ORDINANCE NO. 200

ORDINANCE OF THE VALLECITOS WATER DISTRICT
ESTABLISHING POLICIES, CONDITIONS AND FEES IN CONNECTION WITH
ANNEXATIONS TO OR DETACHMENTS FROM THE DISTRICT AND
TO OR FROM THE SEWER IMPROVEMENT DISTRICT
AND RESCINDING ORDINANCE NOS. 153 & 196

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE VALLECITOS
WATER DISTRICT AS FOLLOWS:

SECTION 1: The Board of Directors finds and determines that the following facts
are true and correct:

SECTION 1.1: From time to time Property may be annexed to or
detached from the Vallecitos Water District (District) and Sewer Improvement District(s).

SECTION 1.2: The District desires to update its established policy,
rules, and regulations for the orderly annexation of or detachment of lands from the
District's service boundaries.

SECTION 1.3: The District wishes to ensure that additions to its
service area are properly accounted for, and that expansion of service to or facilities for
service to added territory shall not cause a hardship to existing customers of the District.

SECTION 1.4: The District wishes to establish and set fees for
annexation and detachment of lands that are reasonable in scope, and non-
discriminatory in application.

SECTION 2: POLICIES AND CONDITIONS

SECTION 2.1: An annexation to or detachment from the District or
Sewer Improvement District may be initiated by written petition from a landowner or
landowner's representative, or by the Board.

SECTION 2.2: Annexations and detachments shall comply with the
California Environmental Quality Act (CEQA), applicable law (Cortese/Knox Act) and
District guidelines and procedures.

SECTION 2.3: For annexations to the District, the Board shall
require, as a condition of annexation, that the land be annexed concurrently to the San
Diego County Water Authority and to the Metropolitan Water District of Southern
California, and that the annexation shall be subject to all conditions established by said
agencies; provided, however, that this condition shall not be required for an agency
which the land is already a part.

SECTION 2.4: For annexations into a Sewer Improvement District,
the Board shall require, as a condition of annexation, that the property also be annexed
into the District, if it is not currently within the District, and that the annexation shall be
subject to all conditions established by the Board.
SECTION 2.5: For Annexations to Sewer Improvement District "A", where water service is provided by another agency, the Board shall require, as a condition of annexation, that the property be concurrently annexed into the District, if not currently within the District, and that the annexation shall be subject to all conditions established by the Board. Upon completion of the annexation, the property shall be subject to taxation for the purposes of the Sewer Improvement District as identified in Section 3 (3.2b) of this ordinance. However, the property shall be exempt from taxation associated with the District identified in Section 3 (3.1b).

SECTION 2.6: The applicant shall provide to the District's staff, at the time the letter of request for annexation or detachment is submitted, all plat maps, legal description(s) and any other documents that the District's staff deems pertinent or necessary in connection with the annexation or detachment.

SECTION 2.7: All annexations or detachments shall be subject to the condition that the deposit for administrative expenses provided for in Section 4 of this Ordinance shall be paid at the time the request for consideration is made.

SECTION 2.8: All annexations or detachments shall also include such terms and conditions as the Board may deem appropriate in their sole discretion, as well as those that may otherwise be required by law.

SECTION 2.9: In the case of annexation to the District, the Board shall require as a condition of annexation that all water distribution and storage facilities, required for the delivery of water to the annexed land shall be provided by the proponent without cost to the District, and that the District shall be under no obligation to provide any improvements or service if the facilities are not completed and accepted.

SECTION 2.10: In the case of annexation to the Sewer Improvement District, the Board shall require as a condition to annexation that all sewerage facilities required for the collection, conveyance, treatment and disposal of sewer from the annexed land to the District shall be provided by the proponent without cost to the District, and that the District shall be under no obligation to provide any improvements or service if the facilities are not completed and accepted.

SECTION 2.11: All annexations shall be subject to the condition that the land affected by the annexation shall be subject to taxation, by the payment of the annexation fee provided for in Section 4 of this Ordinance, as if the land had always been a part of the District and Improvement District to which it is being annexed.

SECTION 2.12: All annexations shall be subject to the condition that the annexed land shall be subject to the applicable ordinances, resolutions and other rules and regulations of the District in effect, amended or adopted on, and after the date of final Board approval.

SECTION 2.13: For all annexations and detachments, any and all non-contiguous open space easements and dedications, developable lands, vacant lands, easements and road rights of way within the proposed development, parcel map or subdivision map shall be included in the annexation or detachment of lands to or from
the District or Sewer Improvement District. This may include separate parcels of land that are within the limits of the proposed development or subdivision map. Contiguous open space dedications, or parts thereof, may, in the discretion of the General Manager be excluded from annexation to the District or Sewer Service area, provided the land: (1) does not create islands of dedicated open spaces within the project area or District boundaries and (2) will not require water or sewer service from the District.

**SECTION 2.14:** District will not defend any action contesting an annexation or detachment, and shall leave such defense to the owner of the land affected by the annexation or detachment.

**SECTION 2.15:** Unless otherwise provided by law, an annexation or detachment shall terminate on the first to occur of:

(a) Date of delivery to the District of applicants (or petitioner’s) written notice of termination.

(b) Board action terminating the annexation or detachment when the Board determines, in its sole discretion, that good cause exists for such termination, or the approval period identified in the conditions of annexation or detachment has expired.

**SECTION 3: ANNEXATION AND DETACHMENT DETERMINATIONS**

**SECTION 3.1:** The following determinations by the Board shall be required in the case of annexation to District:

(a) That the land proposed to be annexed will be benefited thereby, and that the District will also be benefited and will not be injured.

(b) That after the annexation, the taxable property in the annexed area shall be subject to taxation for the purposes of the District, including obligations of the District authorized and outstanding at the time of the annexation and any future obligations.

**SECTION 3.2:** The following determinations by the Board shall be required in the case of detachment from the District:

(a) That the land proposed to be detached will be disassociated from its benefits, and that the District will not be impacted and will not be injured.

(b) That after the detachment, the taxable property in the detached area shall not be subject to taxation for the purposes of the District.
(c) That upon detachment, the property owner waives and relinquishes all rights, claims and entitlements to capacity within any of the District’s water facilities

SECTION 3.3: The following determinations by the Board shall be required in the case of annexation to the Sewer Improvement District:

(a) That the land proposed to be annexed will be benefited thereby, and that the Sewer Improvement District will also be benefited and will not be injured.

(b) That after the annexation, the taxable property in the annexed area shall be subject to taxation thereof for the purposes of the Sewer Improvement District, including obligations of the Sewer Improvement District authorized and outstanding at the time of the annexation and any future obligations.

SECTION 3.4: The following determinations by the Board shall be required in the case of detachment from the Sewer Improvement District:

(a) That the land proposed to be detached will be disassociated from its benefits, and that the affected Sewer Improvement District will not be impacted thereby and will not be injured.

(b) That after the detachment, the taxable property in the detached area shall not be subject to taxation for the purposes of the Sewer Improvement District.

(c) That upon detachment, the property owner waives and relinquishes all rights, claims and entitlements to capacity within any of the District’s wastewater facilities.

SECTION 4: ADMINISTRATIVE, ANNEXATION AND DETACHMENT CHARGES

SECTION 4.1: Deposit for Administrative Expenses. It is the policy of the Board to recover all expenses incurred by the District in connection with annexations or detachments. A deposit for administrative expenses is required to be paid to the District at the time of application or petition for annexation or detachment of property based upon the following:

<table>
<thead>
<tr>
<th>Land Area</th>
<th>Deposit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 10 acres</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>10 – 50 acres</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Over 50 acres</td>
<td>$3,000.00</td>
</tr>
</tbody>
</table>

The deposit will be used by the District to recover all costs of District’s staff, legal counsel, engineer, and other professional services required to process the annexation or detachment, including administrative overhead costs. Additional deposits, of an
amount determined by the District, may be required when the initial deposit is drawn down. Any fees due the District shall be paid in full prior to final Board action. Any deposit amount received in excess of the District’s total expenses incurred in connection with the annexation or detachment, shall be refunded by the District within thirty (30) days after the conclusion of the annexation or detachment, whether by final approval or by termination. Deposit amounts may be adjusted from time to time at the sole discretion of the District General Manager.

SECTION 4.2: Annexation fee. It is the policy of the Board to require that a landowner whose land is being annexed pay a fair and equitable share of the value of the District or Sewer Improvement District to which the land is being annexed.

The annexation fee per acre for Water District annexations equals the total net assets of the District’s water segment as noted in the most recent audited Annual Financial Report, divided by total acres within the Water District boundaries as of the last day of the fiscal year of the most recent audited Financial Report. As of the date of this Ordinance, the most recent audited Annual Financial Report accepted by the Board is for the Year Ended June 30, 2007, and the water annexation fee is $5,010 per acre annexed, calculated as follows:

\[
\text{Total net assets – water segment} \quad $136,301,685 \\
\text{Divided by} \\
\text{Total District acres} \quad 27,208
\]

The annexation fee per acre for Sewer Improvement District annexations equals the total net assets of the District’s sewer segment as noted in the most recent audited Annual Financial Report, divided by total acres within the Sewer Improvement District boundaries as of the last day of the fiscal year of the most recent audited Financial Report. As of the date of this Ordinance, the most recent audited Annual Financial Report accepted by the Board is for the Year Ended June 30, 2007, and the sewer annexation fee is $6,809 per acre annexed, calculated as follows:

\[
\text{Total net assets – sewer segment} \quad $99,128,440 \\
\text{Divided by} \\
\text{Total Sewer Improvement District acres} \quad 14,558
\]

Changes in annexation fees will be effective the date the Board accepts the audited Annual Financial Report. Partial acres shall be pro-rated as a percentage of a whole acre.

SECTION 4.3: Detachment fee. It is the policy of the Board to require that a landowner whose land is being detached pay a pro-rated and equitable share of the non-current bonded indebtedness, including outstanding Certificates of Participation, or any outstanding assessments which have been identified for the land.

The detachment fee per acre for Water District detachments equals the total non-current bonds, certificates of participation, and assessments outstanding of the District’s water segment as noted in the most recent audited Annual Financial Report, divided by total acres within the Water District boundaries as of the last day of the fiscal year of the
most recent audited Financial Report. As of the date of this Ordinance, the most recent audited Annual Financial Report accepted by the Board is for the year ended June 30, 2007, and the water detachment fee is $1,529 per acre detached, calculated as follows:

\[
\begin{align*}
\text{Total non-current liabilities - water} & \quad 41,603,946 \\
\text{Divided by} & \\
\text{Total District acres} & \quad 27,208
\end{align*}
\]

The detachment fee per acre for Sewer Improvement District detachments equals the total bonds, certificates of participation, and assessments outstanding of the District's non-current sewer segment as noted in the most recent audited Annual Financial Report, divided by total acres within the Water District boundaries as of the last day of the fiscal year of the most recent audited Financial Report. As of the date of this Ordinance, the most recent audited Annual Financial Report accepted by the Board is for the year ended June 30, 2007, and the sewer detachment fee is $1,531 per acre detached, calculated as follows:

\[
\begin{align*}
\text{Total non-current sewer liabilities} & \quad 22,288,420 \\
\text{Divided by} & \\
\text{Total Sewer Improvement District acres} & \quad 14,558
\end{align*}
\]

Changes in detachment fees will be effective the date the Board accepts the audited Annual Financial Report. Partial acres shall be pro-rated as a percentage of a whole acre.

**SECTION 5: TERMS AND CONDITIONS**

**SECTION 5.1:** Severability. The Board of Directors hereby declares that should any section, paragraph, sentence, or word of this Ordinance be declared for any reason to be invalid, it is the intent of the Board that it would have passed all other portions of this Ordinance independent of the elimination here from of any such portions as may be declared invalid.

**SECTION 5.2:** Venue. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Ordinance, venue shall lie in the Federal or State courts in or nearest to the North County Judicial District, County of San Diego, and State of California.

**SECTION 5.3:** Repeal of conflicting Ordinances and Resolutions. All former Ordinances and Resolutions and parts thereof conflicting or inconsistent with the provisions of this Ordinance are hereby repealed.

**SECTION 5.4:** Effective date. This Ordinance shall take effect and be in force and effect on March 5, 2008.

**SECTION 5.5:** This Ordinance shall be published once in a newspaper of general circulation within the District within ten days of its adoption.
THIS ORDINANCE PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors of the Vallecitos Water District this 3rd day of August, 2016, by the following roll call vote:

AYES: ELITHARP, EVANS, HERNANDEZ, MARTIN, SANNELLA
NOES:
ABSTAIN:
ABSENT:

[Signature]
Michael A. Sannella, President
Board of Directors
Vallecitos Water District

Attest:

[Signature]
Tom Scaglione, Secretary
Board of Directors
Vallecitos Water District