile service area.</i>							
Sewer Service							
Number of Sewer Connections:				12,124			
Pipe:				136 miles			
Lift Stations:				14			
Water Recycling Plant Capacity: ²¹				N/A SOCWA manages wastewater			
Water Recycling Plant Average Dry Weather Flow:				N/A SOCWA manages wastewater			
Water Service							
Number of Water Connections:				12,359			
Other Providers:							
Pipe:				147 miles 15 miles reclaimed			
Number of Reservoirs:				15 3 reclaimed			
Reservoir Storage Capacity:				22 million gallons 4.7 million gallons reclaimed			
Emergency Interconnections:				13			

²¹ SCWD is a member of SOCWA, the JPA that handles wastewater for the district.



TABLE 2.10 (Continued)
South Coast Water District

January 1, 1999

County Water District Law Water Code 30000

Agency Information		Service Area Information	
System Supply (Owned Capacity):		8,298 AF/Yr	
System Demand:		8,298 AF/Yr	



Figure 2.10. South Coast Water District

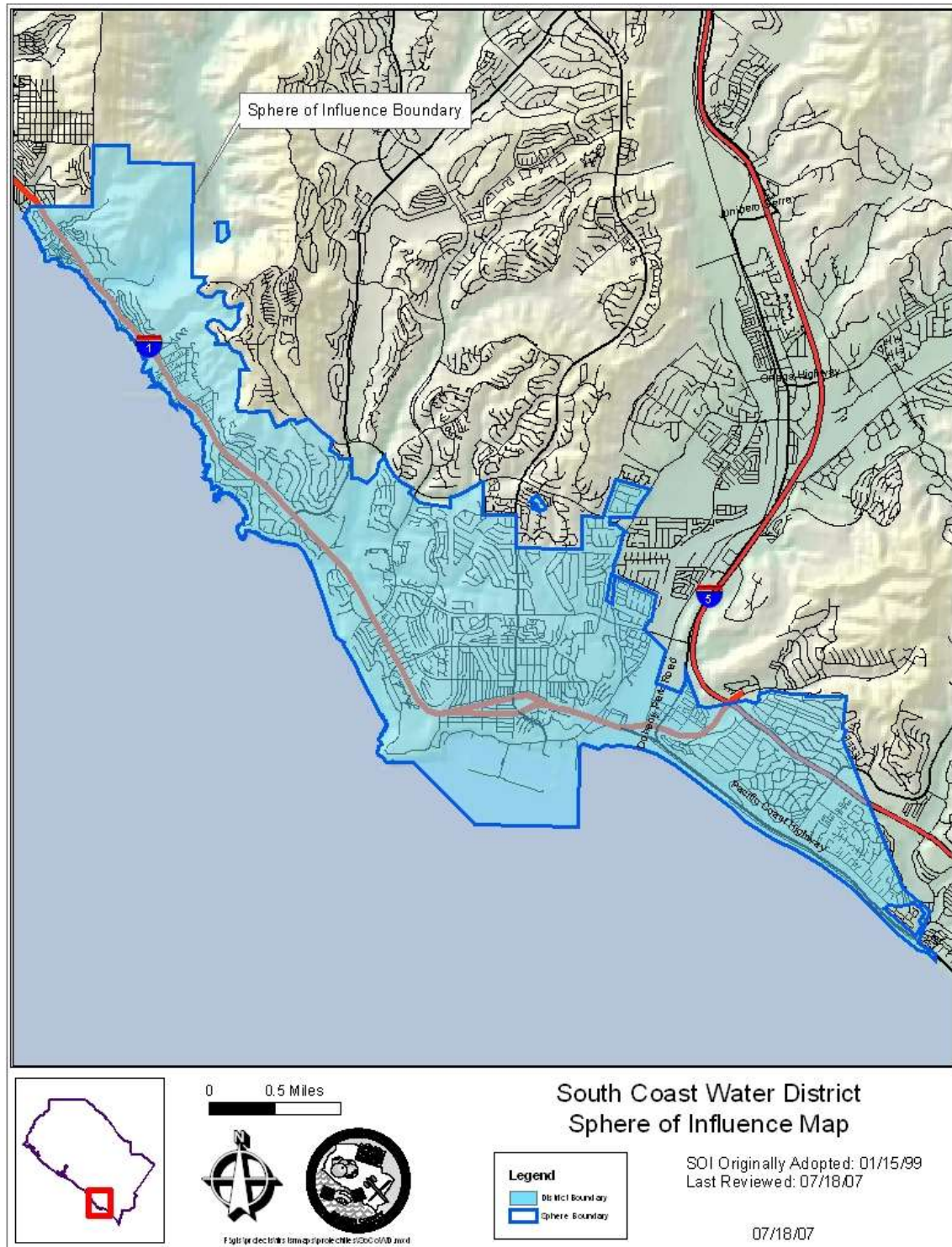




TABLE 2.11
Capistrano Bay Community Services District

Formed September 1959							
Community Services District Law Government Code Section 61000 et seq							
Agency Information				Service Area Information			
Address:	35000 Beach Road Capistrano Beach, CA 92624			Service Area (sq. miles):	2		
Contact:	Donald Russell, General Manager			Population Served:	197 homes		
Phone:	(949) 496-6576 (949) 487-9224 Fax			Population Served Outside of District Boundary:	None		
Website:	CBD@CAPOBAY.ORG DRUSSEL@CAPOBAY.ORG						
Governance							
Board members (how many): 5, elected at-large							
Financial Information (FY 2004-2005 budget) (in thousands)							
Revenues:	\$656	Operating Budget:	\$656	Capital Improvement Budget:	\$300	Reserves at Year End:	\$45
Service Summary							
Street sweeping & maintenance, street lighting, security, flood control, and trash disposal							
Contracted Services Provided to Other Agencies							
None							
Contracted Services Provided by Other Agencies							
None							
Solid Waste				CR&R/Solag			



Figure 2.11. Capistrano Bay Community Services District

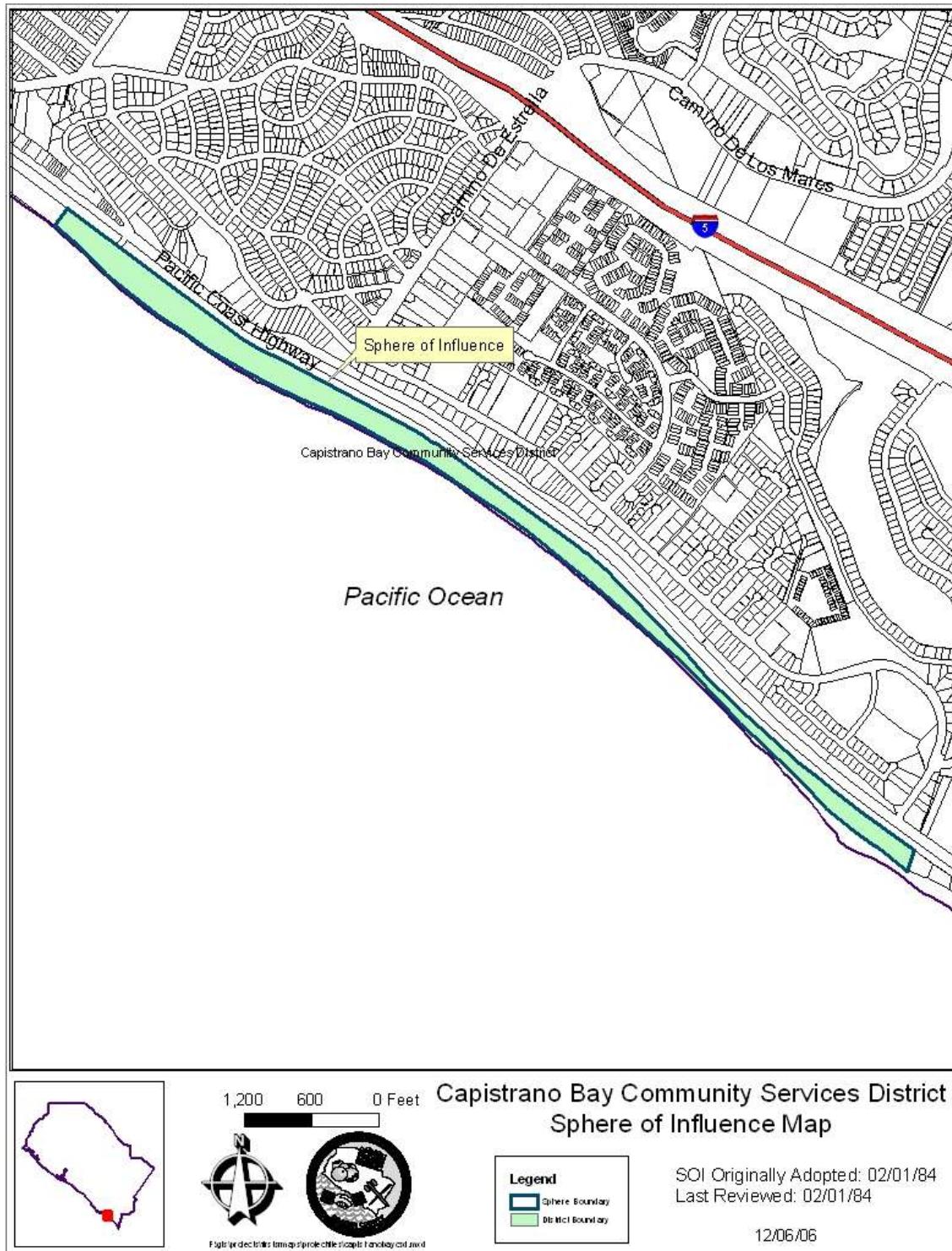




TABLE 2.12
Emerald Bay Service District

1961							
Community Services District Law Government Code Section 61000 et seq							
Agency Information				Service Area Information			
Address:	600 Emerald Bay Laguna Beach, CA 92651			Service Area (sq. miles)	150 acres		
Contact:	Toni Schmidt, General Manager			Population Served: Projected Served Outside of District Boundary:	1,600 approx.		
Phone:	(949) 494-8571 (949) 497-0982 Fax				None		
Website:	www.ebca.net						
Governance							
Board members: 5, elected at-large							
Financial Information (FY 2006-2007 budget) (in thousands)							
Revenues:	\$1,248	Operating Budget:	\$764	Capital Improvement Budget:	\$751	Reserves at Year End:	\$2,843
Service Summary							
Collects solid waste and provides sewer, fire protection, parks & recreation, security, street improvements, maintenance and repair, water, and weed abatement services.							
Contracted Services Provided to Other Agencies							
Weed abatement				State of California (adjacent to Laguna Coast Wilderness Park)			
Fire abatement				OCFA (Fourth of July fireworks barge)			
Contracted Services Provided by Other Agencies							
Law Enforcement				OC Sheriff's Department (private events)			
Water				Laguna Beach County Water District			
Fire Protection/ Emergency				Orange County Fire Authority			
Number of Stations: 1				Personnel (Sworn/Support Staff): 14 (Reserves)			
Number of Incidents 2006: 79							
Water Service							
Via contract with Laguna Beach County Water District				Number of Connections: 542			
Sewer Service				Number of Sewer Connections: 542			
				Pipe: 6 miles			
				Lift Stations: 6			



TABLE 2.12 (Continued)
Emerald Bay Service District

1961 Community Services District Law Government Code Section 61000 et seq	
Solid Waste	Waste Management of OC (through County of Orange Contract)
Parks and Recreation	
Number of Public Parks:	0 (all are privately owned and maintained by the HOA)
Acreage (Parks and Open Space):	20
Number of Recreation and Community Centers:	2 (Firehouse Community Room and Victor C. Andrews Community Center)
Additional Services Provided	
Flood Control:	Yes
Storm Drainage:	Yes



Figure 2.12. Emerald Bay Service District

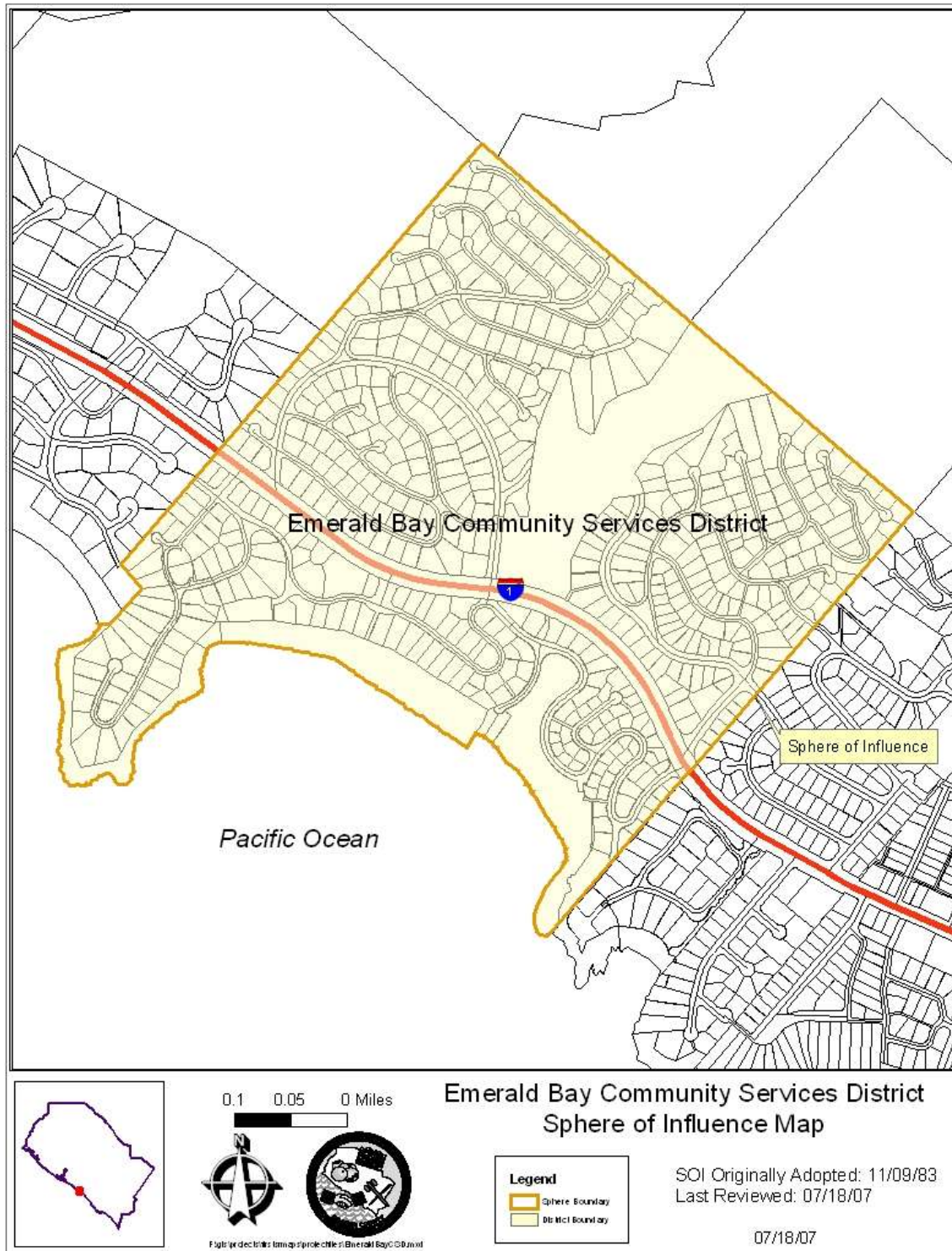


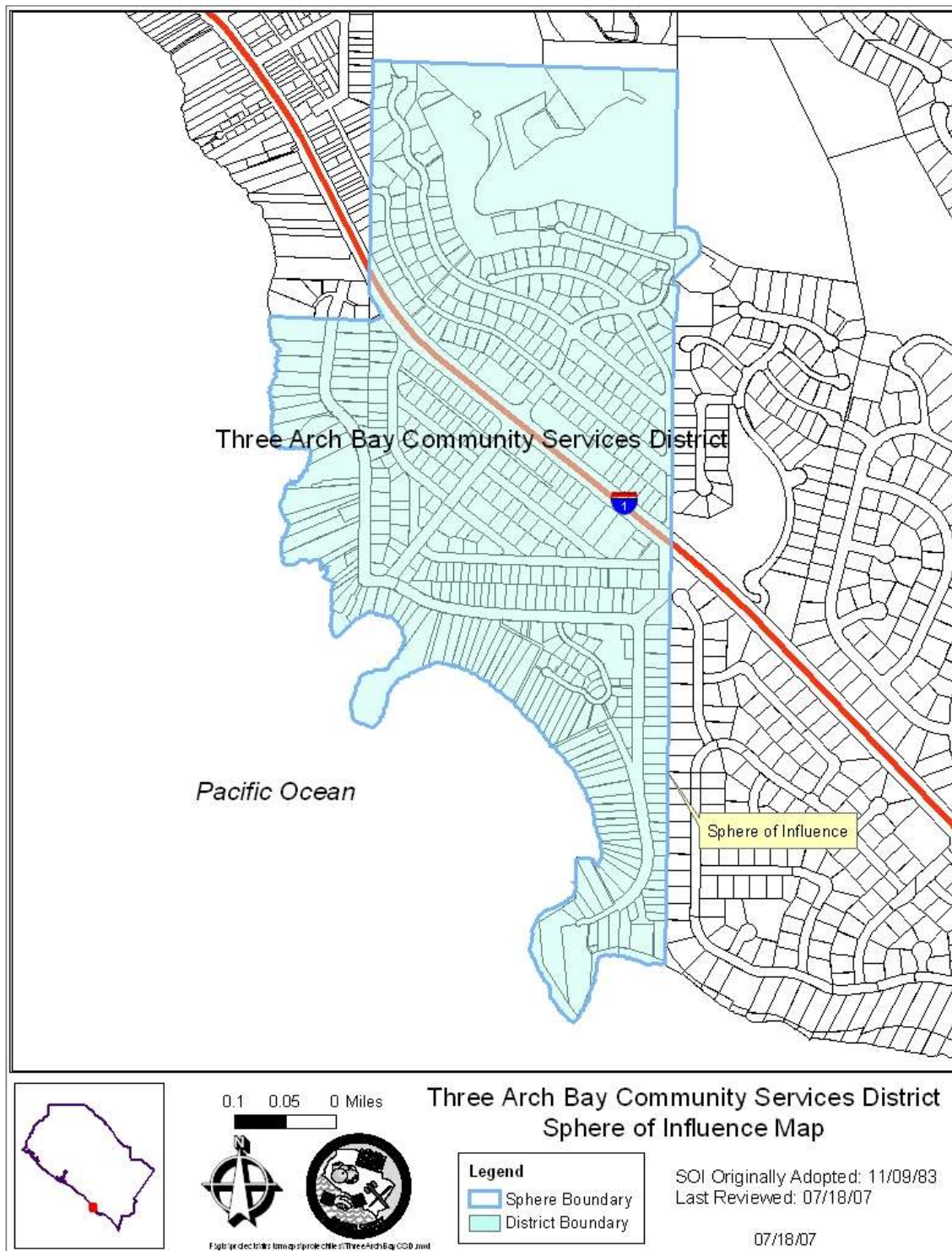


TABLE 2.13
Three Arch Bay Community Services District

Formed June 17, 1957							
Community Services District Law Government Code Section 61000 et seq							
Agency Information				Service Area Information			
Address:	5 Bay Drive Laguna Beach, CA 92651-6780			Service Area (sq. miles): Population Served: Population Served Outside of District Boundary:	0.25 1,500 None		
Contact:	Drew G. Harper						
Phone:	(949) 499-4567 (949) 499-2352 Fax						
Website:	threearchbay.org						
Governance							
Board members: 5, elected at-large							
Financial Information (FY 2004-2005 budget) (in thousands)							
Revenues:	\$1,119	Operating Budget:	\$1,025	Capital Improvement Budget:	\$	Reserves at Year End:	\$3,100
Service Summary							
Security and storm drain services to community of 500 homes							
Contracted Services Provided to Other Agencies							
None							
Contracted Services Provided by Other Agencies							
None							



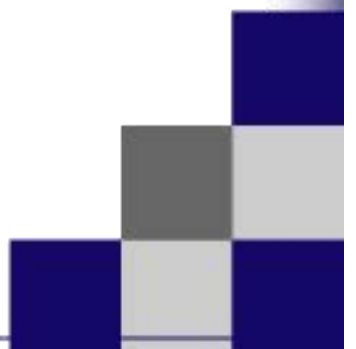
Figure 2.13. Three Arch Bay Community Services District





Section 3:

GROWTH & PROJECTED POPULATION





GROWTH & PROJECTED POPULATION

A. Regional Summary

The southern portion of Orange County has been a primary growth area. Over the past 30 years as the northern and mid-county areas developed, growth shifted south where there was more developable land. Large, master-planned communities, several of which incorporated in the late 1980s and early 1990s, account for the majority of the growth that has occurred in the region.

The area included within this MSR is projecting growth in most, if not all, of the areas. In most cases, that growth will not be dramatic as these areas are rapidly nearing build-out. Projects in Aliso Viejo will add close to 1,000 housing units in the next five years. The Dana Point Headlands project is anticipating an additional 118 residential units. Lake Forest is currently studying potential development within the "Opportunity Study Area." The Opportunity Study Area contains land previously restricted by the flight operations of Marine Corps Air Station El Toro, which has ceased operations and has changed land use designation to the Great Park. The Great Park, in the jurisdiction of the City of Irvine, has been designed to include a mix of park uses, housing, commercial and cultural facilities. Lake Forest may add up to a maximum of 5,400 residential units within its Opportunity Study Area, based on its recently circulated Opportunity Study Program Draft Environmental Impact Report.

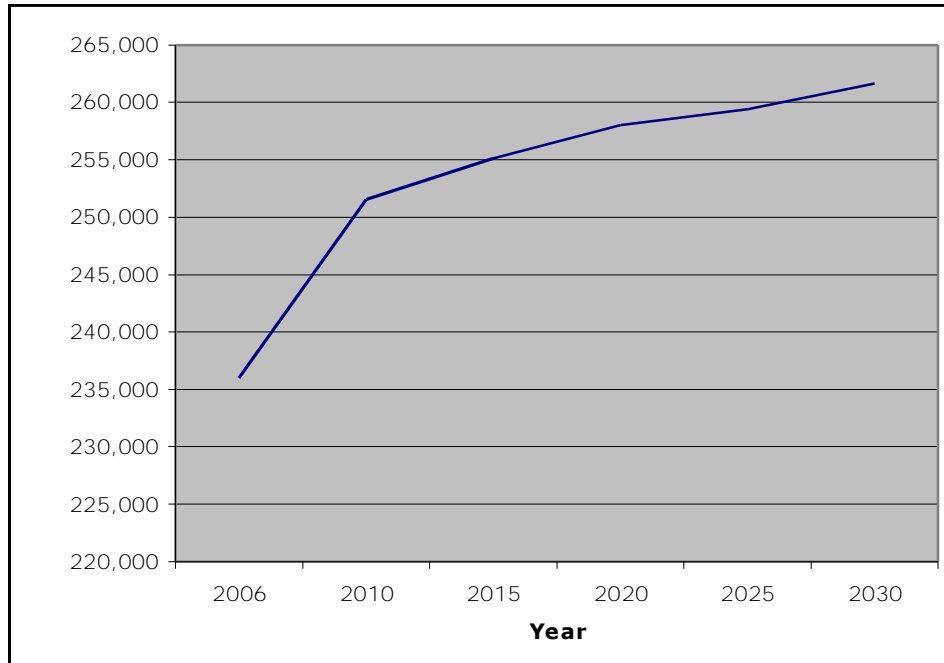
The population projections used in the analysis in this MSR are based on data from the Center for Demographic Research (CDR) at California State University, Fullerton (CSUF) as presented in the annual publication, *Orange County Progress Report, 2006*. Because the districts addressed in this MSR overlay cities, population data is provided for cities only.



B. Existing & Projected Population

The agencies in the MSR area all project population growth over the next 25 years, with the sharpest increase occurring between now and 2010 (see *Figure 3.1*).

Figure 3.1. Population Growth Projections



The most significant projected increase is in the City of Aliso Viejo, with the addition of 11,057 residents by 2030. The six-year period between 2000 through 2006 represents the span of time with the highest growth rate for the entire area, but the growth rate is artificially enhanced due to two annexations in the cities of Lake Forest and Laguna Hills. In addition, the City of Aliso Viejo's incorporation boundaries grew to include the Iglesia Park neighborhood, previously located outside the boundaries of the unincorporated planned community's boundaries, impacting the total population count.



TABLE 3.1
Existing and Projected Population-Cities

City	Pop./% Change	2006	2010	2015	2020	2025	2030	Overall Increase
Aliso Viejo	Pop.	44,924	53,816	54,075	54,666	54,932	55,981	11,057
	% Change	11.8% ²²	19.8%	0.48%	1.09%	0.49%	1.9%	24.61%
Dana Point	Pop.	36,669	38,482	39,381	39,918	40,195	40,437	3,768
	% Change	4.40%	4.94%	2.33%	1.36%	0.69%	0.6%	10.3%
Laguna Beach	Pop.	24,963	25,582	26,149	26,448	26,591	26,675	1,712
	% Change	5.20%	2.47%	2.21%	1.14%	0.54%	0.31%	6.85%
Laguna Hills	Pop.	33,225	34,150	35,006	35,403	35,591	35,833	2,608
	% Change	10.0 ²³ %	2.78%	2.5%	1.13%	0.53%	0.67%	7.84%
Laguna Woods	Pop.	18,334	18,932	19,348	19,559	19,655	19,740	1,406
	% Change	3.03%	3.26%	2.19%	1.09%	0.49%	0.43%	7.66%
Lake Forest	Pop.	77,859	80,615	81,140	82,029	82,428	82,955	5,096
	% Change	32.6 ²⁴ %	3.53%	0.65%	1.09%	0.48%	0.63%	6.54%
TOTAL		235,974	251,577	255,099	258,023	259,392	261,621	25,647
	% Change	13.9%	6.61%	1.39%	1.14%	0.53%	0.86%	10.9%

Source: OC Progress Report 2006

The figures reported for Lake Forest's population between 2006 and 2010 do not include any housing proposed within the Opportunity Study Area (estimated at a maximum of 5,400 dwelling units).

²² Percent change from 2000 US Census

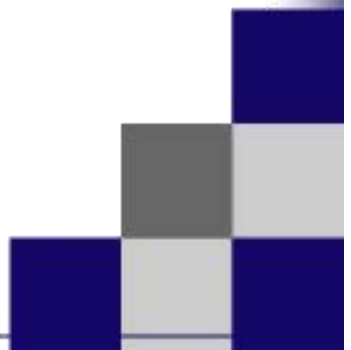
²³ Population increase is also attributable to the annexation of portions of the Aliso Viejo Planned Community in 2000.

²⁴ Population increase is also attributable to the annexation of Portola Hills and Foothill Ranch in 2000.



Section 4:

INFRASTRUCTURE NEEDS & DEFICIENCIES





INFRASTRUCTURE NEEDS & DEFICIENCIES

A. Regional Overview

The cities, special districts and the County provide services addressed in this report, as shown in *Table 4.1* below.

TABLE 4.1
South Orange County Services

Municipal Services and Providers	Police Protection	Fire/Emergency Medical	Water	Wastewater	Solid Waste	Parks and Recreation	Open Space	Animal Control	Libraries	
										P = Provides
										C = Contracts for service
O = Provided by others (non-contract)										
Cities										
City of Aliso Viejo	C	O	O	O	C	P	O	C	O	
City of Dana Point	C	O	O	O	C	P	P	C	O	
City of Laguna Beach	P	P	O	P	C	P	P	P	O	
City of Laguna Hills	C	O	O	O	C	P	P	C	O	
City of Laguna Woods	C	O	O	O	C	P	P	C	O	
City of Lake Forest	C	O	O	O	C	P	P	C	O	
Special Districts										
El Toro Water District			P	P						
Laguna Beach County Water District			P							
Moulton Niguel Water District			P	P						
South Coast Water District			P	P						
Capistrano Bay Community Services District	O/P	O	O	P	C	O		O	O	
Emerald Bay Service District	C/O	O	C	P	C	O		O	O	
Three Arch Bay Community Services District	O/P	O	O	O	O	O		O	O	



TABLE 4.1 (Continued)
South Orange County Services

Municipal Services and Providers	Police Protection	Fire/Emergency Medical	Water	Wastewater	Solid Waste	Parks and Recreation	Open Space	Animal Control	Libraries
South Orange County Wastewater Authority ^{25, 26}				P					
County of Orange									
OC Sheriff's Department ²⁷	P								
OC Fire Authority ²⁸		P							
RDMD – Harbors, Beaches and Parks ²⁹						P	P		
Health Services Agency ³⁰								P	
OC Public Library System ³¹									P

B. Law Enforcement

Orange County Sheriff's Department

The Orange County Sheriff's Department (OCSD) is contracted to serve the cities of Aliso Viejo, Dana Point, Laguna Hills, Laguna Woods and Lake Forest. The California Highway Patrol (CHP) provides traffic enforcement and collision investigation services on SR73, the San Joaquin Hills toll road.

In the Western United States there were, on average, 2.4 full time law enforcement employees (sworn officers and civilians) for every 1,000 inhabitants and 1.7 sworn officers per 1,000 for cities with populations between 25,000 and 100,000. For planning purposes, OCSD uses a ratio of 0.9 sworn deputies to 1,000 people. However, other factors are also used to determine staffing needs and the ratio may change based on the characteristics and needs of the service area. OCSD uses other benchmarks to evaluate service levels, including response time, preventative patrol time, and workload.

²⁵ SOCWA is a joint powers authority.

²⁶ The services provided by this agency are only addressed as they pertain to the study area; this report does not include a comprehensive review of this agency or the services it provides.

²⁷ See note #27.

²⁸ See note #27.

²⁹ See note #27.

³⁰ See note #27.

³¹ See note #27.



OCSD's South Operations is headquartered in Aliso Viejo. The South Operations service area encompasses the southern portion of Orange County (approximately 136 square miles) with a population of approximately 320,000 people. A staff of over 450 sworn and professional staff members serves the area. Staff is assigned to each of the contract cities; each city's police department operates under the direction of an OCSD lieutenant who serves as chief of police services for the city. Police facilities, staffing and emergency call volumes are shown in *Table 4.2*.

TABLE 4.2
South Orange County Police Facilities

Agency	# of Sworn Officers	2006 Emergency Call Volume
City of Aliso Viejo	25	230
City of Dana Point	31	Data Not Provided
City of Laguna Beach	Data Not Provided	Data Not Provided
City of Laguna Hills	28.18	228
City of Laguna Woods	Data Not Provided	Data Not Provided
City of Lake Forest	46	445

OCSD tracks response times for both Priority 1 and Priority 2 calls which can vary due to the time of day, number of available patrol units in the field, and traffic and weather conditions. Priority 1 calls are emergency calls requiring an immediate response; Priority 2 calls are non-emergency calls that do not require an immediate response.

The South Operations area receives approximately 16,000 Priority 1 calls annually. Some calls are routed to administrative staff; however each officer handles approximately 750 calls per year. The target response time by a ground patrol unit for Priority 1 calls is five minutes or less and 12 minutes or less for Priority 2 calls. The Sheriff's Department, as with all public agencies, is facing financing constraints. However, without additional data from the Sheriff's Department, staff cannot make any determination regarding the existing or future infrastructure deficiencies or concerns in meeting target response times.



California Highway Patrol

The California Highway Patrol (CHP) provides traffic law enforcement and traffic collision investigation in unincorporated areas and on the tollroad (SR73). The CHP also provides mutual aid assistance to OCSD when needed. The CHP local headquarters are located in the City of San Juan Capistrano.

City of Laguna Beach Police Department

The City's Police Department has three divisions: field services, investigative services and support services. Field Services manages the typical law enforcement functions of patrol, traffic, and response to calls. Animal Services (animal shelter) are also encompassed by Field Services. Investigative Services comprises internal affairs, investigation, forensic, court liaison, special permitting, crime prevention, and other community-based programs. Support Services includes administrative and clerical functions that support all departments, including fleet maintenance. There are 79 positions authorized among all divisions, including seasonal and non-sworn personnel.

C. Fire and Emergency Medical Services

The Orange County Fire Authority (OCFA) provides fire and emergency medical services throughout the study area, serving five of the six cities. OCFA's countywide service area is divided into five divisions comprised of 8 battalions. The Cities of Aliso Viejo, Lake Forest, Laguna Woods and Laguna Hills are located in Division 5. Dana Point is located in Division 6. *Figure 4.1* depicts the OCFA service area.

With 60 fire stations and a service area that includes urban, suburban, rural, and wilderness areas, OCFA is one of the largest regional fire service organizations in California. Front line apparatus (those units staffed for immediate response) includes 57 fire engines, 10 paramedic vans, and 13 trucks. Of the 80 units, 30 are paramedic advanced life support units, 26 are paramedic assessment units and 24 are basic life support units. OCFA resources include helicopters, a hazardous materials response unit, airport crash rescue units at John Wayne Airport, bulldozers, swift water rescue capabilities, and a federally sponsored urban search and rescue task force.

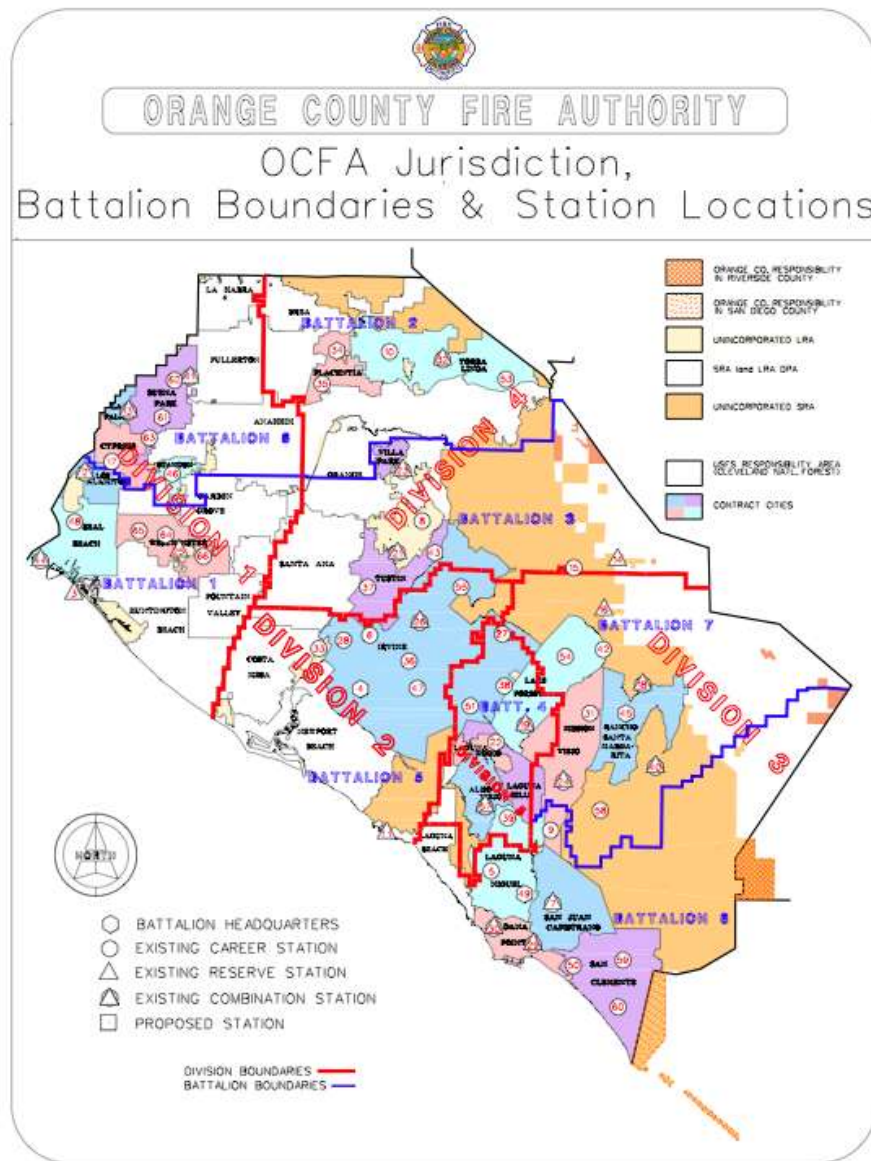
OCFA's resources are based upon a regional service delivery system, meaning the agency assigns personnel and equipment to emergency incidents without regard to jurisdictional boundaries. The principle benefits of a regional system are reduced costs,



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improved service and coverage, reduced duplication, cost avoidance, and increased effectiveness.³²

Figure 4.1. OCFA Service Area



³² Orange County Fire Authority. Overview of Deployment in Orange County.



Fire Stations

Existing fire stations within the study area are listed below in *Table 4.3*, along with the number of calls for service received by the stations. A discussion of each station's location, labor resources, and equipment follow the table. OCFA practices require two personnel to remain outside with the hose to combat a fire, which requires any three-man unit dispatched to a fire to remain outside of a structure until another unit arrives on site.

TABLE 4.3
Fire Stations Serving the MSR Study Area

Station Number	Station Name & Address	Calls for Service in 2006 ³³
Existing Station Number and Name		
Station 11	Emerald Bay—259 Emerald Bay, Laguna Beach	79
Station 19	Lake Forest--5725 Jeronimo Rd., Lake Forest	1,594
Station 22	Laguna Hills—24001 Paseo de Valencia, Laguna Woods	9,166
Station 29	Doheny—26111 Victoria Blvd., Dana Point	1,635
Station 30	Niguel—23831 Stonehill Dr., Dana Point	1,185
Station 42	Portola Hills—19150 Ridgeline Rd., Lake Forest	246
Station 54	Foothill Ranch—19811 Pauling Ave., Lake Forest	938
Station 57	Aliso Viejo—57 Journey, Aliso Viejo	1,387

Source: Orange County Fire Authority Strategic Services Division, 2007

Station 11 is located within the Emerald Bay gated community off Pacific Coast Highway. The station serves the Emerald Bay community as well Crystal Cove State Beach, which is in the County unincorporated area. All firefighters in the station are Reserve Firefighters, with no personnel on duty at the station. Equipment includes one Reserve Engine and one patrol unit. Backup services are provided by agreement with the City of Laguna Beach and the City of Newport Beach, as is also typical for other OCFA-served communities bordered by independent fire departments.

Station 19 is located in southeast Lake Forest, adjacent to Mission Viejo, and has recently been demolished and rebuilt. Three shifts of four personnel are assigned to the station, which is equipped with one Medic Engine.

Station 22 is located in Laguna Woods, on Paseo de Valencia near Interstate 5, adjacent to both Laguna Hills and Laguna Woods Village. Two Medic Engines and one truck are

³³ Calls for service are by station. Stations are mutual aid and will respond by call, not geography or boundary.



housed at the station. Each unit carries a four-man crew. Each shift employs eight personnel and a Battalion Chief, with three shifts each day.

Station 29 is located in south Dana Point, and has recently been demolished and rebuilt. One Medic Engine is assigned to the station and carries four personnel. One Battalion chief is also assigned to this station. Three shifts staff the station daily.

Station 30 is located in north Dana Point, with one Paramedic Assessment Engine and three shifts of three personnel each day.

Station 42 is located in the Portola Hills area of Lake Forest with one Paramedic Assessment Engine and three shifts of three personnel each day.

Station 54 is located in the Foothill Ranch area of Lake Forest with one Paramedic Assessment Engine and three shifts of three personnel each day.

Station 57 is located in central Aliso Viejo, with one Paramedic Assessment Engine and three shifts of three personnel each day. A medic van with two personnel is scheduled to be added to the station in July, 2007.

Response Times

Response times within a service area vary and depend on a number of factors, including development density and road infrastructure. Low-density development and roadways that do not meet OCFA standards may also lengthen emergency response times. The National Fire Protection Association (NFPA) 1710 Standard establishes a goal of a five minute response time from the time of dispatch to arrival on the scene, whenever possible. Currently OCFA meets the NFPA 1710 Standard 71% of the time, with an average response time of five minutes 17 seconds.

Ambulance Services

Current ambulance contracts run in five-year increments, with a five-year extension possible at the end of the initial five-year contract. OCFA will be conducting a new RFP process for Fiscal Year 2013, or earlier if contracts are not extended. OCFA has been discussing a regional deployment strategy, instead of a city-by-city system currently in place. Calls for service seem to drive boundary discussions at this time, as the ambulance service providers and OCFA work together to create logical areas of coverage related to the numbers of calls emanating from cities and communities served by OCFA and other fire service providers.



D. Water Service

Water service in the MSR area is provided by four agencies – the El Toro Water District (ETWD), Laguna Beach County Water District (LBCWD), Moulton Niguel Water District (MNWD) and the South Coast Water District (SCWD). Water supply includes imported and recycled water.

The ETWD is located in the City of Lake Forest. The ETWD service area encompasses roughly 8.5 square miles, providing both potable and recycled water to Laguna Woods and parts of Mission Viejo, Aliso Viejo, Lake Forest and Laguna Hills.

The LBCWD is located in the City of Laguna Beach. Its service area encompasses approximately 8.5 square miles, including most of the City of Laguna Beach, and Crystal Cove State Park. The LBCWD is a subsidiary district of the City of Laguna Beach. The unincorporated Emerald Bay community in north Laguna Beach purchases its water from the District and maintains its own lines within its boundaries. The District owns well sites in Huntington Beach and Fountain Valley, but the wells are currently not operable.

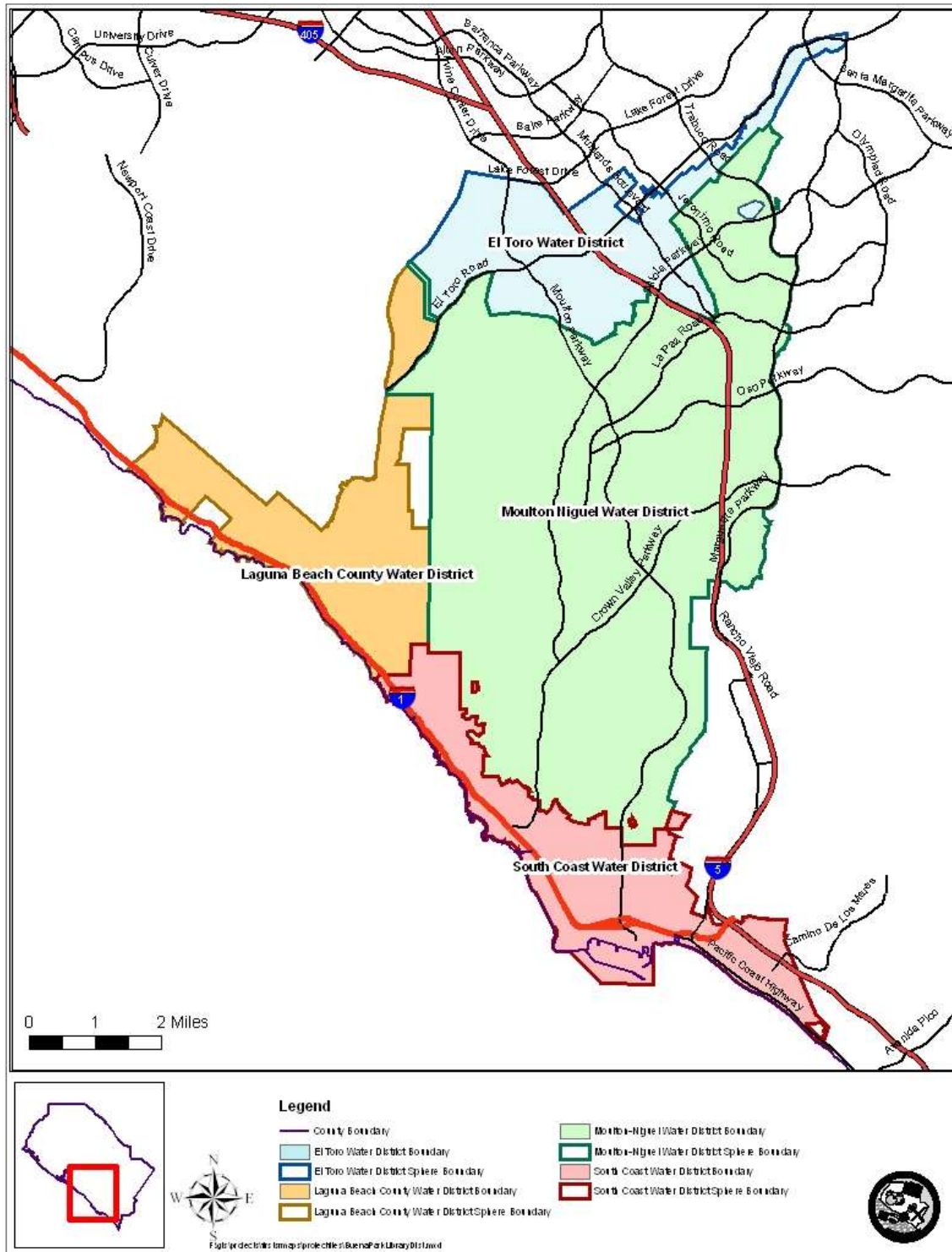
MNWD's water system serves several cities, over a service territory of 36.5 square miles. MNWD currently provides service to all of Laguna Niguel, most of Aliso Viejo, and parts of Laguna Hills, Mission Viejo, and Dana Point.

SCWD provides water service to an 8.3 square mile area, including portions of south Laguna Beach and San Clemente, and the City of Dana Point. South Coast provides recycled water from its treatment plants as a member of SOCWA.



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Figure 4.2. Water Agency Service Areas





Water Supply

All four agencies in the MSR study area are members of the Municipal Water District of Orange County (MWDOC), which is a member agency of the Metropolitan Water District of Southern California (MWD) and is the water wholesaler. As such, the agencies are provided with imported water from the Colorado River and the State Water Project. The imported supply includes both raw and treated water.

Some groundwater exists within the MSR area, but much of the water is not suitable for potable or recycled purposes. There are ongoing efforts by SCWD to develop a groundwater recovery plant to tap water resources in the San Juan Groundwater Basin. LBCWD has rights to groundwater in Laguna Canyon.

MWD owns and operates the East Orange County Feeder No. 2 (EOCF No. 2) line, which brings water to Orange County. EOCF No. 2 feeds into the Joint Regional Water Supply System (JRWSS) via the Joint Transmission Main (JTM) and the Aufdenkamp Transmission Main (ATM). El Toro Water District (ETWD), Moulton Niguel Water District (MNWD), Irvine Ranch Water District, the City of San Juan Capistrano, and the City of San Clemente jointly own the JRWSS. South Coast Water District operates the JTM and owns capacity within the transmission line. Current allocated pipeline capacities are given in *Table 4.4*. Recycled water production capacity is given in *Table 4.5*.

A second water supply main, the Allen-McColloch Pipeline (AMP) brings water to the MSR area from MWD's Diemer Filtration Plant in Yorba Linda. The AMP is owned by the Metropolitan Water District of Southern California. The South County Pipeline (SCP), an offshoot of the AMP, is co-owned by Moulton Niguel Water District, Santa Margarita Water District (SMWD), SCWD, Capistrano Valley Water District and City of San Clemente. Current and projected water supplies are given in *Table 4.6*. Potable water supply and demand are shown in *Table 4.7*.

MNWD also shares capacity in the Eastern Transmission Main (ETM) with the Capistrano Valley Water District. The ETM begins at a take-out structure on the Joint Transmission Main in Laguna Hills and terminates in San Juan Capistrano.



TABLE 4.4
Current Allocated Pipeline Capacities
(cubic feet per second)

Water Supply Source	ETWD	LBCWD	MNWD	SCWD
EOCF No. 2	2.0		45	
JTM			45	6.34
ATM				8
AMP	26.3		35.2	
SCP				3.93

TABLE 4.5
Current Recycled Water Production Capacity
(cubic feet per second)

Recycled Water Supply Source	ETWD	LBCWD	MNWD	SCWD
El Toro Water Recycling Plant	0.8			
Plant 3A			3.7	
Coastal Treatment Plant (SCWD)			2.2	
Joint Regional Treatment Plant (SOCWA)			17.7	



TABLE 4.6
Current and Projected Water Supplies
(in acre feet/year)

Agency/Water Supply Source	2005	2010	2015	2020	2025	2030
ETWD						
Purchased from MWDOC/MWD	11,016	10,984	11,153	11,323	11,493	11,645
ETWD produced recycled water	430	575	575	575	575	575
LBCWD						
Purchased from MWDOC/MWD	4,678	2,628	2,628	2,728	2,773	2,773
OCWD-Lower Santa Ana Basin	0	2,025	2,025	2,025	2,025	2,025
Laguna Canyon Groundwater Recovery	0	200	200	200	200	200
MNWD						
Purchased from MWDOC/MWD	56,544	56,544	56,544	56,544	56,544	56,544
Recycled Water	8,000	9,800	9,800	9,800	9,800	9,800
SCWD						
Purchased from MWDOC/MWD	7,408	7,262	6,762	6,196	6,306	6,306
Groundwater (San Juan Basin)	0	800	1,300	2,000	2,000	2,000
Recycled Water	890	1,000	1,000	1,000	1,000	1,000
Grand Total	88,966	91,818	91,987	92,391	92,716	92,868

Sources: Urban Water Management Plans (MNWD, LBCWD, ETWD, and SCWD), Water Rates, Water System Operations, MWDOC 2005)

Balancing Supply & Demand

The following table, *Table 4.7*, summarizes the potable demand and supply, both current and projected, as reported by the agencies.



TABLE 4.7
Potable Supply and Demand Summary
(Acre Feet/Year)

Agency	Existing Supply 2004	Existing Demand 2004	Difference	Projected Supply 2020	Projected Demand 2020	Difference
ETWD	11,167	10,933	234	11,898	11,898	0
LBCWD	4,545	4,296	249	5,090	4,953	137
MNWD	39,884	38,214	1,670	66,344	47,763	18,581
SCWD	7,613	7,077	536	16,225	9,196	7,029
EBCSD	313	313	0	313	N/A	N/A
TOTAL	63,522	60,833	2,689	99,870	73,810	25,747

Source: MWDOC Water Rates, 2005 & LBCWD UWMP, 2005.

E. Wastewater

Wastewater infrastructure includes collection and sewer main lines, lift stations, and treatment plants. The El Toro Water District operates its own treatment plant. The City of Laguna Beach, Emerald Bay Service District, Moulton Niguel Water District and South Coast Water District are members of South Orange County Wastewater Authority (SOCWA), a Joint Powers Authority that operates treatment plants on behalf of its member agencies.

There are five regional wastewater treatment plants within the MSR study area:

- El Toro Water District Water Recycling Plant
- Joint Regional Treatment Plant (operated by SOCWA)
- Plant 3A (operated by SOCWA)
- Coastal Treatment Plant (operated by SOCWA)
- Jay B. Latham Wastewater Treatment Plant (operated by SOCWA)

Four of the five treatment plants in this study area are producing recycled water; only the Jay B. Latham Wastewater treatment Plan is not producing recycled or reclaimed water.

The following *Table 4.8* summarizes the wastewater infrastructure within the study area:



TABLE 4.8
Wastewater Infrastructure Summary

Agency	No. of Sewer Connections	Permitted Treatment Capacity (mgd)	Current Dry Weather Flow (MGD)	2020 Dry Weather Flow (MGD)	Current Recycled Water Use AF/Yr	2020 Recycled Water Use AF/Yr
Agencies						
ETWD	9500	6	4.7	5.2	430	575
City of Laguna Beach						
MNWD	53,375	22.71 ³⁴			8,000	9,800
SCWD	12,124	5.25			1,100	1,600
EBCSD	542					
Treatment Facilities						
El Toro Water District Water Recycling Plant		6			430	575
Coastal Treatment Plant (SOCWA)		6.7			907	1,000
Plant 3A Mission Viejo (SOCWA)		6			936	
Joint Regional Treatment Plant (SOCWA)		12			5,400	
Jay B. Latham Regional Treatment Plant (SOCWA)		13			N/A	N/A

The wastewater systems are adequate to meet current needs and the agencies have planned for capacity to meet the flows generated by anticipated future development within their service areas.

F. Parks, Recreation and Open Space

Parks and recreation facilities within the study area range from state and regional parks to local public parks, trails, bikeways and golf courses.

The provision of park and recreation facilities is addressed in the General Plans prepared by the cities. *Table 4.9* summarizes existing public parks within the study area.

³⁴ MNWD has purchased capacity at 4 facilities.



**TABLE 4.9
Public Park Facilities**

Facility	Acreage
State Park	
Doheny State Beach	62.02
Regional Parks	
Aliso and Woods Canyon Wilderness Park	4,000
Salt Creek Beach Park (<i>Dana Point</i>)	34
Dana Point Harbor (<i>Dana Point</i>)	---
Lantern Bay Park (<i>Dana Point</i>)	16
Bluff Top Park (<i>Dana Point</i>)	9
Capistrano Beach County Park (<i>Dana Point</i>)	7.9
Street of the Blue Lantern Overlook (<i>Dana Point</i>)	0.15
Dana Point Youth & Group Facility (<i>Dana Point</i>)	---
Aliso Beach Park (<i>Laguna Beach</i>)	
Heritage Hill Historical Park (<i>Lake Forest</i>)	4.1
Limestone Canyon/Whiting Ranch Wilderness Park (<i>Lake Forest</i>)	4,300 ³⁵
Community Parks (~20-50 acres)	# of parks
City of Aliso Viejo	3 ³⁶
City of Dana Point	0
City of Laguna Beach	0 ³⁷
City of Laguna Hills	0
City of Laguna Woods	0
City of Lake Forest	1
Neighborhood Parks (<20 acres)	
City of Aliso Viejo	19 ³⁸
City of Dana Point	16

³⁵ A portion of this park lies within the boundary of the City of Lake Forest

³⁶ Parks are owned and maintained by homeowner's association (AVCA).

³⁷ Laguna Beach has a total beach acreage count of 47 acres, yet the beaches are not considered a regional park for this study's purposes.

³⁸ 19 parks are owned by AVCA; 2 parks are owned by the City of Aliso Viejo.



**TABLE 4.9 (Continued)
Public Park Facilities**

Facility	Acreage
City of Laguna Beach	17 ³⁹
City of Laguna Hills	26 ⁴⁰
City of Laguna Woods	2 ⁴¹
City of Lake Forest	217 ⁴²

There are seven golf courses within the study area: Aliso Viejo Golf Club, The Links at Monarch Beach, Lake Forest Golf and Practice Center (9 holes), El Niguel Country Club, Aliso Creek Golf Course (9 holes) and two courses at Laguna Woods Village. All of the courses are privately owned golf courses, with three courses unavailable for public use (El Niguel and the two Laguna Woods Village courses).

In addition to the parks and recreational facilities, South County also has public beaches that are an important recreational element to the region. The City of Laguna Beach maintains 47 acres of sand beaches with 29 beach access points. The acreage is not contiguous, and does not qualify as a community or regional park in the table above. The County of Orange maintains Salt Creek Beach Park, Capistrano Beach County Park, and Aliso Beach Park. The State maintains Doheny State Beach.

All neighborhood and community parks within the City of Aliso Viejo are owned and operated by the Aliso Viejo Community Association (AVCA) with the exception of two city-owned parks. The City contracts with the Boys and Girls Club of Capistrano Valley to provide after-school programs at the community center at Iglesia Park, which is city-owned. The YMCA contracts with the school district and the city to provide after-school programs at individual school sites within the City. AVCA had ceased providing recreational programs in 2004, but in 2007 the board of directors elected to

³⁹ Laguna Beach includes joint-use facilities in its parks and acreage count.

⁴⁰ 14 parks are owned by the city, the remainder are owned and maintained by various homeowner associations.

⁴¹ 1 park is a 12,000 s.f. dog park, located in the right-of-way for the widening of Ridge Route Drive and is not considered permanent open space. Other recreation facilities are available within the gated community of Laguna Woods Village and are not available to the general public. However, since the majority of residents of Laguna Woods are also residents of Laguna Woods Village, the vast majority of the city's residents have access to these facilities.

⁴² 4 parks are owned by the Foothill Ranch Homeowners Association; 21 parks are owned by the City of Lake Forest. In addition, there are 3 pool and/or lake complexes that are owned by large homeowner associations with varying additional amenities such as tennis courts and clubhouses. On June 19, 2007, the City Council is scheduled to exercise Irrevocable Offers of Dedication for six privately-owned parks currently owned and maintained by private homeowner associations. If approved, this will bring the number of City owned parks to 27 and increase the total amount of public parkland to 217 acres.



reinstate recreational services. The City of Aliso Viejo manages and operates its public park and recreation facilities through its Community Services Department.

The City of Dana Point manages park facilities and recreation programs through its Community Services Department. The Harbors, Beaches, and Parks Department, a division of the Resources Management and Development Department of the County of Orange, manages the Dana Point Harbor and 7 regional parks and recreation centers within Dana Point. The State of California owns, manages and maintains Doheny State Beach through the Department of Parks and Recreation. Doheny State Beach is also supported by a non-profit Doheny State Beach Interpretive Association that provides educational and interpretive activities at the beach.

The City of Laguna Hills owns and maintains 14 parks through its Community Services Department, while homeowner associations throughout the city own and maintain 12 other neighborhood parks. Laguna Hills recently completed construction of a large community center, skateboard park, and multi-use sports fields adjacent to Laguna Hills High School.

The City of Laguna Woods has minimal city facilities for recreation. The large, gated community of Laguna Woods Village provides the vast majority of city residents with swimming pools, clubhouses, golf courses, stables, and organized recreational opportunities. Other private residential senior communities in Laguna Woods provide activities for their residents as well.

The City of Lake Forest manages its parks via its Community Services Department. In addition to city facilities, several large homeowner associations citywide own and operate recreational facilities such as swimming pools, lakes, and neighborhood parks.

Park Facilities Capital Improvements

Growth within the South County region will result in increased use of parks and recreational facilities, which will intensify maintenance needs and accelerate the need for some capital improvements and refurbishment. Each agency or organization responsible for parks and recreations establishes improvement projects and acquisitions, as funding is available.



In many of the MSR's cities, homeowners associations are able to assess their members to address new facilities, and they often have reserve funds that pay for replacing amenities at the end of their scheduled, useful lives. Cities must also plan expenditures for replacing or refurbishing park facilities or to acquire additional parkland to meet growing populations. Most cities require parkland dedications and/or fees as exactions for planned, new residential developments. In some cases, the new parks are "private," or managed by a homeowners association, lessening the financial burden of maintenance and replacements on cities. However, many of these homeowner association parks and facilities are not available to the general public, precluding nonmembers from access to swimming pools, clubhouses or specific recreation programs.

Due to financial constraints, the County's Harbors, Beaches, and Parks Department faces significant challenges in maintaining aging facilities and infrastructure, completing required ADA improvements, and implementing new capital projects. The department's priority for grants and other limited capital funding is for projects that preserve or restore the useful life of structures and infrastructure at existing facilities serving the public. The County received \$13.9 million in Proposition 40 funds, all of which was allocated to major maintenance, refurbishment and replacement projects at regional recreation facilities. Per the RDMD 2004 Business Plan, the Harbors, Beaches, and Parks Department does not have the fiscal resources to fund new, currently unknown, or unbudgeted projects or programs. The department will only provide levels of service that are within available resources.

Dana Point Harbor Plan

The Dana Point Harbor is owned and managed by the County of Orange. Current plans (2006) involve an \$85 million renovation. Net revenues for the Harbor Department, an independent department, were \$8 million in 2005-2006, with an estimated \$9.5 million in revenues for fiscal year 2006-2007. Proposed financing plans for the Harbor improvements include a \$45 million loan and a \$75 million bond issuance. Estimated revenues to be dedicated for debt service are \$10 million annually. Revised estimates (2007) for the harbor plan have placed costs for renovation at over \$150 million, with no source of funding identified.



Open Space

Open space within the study area includes privately owned land and public land owned by the Cities of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Woods, Lake Forest, and other entities. Infrastructure within open space areas is typically minimal, but may provide for trailheads and other public access points. Trails and bikeways are an important component of recreational programs and their value to the community increases significantly when they provide linkages to other local and regional facilities. In Dana Point, the Capistrano Bay Park and Recreation District operates a coordinated system of trails, including bikeways, equestrian trail and hiking trails

Some of the open space in the MSR study area is within a Southern California Edison (SCE) right-of-way, limiting the types of recreational amenities that may be located within the easement area. Laguna Woods and Aliso Viejo have a significant portion of their open space acreage located within the SCE right-of-way that contains large electric transmission lines and support frames.

Large swaths of wilderness parks surround the study area. Some of the parks are state owned, others are County owned, and others have shared ownership. The Laguna Coast Wilderness Park (6,500 acres) is adjacent to the study area at Laguna Woods, and is owned in part by the City of Laguna Beach, the County of Orange, and the California Department of Fish and Game. Laguna Greenbelt, a non-profit organization offering tours and other services to visitors, also supports the park. The County of Orange manages and maintains the Aliso and Woods Canyon Wilderness Park (4,000 acres) adjacent to Aliso Viejo and Laguna Beach, and the Limestone Canyon/Whiting Ranch Wilderness Park (4,300 acres) adjacent to Lake Forest.

The County has established goals and benchmarks to measure performance related to open space management. Performance measures for open space from the County Resources Development and Management Department's 2004 Business Plan are summarized in *Table 4.10*.



TABLE 4.10
County of Orange Performance Measures – Open Space

Performance Measure	FY 02-03 Results	FY 03-04 Anticipate d Results	FY 04-05 Plan
Cumulative number of acres managed as open space: <i>(Indicates result of preserving and protecting natural areas and open space habitats.)</i>	1,605 acres	300 acres	300 acres
Percentage increase in targeted species existing compared to base numbers: <i>(Indicates progress in preserving and protecting natural areas and open space habitats.)</i>	4.6%	1.3%	1.3%
Percent of total land managed by HBP that has been restored with native vegetation: <i>(Indicates result of restoring natural areas and open space habitats to more native state.)</i>	0.23%	0.25%	0.25%

Source: RDMD 2004 Business Plan – Harbors, Beaches and Park Operational Plan

Funding for long-term maintenance of open space and fire protection continue to be an issue for all agencies responsible for open space areas. This is a regional problem that will require regional solutions to ensure that there is equity in how the resource benefits and liabilities are shared.

G. Animal Control Services

The City of Laguna Beach Animal Shelter, the San Clemente/Dana Point Animal Shelter, and Orange County Animal Care Services, a division of the Orange County Health Care Agency, provide animal control services within the study area.

City of Laguna Beach Animal Shelter

The City of Laguna Beach Police Department provides animal care and control for the cities of Laguna Beach and Laguna Woods through its Field Services Division. The animal shelter, located on Laguna Canyon Road in Laguna Beach, cares for over 600 impounded animals each year.



San Clemente/Dana Point Animal Shelter

Dana Point receives animal care services from the San Clemente/Dana Point Animal Shelter. The shelter is located on Avenida Fabricante in San Clemente. 1,700 animals were served at this shelter in 2006.

Orange County Animal Care Services

The County provides services by contract for the Cities of Aliso Viejo, Laguna Hills, and Lake Forest. The County has three animal transport vehicles serving the South County area. The County's Animal Care Facility is located on the City Drive in Orange. Orange County Animal Care Services provided service for 741 animals from Aliso Viejo, Laguna Hills and Lake Forest, with a total of 37,528 animals served in 2006.

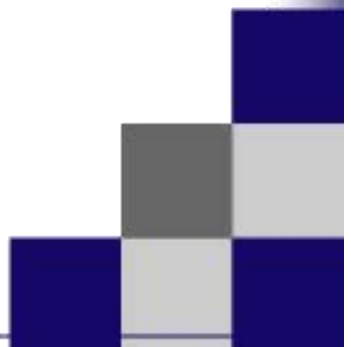
H. Library Services

The Orange County Public Library System provides programs and services for youth and adults, including an adult literacy program through READ Orange County. There is a branch library in each city studied in the MSR. Aliso Viejo, Lake Forest (2), and Dana Point have full-service branch libraries, open five to seven days each week. The Laguna Woods Branch is located in the lobby of City Hall, and does not stock books on site. Patrons can use an on-site computer terminal to order books, then can pick up and return their materials at City Hall. The Laguna Hills Branch, located in the Laguna Hills Community Center, has a small collection of technology related books, magazines, paperback books, and regional newspapers. There are 19 public access terminals for book searches, and patrons may use the terminals for word processing applications.



Section 5:

FINANCING OPPORTUNITIES & CONSTRAINTS





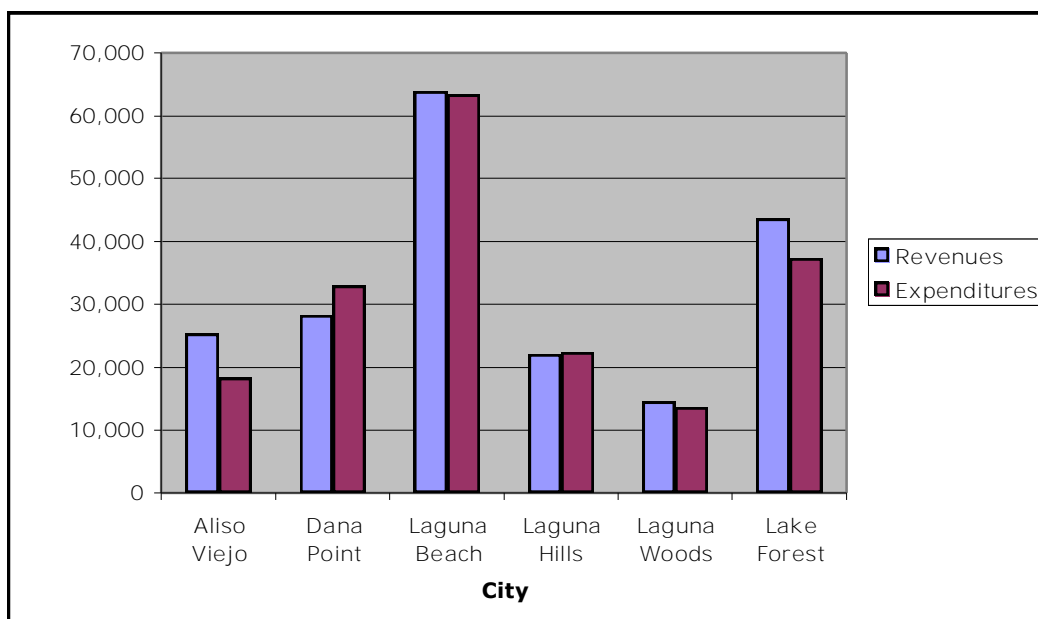
FINANCING OPPORTUNITIES & CONSTRAINTS

A. Financial Overview

Over the past several years, public agencies have experienced escalating costs without a compensating increase in revenue, and the required transfer of local money to the state compounded the problem for FYs 2004-2005 and 2005-2006. The uncertainty of local funds for public agencies is a significant financing constraint. Overall, the agencies addressed by this MSR have adequate funds for current service levels.

The total budgeted revenue and expenses for each of the four cities for FY 2006-2007 is demonstrated in *Figure 5.1*.

Figure 5.1. 2006-2007 Budgeted Revenues and Expenditures - Cities

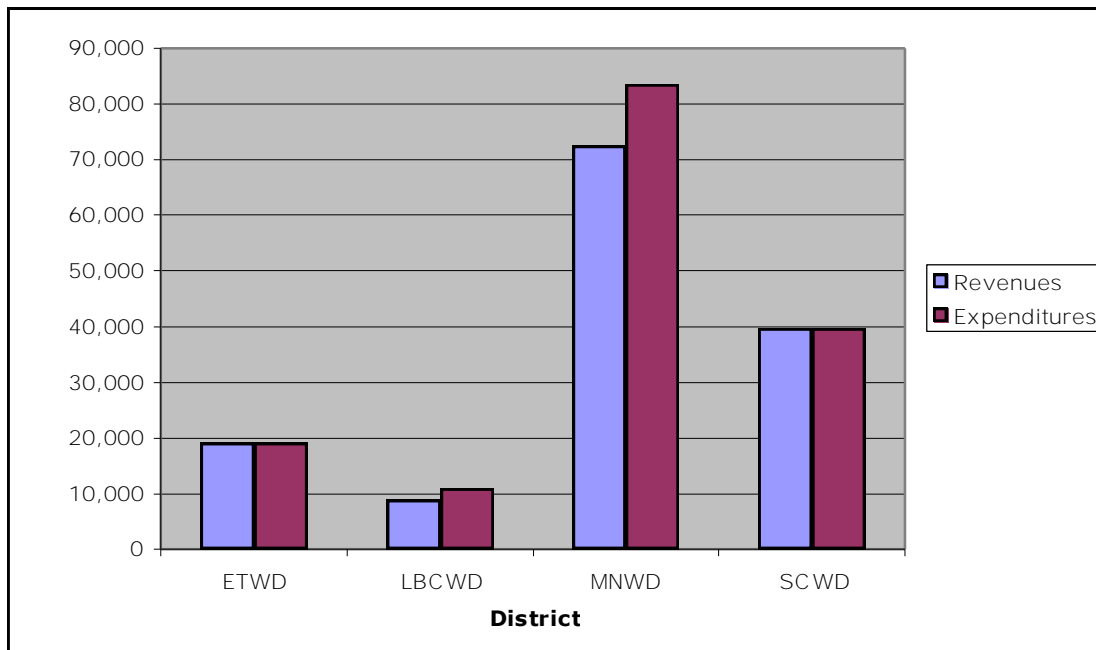




Each city, with the exception of Dana Point and Laguna Hills, is projecting to have excess revenues over all expenditures for FY 2006-2007.

The water districts operate as enterprise activities, where revenues cover the cost of service, capital improvements and reserves. The total budgeted revenues and expenditures for the four districts for FY 2006-2007⁴³ are shown below in *Figure 5.2*.

Figure 5.2. FY 2006-2007 Budgeted Revenues and Expenditures – Water Districts



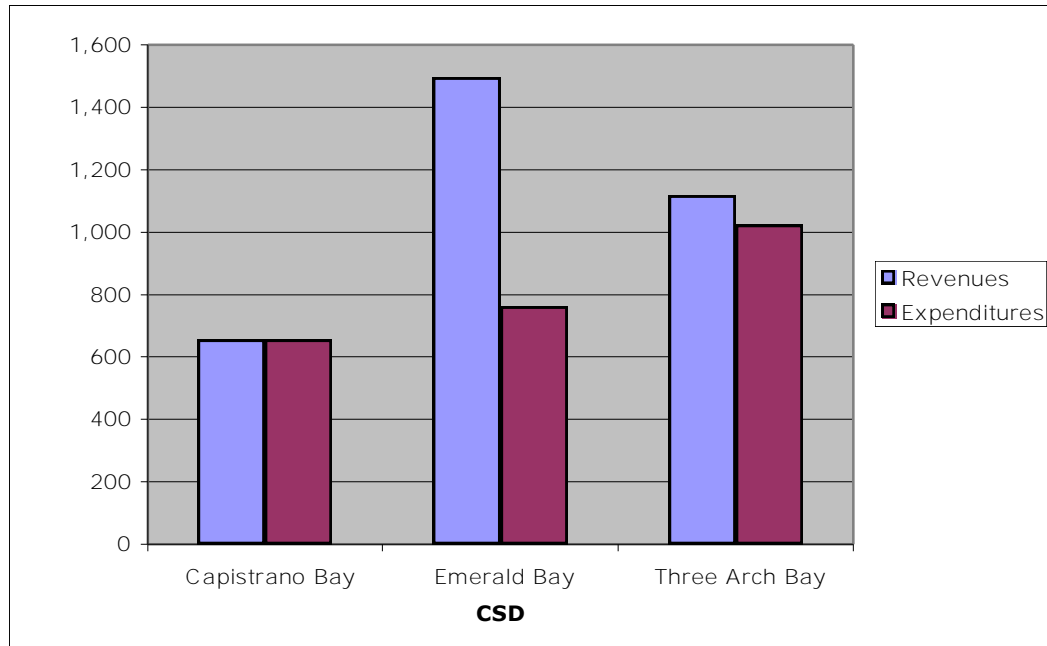
Laguna Beach County Water District and Moulton Niguel Water District are anticipating expenses to outpace revenues. Both El Toro and South Coast Water Districts anticipate balanced revenues to expenses for FY 2006-2007.

The Community Service Districts' total budgeted revenue and expenses for the three districts for FY 2006-2007 are shown below in *Figure 5.3*.

⁴³ LBCWD reflects 2005-2006 budget numbers.



Figure 5.3. FY 2006-2007 Budgeted Revenues and Expenditures – Community Service Districts



Each CSD anticipates either a balanced budget or an excess of revenues to expenses for Fiscal Year 2006-2007.

B. Financial Summaries

Tables 5.1 to 5.13 summarize the cities and the special districts' past five-year financial summaries. Each summary shows a comparison of revenues to expenses and the running total ending fund balance for each agency. In every case, the entity is showing an ending fund balance well in excess of annual operating expenses. In some cases, the fund balance includes appropriations for future projects. In other cases, the fund balance represents unbudgeted monies that can be used to offset unbudgeted shortfalls or excess costs in future years.



TABLE 5.1
City of Aliso Viejo's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Revenue					
Taxes	3,203,584	6,546,309	6,055,619	9,181,607	10,860,541
Licenses & permits	427,227	278,896	289,177	272,458	559,012
Intergovernmental revenues	3,109,357	3,658,328	3,338,143	1,537,172	1,816,697
Charges for current services	68,825	178,329	296,105	382,595	547,907
Fines & forfeitures	132,565	204,064	308,609	282,346	301,716
Investment income	34,235	96,851	84,726	155,396	349,508
Rental income	30,000	39,600	41,250	3,465	0
Other	36,241	19,305	14,676	43,819	20,258
Total Revenue	7,012,034	11,021,682	10,428,305	11,858,885	14,455,639
Expenses					
General Government	1,970,245	3,093,875	2,747,106	2,884,728	3,163,579
Community Development	514,433	845,073	968,367	936,371	1,345,648
Public Works	459,242	1,074,371	888,493	1,101,403	1,090,311
Public Safety	478,919	3,957,753	4,302,976	4,769,509	5,130,453
Capital Outlay	82,280	0	0	0	180,000
Total Expenses	3,505,119	8,971,072	8,906,942	9,692,011	10,909,991
Total Excess Revenue/Expense	3,506,915	2,050,610	1,521,363	2,166,874	3,545,648
Transfers In/Out (General Fund)	0	(10,082)	(1,300)	0	0
Total General Fund Balance	3,506,915	5,547,443	7,067,506	9,234,380	12,780,028
Special Revenue & Governmental Funds Fund Balance					
Gas Tax	1,072,996	1,889,297	2,531,375	2,442,733	2,405,958
Measure M	320,427	514,054	641,501	57,107	--
Other	319,905	353,693	920,437	943,066	3,128,784
Total Fund Balance, End of Year⁴⁴	3,506,915	8,304,487	11,160,819	12,620,179	18,226,488

⁴⁴ Due to changes in accounting practices and reporting, total may not reflect all revenues and expenditures shown in table.



TABLE 5.2
City of Dana Point's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Revenue					
Taxes	14,842,555	16,172,464	17,199,958	16,893,086	19,317,847
Licenses & permits	1,583,517	1,889,428	1,657,578	1,710,998	1,766,933
Fines & forfeitures	353,351	352,351	428,222	492,097	468,382
Intergovernmental revenues	2,281,256	2,270,032	1,899,720	2,857,543	2,633,846
Charges for current services	816,486	872,952	780,997	1,893,480	1,905,662
Use of money and property	2,156,633	1,556,314	512,078	940,253	1,604,726
Other	135,080	152,302	101,342	199,393	84,484
Total Revenue	22,168,878	23,265,843	22,579,895	24,986,850	27,781,880
Expenses					
General Government	3,488,843	3,660,269	3,585,732	4,428,979	4,816,452
Public Safety	5,249,588	6,082,391	6,830,816	6,912,866	7,453,337
Community Development	1,396,807	1,767,775	1,866,352	2,132,155	2,564,951
Recreation and parks	1,253,032	1,212,854	1,548,373	1,992,229	3,234,843
Public Works	2,950,950	3,425,639	4,129,151	4,894,743	4,643,137
Capital Outlays	174,892	109,756	155,720	176,221	769,558
Debt Service					
Principal retirement	260,000	270,000	290,000	305,000	325,000
Interest and fiscal charges	264,043	248,802	232,418	214,713	195,650
Total Expenses	15,038,155	16,777,486	18,638,562	21,056,906	24,002,928
Total Excess Revenue/Expense	7,130,723	6,488,357	3,941,333	3,929,944	3,778,952
Transfers In/Out (General Fund)	(6,479,397)	(14,648,962)	(9,464,211)	(6,159,992)	(1,585,048)
Total General Fund Balance	30,039,659	21,879,054	16,356,176	14,126,128	16,320,032
Special Revenue & Governmental Funds Fund Balance					
Special Revenue	386,366	0	0	0	0
Capital Project	17,078,796	25,218,263	25,849,827	28,745,835	24,187,419
Other Governmental	0	3,705,987	3,692,125	3,923,475	5,447,212
Total Fund Balance, End of	47,504,821	50,803,304	45,898,128	46,795,438	45,954,663



May 2007

Year					
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TABLE 5.3
City of Laguna Beach's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Revenue					
Taxes and special assessments	20,624,951	22,039,946	25,160,722	3,0785,703	34,390,755
Licenses & permits	723,384	882,545	998,849	1,189,531	1,264,362
Fines & penalties	1,104,349	1,165,273	1,258,169	1,433,286	1,559,859
Investment income	1,324,344	952,725	800,493	748,395	966,015
Rental income	849,367	400,928	403,376	450,735	448,309
Intergovernmental revenues	1,640,007	1,760,799	1,763,851	1,314,413	1,329,931
Charges for current services	4,257,261	4,840,719	5,873,210	6,190,421	6,467,863
Parking meters, lots and permits	2,555,889	3,449,024	2,805,707	3,862,436	3,225,562
Development tax	785,239	627,812	372,123	356,855	386,146
Contributions from property owners	0		0	0	0
Other	501,391	515,481	490,218	399,190	462,420
Total Revenue	34,366,182	36,635,252	39,782,718	46,730,965	50,501,222
Expenses					
General Government	3,189,601	2,881,158	2,930,520	4,181,073	3,758,978
Community Development	2,074,057	2,283,465	2,490,925	2,416,040	2,703,135
Public Safety	14,188,210	15,646,840	16,696,274	18,485,981	19,226,875
Public Works	7,607,370	8,263,505	8,217,191	8,393,834	8,892,309
Recreation and social services	2,264,998	2,836,333	3,029,077	3,218,953	3,471,671
Sewer service operating costs	0	0	0	0	0
Capital expenditures	3,655,931	14,445,317	3,701,190	2,053,135	4,639,419
Debt service—principal	0	0	0	0	0
Debt service—interest and fiscal charges	0	0	0	0	0
Total Expenses	32,980,167	46,356,618	45,140,732	38,749,016	24,692,387
Total Excess Revenue/Expense	1,386,015	(9,721,366)	(5,358,014)	7,981,949	7,808,835



TABLE 5.3 (Continued)
City of Laguna Beach's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Other Financing Sources					
Transfers In/Out	(198,787)	446,843	555,449	(1,565,606)	(166,040)
Developer Loan	0	8,707,000	0	0	0
Sale of land and equipment	0	5,198	3,991	6,923	0
Special Revenue Funds					
Special Revenue	7,969,042	1,509,792	3,186,681	3,667,689	(4,206,669) ⁴⁵
Debt Service	1,523,703	1,761,187	1,866,023	2,014,063	2,0741,47
Capital Projects	1,572,717	3,879,688	2,501,323	3,126,987	2,681,454
Nonmajor Governmental	0	3,197,659	2,331,878	2,106,523	4,273,418
Total Fund Balance, End of Year	31,282,881	31,155,407	24,742,425	32,195,048	35,118,763

⁴⁵ Includes Special Revenue Fund for the Bluebird Canyon Landslide.



TABLE 5.4
City of Laguna Hills' Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Revenue					
Taxes	6,017,586	6,214,974	6,692,637	7,239,026	7,382,458
Licenses & permits	236,278	319,494	854,948	530,839	464,354
Intergovernmental revenues	8,546,580	8,776,018	8,293,493	9,907,968	10,209,386
Charges for current services	1,907,776	1,021,335	698,604	741,414	828,054
Fines & forfeitures	307,458	323,792	333,119	357,000	485,977
Investment income	363,099	201,246	120,274	134,912	210,046
Miscellaneous	0	0	0	0	25,914
Total Revenue	17,378,777	16,856,859	16,993,075	18,911,159	19,606,189
Expenses					
Legislative/Executive	1,594,617	1,673,657	1,263,691	1,296,945	1,389,261
Administrative Services	1,303,699	1,677,304	1,816,417	1,811,903	1,663,400
Public Services	1,967,990	3,413,539	3,445,753	3,441,494	3,551,780
Community Development	624,608	732,057	748,454	812,378	936,361
Community Services	2,642,027	1,124,936	1,230,118	1,378,890	1,516,603
Public Safety	4,162,253	4,862,369	4,766,830	5,192,729	5,494,710
Total Expenses	12,295,194	13,483,862	13,271,263	13,934,339	14,552,115
Total Excess Revenue/Expense	5,083,583	3,372,997	3,721,812	4,976,820	5,054,074
Transfers In/Out (General Fund)	(6,736,299)	(3,485,999)	(3,884,672)	(6,355,541)	(4,332,914)
Total General Fund Balance (restated)	11,011,614	10,863,415	10,684,141	9,393,429	10,114,589
Special Revenue & Governmental Funds Fund Balance					
Gas Tax	794,715	791,407	719,407	495,795	648,982
Measure M	0	0	0	445,891	442,540
Other	225,368	1,251,273	92,585	1,281,484	1,871,795
Total Fund Balance (restated from prior year end)	12,845,842	13,633,036	18,750,858	12,572,693	13,954,199



TABLE 5.5
City of Laguna Woods' Five-Year Financial Summary

Finances	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual
Revenue					
Taxes	289,750	455,643	544,570	539,417	679,429
Intergovernmental revenues	3,399,234	3,516,377	3,618,627	3,176,979	3,676,335
Franchise fees	412,083	168,064	171,242	239,144	271,879
Licenses & permits	195,915	187,568	247,909	261,092	214,605
Charges for current services	272,623	90,116	49,014	18,915	49,420
Fines & forfeitures	14,749	10,124	17,607	38,855	49,146
Investment income	193,331	131,326	105,820	74,186	160,744
Miscellaneous	0	10,446	9,387	235,686	8,876
Total Revenue	4,777,685	4,569,664	4,764,176	4,584,274	5,110,434
Expenses					
General government	1,489,609	1,754,693	1,710,187	1,354,709	1,589,638
Community services	21,948	187,492	112,331	731,978	818,309
Public works	269,837	343,340	396,842	344,422	242,346
Public safety	661,855	660,889	724,152	329,722	381,962
Community development	744,989	661,414	419,601	178,188	204,848
Capital outlay	9,378	703,468	104,841	17,432	26,666
Total Expenses	3,197,616	4,311,296	3,467,954	2,956,451	3,263,769
Total Excess Revenue/Expense	1,580,069	258,368	1,296,222	1,627,823	1,846,665
Transfers In/Out (General Fund)	0	0	0	0	486,930
Total General Fund Balance	3,683,489	3,941,857	5,206,059	6,833,882	9,077,477
Special Revenue Fund Balance					
Other	2,501,172	2,948,772	2,868,228	425,209	384,703
Gas Tax	0	0	0	1,483,527	954,398
Arterial Hwy Rehabilitation	0	0	0	(325,000)	(325,000)
Total Fund Balance	6,184,661	6,890,629	8,074,287	8,417,618	9,334,319



TABLE 5.6
City of Lake Forest's Five-Year Financial Summary

Finances	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual
Revenue					
Taxes	18,540,368	18,522,329	19,350,112	21,786,662	27,437,895
Licenses & permits	1,024,518	826,029	749,101	690,862	754,057
Intergovernmental revenues	5,122,761	5,550,948	5,402,839	9,513,814	5,712,926
Charges for current services	910,964	525,338	674,855	1,322,332	1,568,477
Fines & forfeitures	372,029	477,852	466,027	529,540	535,357
Use of money and property	2,827,652	2,135,382	474,460	595,446	1,720,949
Other	161,816	461,508	0	207,742	1,593,631
Operating Transfers In	42,721	0	0	0	0
Proceeds on exchange of land	223,908	0	0	0	0
Total Revenue	29,226,737	28,499,386	28,688,596	34,646,398	39,323,292
Expenses					
General Government	2,126,743	2,084,157	2,799,260	2,585,787	2,760,643
Public Works	3,393,717	3,478,574	4,186,122	4,351,414	5,001,518
Community Development	1,946,833	1,948,404	2,063,567	2,579,525	2,996,317
Community Services/Management Services	2,050,856	2,186,548	2,212,341	2,052,136	2,381,012
Public Safety	6,557,871	6,526,409	8,082,516	8,813,086	9,181,724
Capital Outlay	1,739,959	4,779,262	3,492,467	7,194,572	15,846,001
Total Expenses	17,815,979	21,003,354	22,836,273	27,596,090	38,167,215
Total Excess Revenue/Expense	11,410,758	7,496,032	5,852,323	7,069,878	1,156,077
Total General Fund Balance	48,304,691	52,910,900	58,520,387	74,670,695	75,568,485
Special Revenue & Governmental Funds Fund Balance					
Gas Tax	921,554	740,342	604,323	392,005	171,817
Measure M	0	0	0	0	0
Other	2,177,201	1,534,755	2,165,111	3,687,799	4,276,389
Total Fund Balance	51,403,446	59,749,491	61,289,821	78,750,499	80,016,691



TABLE 5.7
El Toro Water District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Operating Revenue					
Water sales	7,865,738	7,542,848	8,159,589	7,594,597	8,894,792
Waste water sales	5,138,820	5,095,834	5,522,469	5,602,029	5,585,262
Standby charges	965,304	926,715	923,604	927,443	979,459
Reimbursements from others	0	0	142,114	115,142	100,725
Other revenues	117,112	403,494	599,300	224,584	379,826
Total Operating Revenue	14,086,974	13,968,891	15,347,076	14,463,795	15,940,064
Operating Expenses					
Source of supply	647,991	807,143	682,800	867,701	911,641
Purchased water	5,197,809	5,182,578	5,380,744	5,105,803	5,104,359
Pumping	980,630	926,946	857,047	786,431	967,229
Treatment	1,938,075	1,918,069	1,768,954	1,699,446	1,878,359
Transmission and distribution	2,043,150	2,568,158	2,712,743	2,957,294	2,574,091
Customer accounts	370,936	396,226	364,739	190,466	234,629
General and administrative	2,057,411	2,095,398	1,962,966	1,956,039	2,051,548
Depreciation and amortization	2,323,355	2,493,185	2,597,480	2,458,022	2,397,939
Total Operating Expenses	15,559,357	16,387,703	16,327,473	16,021,202	16,119,795
Net operating gain (loss)	(1,472,383)	(2,418,812)	(980,397)	(1,557,407)	(179,731)
Non-operating Revenues (Expenses)					
Investment income	1,157,789	862,930	769,263	825,461	965,578
Property taxes	1,061,305	1,035,503	623,936	193,296	182,992
Other revenue ⁴⁶	588,671	379,936	132,691	212,005	353,047
True Up	0	0	0	0	346,645
Interest and fiscal agent charges	(1,441,184)	(1,293,048)	(1,200,307)	(1,119,730)	(1,028,529)

⁴⁶ Various agreements with other water districts and MWD have resulted in income in this line item. Revenues will decrease by \$2.3 million annually in 2006, \$800,000 annually in 2013.



TABLE 5.7 (Continued)
El Toro Water District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Amortization of bond discount and issuance costs	(3,832)	(3,478)	0	0	0
Gain (loss) on sale of assets	4,190	(4,216)	0	0	0
Total Non-operating Income	1,366,939	977,627	325,583	111,029	819,733
Net Income Before Capital Contributions	(105,444)	(1,441,185)	(654,814)	(1,446,378)	640,002
Capital Contributions					
Capital Contributions	4,170,745	2,333,932	79,715	95,961	87,519
Change in Net Assets	4,065,301	892,747	(575,099)	(1,350,414)	727,521
Net Assets—End of Year	66,193,734	67,086,481	66,511,382	65,160,968	65,888,489



TABLE 5.8
Laguna Beach County Water District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Operating Revenue					
Water sales	5,532,443	5,714,215	6,111,413	6,014,143	6,153,396
Fire Service Charges	5,968	6,040	6,500	6,498	6,948
Equipment Rental	34,115	15,302	26,527	32,279	33,684
Overhead expense charged out	36,291	38,377	46,325	10,774	20,128
Penalties	3,474	60,603	78,198	72,563	75,059
Customer administration fees	11,250	11,115	12,090	10,785	9,240
Total Operating Revenue	5,623,814	5,845,652	6,281,053	6,147,042	6,298,455
Operating Expenses					
Source of supply	405,920	371,233	72,008	109,825	101,725
Purchased water	2,125,630	2,266,672	2,242,349	2,227,432	2,280,948
Pumping	250,898	258,366	253,418	421,213	405,636
Transmission and distribution	791,975	804,775	1,098,435	1,488,945	1,454,977
Customer accounts	93,146	90,454	96,906	124,135	148,780
General and administrative	1,933,695	2,091,787	2,474,065	2,022,204	2,089,065
Other operation and maintenance	167,791	148,396	143,805	161,814	154,825
Depreciation	1,275,523	1,350,355	1,383,328	1,463,044	1,488,617
Total Operating Expenses	7,044,578	7,382,038	7,764,314	8,018,612	8,124,573
Net operating gain (loss)	(1,420,764)	(1,536,386)	(1,483,261)	(1,871,570)	(1,826,118)
Non-operating Revenues (Expenses)					
Interest income	450,140	371,171	143,258	375,234	659,913
Property taxes	1,294,919	1,391,018	1,515,592	634,235	796,224
Property tax revenue recovery fees	0	0	0	292,359	881,983
Rental income	984,755	244,416	251,129	264,870	267,594
Miscellaneous income	96,887	36,702	96,936	96,658	128,040



TABLE 5.8 (Continued)
Laguna Beach County Water District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Gain (loss) on sale of capital asset	521	0	7,500	(857,548)	0
Reserve storage charges	48,089	14,103	23,247	26,770	31,860
Total Non-operating Income	2,875,311	2,057,410	2,037,662	832,578	2,765,614
Net Income Before Capital Contributions	1,454,547	521,024	554,401	(1,038,992)	939,496
Capital Contributions					
Capital Contributions	0	0	0	0	117,500
Change in Net Assets	14,545,547	521,024	554,401	(1,038,992)	1,056,996
Net Assets—End of Year	58,394,184	58,915,208	59,469,609	58,430,617	59,487,613



TABLE 5.9
Moulton Niguel Water District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Operating Revenue					
Water sales	20,730,831	19,569,482	20,495,732	19,209,164	21,815,831
Sanitation charges	8,354,824	8,228,151	8,480,618	8,259,528	10,281,592
Meter sales	107,999	66,276	52,567	46,645	36,530
Other	1,401,854	1,215,134	1,461,363	123,972	246,532
Total Operating Revenue	30,595,508	29,079,043	30,490,280	27,639,309	32,380,485
Operating Expenses					
Source of supply:					
Water purchases	16,405,958	15,588,654	16,448,961	14,747,406	15,834,121
Meter purchases	95,532	62,005	43,256	35,300	29,826
Utilities	877,524	1,038,703	1,568,549	1,687,170	1,719,405
Pumping & sewage collection	433,250	412,253	600,876	618,098	357,650
Water and sewage treatment	5,712,424	5,487,213	6,244,920	7,159,561	7,506,433
Water transmission and distribution, sewage disposal	2,240,828	2,334,510	2,378,017	2,429,357	2,547,423
Customer accounts	239,076	240,121	237,522	202,777	225,071
General and administrative	8,065,856	8,469,657	8,375,232	9,235,937	10,083,121
Allen-McColloch pipeline system rent ⁴⁷	1,784,106	859,591	598,987	134,892	(815,820)
Depreciation	10,475,460	11,347,956	11,931,829	12,265,654	12,585,747
Total Operating Expenses	46,396,014	45,840,663	48,428,149	48,516,152	50,072,977

⁴⁷ Lease rate on the Allen-McColloch Pipeline will be \$7,183,734 after June 30, 2007.



TABLE 5.9 (Continued)
Moulton Niguel Water District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Net operating gain (loss)	(15,800,506)	(16,761,620)	(17,937,869)	(20,876,843)	(17,692,492)
Non-operating Revenues (Expenses)					
Interest income	5,190,161	4,986,426	4,034,122	5,153,203	4,680,923
Property taxes and acreage assessments	20,340,941	20,989,890	22,872,907	19,039,914	19,293,391
Connection fees	441,783	257,354	171,096	349,972	642,770
Interest on long term debt	(6,134,211)	(6,121,048)	(5,037,234)	(4,773,994)	(4,779,864)
Amortization of bond discount and issuance costs	(397,017)	(3,246,553)	(455,599)	(452,241)	(452,242)
Non-operating and prior years income and expenses	3,244,825	1,618,943	2,460,033	1,420,822	1,013,597
Unrealized gain on investments	1,406,513	2,411,295	(4,630,632)	(807,310)	4,200,599
Total Non-operating Income	24,092,995	20,896,307	19,414,693	19,930,366	16,197,976
Refunded GOBF	0	6,692,928	0	0	0
Net Income Before Capital Contributions	8,292,489	10,827,615	1,476,824	(946,477)	(1,494,516)
Capital Contributions					
Capital Contributions	7,321,085	504,350	809,720	939,300	2,099,826
Change in Net Assets	15,613,574	11,331,965	2,286,544	(7,177)	605,310
Net Assets—End of Year	357,510,099	368,842,064	371,128,608	371,121,431	371,726,741



May 2007

TABLE 5.10
South Coast Water District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Operating Revenue					
Water sales	8,683,816	10,875,063	10,008,856	10,197,989	
Sewer service charges	5,942,629	8,059,641	8,049,108	7,673,191	
Miscellaneous services	392,076	481,766	486,932	0	
Recycled water	0	0	0	851,310	
Recreation facilities	156,847	158,594	154,667	178,947	
Total Operating Revenue	15,175,368	19,575,064	18,699,563	18,901,437	
Operating Expenses					
Source of supply	2,380,329	3,483,777	3,565,317	3,700,888	
Recycled water	605,885	530,948	386,249	614,738	
Pumping	371,016	625,095	6,543,414	668,037	
Water and sewage treatment plant	2,191,441	2,362,003	2,594,826	1,823,371	
Transmission and distribution	912,984	1,182,798	2,036,314	2,013,449	
Laboratory testing	364,533	356,711	60,088	0	
Recreation facilities	125,065	127,170	184,624	160,381	
General and administrative	4,237,846	5,442,649	5,299,741	6,254,319	
Depreciation and amortization	3,406,111	3,570,448	3,908,203	4,098,118	
Total Operating Expenses	14,595,210	17,681,599	18,689,703	1,933,301	
Net operating gain (loss)	580,158	1,839,465	9,860	(431,864)	
Non-operating Revenues (Expenses)					
Property taxes – general and bond levy	3,411,984	3,622,847	1,078,948	2,387,778	
Connection fees	1,832,799	1,658,858	0	508,849	
Standby charges	0	0	0	12,254	
Investment income	0	0	0	1,218,261	
Other revenues	21,063	15,690	858,814	247,209	
Rental income	0	0	0	464,072	



TABLE 5.10 (Continued)
South Coast Water District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Interest-certificates of participation	(1,270,583)	(1,025,477)	(929,074)	(500,577)	
Interest-bond	(72,380)	(57,801)	(41,140)	(282,925)	
Gain (loss) on capital assets	(129,599)	410,095	0	(72,667)	
Loss on debt refunding	0	(170,108)	0	0	
Other expenses	0	0	783,512	(46,096)	
Total Non-operating Income	1,472,562	4,454,104	184,036	3,936,158	
Net Income Before Capital Contributions	3,793,284	6,838,469	193,896	3,504,294	
Capital Contributions					
Capital Contributions	408,126	545,492	3,024,580	0	
Change in Net Assets	4,201,410	6,893,061	3,218,476	3,504,294	
Net Assets—End of Year (restated)	106,292,314	114,255,285	117,473,761	123,356,110	



TABLE 5.11
Capistrano Bay Community Service District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Revenue					
Operating Revenues					
Service charges	214,484	212,858	246,682	223,874	226,121
Miscellaneous income	6,781	8,186	5,495	4,785	9,018
Non-operating Revenue:					
Property taxes	332,876	358,994	353,535	388,172	471,982
Debt service receipts	0	0	106,350	29,750	27,000
Interest income	4,648	17,799	5,507	11,134	23,888
Parking fees	0	0	0	29,892	30,866
Other income	0	0	0	00	38,948
Special assessment	0	1,283,281	0	0	0
Total Revenue	551,023	1,881,118	717,569	687,607	827,823
Expenses					
Operating expenses					
Salaries & wages	333,094	373,441	385,374	91,231	102,380
Repairs & maintenance	47,658	42,846	51,981	51,515	29,729
Professional services	90,246	58,917	32,987	43,929	28,982
Security services	0	0	0	269,046	284,495
Utilities	6,687	6,880	7,085	42,304	43,489
Insurance	14,287	15,740	22,007	6,756	7,877
Other	81,887	90,031	27,588	24,440	26,764
Non-operating expense					
Interest expense	0	0	34,979	29,750	27,000
Parking lease expense	0	0	0	27,100	28,358
Other	0	0	0	16,636	
Depreciation	0	0	46,472	48,526	42,307



TABLE 5.11 (Continued)
Capistrano Bay Community Service District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Waste Hauler	32,519	30,766	32,343	0	0
Assessment District 99-1 improvements	0	394,554	0	0	0
Debt Service	0	40,789	0	0	0
Total Expenses	606,678	1,053,964	640,816	651,233	621,381
Net Gain (Loss) Before Capital Contributions	(47,589)	827,154	76,753	36,374	206,442
Capital Contributions:					
Capital Contributions	0	0	0	(20,921)	(41,225)
Long term debt issuance	0	495,000	0	0	0
Change in Net Assets	(47,589)	1,322,154	76,753	57,295	165,217
Net Assets—End of Year	263,165	1,585,319	1,722,469	1,739,825	1,905,042



TABLE 5.12
Emerald Bay Community Service District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Revenue					
Property Taxes	653,779	724,048	789,484	1,042,782	1,142,365
Homeowner property tax relief	9,357	9,494	0	0	0
Interest	91,949	69,871	0	0	0
Cost reimbursements and refunds	50,290	5,717	0	0	0
Other Income	1,503	1,403	900	43,388	10,242
Use of money and property	0	0	57,174	76,718	79,072
Charges for current services	0	0	5,310	0	0
Total Revenue	806,878	810,533	852,868	1,162,888	1,231,679
Expenses					
Administration (general government)	262,744	307,149	378,376	480,240	420,888
Sewer services (public services)	145,461	114,318	148,108	100,979	86,256
Utilities	11,304	11,395	0	0	0
Repairs and maintenance	199,705	464,909	0	0	0
Recreation and safety	0	0	20,833	14,967	14,673
Unrealized loss on investments	0	0	0	29,687	66,474
Total Expenses	619,214	897,771	547,317	625,873	588,291
Net Gain (Loss) Before Capital Contributions	187,664	(87,238)	305,551	537,015	643,388
Capital Contributions					
Capital Contributions	0	0	(154,460)	(163,203)	(188,612)
Change in Net Assets	187,664	(87,238)	151,091	373,812	454,776
Net Assets—End of Year	1,926,150	1,838,912	1,990,003	2,363,815	2,818,591



TABLE 5.13
Three Arch Bay Community Service District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Revenue					
Taxes	489,210	540,473	586,105	655,726	726,740
Special Assessment— law enforcement	73,675	74,050	0	0	0
Storm drain user fee	390,098	394,374	0	0	0
Interest	24,968	13,990	0	0	0
User fee assessments	0	0	396,178	396,513	408,537
Use of money and property	0	0	3,898	23,385	70,451
Charges for services	0	0	102,462	102,770	102,770
Intergovernmental	0	0	7,721	8,473	7,790
Total Revenue	977,951	1,022,887	1,096,364	1,186,867	1,316,288
Expenses					
Salaries & wages	142	66,374	0	0	0
Insurance	10,014	13,513	0	0	0
Storm drain expenditures	307,879	596,840	0	0	0
Office expense	2,246	3,574	0	0	0
Professional and specialized services	395,991	324,925	0	0	0
Rent	18,540	19,096		0	0
Other	5,521	5,999	0	0	0
General government	0	0	201,490	157,856	141,768
Public services	0	0	42,186	65,480	72,189
Recreation and safety	0	0	316,968	301,499	310,376
Depreciation	0	0	0	6,095	8,991
Total Expenses	740,333	1,030,321	560,644	530,930	533,324
Net Gain (Loss)Before Capital Contributions	237,618	(7,434)	535,720	655,937	782,964



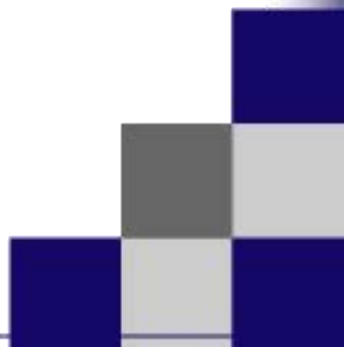
TABLE 5.13 (Continued)
Three Arch Bay Community Service District's Five-Year Financial Summary

Finances	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Capital Contributions					
Capital Contributions	0	0	(255,419)	(361,361)	(572,094)
Additions to capital assets	0	0	0	209,793	330,627
Change in Net Assets	0	0	280,301	504,369	541,497
Net Assets—End of Year	1,255,914	1,248,480	1,528,781	2,120,001	2,661,498



Section 6:

ECONOMIES OF SERVICE





ECONOMIES OF SERVICE

This section combines the required determinations for rate restructuring, cost avoidance opportunities, shared facilities, and evaluation of management efficiencies.

A. Rate Restructuring

The following section provides an overview of the rate structures in use by the agencies addressed in this service review.

Police Services

The Orange County Sheriff's Department (OCSD) does not charge user fees in conjunction with the contracted law enforcement services it provides for the four cities. It does, however, recover costs through contracts with the cities. Each city is able to determine their own level of service via a "menu" approach to police services. For example, a city may request and receive a Community Services Officer for non-patrol programs and services such as community education, and pay the direct and indirect costs, such as County overhead, applicable to those services.

On a countywide basis, service charges are imposed where allowable, such as for civil processing and forensic services for law enforcement agencies in other counties. As part of the OCSD 2004 Business Plan, the department planned to pursue some revenue generating changes such as marketing analytical services for forensic cases to agencies outside Orange County and charging for production of documents under Civil Subpoenas Duces Tecum, record checks conducted for the Department of Defense and Office of Personnel Management, and various services offered to other law enforcement agencies.

Fire & Emergency Services

The Structural Fire Fund (SFF) is an allocation of property taxes levied for the specific purpose of funding county fire protection services. It is based on Government Code Section 25643, which states:

"The board of supervisors of a county shall determine each year such sum of money as the board of supervisors deems necessary for fire protection services within the county, excluding therefrom any city or district which is at such time providing fire protection



services within such city or district.... the taxes for the costs of county fire protection services shall be levied only upon property within the county served by and benefiting from county fire protection services..."

This section of the government code was adopted prior to passage of Proposition 13. Since the passage of Proposition 13 in 1978, the SFF rate that was in effect in 1978 remains at the same ratio to non-structural fire fund tax revenues collected from the different tax rate areas. In Proposition 13's enabling legislation, the legislature provided that the SFF be treated like a "special district" and be entitled to receive a pro rata share of the property tax allocation. The boundaries of the SFF encompass the County unincorporated area and 12 member cities of the OCFA.

The SFF includes 15 cities and the County unincorporated area. The 15 member cities include Aliso Viejo, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Rancho Santa Margarita, San Juan Capistrano, Villa Park, and Yorba Linda.

Cash contract cities are not within the structural fire fund boundaries. Cash contract cities are not required to commit a specific portion of property tax revenues to fire protection. Rather cash contract cities are responsible for providing their own fire protection services and pay an annual charge to OCFA. The cash contract cities are Buena Park, Placentia, San Clemente, Seal Beach, Stanton, Tustin, and Westminster.

OCFA charges for plan review and inspections, including development, fire sprinklers and alarms, and architectural structure. It also charges fees for hazardous materials based on the number of chemicals and quantity located on site. In 2002, OCFA's Board of Directors adopted a resolution to adjust fees on July 1 of each year to recover the cost of providing the service. It increased fees 6.61% in July 2004.

The Orange County Health Care Agency has authority over the ambulance service rates charged by OCFA. The County Board of Supervisors, which approves the rates, has directed the Health Care Agency to review rates annually and adjust the maximum Advanced Life Support (ALS) paramedic assessment and transport fee by the same percentage change as the maximum Basic Life Support (BLS) emergency ground ambulance rate for the same period, but not to exceed actual costs for providing ALS services. Per the ambulance ordinance, the BLS ground emergency ambulance rates are established based on the median fees for San Bernardino County, Los Angeles County, and the City of San Diego in effect on January 1 of each year. The current BLS base rate

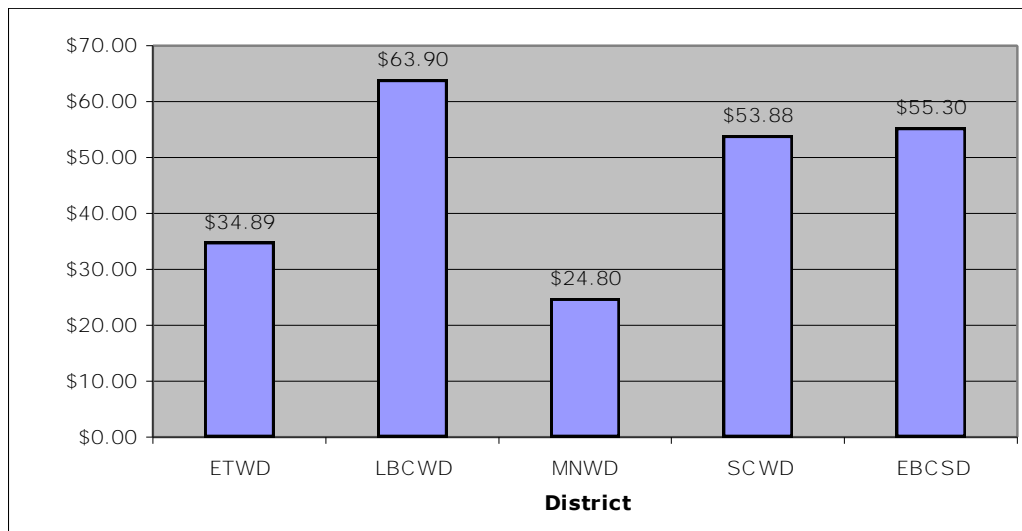


is \$601.50.⁴⁸ The ALS base rate is \$920.25 per ambulance transport, of which \$318.75 pays for paramedic services, where applicable.

Water Service

Water utility rates include a meter charge (readiness to serve) and a commodity or usage charge. Most of the agencies providing water service are using a tiered rate structure to encourage water conservation. Current domestic water rates are shown in *Figure 6.1*, based on 20 ccf of water in one month:

Figure 6.1. Monthly Water Utility Charge⁴⁹



⁴⁸ Does not include mileage (\$13.75 per mile), oxygen (\$68.25 when administered), stand-by charges (\$33.50 per fifteen minutes) and expendable medical supplies (\$26.75 maximum per response)

⁴⁹ Source: OCWA Water Rates Water System Operations and Financial Information, MWDOC, 2005



Wastewater Service

Sewer rates within the study area range from flat monthly charges to commodity rates based on water usage. Current monthly sewer rates are shown in *Figure 6.2*.

Figure 6.2. Monthly Sewer Utility Charge



Each district also assesses a capital replacement and refurbishment charge, some monthly, and some annually as part of the property tax bill. These costs are not reflected in the chart above.

Parks and Recreation

Each of the agencies providing parks and recreation services charges user fees for programs and for exclusive use of facilities. Fees are structured to cover the agency's cost of the program or facility use. Fees for some city programs are higher for non-residents. In Laguna Hills and Aliso Viejo, most of AVCA's programs and facilities are open to residents of the Master Homeowner's Association at one rate, then to the general public at a higher rate. In Laguna Woods, amenities located within the gated community of Laguna Woods Village are only available to residents and their guests. Those citizens of Laguna Woods not residing in Laguna Woods Village are in managed care facilities or similar facilities, which have their own activities and recreation programs. In Lake Forest, only members of the homeowners associations and their guests have access to association facilities.



B. Cost Avoidance, Shared Facilities and Management Efficiencies

The agencies leverage resources and share facilities in a number of ways, including mutual aid and joint powers agreements as well as shared system capacity. The agencies also capitalize on management efficiencies to improve operations and reduce the cost of service. Master plans and other long-range plans are means of controlling costs and improving management efficiency. *Table 6.1* summarizes the status of the agencies' planning documents.

TABLE 6.1
Agency Planning Documents

Agency	General Plan	Other Types of Master Plan	Urban Water Management Plan	Capital Improvement Program
Cities				
City of Aliso Viejo	Yes	Trails; Bicycle Lane and Street Parking; Entry Monument and Landscaping		Yes
City of Dana Point	Yes			Yes
City of Laguna Beach	Yes			Yes
City of Laguna Hills	Yes	Urban Village Specific Plan		Yes
City of Laguna Woods	Yes			
City of Lake Forest	Yes			Yes
Special Districts				
El Toro Water District		Sewer System Management Plan; Water and Sewer System; Strategic Plan	2005	Yes
Laguna Beach County Water District		Water Update, (2001)	2005	Yes
Moulton Niguel Water District		Long Range Plan (Update, 2006)	2005	Yes
South Coast Water District		Strategic Plan (2003-20080	2005	Yes
Capistrano Bay Community Services District				
Emerald Bay Service District				
Three Arch Bay Community Services District				



Police Service

The Orange County Sheriff's Department is serving the South County through its South Operations headquarters in Aliso Viejo. Staff is assigned to each of the contract cities and an OCSD Lieutenant serves as chief of police services for each city. The California Highway Patrol provides mutual aid to OCSD when needed, and OCSD handles traffic issues when the CHP cannot provide first response. The City of Laguna Beach Police Department also provides mutual aid to OCSD and the CHP when necessary.

Fire & Emergency Services

The Orange County Fire Authority serves all of South Orange County; the nearest independent city fire department is in Laguna Beach. Resources are based upon a regional service delivery system, assigning personnel and equipment to emergency incidents without regard to jurisdictional boundaries. The equipment used by the department can respond to both urban and wildland emergency conditions. The principle benefits of a regional system are reduced costs, depth of service and coverage, reduced duplication, cost avoidance, and increased effectiveness.⁵⁰ OCFA also provides automatic and mutual aid to fire departments in Riverside and San Diego Counties.

Ambulance service is contracted through a competitive bid process, with some cities retaining the authority to select their own provider, while others delegate the selection to the OCFA Board of Directors. The County of Orange has delegated ambulance contracting authority to the OCFA. Service areas generally follow city boundaries, with efficiencies reached when an ambulance service provider serves several adjacent cities at the same time.

Water Service

The agencies providing water service share water resources as well as pipeline and treatment capacity. Imported water from the Colorado River and the State Water Project is the primary source of supply to the South County area, and the agencies share the Metropolitan Water District's storage, transmission and treatment facilities. The agencies are avoiding the costs associated with developing new water supplies and increasing treatment capacity through the use of recycled water, which is widely available in the study area. In addition, all of the agencies have water conservation programs and incentives to encourage water use efficiency.

⁵⁰ Orange County Fire Authority. Overview of Deployment in Orange County.



Wastewater Service

Similar to water service, the agencies control the costs associated with wastewater collection, treatment, beneficial reuse, and disposal through shared system capacity. El Toro Water District, Emerald Bay CSD, the City of Laguna Beach, Moulton Niguel Water District, and South Coast Water District are members of the South Orange County Wastewater Authority (SOCWA) and full secondary treatment is provided at all of the regional wastewater facilities. SOCWA also has active water recycling, industrial waste (pre-treatment), biosolids management and ocean/shoreline monitoring programs to meet the needs of its members and the requirements of applicable National Pollutant Discharge Elimination System (NPDES) permits. SOCWA is organized on a project committee basis with each member agency financially contributing to and participating only in those project committees in which it has an equity ownership interest.

Parks & Recreation

Some parks and recreation facilities in the South County area serve a regional need and are frequently used by residents from adjacent cities or communities. Different departments within the cities and the County manage the facilities.

Most neighborhood and community parks within Aliso Viejo are owned and operated by the Aliso Viejo Community Association (AVCA). The City does own a community center at Iglesia Park, and operates the facility as a satellite Boys and Girls Club facility through a contract with the Boys and Girls Club of Capistrano Valley, and as a Family Resource Center, contracting with multiple service providers.

The City of Dana Point manages its public park and recreation facilities through two city departments – Public Services (maintenance) and Recreation and Community Services (recreational uses and programming). The County manages county facilities within the City.

The City of Laguna Beach manages park facilities through its Public Works Department. The city's Community Services Department manages its recreation programs.

The City of Laguna Hills operates its parks and recreational facilities through its Community Services Department, and maintains the parks through its Public Services Department. Other private community parks provide localized, neighborhood recreation opportunities and are managed by local HOAs.

The City of Laguna Woods operates a 12,000 square foot dog park. However, the park is within the right-of-way for the future widening of Ridge Route Road, and is not



intended to be a permanent park facility. Laguna Woods Village, a master planned senior-only community provides multiple clubhouses and other recreation facilities, including two golf courses, swimming pools, and an equestrian center. Residents of Laguna Woods Village and their guests have access to these facilities.

The Harbors, Beaches, and Parks Department, a division of the Resources Management and Development Department, manage the County's regional parks and local parks in unincorporated area. The County also manages Dana Point Harbor.

Open Space Management

The County's Department of Harbors, Beaches, and Parks is responsible for management of open space areas in unincorporated areas. The department shares resources with other departments within the Resources Development and Management Department, and the County achieves management efficiencies by assigning staff to directly oversee open space areas. The County controls current costs by delaying some maintenance and improvement needs, although costs will likely increase when projects are undertaken in the future. The County stated in the 2004 Business Plan that it would only approve projects for which it has identified funding for the current need and long-term maintenance (if necessary).

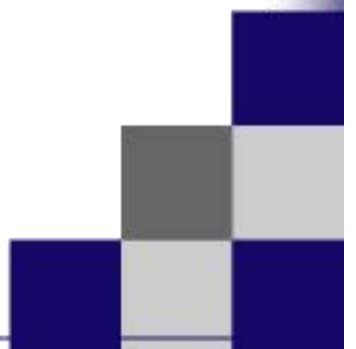
Animal Control Services

The agencies control costs for animal control services through a variety of means, including the use of volunteers. The City of Laguna Beach provides field patrol, and shelter services to the City of Laguna Woods by contract. The County's Animal Care Services is operated through the County Health Care Agency, which allows for resources to be shared within the agency. Dana Point shares a facility with the City of San Clemente, and a non-profit entity – the Pet Project Foundation--provides volunteer and financial support for the shelter.

The County of Orange has identified a new animal shelter site at former MCAS Tustin. The site is a part of the Heritage Fields Specific Plan, on file at the City of Tustin. Based on figures provided by the County of Orange, Lake Forest, Laguna Hills and Aliso Viejo account for 2% of all animals served by the County's facility.



Section 7: GOVERNMENT STRUCTURE OPTIONS





GOVERNMENT STRUCTURE OPTIONS

A. Introduction

The nine determinations required of LAFCO in conjunction with this municipal service review include an examination of government structure options. By law, LAFCO is required to identify the full spectrum of government structure options. Staff has addressed this determination by preparing a list of potential government structure options for each agency as indicated in *Table 7.1*. Each of these options, should they warrant further review, has specific service, political, and economic considerations that could require further detailed evaluation by the Commission and affected agencies prior to implementation.

Advantages that might accrue from the reorganization of agencies include the simplification of boundaries, improved service delivery, and reduction in costs or fees due to economies of scale. Disadvantages from a change in governmental boundaries can include no actual or limited costs savings (or actual loss in revenue), little improvement in service efficiency, loss of local autonomy, and political opposition. Neither the Commission nor the affected agencies are required to adopt or implement any of the options. The Commission is required, however, to adopt a sphere of influence for each agency.



B. Overview

Table 7.1 details the possible government structure options for the study area's cities, special districts, and communities.

TABLE 7.1
Government Structure Options

Cities	Option 1	Option 2	Option 3	Option 4
Aliso Viejo	Maintain status quo	Annex portions of Aliso and Wood Canyons Regional Park	Form JPA with other South County cities to provide police/ambulance services or other regional services	
Dana Point	Maintain status quo	Form JPA with other South County cities to provide police/ambulance services or other regional services		
Laguna Beach	Maintain status quo	Annex portions of Aliso and Wood Canyons Regional Park, Crystal Cove State Park and/or Laguna Coast Wilderness Park	Place Emerald Bay within Laguna Beach SOI and annex; annex remaining portions of unincorporated territory within City's current SOI	Form JPA with other South County cities to provide police/ambulance services or other regional services
Laguna Hills	Maintain status quo	Form JPA with other South County cities to provide police/ambulance services or other regional services		
Laguna Woods	Maintain status quo	Annex 167-acres of former Laguna Laurel project for open space preservation	Form JPA with other South County cities to provide police/ambulance services or other regional services	



TABLE 7.1 (Continued)
Government Structure Options

Cities	Option 1	Option 2	Option 3	Option 4
Lake Forest	Maintain status quo	Annex portions of Whiting Ranch/Limestone Canyon Regional Parks	Form JPA with other South County cities to provide police/ambulance services or other regional services	
El Toro Water District	Maintain status quo	Merge with Moulton Niguel Water District and/or Irvine Ranch Water District	Merge with adjacent cities	Form regional provider of wholesale water services with adjacent water agencies
Laguna Beach County Water District	Maintain status quo	Dissolve subsidiary district and become a department within the City of Laguna Beach	Form regional water provider of wholesale water services with adjacent agencies	
Moulton Niguel Water District	Maintain status quo	Merge with Irvine Ranch Water District and/or El Toro Water District	Merge with adjacent cities	Form regional provider of wholesale water services with adjacent agencies
South Coast Water District	Maintain status quo	Merge with Moulton Niguel Water District	Merge with adjacent cities	Form regional provider of wholesale water services with adjacent agencies
Capistrano Bay Community Services District	Maintain status quo	Dissolve CSD and have services provided by the City of Dana Point	Reorganize CSD boundary to exclude property south of Camino Capistrano	
Emerald Bay Service District	Maintain status quo	Put in SOI of Laguna Beach; dissolve CSD and annex to the City of Laguna Beach	Contract with the City of Laguna Beach for provision of municipal services	



TABLE 7.1 (Continued)
Government Structure Options

Cities	Option 1	Option 2	Option 3	Option 4
Three Arch Bay Community Services District	Maintain status quo	Dissolve CSD and have municipal services provided by the City of Laguna Beach		

C. Special Districts

The four water districts located within the MSR area are providing similar services in adjacent service areas, receive their water from the same source (MWD/MWDOC), and share wastewater-processing facilities. Benefits may accrue from some type of reorganization of the districts in the future. However, at present, the districts appear to have built good working relationships, entered into interagency agreements where necessary, and have jointly funded key regional projects which benefit the customers of all of the water districts in this area. The Community Service Districts addressed within this MSR all provide enhanced municipal services and security within their private residential communities.

El Toro Water District

The sphere of influence for the El Toro Water District (ETWD) is currently coterminous with its service area boundary. ETWD is bordered by the Irvine Ranch Water District to the north, the Laguna Beach County Water District to the west, the Moulton Niguel Water District to the west and south, and the Santa Margarita Water District to the south and east. There is also a small border with the Trabuco Canyon Water district in the north section of the district. ETWD provides service to portions of Aliso Viejo, Mission Viejo, Laguna Hills, and Lake Forest. All of Laguna Woods is served by ETWD. The district serves approximately 50,800 customers within an 8.48 square mile service area.

Several studies have been conducted over the years regarding potential changes to the organization of the ETWD. In September 2000, the Commission approved the consolidation of the Irvine Ranch Water District and the Los Alisos Water District. As part of the consolidation, the Commission imposed a term and condition requiring a study to fully assess and evaluate the feasibility and public benefit of any change in organization affecting ETWD and surrounding agencies. In November 2000, a scope of work was approved by the Commission, and in November 2001 a report ("Evaluation



of Water and Sanitation Service Provision Options – South Orange County”), was completed by the Rosenow Spevacek Group, Inc. In summary, the report concluded that if MNWD and ETWD were consolidated, some level of cost savings or avoidance could be achieved within a period of three years. However, the report also indicated that the actual cost and service level benefit to individual customers of a merged agency, after transition cost expenditures, had not been determined.

In February 2002, at the request of LAFCO, the Moulton Niguel Water District (MNWD) agreed to conduct a reorganization study to address the specific cost issues associated with the potential dissolution of ETWD and the assumption of its service responsibilities by MNWD. In addition, LAFCO requested that MNWD assess the cost and potential benefits associated with the detachment or annexation of the City of Lake Forest portion of the ETWD service area into the Irvine Ranch Water District.

MNWD hired the consulting firm of Local Agency Associates to conduct the study. This study concluded that a consolidated district would likely result in a staff reduction and related savings in salaries, fringe benefits and related costs. However, the projected cost of achieving parity between the two agencies’ retirement plans (\$2.7 million), differing rate structures, and infrastructure costs related to consolidation resulted in the MNWD Board of Directors to unanimously determine not to pursue consolidation with the ETWD at that time. After review of the report and a detailed internal evaluation of the issues, the El Toro Water District Board of Directors reached similar conclusions and determined that the consolidation of the MNWD and the ETWD was not in the best interest of the El Toro Water District ratepayers.

An additional government structure option for the El Toro Water District would be to join with adjacent water agencies in the formation of a regional wholesale water provider to serve portions of south Orange County. Currently, the Municipal Water District of Orange County (MWDOC) is the primary water wholesale agency for all of Orange County. Creation of a wholesale water agency to serve south Orange County may allow that agency to achieve certain cost efficiencies by customizing its services specifically to the needs of certain water retailers.

Laguna Beach County Water District

The Laguna Beach County Water District service boundary is contained within the north and central portions of the City of Laguna Beach. The district serves 22,200 people within an 8.5 square mile area, including Emerald Bay. South Coast Water District provides service to the southern portion of Laguna Beach, south of Nyes Place. The sphere of influence for the Laguna Beach County Water District is currently coterminous with its service area boundary, and is bounded by Laguna Canyon to the



east, the Pacific Ocean to the west, Nyes Place to the south, and the State Park at El Morro to the north.

In 1998, the Commission considered five competing applications involving water provision responsibility to the Laguna Beach/Dana Point area. On September 2, 1998, the Commission approved the establishment of the Laguna Beach County Water District as a subsidiary district of the City of Laguna Beach. Because LBCWD is a subsidiary district, the publicly-elected Laguna Beach City Council members serve as the Board of Directors for the LBCWD, providing local control over the policies and decisions affecting water service to the community. A District Commission is appointed by the Board to serve in an advisory capacity to the Board.

Currently the sphere of influence for the Laguna Beach County Water District is coterminous with its existing service boundaries. As a subsidiary district to the City of Laguna Beach, the Laguna Beach City Council has control over the District's budget, staffing and government structure. One alternative government structure option would be to dissolve the LBCWD and reorganize the district into a separate City department. This change, however, would require review and approval by LAFCO prior to implementation.

In January 1998, the Laguna Beach County Water District and the City of Laguna Beach entered into an agreement which precludes merger of the subsidiary district with the City. LAFCO was not a party to this agreement.

Moulton Niguel Water District

MNWD serves all of Laguna Niguel, a majority of Aliso Viejo, and parts of Laguna Hills, Mission Viejo, Dana Point, and San Juan Capistrano. The sphere of influence for the Moulton Niguel Water District is currently coterminous with its service area boundary. The district serves approximately 165,934 residents and has a service area of approximately 36.5 square miles.

Potential government structure options for MNWD include consolidation with the Irvine Ranch Water District and/or the El Toro Water District. In addition, the district could be divided and portions merged with the cities the district serves: Laguna Niguel, Mission Viejo, Dana Point and San Juan Capistrano. Finally, one additional government structure option for MNWD would be to join with adjacent water agencies in the formation of a regional wholesale water provider to serve portions of south Orange County. Currently, the Municipal Water District of Orange County (MWDOC) is the primary water wholesale agency for all of Orange County. Creation of a wholesale water agency to serve south Orange County may allow that agency to



achieve certain cost efficiencies by customizing its services specifically to the needs of certain water retailers.

South Coast Water District

South Coast Water District serves portions of Laguna Beach (south of Nyes Place), north San Clemente, portions of San Juan Capistrano, the Laguna Sur community in Laguna Niguel, and the City of Dana Point. It is bounded by Laguna Beach County Water District to the north, Moulton Niguel Water District to the east, and the City of San Clemente to the south. The sphere of influence for the South Coast Water District is currently coterminous with its service area boundary. The district serves a population of approximately 40,000 and has a service area of 8.3 square miles.

Potential government structure options for the SCWD include consolidation with the Moulton Niguel Water District. In addition, the district could be divided and portions merged with the cities the district serves: Laguna Beach, San Clemente and Dana Point. Finally, one additional government structure option for SCWD would be to join with adjacent water agencies in the formation of a regional wholesale water provider to serve portions of south Orange County. Currently, the Municipal Water District of Orange County (MWDOC) is the primary water wholesale agency for all of Orange County. Creation of a wholesale water agency to serve south Orange County may allow that agency to achieve certain cost efficiencies by customizing its services specifically to the needs of certain water retailers.

Capistrano Bay Community Services District

The Capistrano Bay Community Services District was formed December 8, 1959. Located within the City of Dana Point, it is bounded by the Pacific Ocean to the west, Pacific Coast Highway to the east, Camino Capistrano to the south, and ends 600 feet north of the Palisades Drive grade crossing. The sphere of influence for the Capistrano Bay Community Services District is currently coterminous with its boundaries.

The district serves 197 homes within the two square mile private community. In meetings with staff, the district General Manager indicated that the CSD boundary extends slightly south of Camino Capistrano beyond the service area of the CSD. The southern CSD boundary should be adjusted to end at Camino Capistrano.

Potential government structure options for Capistrano Bay CSD include dissolution of the CSD with municipal services taken over by the City of Dana Point.

Emerald Bay Service District



The Emerald Bay Service District was formed in November, 1961. The unincorporated Emerald Bay community is bounded by the Pacific Ocean to the west, the City of Laguna Beach to the south, Crystal Cove State Beach and the Laguna Coast Wilderness Park to the north and east. Pacific Coast Highway runs north-south and bisects the community. The CSD serves approximately 1,600 residents in an area of 150 acres. The sphere of influence for the Emerald Bay Service District (EBSD) is currently coterminous with its boundaries.

Potential government structure options include: (1) placing the EBSD with the sphere of influence of Laguna Beach; (2) annexation of the EBSD area to the City of Laguna Beach; and, (3) dissolution of the EBSD with municipal services provided by the City of Laguna Beach.

Three Arch Bay Community Services District

Three Arch Bay Community Services District was formed June 17, 1957. The District is located entirely within the City of Laguna Beach, and is located in the southern portion of the City. Pacific Coast Highway runs north-south through the community. The sphere of influence for the Community Services District is currently coterminous with its boundaries. The CSD serves 1,500 residents in an area of 0.25 square miles.

Potential government structure options for Three Arch Bay CSD include dissolution of the CSD with municipal services taken over by the City of Laguna Beach.

D. Cities

City of Aliso Viejo

The City of Aliso Viejo is surrounded by incorporated cities to the north (Laguna Woods), to the east (Laguna Hills) and to the south (Laguna Niguel). To the west is the unincorporated Aliso and Woods Canyons Wilderness Park. The County of Orange, the County's regional park provider, has indicated a willingness to explore, on a case by case basis, the potential transfer of maintenance and operation of certain regional park facilities to cities. One government structural option for the City of Aliso Viejo is the potential transfer of all or portions of the Aliso and Wood Canyons Wilderness Park.

In FY 2005-2006, the City spent approximately 35 percent of its total revenues on public safety. The City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.



City of Dana Point

The City of Dana Point is surrounded by the Cities of Laguna Beach and San Juan Capistrano to the north, San Clemente to the south and east, and the Pacific Ocean to the west. The Capistrano Beach Community Services District, which provides services to 197 homes within a two-square mile gated community, is located within the City of Dana Point. One potential government structure alternative would be the dissolution of the CSD with services currently provided by the district transferred to the City of Dana Point. There is no interest of behalf of the City or district at this time to explore this option further.

In FY 2005-2006, the City spent approximately 27 percent of its total revenues on public safety. The City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.

City of Laguna Beach

Generally, the City of Laguna Beach is bordered to the south by the City of Dana Point, to the east by the City of Laguna Niguel and the Aliso and Wood Canyons Regional Park, to west by the Laguna Coast Wilderness Park and the Pacific Ocean, and to the north by the Cities of Aliso Viejo and Laguna Woods.

The County of Orange, the County's regional park provider, has indicated a willingness to explore, on a case by case basis, the potential transfer of maintenance and operation of certain regional park facilities to cities. One government structural option for the City of Laguna Beach is the potential transfer of all or portions of the Aliso and Wood Canyons Wilderness Park, Crystal Cove State Park and/or Laguna Coast Wilderness Park to the City.

The unincorporated community of Emerald Bay is bisected by a portion of Pacific Coast Highway which is located within the City of Laguna Beach. One government structure option would be for the City to annex Emerald Bay, dissolve the CSD, and have the City provide services to this area. There is no interest of behalf of the City or Emerald Bay Service District at this time to explore this option further.

City of Laguna Hills

The City of Laguna Hills is completely surrounded by incorporated cities. In FY 2005-2006, the City spent approximately 28 percent of its total revenues on public safety. The City may want to explore the feasibility of forming a joint powers authority with other



South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.

City of Laguna Woods

The City of Laguna Woods is bordered to the north by the City of Mission Viejo, to the west by the City of Aliso Viejo and the south and east by the City of Laguna Hills. The City has indicated to staff that they are in the process of preparing an annexation application for approximately 167 acres of undeveloped territory that was formerly part of the Laguna Laurel project. The property, if annexed by the City, would be preserved as permanent open space.

In FY 2005-2006, the City spent approximately 7 percent of its total revenues on public safety. The City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.

City of Lake Forest

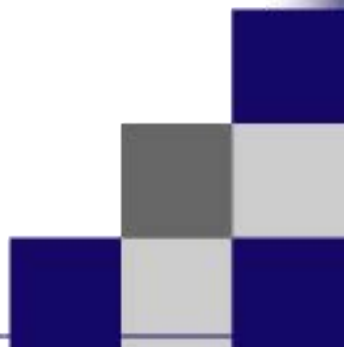
The City of Lake Forest is surrounded by the incorporated cities of Irvine to the west, Laguna Hills and Laguna Woods to the south, Mission Viejo to the east, and the Whiting Ranch/Limestone Canyon Regional Parks to the north. The County of Orange, the County's regional park provider, has indicated a willingness to explore, on a case by case basis, the potential transfer of maintenance and operation of certain regional park facilities to cities. One potential government structural option for the City of Lake Forest is the potential transfer of all or portions of Whiting Ranch/Limestone Canyon Regional Parks from the County to the City.

In FY 2005-2006, the City spent approximately 23 percent of its total revenues on public safety. The City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.



Section 8:

LOCAL ACCOUNTABILITY & GOVERNANCE





LOCAL ACCOUNTABILITY & GOVERNANCE

A. Cities

The local accountability and governance of the cities is meeting the required standards for public agencies, with appropriate elections and public notice of council meetings and actions (*Table 8.1*).

TABLE 8.1
City Governance and Local Accountability

City	# of Council Members	Council Meetings	Website
Aliso Viejo	5	1 st & 3 rd Wednesdays 7 pm	www.cityofaliso Viejo.com
Dana Point	5	1 st & 3 rd Wednesdays 6 pm	www.danapoint.org
Laguna Beach	5	1 st & 3 rd Tuesdays 6 pm	www.lagunabeachcity.net
Laguna Hills	5	2 nd & 4 th Tuesdays 7 pm	www.ci.laguna-hills.ca.us
Laguna Woods	5	3 rd Wednesdays 2 pm	www.lagunawoodscity.org
Lake Forest	5	1 st & 3 rd Tuesdays 7 pm	www.ci.lake-forest.ca.us

Each city is a general law city operating under a council-manager form of government. Members of the city councils are elected at large by registered voters of the city to staggered four-year terms of office. In a council-manager form of government, the city manager makes policy recommendations to the council and in-turn implements policies adopted by the council.

Tables 8.2 to 8.7 detail the current city council members by city, their terms of office, and compensation level.



Aliso Viejo

TABLE 8.2
City of Aliso Viejo

Council Members	Term Expirations	Compensation
Cynthia Adams	November 2010	\$400/mo.
Carmen Cave	November 2010	
Greg Ficke	November 2008	
William Phillips	November 2008	
Donald Garcia (appointed)	November 2008	

Dana Point

TABLE 8.3
City of Dana Point

Council Members	Term Expirations	Compensation
Lara Anderson	November 2008	\$718/mo ⁵¹
Lisa Bartlett	November 2010	
Joel Bishop	November 2010	
Diane Harkey	November 2008	
Steven Weinberg	November 2008	

Laguna Beach

TABLE 8.4
City of Laguna Beach

Council Members	Term Expirations	Compensation
Kelly Boyd	November 2010	\$510/mo.
Jane Egly	November 2008	
Toni Iseman	November 2010	
Cheryl Kinsman	November 2008	
Elizabeth Schneider	November 2010	

⁵¹ Council members also receive a \$275 per month auto allowance and retirement benefits paid by the City in PERS or ICMA's deferred compensation plan.



Laguna Hills

TABLE 8.5
City of Laguna Hills

Council Members	Term Expirations	Compensation
Randal Bressette	November 20, 2010	\$323.66/mo.
Melody Carruth	November 2010	
Joel Lautenschleger	November 20, 2008	
R. Craig Scott	November 20, 2010	
L. Allen Songstad	November 20, 2008	

Laguna Woods

TABLE 8.6
City of Laguna Woods

Council Members	Term Expirations	Compensation
Robert Bauer	November 2008	\$300/mo.
Bert Hack	November 2010	
Robert Ring	November 2010	
Milt Robbins	November 2008	
Brenda Ross	November 2008	

Lake Forest

TABLE 8.7
City of Lake Forest

Council Members	Term Expirations	Compensation
Richard Dixon	November 2010	\$633.33/mo. ⁵²
Peter Herzog	November 2010	
Kathryn McCullough	November 2010	
Marcia Rudolph	November 2008	
Mark Tettemer	November 2008	

B. Special Districts

The local accountability and governance of the districts is meeting the required standards for public agencies, with appropriate elections and public notice of council meetings and actions. *Tables 8.8 to 8.14* summarize the governance and local accountability of each special district with the South County II MSR.

⁵² Council members also sit as directors for the City's Redevelopment Agency and earn \$60 per month.



El Toro Water District

TABLE 8.8
El Toro Water District

Board Meetings: 4th Thursday of each month, 7:30 a.m.			
Board of Directors	Title	Term Expiration	Compensation
Ted F. Martin	President	November 2008	\$189/meeting ⁵³
M Scott Goldman	Vice President	November 2008	
John S. Dudley	Treasurer	November 2008	
William H. Kahn	Board Member	November 2010	
Jerard B. Werner	Board Member	November 2010	

El Toro Water District serves portions of the City of Lake Forest, Aliso Viejo, Mission Viejo and Laguna Hills. The District also serves the entire City of Laguna Woods. Board members serve four-year staggered terms, with the next election to be held November 2008.

The district maintains a website with meeting agendas, master plans, rate information and financial information. The district also provides its service customers with printed updates and holds regular community meetings to receive customer input.

Laguna Beach County Water District

TABLE 8.9
Laguna Beach County Water District

Board Meetings: Quarterly		
Board of Directors	Term Expiration	Compensation
Kelly Boyd	November 2010	None
Jane Egly	November 2008	
Toni Iseman	November 2010	
Cheryl Kinsman	November 2008	
Elizabeth Schneider	November 2010	

The five Board members serving the district are the elected members of the Laguna Beach City Council. Each member's four-year term is staggered, with elections occurring every two years. The next election is November 2008.

⁵³ Compensation includes up to 10 meetings per month.



Laguna Beach County Water District serves the northern section of the City, with the south end being served by South Coast Water District. LBCWD provides both water and wastewater services.

The City is a member of the South Orange County Wastewater Authority (SOCWA), a Joint Powers Authority (JPA). SOCWA manages the sewage treatment facilities shared by all members of the JPA.

There is no website available for the water district. Some wastewater and sewer information is available on the City's website, under the Water Quality department.

Moulton Niguel Water District

TABLE 8.10
Moulton Niguel Water District

Board Meetings: 3rd Thursday of each month, 1:30 p.m.			
Board of Directors	Title	Term Expiration	Compensation *
Lawrence Lizotte	President	November 2010	\$180 per meeting
Richard Fiore	Vice President	November 2008	
Gerald Buck	Vice President	November 2010	
Tony English	Director	November 2010	
Malcolm Jones, Jr.	Director	November 2008	
John Steward	Director	November 2008	
Gary Kurtz	Director	November 2008	

* Per meeting compensation not to exceed ten meetings per month. Board members also have the option to participate in the District's health care benefit program.

The seven Board members serving the district reside in different districts covered by the agency. A candidate must run for a seat in the district in which they live, but all directors are elected by a majority of all voters in all districts. Elections are held every two years. The next election will be held in November 2008 and affects four board seats. The district maintains a website which includes rate information and master plans, but does not post public meeting times, dates or agendas, policies/regulations, or financial documents.



South Coast Water District

TABLE 8.11
South Coast Water District

Board Meetings: 2 nd & 4th Wednesday of each month, 6 p.m.			
Board of Directors	Title	Term Expiration	Compensation *
Dick Dietmeier	President	November 2010	\$190 per meeting
Ingrid McGuire	Vice President	November 2008	
Richard Gardner	Director	November 2010	
Bob Moore	Director	November 2008	
Dick Runge	Director	November 2008	

The five Board members serving the district are elected at large to four-year alternating terms. Elections are held every two years. The district maintains a website and posts public meeting agendas, rate information, master plans, but does not include financial documents.

Capistrano Bay Community Services District

TABLE 8.12
Capistrano Bay Community Services District

Board Meetings: Last Tuesday of each month, 7 p.m.			
Board of Directors	Title	Term Expiration	Compensation *
Jerry Southwick	Director	December 2008	None
Alex Martinez	Director	December 2008	
Bob Bancroft	Director	December 2010	
Lonnie Laster	Director	December 2010	
Kirk Bell	Director	December 2010	

Capistrano Bay Community Services District is located within the City of Dana Point, along Pacific Coast Highway to the east, the Pacific Ocean to the west, Camino Capistrano to the south, and 600 feet to the north of the Palisades Drive grade crossing. There are 197 homes within the district, which was formed in 1959. The District provides street sweeping, street lighting, security, flood control, maintenance, and trash disposal.



The five Board members serving the district are elected at large to four-year alternating terms. Elections are held every two years. The next election will be held in November 2008 and affects two board seats.

The district does not maintain a website.

Emerald Bay Service District

TABLE 8.13
Emerald Bay Service District

Board Meetings:		3rd Wednesday of each month, 5:30 p.m.	
Board of Directors	Title	Term Expiration	Compensation
Norman K. Dolby	President and Treasurer	2008	None
John A. McDermott	Vice President	2010	
Peter Collisson	Director	2010	
William Hart	Director	2008	
Curt Barwick	Director	2010	

The Emerald Bay Service District was formed in 1961. It serves the gated, unincorporated community of Emerald Bay, north of Laguna Beach. The Emerald Bay community is bounded by the Pacific Ocean to the west, Crystal Cove State Beach to the north, Laguna Coast Wilderness to the east, and Laguna Beach to the south. Pacific Coast highway intersects the community. The CSD monitors, manages, and maintains sewer, flood control, fire protection, recreation, and emergency preparedness facilities and services.

The five Board members serving the district are elected by members of the community, and all Directors are past Presidents of the Emerald Bay Community Association. Each Board member serves for a four-year term.

The district maintains a website which contains both homeowner association and community service district information. There is no information pertaining to CSD board meeting times and dates, financials, or master plans available on the website.



Three Arch Bay Community Services District

TABLE 8.14
Three Arch Bay Community Services District

Board Meetings:		4th Thursday of each month, 6:30 p.m.	
Board of Directors	Title	Term Expiration	Compensation
Rhodes Martin	President	November 2008	None
Larry Wilson	Vice President	November 2008	
Scott Davis	Treasurer	November 2008	
Elizabeth Gapp	Secretary	November 2010	
Gary Rubel	Director	November 2010	

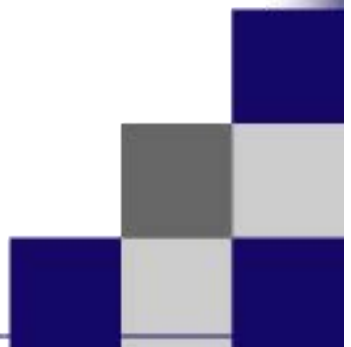
Three Arch Bay Community Services District was formed in 1957. The District maintains the storm drain system and provides security services to the Three Arch Bay Community. Three Arch Bay consists of 500 homes in the south portion of the City of Laguna Beach, bisected by Pacific Coast Highway.

The district does not maintain a website.



Section 9:

SERVICE REVIEW DETERMINATION





SERVICE REVIEW DETERMINATIONS

(1) GROWTH AND POPULATION PROJECTIONS

Growth and population projections for each city and special district in the South Orange County MSR area are given in *Table 9.1*.

TABLE 9.1
MSR Area Growth and Population Projections

Agency	Determination
City of Aliso Viejo	The City is projected to experience an increase of approximately 11,057 residents by the year 2030, an overall increase of 24.6% over 2006.
City of Dana Point	The City of Dana Point is projected to experience an increase of 3,768 residents by the year 2030, an overall increase of 10.3% over 2006.
City of Laguna Beach	The City of Laguna Beach is projected to grow by 1,712 by the year 2030, a 6.85% increase over 2006 estimates.
City of Laguna Hills	By year 2030, the City of Laguna Hills will add 2,608 residents, a 7.84% increase.
City of Laguna Woods	An estimated 1,406 residents will be added will be added to the City of Laguna Woods by year 2030, a 7.66% increase over 2006.
City of Lake Forest	The City of Lake Forest will grow by 5,096 persons by the year 2030, a 6.54% increase from 2006.
El Toro Water District	The District services a population of approximately 50,800 within an 8.48 square mile service area. The service area is largely built-out; no significant increase in service population if anticipated.



TABLE 9.1 (Continued)
MSR Area Growth and Population Projections

Agency	Determination
Laguna Beach County Water District	The District provides water services to approximately 25,000 residents within the City of Laguna Beach and a portion of Crystal Cove State Park. A small population increase of 1,712 is expected within the District's service area by year 2030.
Moulton Niguel Water District	The District's service area comprises an estimated population of approximately 165,918. At build out, the District is projected to serve an additional 1,682 customers, an increase of 1%.
South Coast Water District	South Coast currently serves approximately 40,000 customers within an 8.3 square mile service territory. At build-out, in year 2030, the district is projected to serve approximately 43,000 customers, an increase of 9.3%.
Emerald Bay Service District	The Emerald Bay Service District serves the unincorporated Emerald Bay community. The community is 100% built-out and consists of 542 custom single-family homes. No additional growth is anticipated for the district.
Capistrano Bay Community Services District	The district serves a small, built-out residential enclave of 197 homes; no additional population growth is anticipated for the district.
Three Arch Bay Community Service District	The district serves approximately 1,500 residents within a private residential community; the area is built out and no additional population growth is anticipated for the district's service area.

(2) INFRASTRUCTURE NEEDS AND DEFICIENCIES

No significant infrastructure needs or deficiencies were identified for any of the 13 agencies addressed within this MSR.



(3) FINANCING OPPORTUNITIES AND CONSTRAINTS

Over the last several years, public agencies have experience escalating costs without a compensating increase in revenue, and the required transfer of local money to the state compounded the problem for FYs 2004-2005 and 2005-2006. The uncertainty of local funds for *all* public agencies is a significant financing constraint. Overall, the agencies addressed in this MSR have adequate funds for current service levels (*Table 9.2*).

TABLE 9.2
MSR Area Financing Opportunities and Constraints

Agency	Determination
City of Aliso Viejo	Total revenues for the past five fiscal years have exceeded expenditures; total end of year (FY 05-06) fund balance in excess of \$18.2 million. No significant issues identified.
City of Dana Point	Total revenues for the past five fiscal years have exceeded expenditures; total FY 05-06 fund balance in excess of \$45.9 million. No significant issues identified.
City of Laguna Beach	Total revenues (including special revenue funds) have exceeded expenditures for the past five fiscal years; total FY 05-06 fund balance exceeds \$35 million. No significant issues identified.
City of Laguna Hills	Total revenues have exceed expenditures for the past five fiscal years; total FY 05-06 fund balance in excess of \$13.9 million. No significant issues identified.
City of Laguna Woods	Total revenues for the past five years have exceeded expenditures; total end of year (FY 05-06) fund balance in excess of \$9 million. No significant issues identified.
City of Lake Forest	Total revenues for the past five years have exceeded expenditures; total end of year (FY 05-06) fund balance in excess of \$80 million. No significant issues were identified.
El Toro Water District	Total operating and non-operating revenues have exceeded expenses for the past five fiscal years; total net FY 05-06 assets in excess of \$65 million. No significant issues noted.



TABLE 9.2 (Continued)
MSR Area Financing Opportunities and Constraints

Agency	Determination
Laguna Beach County Water District	Total operating and non-operating revenues have exceeded expenses for four of the last five fiscal years; total net FY 05-06 assets in excess of \$59 million. No significant issues noted.
Moulton Niguel Water District	Total operating revenues, non-operating revenues and capital contributions have exceeded expenses for the last five fiscal years; total net FY 05-06 assets in excess of \$371 million. No significant issues noted.
South Coast Water District	Total operating revenues and non-operating revenues have exceeded expenses for the last five fiscal years; total net FY 05-06 assets in excess of \$123 million. No significant issues identified.
Emerald Bay Service District	Total operating revenues have exceeded expenses for four of the last five fiscal years; total net FY 05-06 assets in excess of \$2.8 million. No significant issues identified.
Capistrano Bay Community Services District	Total operating revenues have exceeded expenses for four for the last five fiscal years; total net FY 05-06 assets in excess of \$1.9 million. No significant issues identified.
Three Arch Bay Community Service District	Total operating revenues have exceeded expenses for four of the last five fiscal years; total net FY 05-06 assets in excess of \$2.6 million. No significant issues identified.

(4) OPPORTUNITIES FOR RATE RESTRUCTURING

No significant issues regarding rate restructuring were identified.



(5) GOVERNMENT STRUCTURE OPTIONS

TABLE 9.3
MSR Area Government Structure Options

Agency	Determination
City of Aliso Viejo	City is surrounded by incorporated cities with the exception of Aliso and Woods Canyon Regional Park and Laguna Coast Wilderness Park located west of the existing city boundaries; consideration may be given to potential transfer of portions of Aliso and Woods Canyon Wilderness Park from the County to the City if management and/or cost efficiencies can be realized. City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.
City of Dana Point	City is surrounded by incorporated cities; City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.
City of Laguna Beach	Potential options include placing the unincorporated community of Emerald Bay within the City's sphere of influence ; annexation of Emerald Bay to the City of Laguna Beach; annexation of remaining portions of unincorporated territory within the City's current sphere of influence ; and transfer of portions of Aliso and Woods Canyon Regional Park and Laguna Coast Wilderness Park from the County to the City if management and/or cost efficiencies can be realized. City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.



TABLE 9.3 (Continued)
MSR Area Government Structure Options

Agency	Determination
City of Laguna Hills	City is surrounded by incorporated cities; City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.
City of Laguna Woods	City is largely surrounded by incorporated cities; City has expressed interest in annexing 167 acres of property currently owned by the Irvine Company to preserve as open space. City staff has indicated that an annexation application will be submitted for LAFCO consideration in the summer of 2007. City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.
City of Lake Forest	City is largely surrounded by incorporated cities with the exception of Whiting Ranch/Limestone Canyon Regional Park located north of the existing city boundaries; consideration may be given to potential transfer of portions of this regional park from the County to the City if management and/or cost efficiencies can be realized. City may want to explore the feasibility of forming a joint powers authority with other South County cities to provide regional services such as law enforcement if cost efficiencies can be achieved.
El Toro Water District	Potential government structure options include: (1) merge with Moulton Niguel Water District and/or Irvine Ranch Water District; (2) merge with adjacent cities; and, (3) form a regional provider of wholesale water services with adjacent water agencies.
Laguna Beach County Water District	District is a subsidiary district of the City of Laguna Beach; potential structure options include dissolution of the district and reorganizing as a city department.



TABLE 9.3 (Continued)
MSR Area Government Structure Options

Agency	Determination
	This change would require review and approval by LAFCO prior to implementation. In January 1998 the Laguna Beach County Water District and the City of Laguna Beach entered into an agreement which precludes merger of the subsidiary district into the City.
Moulton Niguel Water District	Potential government structure options include: (1) merge with El Toro Water District and/or Irvine Ranch Water District; (2) merge with adjacent cities; and, (3) form a regional provider of wholesale water services with adjacent water agencies.
South Coast Water District	Potential government structure options include: (1) merge with Moulton Niguel Water District; (2) merge with adjacent cities; and, (3) form a regional provider of wholesale water services with adjacent water agencies.
Emerald Bay Service District	Government structure options include: (1) placing the CSD within the sphere of influence of Laguna Beach; (2) annexation of Emerald Bay to Laguna Beach; and, (3) dissolution of the CSD with municipal services provided by the City of Laguna Beach.
Capistrano Bay Community Services District	Government structure options include: (1) dissolution of the CSD with municipal services provided by the City of Dana Point; and, (2) reorganization of CSD boundaries to exclude property south of Camino Capistrano.
Three Arch Bay Community Service District	Government structure options include dissolution of the CSD with municipal services provided by the City of Laguna Beach.



(6) LOCAL ACCOUNTABILITY AND GOVERNANCE

No significant issues were identified. All agencies meet the regular standards for public agencies, with regular elections and public notice of council/district elections. All of the cities addressed in this MSR provide strong resident outreach by maintaining active websites, the use of informational mailers, and through televised city council meetings. Similarly, El Toro Water District, Moulton Niguel Water District and South Coast Water District maintain websites which include meeting agendas, rate information and master plans. The Laguna Beach County Water District, a subsidiary district of the City of Laguna Beach, does not maintain a separate website although information on wastewater and sewers is available on the City's website.

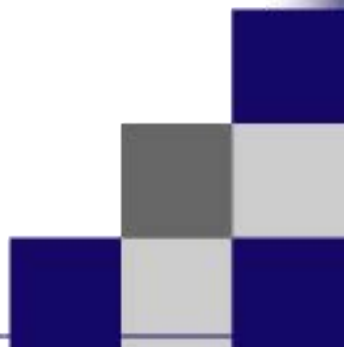
(7-9) OPPORTUNITIES FOR COST AVOIDANCE, MANAGEMENT EFFICIENCIES, SHARED FACILITIES

The agencies currently contract with other public agencies when cost/benefit studies have demonstrated a savings to city by avoiding overhead, infrastructure, and associated management costs. The Cities of Aliso Viejo, Dana Point Laguna Hills, Laguna Woods and Lake Forest, for example, use the Orange County Sheriff Department and the Orange County Fire Authority for police and fire protection services, respectively. These same cities contract for animal control services. All of the agencies addressed in this MSR leverage resources and share facilities in a number of ways, including mutual aid and joint powers agreements as well as shared system capacity. The agencies have also demonstrated, through the adoption of master plans and other long-range plans, a focus on controlling costs and improving management efficiencies.



Section 10:

SPHERE OF INFLUENCE UPDATES





SPHERE OF INFLUENCE UPDATES

LAFCO is charged with adopting a sphere of influence (SOI) for each city and special district within the county. A sphere of influence is a planning boundary that designates the agency's probable future boundary and service area. Spheres are planning tools used by LAFCO to provide guidance for individual proposals involving jurisdictional changes. Spheres ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands. The Cortese-Knox-Hertzberg (CKH) Act requires LAFCO to develop and determine a sphere of influence for each local governmental agency within the county and to review each agency's SOI every five years. In determining the SOI, LAFCO must address the following sphere determinations:

1. Present and planned land uses in the area, including agricultural and open-space lands;
2. Present and probable need for public facilities and services in the area;
3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide; and
4. Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.

The following table addresses each of the four determinations for the 13 agencies addressed in this MSR. As noted previously, no changes to the agencies' current SOIs are recommended at this time, with the exception of a small boundary adjustment to the Capistrano Bay Community Services District SOI discussed in *Table 10.1*.



TABLE 10.1
SOI Updates

Agency	Category	Determination
City of Aliso Viejo	<p>Present and planned land uses in the area, including agricultural and open-space lands.</p> <p>Present and probable need for public facilities and services in the area.</p> <p>Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.</p> <p>Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.</p>	<p>The City of Aliso Viejo contains approximately 6.9 square miles, combining residential, commercial, industrial, recreational and open space uses.</p> <p>The City of Aliso Viejo is projected to grow to approximately 55,981 people from its current population of approximately 45,000 residents and will require a broad range of municipal services.</p> <p>Local services and facilities within the City are adequately planned to meet the ultimate build-out population of the City.</p> <p>None have been identified.</p> <p>Recommendation: Reconfirm City's existing SOI which is conterminous with existing jurisdictional boundaries.</p>
City of Dana Point	<p>Present and planned land uses in the area, including agricultural and open-space lands.</p> <p>Present and probable need for public facilities and services in the area.</p> <p>Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.</p>	<p>The City of Dana Point contains approximately 6.5 square miles, combining residential, commercial, industrial, recreational and open space uses.</p> <p>The City of Dana Point is projected to grow to 40,437 by year 2030 from its current population of 36,659 and will require a wide range of municipal services.</p> <p>Local services and facilities within the City are adequately planned to meet the ultimate build-out population of the City.</p>



TABLE 10.1 (Continued)
SOI Updates

Agency	Category	Determination
	Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.	None have been identified. Recommendation: Reconfirm City's existing SOI which is conterminous with existing jurisdictional boundaries.
City of Laguna Beach	<p>Present and planned land uses in the area, including agricultural and open-space lands.</p> <p>Present and probable need for public facilities and services in the area.</p> <p>Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.</p> <p>Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.</p>	<p>The City of Laguna Beach contains approximately 9.1 square miles, combining residential, commercial, industrial, recreational and open space uses.</p> <p>The City of Laguna Beach is projected to grow to 26,675 by year 2030 from its current population of 24,963 and will require a wide range of municipal services.</p> <p>Local services and facilities within the City are adequately planned to meet the ultimate build-out population of the City.</p> <p>None have been identified.</p> <p>Recommendation: Reconfirm City's existing SOI.</p>
City of Laguna Hills	<p>Present and planned land uses in the area, including agricultural and open-space lands.</p> <p>Present and probable need for public facilities and services in the area.</p>	<p>The City of Laguna Hills includes 6.6 square miles, combining residential, commercial, industrial, recreational and open space uses.</p> <p>The City of Laguna Hills is projected to grow to 35,833 by year 2030 from its current population of 33,225 and will require a wide range of municipal services.</p>



TABLE 10.1 (Continued)
SOI Updates

Agency	Category	Determination
	Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.	Local services and facilities within the City are adequately planned to meet the ultimate build-out population of the City.
	Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.	None have been identified. Recommendation: Reconfirm City's existing SOI which is conterminous with existing jurisdictional boundaries.
City of Laguna Woods	<p>Present and planned land uses in the area, including agricultural and open-space lands.</p> <p>Present and probable need for public facilities and services in the area.</p> <p>Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.</p>	<p>The City of Laguna Woods includes 4 square miles, combining residential, commercial, recreational and open space uses. City is planning to submit an application for the annexation of approximately 167 acres for permanent open space use. Application is anticipated to be filed with LAFCO in summer/fall of 2007.</p> <p>The City of Laguna Woods is projected to grow to 19,740 by year 2030 from its current population of 18,340 and will require a wide range of municipal services.</p> <p>Local services and facilities within the City are adequately planned to meet the ultimate build-out population of the City.</p>



TABLE 10.1 (Continued)
SOI Updates

Agency	Category	Determination
	Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.	None have been identified.
		Recommendation: Reconfirm City's existing SOI which is conterminous with existing jurisdictional boundaries; place proposed 167-acre open space annexation into a LAFCO study area pending receipt of annexation/sphere of influence amendment application from City.
City of Lake Forest	<p>Present and planned land uses in the area, including agricultural and open-space lands.</p> <p>Present and probable need for public facilities and services in the area.</p> <p>Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.</p> <p>Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.</p>	<p>The City of Lake Forest includes 16.6 square miles, combining residential, commercial, industrial, recreational and open space uses.</p> <p>The City of Lake Forest is projected to grow to 82,955 by year 2030 from its current population of 77,859 and will require a wide range of municipal services.</p> <p>Local services and facilities within the City are adequately planned to meet the ultimate build-out population of the City.</p> <p>None have been identified.</p> <p>Recommendation: Reconfirm City's existing SOI which is conterminous with existing jurisdictional boundaries.</p>



TABLE 10.1 (Continued)
SOI Updates

Agency	Category	Determination
El Toro Water District	Present and planned land uses in the area, including agricultural and open-space lands.	The El Toro Water District provides water and sewer service to the City of Laguna Woods and parts of Lake Forest, Mission Viejo, Laguna Hills and Lake Forest. The District's territory includes residential, commercial, industrial and open space land uses.
	Present and probable need for public facilities and services in the area.	The District serves a population of approximately 50,800 within an 8.3 square mile area. The service area is largely built-out; no significant population increases are projected.
	Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.	District services and facilities are adequately planned to meet the ultimate build-out of the service area.
	Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.	None have been identified.
		Recommendation: Reconfirm District's existing SOI which is conterminous with current District boundaries.
Laguna Beach County Water District	Present and planned land uses in the area, including agricultural and open-space lands.	The District provides water service to the City of Laguna Beach and a portion of Crystal Cove State Park. The District's territory includes the full range of land uses, including residential, commercial, industrial and open space.
	Present and probable need for public facilities and services in the area.	The District currently serves approximately 25,000 residents. A small population increase of 1,712 is expected within the District's service area by year 2030.



TABLE 10.1 (Continued)
SOI Updates

Agency	Category	Determination
	<p>Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.</p> <p>Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.</p>	<p>Local services and facilities within the District are adequately planned to meet the ultimate build-out population of the District.</p> <p>None were identified.</p>
		Recommendation: Reconfirm District's existing SOI which is conterminous with current District boundaries.
Moulton Niguel Water District	<p>Present and planned land uses in the area, including agricultural and open-space lands.</p> <p>Present and probable need for public facilities and services in the area.</p> <p>Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.</p> <p>Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.</p>	<p>The District provides water and sewer service to the Cities of Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo and Dana Point. The District's territory includes the full range of land uses, including residential, commercial, industrial and open space.</p> <p>The District currently serves approximately 165,918 customers. At build-out, the District is projected to serve an additional 1,682 residents.</p> <p>Local services and facilities within the District are adequately planned to meet the ultimate build-out population of the District.</p> <p>None were identified.</p> <p>Recommendation: Reconfirm District's existing SOI which is conterminous with current District boundaries.</p>



TABLE 10.1 (Continued)
SOI Updates

Agency	Category	Determination
South Coast Water District	Present and planned land uses in the area, including agricultural and open-space lands.	The District provides water and sewer service to the Cities of Dana Point, Laguna Beach and San Clemente. The District provides sewer serviced to the cities of San Juan Capistrano and Laguna Niguel. The District's territory includes the full range of land uses, including residential, commercial, industrial and open space.
	Present and probable need for public facilities and services in the area.	The District currently serves approximately 40,000 customers. At build-out, the District is projected to serve an additional 3,000 residents.
	Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.	Local services and facilities within the District are adequately planned to meet the ultimate build-out population of the District.
	Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.	None were identified.
		Recommendation: Reconfirm District's existing SOI which is conterminous with current District boundaries.
Emerald Bay Service District	Present and planned land uses in the area, including agricultural and open-space lands.	The District serves the unincorporated Emerald Bay community which consists of 542 custom homes and ancillary recreation facilities.
	Present and probable need for public facilities and services in the area.	Emerald Bay is 100 percent built-out.
	Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.	Local services and facilities within the District are adequately planned to meet the current and projected needs of the community.



TABLE 10.1 (Continued)
SOI Updates

Agency	Category	Determination
	Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.	None were identified.
		Recommendation: Reconfirm District's existing SOI which is conterminous with current District boundaries.
Capistrano Bay Community Services District	Present and planned land uses in the area, including agricultural and open-space lands.	The District serves a gated, residential community of 197 homes. The area is exclusively residential in nature.
	Present and probable need for public facilities and services in the area.	The Capistrano Bay community is 100 percent built-out; no additional growth is projected.
	Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.	Local services and facilities within the District are adequately planned to meet the current and projected needs of the community.
	Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.	None were identified.
		Recommendation: District boundary extends slightly south of Camino Capistrano which is not served by the District. Delete this portion from the District's sphere and direct staff to return with a reorganization of District boundaries to be consistent with revised sphere of influence.
Three Arch Bay Community Services District	Present and planned land uses in the area, including agricultural and open-space lands.	The District provides security and storm drain services to a community of 500 homes. The area is exclusively residential.
	Present and probable need for public facilities and services in the area.	Three Arch Bay is 100 percent built-out; no additional growth is projected.



TABLE 10.1 (Continued)
SOI Updates

Agency	Category	Determination
	Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.	Local services and facilities within the District are adequately planned to meet the current and projected needs of the community.
	Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.	None were identified.
		Recommendation: Reconfirm District's existing SOI which is conterminous with current District boundaries.