



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Peter Kampa, General Manager

DATE: April 9, 2024

SUBJECT: Agenda Item 6B: Discussion and Board Direction Regarding the District's Position on the Orderly Extension of Water and/or Sewer Services to New Development Projects, to Properties with Failed Groundwater Wells and/or Failed Septic Systems

RECOMMENDED ACTION:

This item is intended for Board discussion only at this time, and to determine if there is any board direction regarding policy creation or amendment, addressing County policy, or any concerns to be addressed.

BACKGROUND:

This agenda item is the result of a brief discussion held at a recent board meeting, related to an item contained within the General Manager's monthly report. It was requested that this item be returned as an agenzized item for further discussion.

Currently, district management spends nearly a third of its time planning and strategizing to avoid negative impacts on district services caused by county land use decisions, that are made without considering input from the district. In addition, the laws of the state require that the need for municipal services within an area be considered when LAFCO conducts a sphere of influence study. The need for municipal services upon development of the numerous recent resort projects located outside of the district boundaries, was not adequately considered in the most recent sphere of influence study and municipal service review for the district. The County General Plan, Zoning and other land use policies allow for this type of development, and do not require coordination with any other local service provider.

Most recently, the County has received applications for two additional resort and lodging projects being planned just outside the District Boundaries and its Sphere of Influence (SOI). The location of these projects relative to the district's water system and its boundaries, are shown in the attached image. As you will recall, the Tuolumne County LAFCO is responsible to review and establish a SOI for the District every five years. The primary purpose for this evaluation is to ensure the proper and orderly provision of municipal services to developing areas. The District's most recent SOI Study, completed in April 2022, addressed the demand for District Fire and Emergency Services outside of its boundaries and SOI, but did not necessarily address the relatively high water and sewer demands of these recently approved and future planned resort projects, and whether or not District services should be extended. In fact, LAFCO was not in any way notified, or involved in the decision to approve projects, to which there was no local service provider.

One of the difficulties with the County Planning and Development process, is that the District is not actively engaged in the preliminary planning, primarily because the projects are located outside

of the District Boundaries and the County simply does not seek our input as the local service provider. In addition, project developers have been more inclined to have their project approved using private groundwater wells and large septic systems, rather than extending the District municipal services. This is likely driven by the fact that they are not required to do so by County policy, and the District has no influence on that decision due to their location outside of our boundaries. This disconnection with the land use planning process causes situations like we have seen with two recent projects seeking County approval, where extension of District water service should have been required. The larger of the two projects, Firefall Ranch, has a very high water and sewer demand due to its ultimately planned 110 cabins, 18,000 square foot Resort Lodge, Restaurant and Brewery.

The only influence the District really has enforcing a connection to the public water system, is in its response to the State Water Board. State Law requires that Commercial Projects such as these lodges seek to connect to an adjacent public water system, rather than creating a new permitted water system. Firefall Ranch was required by the state to determine the feasibility of connection to the District's water system prior to receiving building permits from the County. When they reached out to the District in 2020, their proposed project contained 55 villas, a main lodge, a pool/spa area with a snack bar, a restaurant/bar, brewery, and a barn. The property owner called the District to request a "will NOT serve letter" so that he could permit the project using groundwater wells and a septic system. The owner also conveyed to the District "We are in the process of trying to make some minor adjustments to the conditional use permit, however for our planning purposes there are no significant changes (to the 55 villa plan above) we are seeking at this time".

In our 2020 evaluation of the 55 villa plan and owner's assurance that no changes are planned for the project, it was determined that the cost of the installation of about two and a half mile water main exceeded the benefit received by the project. Even though the District could have required connection and annexation, we responded that due to cost, the project was not feasible. Construction of the project began in 2021 and is planned for occupancy this spring.

Then, two months ago, we receive a Stakeholder Notification from the County regarding a proposal to double the number of cabins, add the brewery, convert buildings for public use, and add other commercial uses on an adjacent parcel connected to Firefall Ranch. Had this proposal been conveyed to us in the beginning, extension of the water system would have made economic sense and would have been required by the District to ensure the project had a long term, reliable water supply. In addition, several months ago, another lodging project was proposed outside the District Boundary and SOI, in a location that could have very efficiently received water service from the District, had a water main been extended to the Firefall Ranch. It should also be noted that several recent private groundwater well failures occurred in the area where this new water main would have been located.

In a normal service planning scenario, for projects such as these requiring consistent, high quality municipal services, the Land Use Planning Authority, District, and Project Developer would have sat down during preliminary planning, to determine the most cost effective and long-term beneficial means of providing all the services needed to the projects and adjacent parcels. This District engagement process needs to become county land use policy. In addition, the District's SOI study and Municipal Service Review in the future must consider the high service demand of these projects, and GCSD boundaries adjusted or new districts formed to provide services to these important economic engines.

All this said, considering that we are operating short staffed and with maximum workload, staff seeks direction on whether we should pursue any, all or a combination of the following:

- Not be concerned as these projects are located outside the GCSD boundaries and SOI, and when they need services in the future, they can petition the District
- Pursue changes to County Land Use Policy to promote connection to public water and sewer, advance engagement of service providers and determination/agreement between the service providers and County of how services will be provided
- Request that LAFCO conduct a SOI update for the District to determine how services can most efficiently be provided to the multiple resort and commercial properties

ATTACHMENTS:

1. Image showing GCSD boundary and water system, and project locations
2. Firefall Stakeholder Notification (Hyperlink only)
3. Sprague Road East Stakeholder Notification (Hyperlink only)