

Contra Costa County Water and Wastewater Agencies

**Combined Municipal Service Review
and Sphere of Influence Study
(2nd Round)**

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Contra Costa Local Agency Formation Commission
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PREPARED FOR:

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I. EXECUTIVE SUMMARY

The *Combined Municipal Service Review and Sphere of Influence Study (2nd Round)* focuses on the 29 agencies (eight cities, 20 special districts and one private water company) that provide water and/or wastewater services within Contra Costa County (County). California state law authorizes Local Agency Formation Commissions (LAFCOs) within each county to establish boundaries and spheres of influence (SOIs) for cities and special districts under their purview and to authorize the provision of services within the approved service areas. The 29 cities, special districts and water company considered in this Municipal Service Review (MSR) are listed in **Table I-1**, below:

Table I-1, Agency List

AGENCIES	WATER/WASTEWATER SERVICES
<i>Cities</i>	
City of Antioch	Water/Wastewater
City of Brentwood	Water/Wastewater
City of Concord	Wastewater
City of Hercules	Wastewater
City of Martinez	Water
City of Pinole	Wastewater
City of Pittsburg	Water/Wastewater
City of Richmond	Wastewater
<i>Special Districts</i>	
Bryon Bethany Irrigation District	Water
Bryon Sanitary District	Wastewater
Castle Rock County Water District	Water
Central Contra Costa Sanitary District	Wastewater
Contra Costa Water District	Water
County Sanitation District No. 6	Wastewater
County Service Area M-28	Water
Crockett Community Services District	Wastewater
Delta Diablo	Wastewater
Diablo Water District	Water
Dublin San Ramon Services District	Water/Wastewater
East Bay Municipal Utility District	Water/Wastewater
East Contra Costa Irrigation District	Water
Ironhouse Sanitary District	Wastewater
Knightsen Community Services District	Water
Mt. View Sanitary District	Wastewater
Rodeo Sanitary District	Wastewater
Stege Sanitary District	Wastewater
Town of Discovery Bay Community Services District	Water/Wastewater
West County Wastewater District	Wastewater
<i>Private Water Company</i>	
Golden State Water Company	Water

Municipal Service Review Determinations

Contra Costa LAFCO (CC LAFCO) is required to conduct periodic reviews of each service provider, and to adopt determinations addressing current service levels and the ability of each agency to continue to provide adequate services into the future. Specifically, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that CC LAFCO review municipal services before updating SOIs, and to prepare a written determination addressing each of the following:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

The MSR process does not require CC LAFCO to initiate changes of organization based on service review findings. It only requires that CC LAFCO make determinations regarding the provision of public services per Government Code Section 56430. MSRs are not subject to the provisions of the California Environmental Quality Act (CEQA) because they are only feasibility or planning studies for possible future action that CC LAFCO has not approved (California Public Resources Code Section 21150). The ultimate outcome of conducting a service review, however, may result in CC LAFCO taking discretionary action on a change of organization or reorganization, or agencies initiating changes on their own.

Sphere of Influence Determinations

Based on the analysis included in the MSR, SOI boundaries were also reviewed for each of the special districts. City SOIs will be reviewed at a later time and are not within the scope of this MSR. CC LAFCO is required to make the following written determinations in accordance with Government Code Section 56425(i) and (j) when establishing, amending, or updating an SOI for any local agency that address the following:

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

5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.
6. When adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.
7. When adopting, amending, or updating a sphere of influence for a special district, the commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

MSR Approach and Review Opportunities

A collaborative approach has been used throughout the preparation of this MSR. Multiple opportunities were provided for input from public agencies. Initially, draft statistical profiles of each agency were developed and provided to each agency and CC LAFCO for review and comment during December 2013 and January 2014. Throughout February 2014, individual Draft agency reports were completed and distributed to each agency and CC LAFCO (including MSR and SOI determinations, where applicable) for additional review and comment.

Distribution of the Public Review Draft of the MSR-SOI Study, which incorporated all agency and CC LAFCO comments received to date, provided another opportunity for public agencies, CC LAFCO and the general public to review and comment on the MSR-SOI Draft report. A Final Draft MSR-SOI Study was completed in April 2014 which allowed a fourth opportunity for affected agencies to review and provide comments. In addition, public hearings were conducted by CC LAFCO to consider the Draft and Final versions of the MSR-SOI Study, allowing additional opportunities for comment before the Commission.

City and Special District Summaries

The following provides an overview of the recommended MSR determinations (and SOI findings where applicable) on an agency-by-agency basis:

City of Antioch: The City of Antioch's (City) existing population of 105,117 is expected to grow by 10.5 percent to 116,592 by 2030. The City provides both water treatment/distribution and wastewater collection services to City residents. The City is planning for future needs through identification of major maintenance upgrades, appropriate rate adjustments and budgeted Capital Improvement Plan (CIP) funds. Both the Water and Wastewater Budget Funds are stable and self-sustaining for operational, capital and debt service activities. The City has developed a recycled water program with Delta Diablo (DD) and implemented shared maintenance programs with the DD and the City of Pittsburg. The City should pursue the preparation of a focused study evaluating the feasibility/cost effectiveness of merging its wastewater operations with the DD as a potential long-term governance alternative.

City of Brentwood: The City of Brentwood (City) projects a population of 69,826 by 2030. At build out, Brentwood is expected to have a population of 76,226 residents. Brentwood provides water and wastewater services to over 17,000 residential and commercial customers in a service area of approximately 14.83 square miles. The City has identified a series of facility expansions and replacement upgrades as part of its Urban Water Management Plan (UWMP), Water Master Plan (WMP) and Sewer System Master Plan (SSMP). Brentwood's CIP includes funds to renovate one water

reservoir and to expand the Wastewater Treatment Plant when effluent flows are expected to increase. Overall, both the water and wastewater funds are considered stable and self-sustaining for operational, capital and debt service activities. The City should pursue annexation of two parcels receiving water and wastewater services through an out- of-agency service agreement approved by LAFCO in 2005. Both property owners signed a covenant at that time agreeing to annexation.

City of Concord: The City of Concord (City) provides sewage (wastewater) collection service to a majority of the City, the City of Clayton, a small portion of the City of Walnut Creek, and some parcels in the unincorporated areas adjacent to Concord and Clayton. The City projects that the current population of 123,812 will increase to 148,400 by year 2030, an increase of almost 20 percent. The City's collection system has portions that are aged and in need of replacement as identified in the 10-Year CIP and SSMP studies. The City's CIP is currently funded at \$1.065 million in FY 2013-14 and \$9.9 million through 2023. Overall, the Wastewater Fund is currently stable and self-sustaining for operational and debt service activities, however, capital expenditures have created deficit spending over the last few years. The City indicates in their Wastewater Fund's long-range revenue and expenditure forecast that rate increases will be required to eliminate the deficit spending. The Ayers Ranch unincorporated island is within the City's SOI, signifying that the City is the logical, long-term service provider for the unincorporated island. Annexation of those areas being served extra-territorially by the City should be a high priority for the City and the County to clean up outstanding boundary issues.

City of Hercules: The City of Hercules (City) provides wastewater collection and conveyance services within the City's incorporated area. Treatment is provided at the Pinole-Hercules WWTP. The City's General Plan projects that the City will grow to 32,800 by year 2030, an increase of 36 percent of the current population. Plans are in place for WWTP upgrades between 2015 – 2017 to meet State Resources Water Quality Control Board (SRWQCB) requirements and to meet expected growth. Collection main repairs and replacements are being completed as funding is available to reduce inflow and overflows. An aggressive main and lateral inspection program utilizing TV inspection identifies the high priority locations and pipelines for work. Overall, the Wastewater Fund is currently stable and self-sustaining for operational and debt service activities, and capital expenditures. Recent studies have been completed evaluating the feasibility of conveying flows from the City and the City of Pinole (or Hercules alone) to the West County Wastewater District (WCWD). The costs of right-of-way, pipeline construction, decommissioning the existing WWTP, and the "buy in" cost to the WCWD system make this alternative cost prohibitive at this time.

City of Martinez: The City of Martinez (City) has an estimated current population of 36,663. The City's water service area is approximately 10,000 acres and extends outside the City limits along the northeast, southeast and southwest borders of the City. These areas include County areas and a portion of the City of Pleasant Hill. The City's population is expected to grow from its current 36,663 residents to 41,400 in year 2035. The City's water service area (assumed to be 82.4 percent of the City population) is projected to grow from its current 30,191 customers to 34,091 in year 2035. The City's Water Treatment Plant (WTP) Master Plan identifies a series of projects to be implemented over the next 15 years on its aging WTP. These projects will require funding in future years and will impact water rates through bond financing payments. Overall, the water fund is currently stable and self-sustaining for operational and debt service activities. Potential consolidation of water services with Contra Costa Water District (CCWD) requires additional study to determine long-term fiscal/operational viability. Annexation of parcels served outside of the City should be a high priority, and annual progress reports should be provided to LAFCO on City efforts.

City of Pinole: The City of Pinole (City) jointly operates the Pinole-Hercules Water Pollution Control Plant (WPCP) with the City of Hercules. The WPCP has a total service population of approximately 40,000 customers. The WPCP upgrade is the major project needed for both Pinole and Hercules to meet SRQWCB permit requirements on treatment capacity and operating compliance. Replacement of problem sewer mains and laterals to reduce infiltration is also a major priority in the City's CIP. Overall, the Wastewater Fund is currently stable and self-sustaining for operational and debt service activities, and capital expenditures. The City has implemented annual service charge rate increases for the next five years. Two government structure options were identified: (1) status quo, and (2) consolidation with WCWD. Studies have indicated that consolidation with WCWD is financially infeasible at the present time.

City of Pittsburg: The City of Pittsburg (City) provides water treatment and distribution, and wastewater collection services for its residents and businesses. Untreated water purchased from the CCWD is treated at the City's WTP. The City's 2011 UWMP projects a 2030 population for the City of 91,015, an increase of over 39 percent over the City's current population of 64,294. The City has an approved CIP with funding at \$4.475 million to address both water and wastewater system needs, including replacement projects of pipelines, valves, and pump stations. A new well is in design for construction in 2014, and ongoing WTP projects are being implemented on a pay-as-you-go basis per the 2010 WMP. Overall, both the Water and Wastewater Funds are considered stable and self-sustaining for operational, capital and debt service activities, although some deficit spending has occurred in each fund due to planned capital improvement projects. Two alternative government structures were identified: (1) status quo, and (2) consolidation with Delta Diablo (DD). The City provides wastewater collection services, while DD provides conveyance, treatment and disposal service to the City. Additional analysis would be required to evaluate the long-term fiscal and operation impacts of consolidation and impacts on ratepayers.

City of Richmond: The City of Richmond (City) provides wastewater service to a majority of the City's residents (approximately 65% or 68,000) within Richmond. The City's system of sewer collection pipeline mains and pump stations is old in terms of time and use. The City has completed comprehensive reviews of both the collection/pump stations system and the treatment facilities as part of a negotiated settlement of overflow and effluent discharge litigation. Several local programs of storm water collection and inflow prevention in about 400 acres of area have been implemented resulting in measured reductions of peak flows. The City completed a SSMP update in October 2013 that addresses maintenance requirements and ongoing flow monitoring programs. Overall, the Wastewater Fund is currently stable and self-sustaining for operational, capital and debt service activities. However, the City will need to increase rates in order to meet ongoing capital improvement needs identified in their long range plan. The preparation of a focused fiscal/feasibility study evaluating the feasibility/cost effectiveness of merging its wastewater operations with either the WCWD or EBMUD should be pursued.

Byron Bethany Irrigation District: The Byron Bethany Irrigation District (BBID) provides agricultural water service delivering raw untreated water to the Mountain House community and the City of Tracy. BBID is a multi-county district serving portions of Alameda, Contra Costa and San Joaquin counties. San Joaquin is the principal county for LAFCO proceedings. The BBID's service area is approximately 30,000 acres. The current population within the BBID service area and SOI is approximately 13,000. Little or no anticipated growth is projected at this time. BBID funds capital projects on an annual basis as needs

arise. Since BBID is over 90 years old, pump stations and pipelines are maintained and replaced as needs are identified. Overall, BBID's financial status is stable as operations expenditures are fully met by revenues received. However, property tax constitutes 50% of BBID's revenue which is subject to economic fluctuations. Exploring a potential consolidation of BBID with the Byron Sanitary District (BSD) should be explored jointly by BBSD, BSD, CC LAFCO and San Joaquin LAFCO. Further study will be required to determine the fiscal/operational feasibility of this option. BBID and the Town of Discovery Bay Community Services District (TODBCSD) have overlapping boundaries resulting in some residents of Discovery Bay having a portion of their one percent Ad Velorum property tax paying for water services from both BBID and TODBCSD. Two SOI options are recommended for consideration: (1) reduce BBID's t SOI within the overlap area or (2) maintain the District's current sphere. San Joaquin LAFCO, BBID's principal LAFCO, would be required to approve any SOI amendment.

Byron Sanitary District: The Byron Sanitary District (BSD) is located in the eastern portion of the County on both sides of Byron Highway at Camino Diablo. BSD encompasses the unincorporated community of Byron. BSD collects, treats and disposes of wastewater for a population of approximately 995 and also provides service to the Orrin Allen Youth Rehabilitation Facility which is outside the BSD boundary. Overall, BSD's financial status is stable as operations expenditures are fully met by revenues received. BSD maintains a substantial reserve fund balance providing good capability to absorb short term impacts. However, BSD has a significantly high debt service to annual expenditure ratio due to the bond funding for the recent rehabilitation of the wastewater treatment facility, collection system and associated infrastructure. Any negative impact to revenues will need to be carefully monitored and addressed in order to ensure operational and debt service requirements are met. Preparation of a fiscal/operational study evaluating the long-term impacts of consolidation with BBID should be pursued by BSD. An amendment to BSD's current SOI is recommended to include the Orrin Allen Youth Rehabilitation Facility property which is currently located outside the BSD service boundary.

Castle Rock County Water District: Formed in 1955, Castle Rock County Water District (CRWD) has 55 connections providing untreated water for landscape irrigation, some commercial uses and four commercial stables. CRWD purchases untreated water from the CCWD pumped from an open canal. Approximately 20% of CRCWD's customers use the water in their own homes and are responsible for all water treatment. Little detailed information is known of the water supply and distribution system other than it has a small reservoir tank and a small pipeline distribution system. Because of the small size of the system, there is no formal maintenance program, staff, or contract staff to service the system. CRCWD has no water quality testing program as CRCWD customers are responsible for treating their own water. CRCWD's financial status is stable as operations expenditures are fully met by revenues received. Consolidation with the CCWD should be explored as a long-term option if fiscally and operationally feasible. CRCWD has no current SOI. A coterminous or zero SOI is recommended. It should be noted that CC LAFCO was unaware of the status of this district until this MSR process. It appears that after researching this district, it does fall under the purview of CC LAFCO.

Central Contra Costa Sanitary District: Central Contra Costa Sanitary District (CCCSD) serves approximately 462,000 residents and 3,000 businesses, covering a 146 square mile area. Cities and communities served by CCCSD include Danville, Lafayette, Moraga, Orinda, Pleasant Hill and Walnut Creek, portions of Martinez and San Ramon, and other unincorporated areas within the central portion of the County. CCCSD also receives and treats wastewater from the collection systems of the City of Concord and the City of Clayton. Residential dwelling units are expected to increase to 230,000 at build out in 2040, a 30 percent increase over current estimates. CCCSD has an aging sewer collection system.

As a result of agreements with regional agencies and good operations practices, CCCSD has initiated a sewer main replacement program resulting in over \$15 million per year to replace trouble locations. Overall, CCCSD's financial status is stable as operations expenditures are fully met by revenues received; however, CCCSD has been experiencing deficit spending recently due primarily to the CCCSD's 10-year plan to pay down a significant portion of its pension unfunded liability. This prudent action will benefit and enhance CCCSD's long-term financial stability. No alternative government structure options were identified. No changes to CCCSD's current SOI are recommended.

Contra Costa Water District: The Contra Costa Water District (CCWD) serves an area of 220 square miles and provides both treated and untreated water for municipal, industrial and irrigation uses. Retail treated water service is provided to Clayton, Clyde, Concord, Pacheco, Port Costa and parts of Martinez, Pleasant Hill and Walnut Creek. Wholesale treated water is provided to the City of Brentwood, Golden State Water Company (Bay Point), and the City of Antioch. Untreated water is provided to the cities of Antioch, Martinez and Pittsburg as well as to Diablo Water District in the City of Oakley area, industrial and irrigation customers. CCWD has a 10-Year CIP that includes approximately \$300.1 million in capital improvement expenditures, with FY 13/14 including approximately \$36.3 million in capital projects. CCWD reports that it has completed approximately \$370 million in new and upgraded facility and infrastructure projects during the last five years. Overall, CCWD's financial status is very stable, with revenues sufficient to meet operational and capital improvement requirements. Two government structure options have been identified for CCWD: (1) maintain the status quo and (2) consolidate water service with the City of Martinez. Further study would be required to evaluate the long-term fiscal and operational viability of consolidation of CCWD and the City of Martinez. Removal of the Veale Tract from the CCWD SOI is recommended.

County Sanitation District No. 6: County Sanitation District No. 6 (SD No. 6) is a dependent special district that was formed in 1992 to provide wastewater service to the Stonehurst subdivision located within the City of Martinez. Stonehurst is a gated, single family subdivision consisting of 47 parcels that was primarily developed during the 1980s. The area was annexed to the City of Martinez in September 2012 as part of the larger Alhambra Valley annexation. The current collection and treatment system provides minimum service per the approved operating permit from the SRWQCB. Due to the size and location of the system, however, long-term wastewater treatment plant operation and replacement costs exceed available revenues. The County reports that SD No. 6 has been experiencing deficit spending due to infrastructure and equipment issues over the last several years. Maintaining the existing wastewater system is not a viable, long term option. Connection to CCCSD is under consideration by the County and should be aggressively pursued to provide a long-term sewer system solution for Stonehurst residents. Reconfirmation of SD No. 6's zero SOI is recommended, with annual updates to the Commission on progress in resolving SD No.6's long term status.

County Service Area M-28: County Service Area M-28 (CSA M-28) is a dependent special district that was formed in 1991 to provide water service to the Willow Mobile Home Park located on the eastern edge of Bethel Island. The mobile home park, containing 172 mobile homes and approximately 275 residents, is considered fully developed. The Diablo Water District (DWD) conducted an engineering and operations review of the system in 2011 and determined that a number of system upgrades were needed including: an emergency power supply for pumping, additional storage for fire flow capacity, a backup pump system, seismic retrofit of the pump building and reservoir tank and pipeline upgrades. The estimated costs at that time were between \$900,000 and \$1,100,000. No improvements have been made since the last MSR in 2007. The infrastructure managed under CSA M-28 supporting the mobile

home park requires significant upgrades. However, the County has indicated that the mobile home park will not support the necessary service charge increases to fund these upgrades. Government structure alternatives identified include: (1) status quo – County continues to contract with private operator; (2) annex area to DWD; (3) transfer operations to Willow Mobile Home Park owner. All identified alternatives are problematic in the long-term unless additional funding to upgrade system is provided through higher user rates, grants or budget transfers. Reconfirmation of CSA M-28's zero SOI is recommended, with annual updates to the Commission on progress in resolving CSA M-28's long term status.

Crockett Community Services District: Crockett Community Services District (CCSD) serves two separate and distinct communities – Crockett and Port Costa – and is authorized to provide the following services: wastewater collection, treatment and disposal; community recreation services; street lighting; landscape maintenance; and, graffiti abatement. CCSD encompasses 686 acres (1.07 square miles). The unincorporated Crockett and Port Costa communities, being non-contiguous, have separate wastewater systems. C&H Sugar owns, operates and maintains the C&H Sugar-Crockett CSD/Philip F. Meads Treatment Facility. CCSD subleases a 17.14 % undivided interest in the Phillip F. Mead Wastewater Treatment Plant in Crockett. CCSD owns the Port Costa Wastewater Treatment Plant, and through contracts Valley Operators LLC, operates and maintains the plant. There is one property (located at 7000 Carquinez Scenic Drive in Port Costa) receiving sanitary sewer service through an out-of-agency agreement (LAFCO Resolution No. 07-05). Overall, CCSD's financial status is relatively stable; however, CCSD has been experiencing minor deficit spending recently. CCSD maintains and replaces portions of its collection and treatment facilities as needed. Approximately \$814,000 of project work has been done since 2008. A disadvantaged unincorporated community (DUC) has been identified in the west Crockett area within the CCSD service area. Future annexation of this area would first require a detailed evaluation of CCSD's capability to adequately serve this community. Two alternative governance structures have been identified: (1) maintain the status quo; and (2) expand the CCSD SOI to include the one property currently served through an out-of-agency agreement. CCSD's SOI is recommended to be expanded to include the property located at 7000 Carquinez Scenic Drive in Port Costa.

Delta Diablo: The Delta Diablo (DD) is a dependent district that provides wastewater collection services for the unincorporated community of Bay Point, and conveyance, treatment and disposal services for unincorporated areas in the eastern portion of the County including the Cities of Antioch and Pittsburg. DD also operates the Delta Household Hazardous Waste Collection Facility for residents in the eastern portion of the County. DD has completed a Sewer System Master Plan and Master Plan of Facilities that has identified a series of improvements required over the next ten years. In the Five Year CIP, wastewater treatment plant improvements, pump station upgrades, and collection system replacements are planned totaling about \$51 million. Overall, DD's financial status is stable; however operational expenditures have been exceeding operational revenues over the last several years. DD reports that this is a planned drawdown of operational reserves to achieve a district policy level of 40% of operating revenue. A disadvantaged unincorporated community (DUC) has been identified within the DD SOI located north of Willow Pass Road. Future annexation of this area or expansion of DD's SOI contiguous to this DUC would first require a detailed evaluation of DD's capability to adequately serve this community. Three government structure options have been identified: (1) maintain the status quo, and (2) consolidate sewer collection service with the Cities of Antioch and Pittsburg, and (3) reduce the DD SOI to remove permanent open space areas outside the ULL. Further analysis is needed to determine the operational merits of this option and the benefits/costs which would affect ratepayers for DD and both cities. Reconfirmation of DD's SOI is recommended.

Diablo Water District: Diablo Water District (DWD) serves an area of approximately 21 square miles, including the City of Oakley and other unincorporated areas including the Hotchkiss Tract, the East Cypress Corridor Specific Plan Area, Summer Lakes, portions of Knightsen and certain communities on Bethel Island, including Delta Coves. Currently, DWD collects, treats and supplies water for customers and the parks, schools and businesses throughout its service area. Significant development is expected to occur within DWD’s boundaries. According to the City of Oakley’s 2020 General Plan (amended in 2010), the City’s population is projected to grow to 62,608 by year 2035. The ongoing development of DWD’s local water supply through its two wells has resulted in a major upgrade of capacity. Along with the recent expansion of the Randall-Bold WTP from 40 to 50 million gallons per day (MGD), DWD’s capacity needs have been addressed for the foreseeable future. Two government structure options have been identified: (1) maintain the status quo, and (2) expand DWD’s SOI to include the entirety of Bethel Island to help plan for long-term water services to the Island. Expansion of DWD’s SOI to include the entirety of Bethel Island and the proposed Liberty Union High School District fourth high school site is recommended.

Dublin San Ramon Services District: The Dublin San Ramon Services District (DSRSD) provides both potable and recycled water to its customers. DSRSD’s service area extends into two counties – Alameda County and Contra Costa County. DSRSD’s service area is located in the East Bay’s Livermore-Amador Valley near the Interstate 580/680 interchange. In addition to water service, DSRSD provides wastewater collection and treatment services for the City of Dublin, the southern portion of San Ramon, the U.S. Army Reserve’s Parks Reserve Forces Training Area and the Santa Rita Jail. DSRSD also provides wastewater treatment under contract to the City of Pleasanton. DSRSD’s “principal” county for LAFCO purposes is Alameda County. Alameda LAFCO provided written MSR determinations and recommendations for DSRSD as part of *the Alameda LAFCO MSR Volume II – Utility Services* (November 2005). Alameda LAFCO is currently preparing its second round MSR for DSRSD. No Municipal Service Review determinations are included in this report.

East Bay Municipal Utility District: The East Bay Municipal Utility District (EBMUD) provides wholesale water, retail water, wastewater collection and wastewater treatment services for an area of approximately 331 square miles in Contra Costa and Alameda Counties. EBMUD serves a population of approximately 1.3 million people within the two-county service area. Alameda County is considered the “principal” LAFCO for EBMUD and provided written MSR determinations and recommendations as part of *the Alameda LAFCO MSR Volume II – Utility Services* (November 2005). Alameda LAFCO is currently preparing its second round review for EBMUD. No MSR determinations are included in this report.

East Contra Costa Irrigation District: East Contra Costa Irrigation District (ECCID) supplies irrigation water for agricultural, landscape and recreational uses as well as raw water for treatment and delivery to urban areas. ECCID’s boundaries include the City of Brentwood, the unincorporated community of Knightsen, portions of the Cities of Oakley and Antioch, and unincorporated areas south of Antioch and east of Brentwood. No significant growth is anticipated with ECCID’s service area. ECCID budgets annually for capital project and repair needs and averages about \$700,000 per year in major repairs and upgrades on an as needed basis. No major needs or deficiencies were identified in the review or information submittal. Overall, ECCID’s financial status is relatively stable as operations expenditures are fully met by revenues received. However, ECCID reports that over the last several years, the decline in property tax revenue and investment earnings significantly impacted ECCID’s overall revenues. ECCID took proactive actions to pay off its pension obligations, and other measures to absorb the impact

without increasing rates. Two government structure options have been identified: (1) maintain the status quo, and (2) consolidation with the Byron Bethany Irrigation District (BBID). Consolidation of ECCID and BBID brings the potential of joining two adjacent districts providing similar services together. Further analysis through a focused MSR or other study, however, would be necessary to determine the fiscal and operational viability of this government structural option. No change to ECCID's existing SOI is recommended.

Golden State Water Company: The Golden State Water Company (GSWC) is an investor-owned public utility company which owns 38 water systems throughout California regulated by the California Public Utilities Commission (CPUC). The Bay Point System serves the unincorporated community of Bay Point which is located between the City of Pittsburg, the City of Concord, and the U.S. Naval Station, Port Chicago. Because GSWC is a privately owned utility, CC LAFCO has no authority over its boundaries or operations. The UWMP submitted in 2009 documents that the Bay Point Community area system is well maintained with repairs and facility replacements funded by the rates and charges for water service. The water supply from the Contra Costa Water District (CCWD) was improved two years ago by installation of a new pipeline connection. No deficiencies in the system were identified. Because GSWC is not subject to CC LAFCO purview, no Municipal Service Review determinations are included in this report.

Ironhouse Sanitary District: The Ironhouse Sanitary District (ISD) provides sewage collection, treatment and disposal services to the City of Oakley, the unincorporated area of Bethel Island, and other unincorporated areas. The City of Oakley is expected to grow from 31,950 in 2010 to a population of 42,950 in 2035. Bethel Island, with a 2010 Census population of 2,137, is also expected to experience growth with a projected population of 9,706 by year 2025. Two disadvantaged unincorporated communities (DUCs) have been identified in ISD's SOI. ISD recently completed construction of Phase 1 of a new \$55 million Water Recycling Facility (WRF) to accommodate growth and meet regulatory requirements. Overall, ISD's financial status is relatively stable; however ISD has been experiencing deficit spending recently due primarily to capital expenditures and debt service obligations. Expansion of ISD's SOI to include the Liberty Union High School District fourth high school site is recommended.

Knightsen Community Services District: The Knightsen Town Community Services District (KCSD) was created in 2005 and encompasses approximately 5,100 acres. It was formed to provide flood control and water quality (drainage services) for the community of Knightsen, which is an area of low elevation that receives runoff flow from nearby areas. Recent Census data estimated a population of 1,568 residents. Largely agricultural in nature, very limited growth is anticipated with the KCSD service area in the next 10 to 20 years. Overall, KCSD's financial status is stable as operations expenditures are fully met by revenues received. KCSD does not have a capital improvement program, has not constructed any capital projects since its formation, and has limited ability to construct any major improvements to support KCSD's purpose. Two alternative governance structures have been identified: (1) maintain the status quo; and (2) dissolve the district and transfer responsibilities and funding to either the Contra Costa Resource Conservation District or the County. Adoption of a zero, provisional or concurrent SOI for KCSD with annual updates to the Commission on progress in meeting the District's purpose is recommended.

Mt. View Sanitary District: The Mt. View Sanitary District (MVSD) provides wastewater collection, treatment, and disposal services for the northeasterly portion of the City of Martinez and adjacent unincorporated lands to the northeast. MVSD collaborates with the Central Contra Costa Sanitary District (CCCSD) to provide a permanent Household Hazardous Waste Collection facility and disposal

services for the central portion of the County. MVSD serves approximately 18,253 residents. The MVSD service area population is expected to grow to between 24,500 and 25,322 over the next 20 to 25 years. The five-Year CIP was revised in 2011 to reflect lower flows and improved preventive maintenance following an update of MVSD's Sewer System Master Plan. Overall, MVSD's financial status is relatively stable as operations expenditures are fully met by revenues received. However, the ability for MVSD to fully fund the entirety of its long term CIP under the current "pay-as-you-go" program relying solely on rate increases should be noted. MVSD will need to assess the ability of the community to absorb continuous annual increases which will be systemic in order for MVSD to meet its long-term capital improvement needs. Because MVSD is an "island" within CCCSD, alternative government structure options are limited. Two were identified: (1) maintain the status quo, and (2) consolidate with CCCSD. No changes to MVSD's existing SOI are recommended.

Rodeo Sanitary District: The Rodeo Sanitary District's (RSD) boundaries include approximately 1.4 square miles and provide sewer service to 2,500 residential and commercial customers. The estimated service population is approximately 8,000. The recently adopted Comprehensive Wastewater Management Plan has identified district-wide treatment and collection needs for the next 20 years. Issues identified in the 2006 MSR have been addressed including several projects at the wastewater treatment plant (WWTP). Overall, RSD's financial status is stable as operations expenditures are fully met by revenues received. However, RSD does not currently maintain a large reserve and anticipates that much of this reserve will be consumed by the Rodeo Creek Force Main Realignment Project. Any negative impact to revenues will need to be carefully monitored and addressed in order to ensure operational requirements are met. No additional government structure alternatives have been identified. Reconfirmation of the current RSD SOI is recommended.

Stege Sanitary District: The Stege Sanitary District (SSD) provides wastewater collection services for approximately 33,000 people with a total of about 13,000 sewer connections. The present service area of SSD comprises 5.3 square miles and includes the communities of El Cerrito, Kensington, and the portion of the Richmond Annex west of El Cerrito and south of Potrero Avenue. SSD also serves approximately 97 homes outside SSD's boundaries by contract with the City of Richmond. SSD has an aged sewer collection system. As a result of agreements with regional agencies and good operations practices, SSD has begun a sewer main replacement program resulting in over 21 percent of sewer main replacement to date, and trouble locations are being maintained more aggressively. Overall, SSD's financial status is stable as operations expenditures are fully met by revenues received. SSD does not maintain a CIP. Any capital maintenance expenditures necessary are determined annually and funded from revenues and the reserve fund balance. SSD does maintain a Collection System Rehabilitation Plan and has increased funding for rehabilitation projects significantly since 2009. Reconfirmation of SSD's current SOI is recommended.

Town of Discovery Bay Community Services District: The Town of Discovery Bay Community Services District (TODBCSD) service area encompasses the developed and developing unincorporated community of Discovery Bay of approximately 5,760 acres. Discovery Bay was originally established in the 1970s as a weekend and summer resort community. Today, Discovery Bay has evolved into a year-round home for over 13,500 residents. TODBCSD provides a variety of services including water and wastewater for the community of nine square miles. Two new residential development projects, Newport Pointe and Pantages Bay, were recently approved by the Contra Costa County Board of Supervisors, and will impact the TODBCSD and its service boundary and SOI. An UWMP will be needed prior to CC LAFCO considering any changes to TODBCSD's SOI and service boundary. These projects, as well as the continued build-out

of entitled units in Discovery Bay West and Villages IV and V, will result in substantial future growth for TODBCSD. TODBCSD approved a 10-Year Water Master Plan in 2012 that provides a framework for accommodating future development and a long-range CIP including major infrastructure replacement as needed over time. Overall, TODBCSD's financial status is stable. TODBCSD maintains a good long-term capital improvement program and maintains sufficient revenue generation for funding projects. TODBCSD and BBID have overlapping boundaries resulting in some residents of Discovery Bay having a portion of their one percent Ad Velorum property tax paying for water services from both BBID and TODBCSD. This issue will require further study by both districts, CC LAFCO and San Joaquin LAFCO (BBID's principal LAFCO). Reaffirmation of TODBCSD's existing SOI is recommended.

West County Wastewater District: The West County Wastewater District (WCWD) provides wastewater collection, treatment and disposal services for a 16.9 square mile service area within the City of Richmond (40% of the district), the City of San Pablo (15% of the district), the City of San Pablo (2% of the district) and other unincorporated areas within the County (43% of the district). WCWD serves approximately 93,000 customers. Several DUCs are located in the north Richmond and east Richmond areas within the WCWD SOI. WCWD has an aged sewer collection system. As a result of agreements with regional agencies and good operations practices, WCWD has begun a sewer main and lateral replacement program resulting in trouble locations being maintained more aggressively. A major upgrade of the wastewater treatment plant (WWTP) is planned at a cost of \$18.6 million and several pump stations are scheduled for rehabilitation this year. Overall, WCWD's financial status is stable as operations expenditures are fully met by revenues received. WCWD currently has no debt, however anticipates encumbering significant debt in the form of a \$75 million loan from the State Revolving Fund to provide financing for WCWD's capital improvement program. Reconfirmation of WCWD's existing SOI is recommended.

II. INTRODUCTION

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 Local Agency Formation Commissions (LAFCOs), originally established in 1963. The Commission's final report, *Growth Within Bounds*, recommended various changes to local land use laws and LAFCO statutes. Assembly Speaker Bob Hertzberg incorporated many of the recommendations of the Commission into Assembly bill 2838, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000(CKH Act). The law provided LAFCOs with additional responsibilities and powers.

Municipal Service Reviews

Beginning in 2001, LAFCOs in each county in California were required to review and, as necessary, update the SOI of each city and special district. SOIs are boundaries, determined by a LAFCO, which define the logical, ultimate service area for cities and special districts. No SOI can be updated, however, unless the LAFCO first conducts a MSR. MSRs evaluate how agencies currently provide municipal services within their agency service area and evaluate the impacts on those services from future growth and other changes that may occur over the next 10 to 20 years. The MSR report is also required to identify potential opportunities to address any shortfalls, gaps, and/or impacts on services and governmental structure that may currently exist or are anticipated in the future.

The MSR process does not require a LAFCO to initiate changes of organization based on service review findings. California Government Code Section 56430 does require, however, that LAFCOs, upon receipt and consideration of an MSR, adopt written findings addressing each of the following areas:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

Spheres of Influence

In 1972, LAFCOs were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, LAFCO's governing law, "sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code Section 56076). SOIs are designed to both proactively guide and respond to the need for the

extension of infrastructure and delivery of municipal services to areas of emerging growth and development. The requirement for LAFCOs to conduct MSRs was established by the CKH Act as an acknowledgment of the importance of SOIs, and recognition that periodic updates of SOIs should be conducted on a five-year basis (Government Code Section 56425(g)), with the benefit of better information and data through MSRs (Government Code Section 56430(a)).

LAFCOs are required to make five written determinations in accordance with Government Code Section 56425(i) and (j) when establishing, amending, or updating an SOI for any local agency that address the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.

Within this report, SOIs are being considered for special districts only. City SOIs will be evaluated at a later time by CC LAFCO.

Disadvantaged Unincorporated Communities

Senate Bill 244, enacted in 2012, made changes to the CKH Act related to “disadvantaged unincorporated communities,” including changes to the determinations required for both MSRs (findings #2 and #3, above) and SOIs (determination #5 above). Disadvantaged unincorporated communities (DUCs) are defined as inhabited territory containing 12 or more registered voters that constitutes all or a portion of a community with an annual median household income (MHI) that is less than 80 percent of the statewide MHI. The MHI data is derived from the U.S. Census Bureau – American Community Survey 2006-2010. The State MHI for this period was \$60,883. The qualifying income for a DUC is 80% of that figure, \$48,706.

CKH Act Section 56375(a)(8)(A) prohibits LAFCOs from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCO. The legislative intent is to avoid “cherry picking” of agencies’ tax generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services.

The challenge in identifying DUCs per the CKH Act is Census Geography does not necessarily match unincorporated fringe, island, or legacy communities. For purposes of this MSR, DUCs were identified and mapped by the Contra Costa County Department of Conservation and Development, Geographic Information System (GIS) Group, using primarily Census Designated Place (CDP) data. Census data was reviewed at the Census Designated Place (CDP), Census Tract, and Census Block Group geographic

levels. If one of these geographies had a Mean Household Income (MHI) less than 80% of the statewide MHI, the unincorporated community associated with the geographic unit was identified as a DUC.

Water and wastewater agency boundaries, SOI boundaries, and current CDP income data were overlaid to identify DUCs on nine maps focusing on different areas of the County. If a portion of the CDP qualified as a DUC, the MSR assumes the entire CDP is DUC. In one instance, Census Block Group data was used to identify DUCs because a greater level of specificity was required to distinguish agency boundaries in that portion of the County.

Agencies impacted by DUCs not already included within the agency's service boundary, but within or adjacent to the agency's SOI, include the City of Concord, City of Richmond, Contra Costa Water District, County Service Area M-28, Crockett Community Services District, Delta Diablo, Diablo Water District, Mt. View Sanitary District, Rodeo Sanitary District and the West County Wastewater District. A description of the DUCs and corresponding DUC maps are included in each of these agencies' chapters.

Combined Municipal Service Review and Sphere of Influence Study (2ND Round)

The *Combined Municipal Service Review and Sphere of Influence Study (2nd Round)* focuses on the cities and special districts currently providing these services within the County. This is the second round MSR-SOI Study for the water and wastewater agencies serving the County. Previously, MSR-SOI studies were prepared and adopted for the water and wastewater agencies in three separate MSRs listed below, covering different geographic areas of the County.

- *Water and Wastewater Services Municipal Services Review for East Contra Costa County (adopted December 19, 2007);*
- *Water and Wastewater Municipal Services Review for Central Contra Costa County (adopted on April 9, 2008); and,*
- *Water and Wastewater Municipal Services Review for West Contra Costa County (adopted August 13, 2008).*

In addition, the following agencies were reviewed in various other MSR reports:

- *Bethel Island Municipal Improvement District – East County Sub-regional MSR (adopted December 2008)*
- *Byron Sanitary District – Agency Specific MSR (adopted May 2006)*
- *Town of Discovery Bay Community Services District – Agency Specific MSR (adopted May 2006)*
- *Town of Knightsen Community Services District – East County Sub-regional MSR (adopted December 2008)*

CC LAFCO did not previously conduct MSRs/SOI updates on the Byron Bethany Irrigation District (San Joaquin LAFCO is principal), Dublin San Ramon Services District (Alameda LAFCO is principal), East Bay Municipal Utility District (Alameda LAFCO is principal), or Castle Rock County Water District.

This study will address all 29 water and wastewater agencies in one report. The agencies that are included in this review are listed in **Table II-1**, on the following page.

Table II-1, Agency List

AGENCIES	WATER/WASTEWATER SERVICES
<i>Cities</i>	
City of Antioch	Water/Wastewater
City of Brentwood	Water/Wastewater
City of Concord	Wastewater
City of Hercules	Wastewater
City of Martinez	Water
City of Pinole	Wastewater
City of Pittsburg	Water/Wastewater
City of Richmond	Wastewater
<i>Special Districts</i>	
Bryon Bethany Irrigation District	Water
Bryon Sanitary District	Wastewater
Castle Rock County Water District	Water
Central Contra Costa Sanitary District	Wastewater
Contra Costa Water District	Water
County Sanitation District No. 6	Wastewater
County Service Area M-28	Water
Crockett Community Services District	Wastewater
Delta Diablo	Wastewater
Diablo Water District	Water
Dublin San Ramon Services District	Water/Wastewater
East Bay Municipal Utility District	Water/Wastewater
East Contra Costa Irrigation District	Water
Ironhouse Sanitary District	Wastewater
Knightsen Community Services District	Water
Mt. View Sanitary District	Wastewater
Rodeo Sanitary District	Wastewater
Stege Sanitary District	Wastewater
Town of Discovery Bay Community Services District	Water/Wastewater
West County Wastewater District	Wastewater
<i>Private Water Company</i>	
Golden State Water Company	Water

Mutual Water Companies

Within the County there are a number of mutual water companies (MWC). These small systems – some private and some shared wells – provide water service in lieu of a public agency or Public Utilities Commission regulated utility. These facilities are privately owned, are providing water service to the County’s residents from surface and groundwater resources, and are impacted by the same concerns for supply reliability, water quality and costs as the public sector providers.

Assembly Bill 54 (AB 54), which became effective on January 1, 2012, has imposed new requirements on LAFCOs and mutual water companies (MWCs) that own and operate a public water system. The requirements are intended to improve access to information about the location of MWCs and the quality of water they provide. CC LAFCO has identified 28 MWCs that meet the requirements for reporting to CC LAFCO certain information regarding their service area, including maps, infrastructure, water quality and rate information.

Several MWCs did not report or respond to requests for information regarding their facilities and operations, which places them in non-compliance with AB 54. CC LAFCO may want to consider what remedies, if any, are available to achieve compliance from the MWCs not meeting the AB 54 reporting requirements.

MWCs are further discussed starting on Page 305 of this report.

III. BACKGROUND

Bay Area Overview

Contra Costa County (County) is one of nine counties that comprise the San Francisco Bay Area. Between 2010 and 2040, the Bay Area is projected to add 2.1 million people, increasing the total regional population from 7.2 million to 9.3 million. This represents an increase of 30 percent or roughly one percent per year. This growth means that the Bay Area will continue to be California’s second-largest population and economic center. During this same period, the number of households is expected to increase by 27 percent to 700,000, and the number of housing units is expected to increase by 24 percent to 660,000 (see **Table III-1** below). While robust, this projected rate of growth is actually slower than other metropolitan regions in California and also is slower than the Bay Area’s pace of growth in the 1970s and 1980s.¹

Table III-1, Bay Area Population, Employment and Housing Projections, 2010-2040

Category	2010	2040	Growth 2010-2040	Percent Change 2010-2040
Population	7,151,000	9,299,000	2,148,000	+30%
Jobs	3,385,000	4,505,000	1,120,000	+33%
Households	2,608,000	3,308,000	700,000	+27%
Housing Units	2,786,000	3,446,000	660,000	+24%

Source: ABAG, Jobs-Housing Connection Strategy (2012)

Contra Costa County

The County was incorporated in 1850 as one of the original 27 counties of the State of California, with the City of Martinez as the County Seat. The County was originally to be called Mt. Diablo County, but the name was changed prior to formation as a county. In Spanish, *Contra Costa* means *opposite coast*, because of its location opposite San Francisco, in an easterly direction, on San Francisco Bay. Southern portions of the County’s territory, including all the bayside portions opposite San Francisco and northern portions of Santa Clara, were given up to form Alameda County in 1853.

The County is the ninth most populous county in California with its population reaching approximately 1,079,597 as of July 1, 2012.² Demographic forecasts prepared by the Association of Bay Area Governments (ABAG) indicate that the County is expected to be the fourth fastest growing county within the Bay Area, with a population growth rate of 27% between 2010 and 2040 (see **Table III-2** on Page 24).

¹ Source: ABAG, One Bay Area (2012)

² U.S. Census, Population Division

Table III-2: Bay Area Population Growth by County, 2010-2040

County	2010	2040	Percent
Alameda	1,510,271	1,988,025	32%
Contra Costa	1,049,025	1,334,970	27%
Marin	252,409	285,323	13%
Napa	136,484	163,609	20%
San Francisco	805,235	1,085,641	35%
San Mateo	718,451	906,072	26%
Santa Clara	1,781,642	2,425,648	36%
Solano	413,878	598,382	24%
Sonoma	483,878	598,382	24%
Total	7,150,739	9,299,153	30%

Source: ABAG, One Bay Area (2012)

Overview - Regional Water Supply and Reliability Forecast

The County has two distinct zones or areas relating to water supply and retail water services – the Eastern/Central Region and the Western Region. This overview will describe the two areas and issues impacting those communities and service agencies providing wholesale and retail water services. Several agencies have developed groundwater production facilities in order to improve supply reliability and use local water to provide a baseline amount of water supply.

The San Joaquin Groundwater Basin is not adjudicated, and therefore, there are no legal requirements regarding maintaining a safe yield, the amount and location of groundwater production, or recharge. Some agencies have developed groundwater management plans in accordance with Assembly Bill 3030; as an example, Diablo Water District will use such a plan to guide the development of its groundwater system.

The Eastern and Central Region

Sources of water supply for the eastern and central portions of the County include the San Joaquin River, local groundwater, some recycled water and the Central Valley Project (CVP). The CVP is a federal management project under the United States Bureau of Reclamation (USBR). Devised in 1933 to provide irrigation and municipal water to the Central Valley, the CVP regulates and stores water in reservoirs in the water-rich northern half of California and transports it to water-poor San Joaquin Valley and its surrounding areas by a series of canals, aqueducts and pump plants, some shared with the California State Water Project.

The eastern and central portions of the County receive untreated water supply primarily through water rights for the San Joaquin River, service contracts with the USBR for CVP water, and local groundwater from the San Joaquin Groundwater Basin. The Contra Costa Water District (CCWD) is the CVP contractor and the Contra Costa Canal is a CVP facility. According to contract terms with CCWD, CVP-supplied water may only be used within CCWD’s boundaries. CCWD’s untreated water service area includes the Diablo Water District, the Cities of Antioch, Martinez and Pittsburg, as well as to industrial and irrigation customers.

CCWD also provides wholesale treated water to the Cities of Brentwood, and Antioch, and the Golden State Water Company (a private water company serving the community of Bay Point). Untreated CVP water is sold to Diablo Water District, which then treats the water in the Oakley in the Randall-Bold Water Treatment Plant which it owns jointly with Contra Costa Water District. Retail treated water service is provided to customers in the communities of Clyde, Pacheco, Port Costa, the Cities of Clayton and Concord, and parts of the Cities of Martinez, Pleasant Hill, and Walnut Creek.

CVP water deliveries are subject to the terms of the USBR contract with CCWD as a municipal and industrial contractor. The annual allocation of supply is based on the hydrologic forecast and other factors such as court administered pumping controls in the Bay Delta. For example, for Water Year 2013, urban contractors north of the Delta (such as CCWD) received 100 percent of their contractual allotment. In general, USBR allocation policies limit reductions to urban contractors to no more than 25 percent in most conditions. Irrigation Contractors with USBR water delivery contracts may be limited to the extent that supplies are low or drought conditions restrict the available supply, up to 100 percent reduction. Recent water supply conditions and storage have resulted in the USBR curtailing deliveries to the minimum required amounts until weather and storage conditions improve. Urban CVP contractors (such as CCWD) received an initial allocation of 50% in 2014. Additionally, the State Department of Water Resources has curtailed its deliveries to the State Water Project to only contracted amounts and mandated environmental mitigation commitments including flows to the San Francisco Bay estuary for salinity management, etc.

If the current three year drought continues, close monitoring of water supply to the Contra Costa County region is needed, and probable increased conservation efforts by wholesale and retail water suppliers and reduction in demand by all water users is expected in order to provide minimum water supplies. Recent news reports in early 2014 forecast a dry water year and well below needed supplies for the region. It is also expected that the State of California and federal agencies will propose interim and long-term water policy legislation and assistance for users as well as conservation and supply assistance.

The Western Region

The primary source of potable water supply for the western portion of the County is the Mokelumne River and the Pardee Reservoir through East Bay Municipal Utilities District (EBMUD). EBMUD constructed the Pardee Dam (completed in 1929) on Mokelumne River in the Sierra Nevada and an aqueduct to transport the water from Pardee Reservoir across the Central Valley to San Pablo Reservoir located in the East Bay Region.

Any new additional water services may require supplies from the USBR's CVP. CVP water allocations to EBMUD are based upon hydrologic projections and are subject to a 25 percent reduction in dry years in accordance with the USBR Municipal and Industrial Water Shortage Policy. The 2005 Urban Water Management Plan adopted by EBMUD indicates that water supplies will be adequate to meet projected demands in normal yearly conditions as well as in single and multiple year dry conditions through 2030. (EBMUD's principal county for purposes of LAFCO is Alameda County. EBMUD was reviewed in Alameda County LAFCO's MSR, Volume II – Utility Services, in November 2005. Alameda LAFCO is currently preparing its second round MSR on EBMUD. EBMUD is included in this study for information purposes as part of this MSR's discussions relating to retail water service providers.)

CC LAFCO may face challenges when evaluating SOI changes and/or annexations for areas that intend to use CVP water as a source of supply. In accordance with the terms of long-term agreements currently in place, the USBR must approve changes in boundaries where CVP water will be used. In order for CC LAFCO to approve the annexation, it will be necessary to first confirm that water service is authorized by USBR within the proposed service area. As discussed later in this report, this will have to be evaluated on a case-by-case basis with close coordination between CC LAFCO, EBMUD, CCWD, the retail water service provider, and USBR.

Conservation & Alternative Supply Strategies

Conservation and demand management are becoming increasingly important strategies to reduce water uses and impacts. The California Urban Water Conservation Council's Memorandum of Understanding Regarding Urban Water Conservation in California (MOU) includes 14 best management practices or demand management measures that are intended to improve water use efficiency and reduce water demand. These include, among others, system water audits, leak detection and repair, conservation incentives, and tiered rate structures. Participation is voluntary. Within the eastern portion of the County, CCWD, and the Cities of Brentwood and Pittsburg are signatories to the MOU. Diablo Water District and the City of Antioch encourage conservation and offer programs through CCWD to their customers. The use of recycled water for landscape irrigation and industrial purposes is expected to increase in the future. Although opportunities have been limited, the municipalities and wastewater agencies are working together to develop this resource.

Through the 2010 Urban Water Management Plans, the water service providers report on the adequacy of water supplies in normal, single year, and multiple dry year conditions. In all cases adequate supplies are based on growth assumptions and the continued availability of supplies. Recent changes in California law have made planning for future years mandatory to achieve a reduction of demand use by the year 2020 and beyond. The use of alternative supplies such as recycled water and desalination are being more comprehensively considered, even with price impacts, due to the need for reliability and best use strategies.

It is important to note that water supplies are impacted across the state and changing hydrologic and climatic conditions will affect reservoir management and storage both locally and in the greater CVP watershed area. Furthermore, the ongoing condition of the Delta is of major concern, including court ordered flow management constraints. An additional factor of future regulatory changes will impact agencies to varying degrees depending on location and environmental issues. Most agencies have reported that they have taken these concerns into account in their planning and capital project plans.

The Bay Delta Conservation Plan Program

The State Water Project (SWP) and CVP divert water from the Delta system south of Sacramento to users in the San Joaquin Valley, Santa Clara Valley and Southern California. The Bay Delta Conservation Plan (BDCP) proposes the construction of new intakes in the north Delta along the Sacramento River about 35 miles north of the existing pumping plants. Twin tunnels would carry the water underground to the existing pumping plants, which feed canals that stretch hundreds of miles to the south and west.

The State of California and its federal partners has released the BDCP for formal public review. This is a significant milestone in the effort to restore ecosystem health and secure reliable water supplies for California. The release is a key step toward completion of a final plan and corresponding environmental

documents. The BDCP aims to both stabilize water deliveries from the Delta and contribute to the recovery of 56 species of plants, fish and wildlife over the 50-year life of the plan. The Legislature delineated those co-equal goals in the 2009 Delta Reform Act.

The BDCP as described seeks to protect delivery of the mountain snowmelt that supplies water to two-thirds of the state's population from San Jose to San Diego and thousands of Central Valley farms. It focuses on the estuary where the snowmelt flows, the Sacramento-San Joaquin Delta, and aims to both reverse the ecological decline of the region and modernize a water system that now depends on hundreds of miles of earthen levees vulnerable to earthquake, flood, and rising sea levels. The Plan aims to both stabilize water deliveries from the Delta and contribute to the recovery of 56 species of plants, fish and wildlife over the 50-year life of the plan. The State Legislature delineated those co-equal goals in the 2009 Delta Reform Act.

The release of the public review draft of the BDCP and its corresponding Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS) triggers a 120-day period for the gathering of public comments, from Dec. 13, 2013 through April 14, 2014. The public review period was recently extended another 60 days to allow interested parties more time to review and comment.

Integrated Regional Water Management (IRWMP) Planning

The Department of Water Resources (DWR) administers grant funding for water-related resource management project development, primarily under the 2004 Proposition 84 Bond Program. In the County, there are two distinct but also overlapping IRWM areas with planning underway. These programs utilize a regional resource based approach, including water supply and water quality emphasis.

The East Contra Costa County Integrated Regional Water Management Plan (ECCIRWMP) covers a 350 square mile area and participating agencies include the Cities of Antioch, Brentwood, and Pittsburg, Byron-Bethany Irrigation District, Contra Costa County Flood Control, Contra Costa Water District, Delta Diablo, Diablo Water District, Town of Discovery Bay Community Services District, East Contra Costa County Habitat Conservancy, East Contra Costa Irrigation District, and the Ironhouse Sanitary District. The ECCIRWMP has developed a comprehensive planning process and enhanced community and project based communications.

The San Francisco Bay Area IRWM includes the EBMUD, and other cities and districts including the Cities of Antioch, Pittsburg, Concord, Hercules, Martinez, Pinole and Richmond, the community of Bay Point, and the following special districts: Crockett Community Services District, Dublin San Ramon Services District, Mt. View Sanitary District, Rodeo Sanitary District, Stege Sanitary District and the West County Wastewater District. Many of these agencies provide related water resources through water reclamation into recycled water supplies and mitigation programs with flood control and conservation programs.

Since the State of California has adopted the IRWMP process, and it includes qualification to apply for federal funding, water and wastewater supply and services are even closer coordinated. Cooperative project planning and improvement implementation have improved over the past 10-year cycle. It is expected to be even more important as planning for statewide water supply and reliability continue into 2014 for potential solutions to the Bay-Delta issues and water supply and reliability. Focus has also increased on serving DUCs for water and wastewater services as previously described in this report.

IV. AGENCY PROFILES/MSR DETERMINATIONS

This section provides individual profiles for each of the eight cities, - 20 special districts and one private water company that provide water and wastewater services to residents within the County. Each profile provides:

- A background/history of the agency
- A profile of agency services, infrastructure and budget
- A boundary map with a sphere of influence boundary overlay
- A detailed discussion of agency operations and finances
- Recommended MSR Determinations
- Recommended SOI Determinations (special districts only)

CITY OF ANTIOCH – WATER/WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The City of Antioch was incorporated in 1872 and serves a population of approximately 105,117 in an area of 28.8 square miles. Located in eastern Contra Costa County, the City is bounded to the north by the San Joaquin River, to the west by the City of Pittsburg and unincorporated Contra Costa County, to the south by unincorporated Contra Costa County, and to the east by the Cities of Oakley and Brentwood. On March 10, 2010, the City's sphere of influence (SOI) was reduced, removing the open space water area of the San Joaquin River and other areas outside of the Urban Limit Line and the City's corporate limits, including a portion of the undeveloped Roddy Ranch. The entire 1,885-acre Roddy Ranch is currently under an option for purchase by the East Bay Regional Park District (EBRPD) for park and open space preservation. A map of the City's current boundary and SOI is shown in **Figure IV-1** on Page 31.

The City of Antioch's principal sources of untreated water supply are the San Joaquin River and the Contra Costa Canal. Canal water is purchased from the Contra Costa Water District (CCWD). The City provides both water treatment/distribution and wastewater collection services, discharging the wastewater into the Delta Diablo (DD) Wastewater Treatment Plant for treatment, disposal and the production of recycled water. Antioch provides services to the entire City population as well as certain unincorporated areas with the City's SOI, including the County Fairgrounds.

According to the City's 2011 Urban Water Management Plan (UWMP), the City's existing population of 105,117 is expected to grow by 10.5 percent to 116,592 by 2030. The UWMP projects employment to grow by 36 percent between 2010 and 2030 with an increase of 17,970 jobs. The City's Agency Profile is included as **Table IV-1** on Page 30.

Table IV-1, Agency Profile – City of Antioch

General Information			
Agency Type	Municipal		
Principal Act	General laws of State of California		
Date Formed	1872		
Services	Water and wastewater collection and conveyance		
Service Area			
Location	City of Antioch		
Sq. Miles/Acres	28.8 square miles/18,432 acres		
Land Uses	Residential, commercial, industrial, open space		
Dwelling Units	34,849		
Water Connections	31,274		
Population Served	105,117 (State Department of Finance, 2013)		
Last SOI Update	3/10/2010		
Water Infrastructure/Capacity			
Facilities	City of Antioch Water Treatment Plant (38 MGD), 339 miles of main, 7 pump stations, 11 reservoirs		
Storage Capacity	24.7 MGD		
Primary Source of Supply	Sacramento/San Joaquin River Delta and Contra Costa Canal via CCWD facilities		
Sewer Infrastructure/Capacity			
Facilities	319 miles of sewer main; 3 pump stations; 28,252 residential and commercial sewer lateral connections		
Treatment Plant Capacity (MGD)	Delta Diablo WWTP Peak capacity: 26.6 MGD; 7.7 MGD (average dry weather flow)		
Primary Disposal Method	Conveyance to Delta Diablo WWTP		
Budget Information- FY 2013-2014 (Water & Sewer Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$27,112,427	\$27,717,213	(\$604,786)
Sewer Fund	\$5,266,040	\$6,794,709	(\$1,528,669)
Combined Funds	\$32,378,467	\$34,511,922	(\$2,133,455)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$6,660,000	\$36,865,000 5 Year Projection- Water/Sewer	
Water Fund Balance	\$19,028,512	Estimated for June 30, 2014	
Sewer Fund Balance	\$12,832,411	Estimated for June 30, 2014	
City Net Assets	\$54,673,336	June 30, 2013 Financial Statement- Unrestricted	
Governance			
Governing Body	City Council (5 members)		
Agency Contact	Brandon Chalk, (925) 279-6970		
Notes			
SOI reduced on March 10, 2010 removing portions of the San Joaquin River and Roddy Ranch. Net Assets do not include Capital Assets			

Figure IV-1, Boundary/SOI Map – City of Antioch



Map created 03/27/2014
 by Contra Costa County Department of
 Conservation and Development, GIS Group
 30 Muir Road, Martinez, CA 94553
 37.59:41.791N 122:07:03.756W

This map or dataset was created by the Contra Costa County Department of Conservation and Development with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.



WATER/WASTEWATER OPERATIONS

The City provides water service within its boundaries, including potable treatment in its Water Treatment Plant with capacity of 38 million gallons per day MGD and storage within its 11 reservoirs. Distribution is achieved through seven pump stations and 339 miles of pipeline in four pressure zones. A recycled water system was developed in cooperation with the DD to serve four City parks and the Lone Tree Municipal Golf Course, reducing demand for potable water. The City purchases its water from CCWD.

Wastewater services provided are collection through 319 miles of sewer mains and 3 pump stations. Effluent is treated by DD within their Wastewater Treatment Plant using 7.7 MGD of and available 26.6 MGD. A Sewer System Management Plan (SSMP) was approved in January 2013 in cooperation with DD.

Infrastructure Needs

The City reports that they are addressing the system needs. This includes the preparation of water and wastewater rate studies in 2009 that identified the 10-year future needs, including major maintenance upgrades and appropriate rate adjustments. The City has budgeted Capital Improvement Plan (CIP) funds for the next five years to implement identified projects and replacement of older pipelines and equipment.

Cooperative Programs

The City has developed a recycled water program with DD and implemented shared maintenance programs with DD and the City of Pittsburg, including preparation of their SSMP. The City also participates in regional water conservation programs and the Bay Area Pollution Prevention Program.

Cost Avoidance Programs

As noted above, the development of a recycled water project has reduced the dependence on purchasing imported untreated water to meet the City's conservation goals by year 2020. Preparation of an SSMP in cooperation with DD and the City of Pittsburg reduced both the time and cost to prepare the report. Energy improvements have been made at the City's Water Treatment Plant to reduce energy consumption in pumps and lighting equipment.

FINANCIAL OVERVIEW

Antioch operates its wastewater water and water services as enterprise funds within the confines of overall City operations. Service fees comprise the significant majority of revenues that fund the services provided for both wastewater and water. Neither the wastewater fund nor the water fund receives funds directly or indirectly from the City's General Fund.

Overall, both funds are considered stable and self-sustaining for operational, capital and debt service activities, although some deficit spending has occurred periodically due to planned capital improvement projects. Rate increases have been implemented over the last several years to accommodate the expenditures. The City maintains a substantial reserve fund balance in each fund providing good capability to absorb short term impacts, with a very good debt service to annual expenditure ratio.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of the City's wastewater and water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

The wastewater and water funds overall have been experiencing surplus as well as deficit spending over the last several years. However, this is attributed primarily to planned capital expenditures. Each fund has been generally experiencing surpluses in the operating portions of the funds. Rate increases have been implemented over the last several years to accommodate the expenditures.

Ratios of Revenue Sources

The City receives 90% of its wastewater fund revenues from charges and fees for services, no revenue from property taxes, and 10% from miscellaneous other sources. The City receives 95% of its water fund revenues from charges and fees for services, no revenue from property taxes, and 5% from miscellaneous other sources. The ratios for both the wastewater and water funds reflect an appropriate balance for typical enterprise fund services; this minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The City's wastewater fund currently reflects a fund balance ratio of approximately 189% of annual expenditures. The City's water fund currently reflects a fund balance ratio of approximately 69% of annual expenditures. Both of these fund ratios represent positive ratios, with the wastewater fund significantly positive.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The City's wastewater fund has no debt, therefore no ratio to assess. The City's water fund annual debt service ratio to total expenditures is approximately 3.6%, a very good ratio.

Capital Improvement Program

The City has developed and implemented an aggressive and comprehensive CIP for wastewater and water infrastructure improvements. The City's current 5-Year CIP reflects approximately \$36.9 million in improvements for the combined wastewater and water infrastructure, with approximately \$6.7 million programmed for FY 13/14. The City reports that it has recently partnered with the DD to construct a \$12 million recycled water system that currently serves four City parks and the Lone Tree Municipal Golf Course. This has resulted in the reduction of dependence on potable water for these facilities.

Rate Structure

The City's current rate structure for wastewater reflects a fixed rate monthly maintenance charge of \$10.34, plus a monthly sewer lateral maintenance charge of \$0.30 per unit for both residential and non-residential customers. Water rates range from \$2.28-\$2.75 per 100 cubic feet of usage. Water service charges for water line maintenance range from \$14.72-\$2,649 depending on size of meter. Combined wastewater connection fees and water capacity charges range from \$8,317-\$1,245,985 depending on meter size for non-residential customers, \$2,280 for single family residential customers and \$4,561 for multi-family residential customers. The City reports that a water and sewer rate study was completed in 2009. Rates were increased in 2010-2014.

Redevelopment Agency Dissolution Impacts

The City reports that dissolution of the Redevelopment Agency had no impact on the wastewater and water services or associated capital improvement projects. No present or future redevelopment tax increment lost was utilized or planned for the wastewater and water enterprise funds.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the City's SOI.

STATUS OF ISSUES IDENTIFIED IN 2007-2008 MSR

The 2007-2008 CC LAFCO MSR identified a number of issues and recommendations with respect to the City. The section below provides an update, based on information provided by the City, identifying how those issues have been addressed since the 2007-2008 MSR.

- *Status of the Sewer System Master Plan (SSMP), to be prepared with the City of Pittsburg and the Delta Diablo, in accordance with requirements of State Water Resources Control Board (Order No. 2006-0003-DWQ).*

The City's Sewer System Master Plan was updated in January 2013.

- *New opportunities and ideas implemented to address the City's fiscal and efficiency issues.*

A two-year budget cycle was implemented for one full cycle. The City returned to a one-year budget to better address the City's financial issues during the Recession. To reduce costs, departments have been reorganized, staffing reduced, furloughs implemented, employee raises deferred, employee retirement costs addressed, vehicle and equipment maintenance has been reduced and funding reduced for recreation and criminal services.

- *Evaluation and implementation of any changes to the City's water and sewer rates.*

A water and sewer rate study was completed in 2009. Rates were increased in 2010 and 2011 and an additional increase has been approved for 2013 and 2014.

- *Participation in discussions with DD and the Ironhouse Sanitary District (ISD) regarding a regional approach to wastewater treatment.*

City deferred to DD and ISD.

- *Evaluation of parcels (e.g., County Fairgrounds and Holy Cross Cemetery) receiving out of agency service.*

The Holy Cross Cemetery is part of an area recently annexed to the City and DD (Northeast Antioch Reorganization – Area 2B). The City has not moved forward on the Fairgrounds area, a 76+ unincorporated island within the City's boundary. This island is located at the intersection of 10th and L Streets. This island qualifies under the streamlined provisions of CKH (56373.3).

- *Status of 108-acre unincorporated island (between 18th Street and Wilbur Avenue) served by wells and septic tanks.*

- This area is part of an area recently annexed to the City and DD (Northeast Antioch Reorganization – Area 2B). *Status of review of potential consolidation with DD for wastewater collection, conveyance, treatment and disposal.*

No formal review completed. City believes current collection and conveyance option is most cost-effective alternative.

GOVERNMENT STRUCTURE ALTERNATIVES

Three government structure alternatives were identified: (1) maintain the status quo, (2) consolidate service with the DD, and (3) annex all small county unincorporated islands within the City's boundary/SOI. It should be noted that the 2007-2008 MSR identified two areas receiving service outside the City's boundaries, the County Fairgrounds and the Holy Cross Cemetery. The cemetery was recently annexed to the City and DD (Northeast Antioch Reorganization – Area 2B). In addition, a 108-acre unincorporated island (between 18th Street and Wilbur Avenue) currently served by wells and septic tanks was also recently annexed to the City and DD (Northeast Antioch Reorganization – Area 2B). The City has not moved forward on the Fairgrounds area, a 76+ unincorporated island within the City's boundary. This island is located at the intersection of 10th and L Streets. This island qualifies under the streamlined provisions of CKH (56373.3). Lastly, there is another 78+ unincorporated island within the City's boundary/SOI and is a former landfill located north of James Donlon Blvd and east of Somersville Road. This island also qualifies under the streamlining provision for annexations of small islands.

Maintain the status quo

The City of Antioch is currently providing water and wastewater collection service for its residents and businesses, as well as to some parcels outside City boundaries, including the County Fairgrounds. Both the City's water and wastewater funds are stable, and the City has approved a 5-Year CIP to repair and upgrade needed infrastructure.

Consolidate service with Delta Diablo (DD)

Antioch provides wastewater collection services, while DD provides conveyance, treatment and disposal services. Consolidation provides potential opportunities for economies of scale and other efficiencies. Further study is needed to determine the merits of this option and the benefits/costs which would affect ratepayers for both the District and the City. Although no formal review of this proposal has been undertaken, the City's preference is maintain the status quo.

Annex all small islands within the City's boundary/SOI

The City has not moved forward on the Fairgrounds area, a 76+ unincorporated island within the City's boundary. This island is located at the intersection of 10th and L Streets. This island qualifies under the streamlined provisions of CKH (56373.3). Lastly, there is another 78+ unincorporated island within the City's boundary/SOI and is a former landfill located north of James Donlon Blvd and east of Somersville Road. This island also qualifies under the streamlining provision for annexations of small islands. The City should consider moving forward on annexations of these and other small islands within the City's boundary/SOI utilizing the streamlining provisions of CKH.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

<p><i>Growth and Population for the affected area.</i></p>	<p>According to the City’s 2011 Urban Water Management Plan (UWMP), the City’s existing population of 105,117 is expected to grow by 10.5 percent to 116,592 by 2030. The UWMP projects employment to grow by 36 percent between 2010 and 2030 with an increase of 17,970 jobs.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no DUCS within or contiguous to the City’s SOI.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>The City reports that they are addressing the system needs, including preparation of water and wastewater rate studies in 2009 that identified the ten year future needs, including major maintenance upgrades and appropriate rate adjustments. The City has budgeted CIP funds for the next five years to implement identified projects and replacement of older pipelines and equipment. There are no DUCs within or contiguous to the City’s SOI.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>Overall, both funds are considered stable and self-sustaining for operational, capital and debt service activities, although some deficit spending has occurred in each fund due to planned capital improvement projects. Rate increases have been implemented over the last several years to accommodate the expenditures. The City maintains a substantial reserve fund balance in each fund providing good capability to absorb short term impacts, with a very good debt service to annual expenditure ratio.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The City has developed a recycled water program with DD and implemented shared maintenance programs with the DD and the City of Pittsburg including preparation of their SSMP. The City also participates in regional water conservation programs and the Bay Area Pollution Prevention Program.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>The City provides a comprehensive website providing the public with internet access to City Council agendas and minutes, public notices, City budgets, Capital Improvement Programs, water quality reports, SSMPs and UWMPs. A City Calendar is also posted listing City projects, events and public hearings.</p> <p>The City should pursue the preparation of a focused study evaluating the feasibility/cost</p>

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	effectiveness of merging its wastewater operations with Delta Diablo as a potential long-term governance alternative.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

CITY OF BRENTWOOD – WATER/WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The City of Brentwood is bordered to the north by the City of Oakley, to the west by the City of Antioch, and to the south and east by unincorporated Contra Costa County. Brentwood's current population is 53,278. Settled in 1874, the area that would eventually become the City of Brentwood began as a farming community in the late 19th century and is still known throughout the Bay Area for its agricultural products, primarily cherries, corn and peaches.

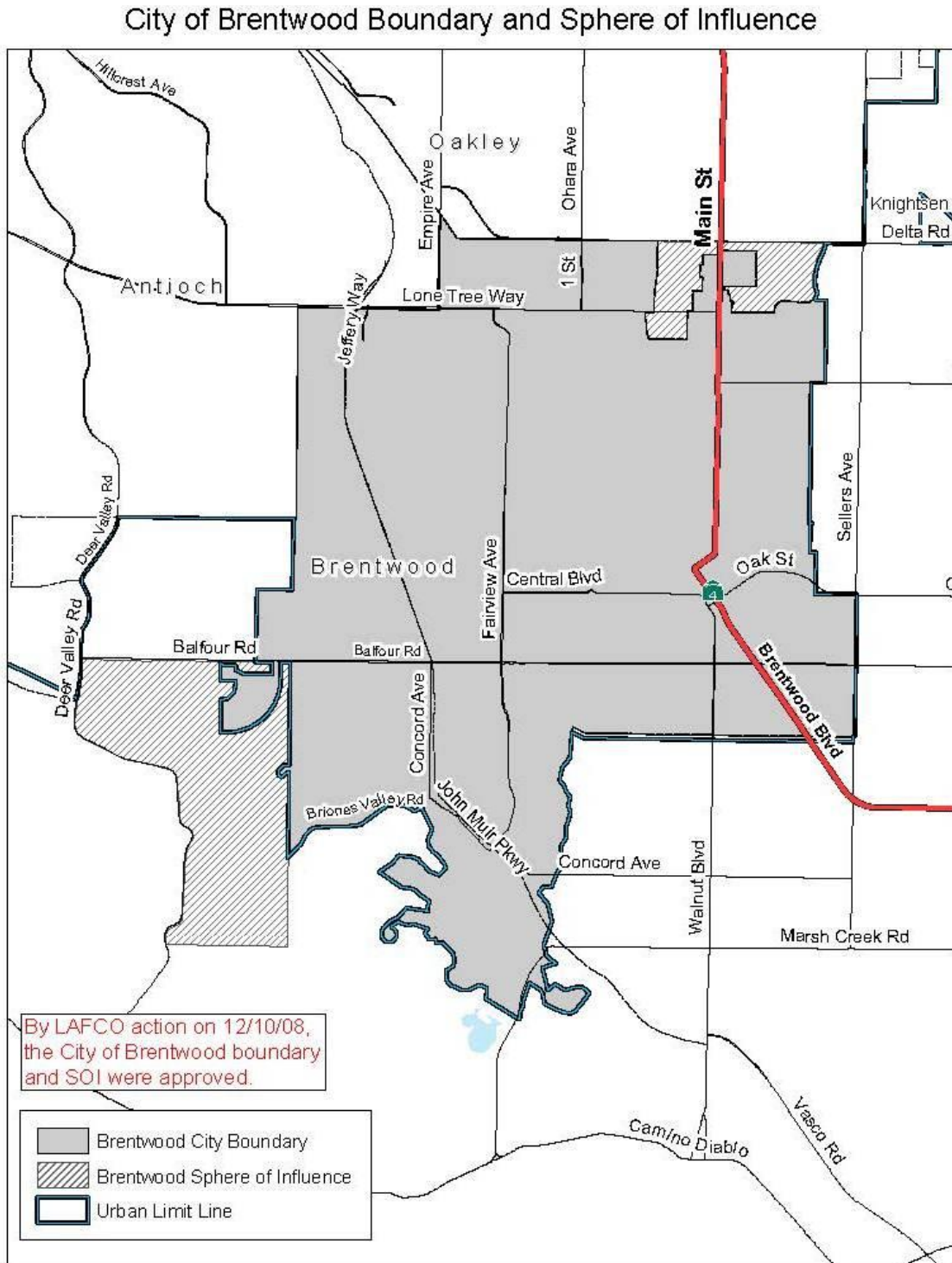
The City of Brentwood incorporated in 1948. Since 1990, many of the old farms and orchards have been replaced by suburban development. The predominant land use is now residential, with the majority of residential development being single family homes. The City currently has several small to mid-sized office buildings as well as larger business park sites that house financial, consulting, telecommunications, computer and bio-tech companies. A General Plan update for the City is currently underway. While the City does not anticipate recommending any changes to the City's boundaries or sphere of influence (SOI) as part of this update process, the Public Review Draft General Plan policies do signal the intention to ultimately adjust the City's boundary and SOI in certain areas of the City. A map of the City's current boundary and SOI is shown in **Figure IV-2** on Page 40.

The City of Brentwood provides water and wastewater services to over 17,000 residential and commercial customers in a service area of approximately 14.83 square miles. All water deliveries are metered. The City has no agricultural deliveries; agricultural users are served through the East Contra Costa Irrigation District (ECCID). The City's 2010 Urban Water Management Plan (UWMP) projects a population of 69,826 by 2030, a 15% annual growth rate from 2010 to 2030. At build-out, expected in 2030, the City is projected to have a population of 76,226 residents. However, the City reports that a series of General Plan amendments have been made over the years and the current General Plan update for 2014-2035 projects the City's build out population of 80,917 within the City's current boundaries. The City's Agency Profile is included as **Table IV-2** on Page 39.

Table IV-2, Agency Profile – City of Brentwood

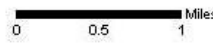
General Information			
Agency Type	Municipal		
Principal Act	General laws of the State of California		
Date Formed	1948		
Services	Water and wastewater treatment, collection and conveyance		
Service Area			
Location	City of Brentwood and two residential parcels outside city boundaries		
Sq. Miles/Acres	14.83 square miles/9,491 acres		
Land Uses	Residential, commercial, industrial, open space		
Dwelling Units	17,523		
Population Served	53,278 (City estimate, 1/2012)		
Last SOI Update	12/10/2008		
Water Infrastructure/Capacity			
Facilities	Brentwood Water Treatment Plant, 1 potable Water Treatment Plant, 172 miles of main, 7 booster stations, 6 reservoirs, 9 groundwater wells, share of the Randall Bold Water Treatment Plant		
Storage Capacity	21 MG		
Connections	18,000		
Primary Source of Supply	San Joaquin Basin and San Joaquin River Delta (through agreement with East Contra Costa Irrigation District); option to purchase treated water from Contra Costa Water District		
Sewer Infrastructure/Capacity			
Facilities	Brentwood WWTP, 188 miles of sewer main, 2 pump stations		
Treatment Plant Capacity (MGD)	5 MGD 16,068 residential connections; 479 commercial/business connections		
Primary Disposal Method	Brentwood WWTP provides tertiary treatment; effluent pumped offsite for recycled water use or discharge into Marsh Creek		
Budget Information- FY 2013-2014 (Water & Wastewater Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$18,578,959	\$19,466,486	(\$887,527)
Wastewater Fund	\$10,808,832	\$11,229,999	(\$421,167)
Combined Funds	\$29,387,791	\$30,696,485	(\$1,308,694)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$6,221,458	\$96,162,533 5 Year Projection- Water/Wastewater	
Water Fund Balance	\$121,562,843	Estimated for June 30, 2014	
Wastewater Fund Balance	\$87,981,476	Estimated for June 30, 2014	
City Net Assets	\$117,426,332	June 30, 2012 Financial Statement- Unrestricted	
Governance			
Governing Body	City Council (5 members)		
Agency Contact	Debra Gale, (925) 516-5177		
Notes			
Net Assets do not include Capital Assets			

Figure IV-2, Boundary/SOI Map – City of Brentwood



Map created 7/23/2009
 by Contra Costa County Community Development, GIS Group
 601 Pine Street, 18 Floor, San Francisco, CA 94111-6699
 415.774.2528 415.774.2528

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WATER/WASTEWATER OPERATIONS

The City provides potable water service by utilizing purchased raw water from the East Contra Costa irrigation District (ECCID) and treating it at the City of Brentwood Water Treatment Plant which has a capacity of 16.5 million gallons per day (MGD). The treated water is pumped by seven booster pumps through 172 miles of main pipelines. The City has nine groundwater wells that supply a base amount of water of 5 MGD and can be supplemented by water from the Randall Bold Water Treatment Plant (RBWTP) operated by the Contra Costa Water District (CCWD). The City's UWMP was updated in 2011.

Wastewater services are provided by collection through 188 miles of sewer main lines and treatment at the City's Wastewater Treatment Plant (WWTP) which has 5 MGD of capacity. Treated effluent is supplied to a recycled water system which currently averages 0.27 MGD. Excess effluent is disposed through an outfall into Marsh Creek. The City's Sewer System Management Plan (SSMP) was completed in 2007 and updated in 2012. The expansion of the WWTP has been deferred by about 6-7 years due to slow growth of Equivalent Dwelling Units.

Infrastructure Needs

The City has identified a series of facility expansions and replacement upgrades as part of its UWMP, SSMP and other infrastructure-related master plans. The City's Capital Improvement Program (CIP) includes for funds to renovate one water reservoir and to expand the WWTP when effluent flows are expected to increase. One well is currently out of service due to constituent levels, and treatment for chromium is being explored.

Cooperative Programs

The City purchases water from CCWD and both agencies conduct joint conservation programs. Supplemental treated water is purchased from CCWD. A recycled water system has been constructed and may be expanded in a few years with funds obtained from regional grants with other Bay Area agencies. Maintenance functions and training is conducted with several other water and wastewater agencies regionally.

Cost Avoidance Opportunities

The City has developed several cooperative programs that have long-term savings benefits such as the potable water treatment capacity from CCWD and sales of recycled water. Reduction of City-paid amounts for retirement and health benefits have been implemented in recent bargaining unit agreements. The planned renovation of Well 11 will increase groundwater supply in the future.

FINANCIAL OVERVIEW

The City operates its wastewater and water services as enterprise funds within the confines of overall City operations. Service fees comprise the significant majority of revenues that fund the services provided for both wastewater and water. Neither the wastewater fund nor the water fund receives funds directly or indirectly from the City's General Fund. Overall, both funds are considered stable and self-sustaining for operational, capital and debt service activities, although some deficit spending has occurred in each fund due to planned capital improvement projects and debt service requirements. Rate increases have been implemented over the last several years to accommodate the expenditures. The City maintains a substantial reserve fund balance in each fund providing good capability to absorb short-term impacts, with a good debt service to annual expenditure ratio.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of the City's wastewater and water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

The wastewater and water funds overall have been experiencing surplus as well as deficit spending over the last several years. However, this is attributed primarily to planned capital expenditures and debt service requirements. Each fund has been generally experiencing surpluses in the operating portions of the funds. Rate increases have been implemented over the next five years to accommodate the expenditures.

Ratios of Revenue Sources

The City receives 95% of its wastewater fund revenues from charges and fees for services, no revenue from property taxes, and 5% from miscellaneous other sources. The City receives 93% of its water fund revenues from charges and fees for services, no revenue from property taxes and 7% from miscellaneous other sources. The ratios for both the wastewater and water funds reflect an appropriate balance for typical enterprise fund services, and minimize the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The City's wastewater fund currently reflects a fund balance ratio of approximately 624% of annual expenditures. The City's water fund currently reflects a fund balance ratio of approximately 801% of annual expenditures. Both of these fund ratios represent significantly positive ratios.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The City's wastewater fund annual debt service ratio to total expenditures is approximately 17%, a slightly high, but manageable ratio. The City's water fund annual debt service ratio to total expenditures is approximately 6%, a good ratio.

Capital Improvement Program

The City has developed and implemented an aggressive and comprehensive CIP for wastewater and water infrastructure improvements. Brentwood's current 5-Year Plan reflects approximately \$96.2 million in improvements for the combined wastewater and water infrastructure, with approximately \$6.2 million programmed for FY 13/14. The City reports one significant project completed recently was construction of the Brentwood Water Treatment Plant, a combined treatment plant production/operation with the CCWD. Additionally, the City reports that numerous other capital improvement projects have been completed over the last several years for both wastewater and water infrastructure.

Rate Structure

The City's current rate structure for wastewater reflects a fixed rate monthly base charge of \$14.19, plus a monthly sewer lateral maintenance charge of \$1.75 per unit, and a variable charge of 4.94 per 1,000 gallons of water usage for residential customers, with a maximum monthly charge of \$50.52. Non-residential customer monthly charges range from \$4.45-\$13.69 per 1,000 gallons of water usage. Water service charges reflect a fixed rate monthly base charge ranging from \$19.65-\$530.65 depending on meter size, and a tiered rate charge ranging from \$3.08-\$5.12 per 1,000 gallons of usage for residential customers, and \$3.08-\$3.67 for non-residential customers. Annual increases over the next five years are included in the City's current rate structure.

Redevelopment Agency Dissolution Impacts

The City reports that dissolution of the Redevelopment Agency has had some impact on wastewater and water capital improvement projects. The City reports that some projects previously programmed for funds from redevelopment tax increment will be delayed.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the City's boundary or SOI.

STATUS OF ISSUES IDENTIFIED IN 2007-2008 MSR

The 2007-2008 CC LAFCO MSR identified a number of issues and recommendations with respect to the City. The section below provides an update, based on information provided by the City, identifying how those issues have been addressed since the 2007-2008 MSR.

- *Update on groundwater pumping capacity to meet build out maximum day demands.*

Existing pumps are able to provide 5 MGD which is sufficient to meet maximum build out demands.

- *Update on new Brentwood Water Treatment Plant.*

The Brentwood Water Treatment Plant is currently online and has a capacity of 16.5 MGD. In addition the City continues to utilize 6 MGD capacity rights at the RBWTP.

- *Status on following water and wastewater service goals identified in City's 2007-09 budget:*

Well abandonment to avoid ground water contamination – Complete

Continue well and distribution system monitoring for regulatory compliance – Ongoing

Continue leak detection program – Ongoing citywide

Inspect and clean six potable water reservoirs – Complete and ongoing every three years

Establish and administer a fire hydrant maintenance and repair program – Establish and ongoing

Continue with and expand water conservation programs – Ongoing

Complete wastewater NPDES permit renewal process – Complete and ongoing every five years

Upgrade the Sellers Avenue lift station – Completed in 2008

Assist the developer of Dream Catcher in completing a new lift station – Substantially complete

Repair/replace utility water lines at the Wastewater Treatment Plant - Ongoing

Develop a Sewer System Master Plan – Adopted in 2007

- *Status of water and wastewater projects identified in City's 2007-12 CIP:*

New surface water treatment facility – Complete and operational

Upgrades to downtown water infrastructure – Complete

Construction of a new well and other well site improvements – Well 15 complete

Citywide sewer collection system rehabilitation for replacement of main lines, lateral connections, manholes and covers – Ongoing

Continued expansion and improvement to the non-potable water distribution system – Ongoing

Brentwood Wastewater Treatment Plant expansion – Delayed until necessary by growth; current estimate 3-5 years.

- *Permit violations and/or sewer system overflows since December 2007.*

Since December 2007, the City has had three Wastewater Treatment Plant permit effluent violations and eight Sewer System Overflows (SSOs). None of the SSOs exceed 1000 gallons; five of the SSOs were less than 200 gallons.

- *Status of Wastewater Collection System Master Plan.*

The Plan has been completed.

- *Status of Sewer System Management Plan.*

The Plan was completed in 2007.

- *Status of new rate study.*

A new rate study was adopted in November 2013. New rates took effect in January, 2014

- *Impacts of fiscal challenges and decline in new development on construction of the Brentwood Water Treatment Plant.*

The City's Development Fee Program ensures that future development will pay for their share of costs related to development while the City's utility rate structure ensures that existing development pays for their fair share.

- *Outcome of treatment process analysis with respect to the Brentwood Wastewater Treatment Plant.*

The analysis is complete, although expansion of the Plant has been delayed until warranted by future growth.

- *Progress in annexation of two parcels with out of agency service agreements.*

The properties are not planned for annexation at this time.

GOVERNMENT STRUCTURE ALTERNATIVES

Two government structure options were identified for the City of Brentwood:

Maintain the status quo:

The City is currently providing adequate water and wastewater services within its boundaries, as well as to two parcels outside City boundaries. The City is financially sound and has developed and implemented an aggressive CIP Program to maintain and upgrade necessary infrastructure.

Annex the two residential parcels currently receiving services outside the City boundaries through an out-of-agency services agreement:

There are currently two parcels with Out-of-Agency Service Agreements for water and sewer service (approved by CC LAFCO in 2005). Both property owners have signed a covenant and agreement to annex their properties to the City. Both properties should be included within the City’s sphere of influence and annexation of the two parcels should be completed by the City as soon as possible.

It is also noted that the Liberty Union High School District’s fourth high school site should also be considered for placement in the City’s SOI for consideration of future City services.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	The City’s Urban Water Management Plan (2010) projects a population of 69,826 by 2030, a 15% annual growth rate from 2010 to 2030. At build-out, expected in 2050, the City is projected to have a population of 76,226 residents.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities within or contiguous to the City’s SOI.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	The City has identified a series of facility expansions and replacement upgrades as part of its UWMP, SSMP and other infrastructure-related master plans. The City’s CIP includes funds to renovate one water reservoir and to expand the WWTP when effluent flows are expected to increase. There are no disadvantaged unincorporated communities within or contiguous to the City’s SOI.
<i>Financial ability of agencies to provide services.</i>	Overall, both the water and wastewater funds are considered stable and self-sustaining for operational, capital and debt service activities, although some deficit spending has occurred in each fund due to planned capital improvement projects and debt service requirements. Rate increases have been implemented over the last

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	<p>several years to accommodate the expenditures. The City maintains a substantial reserve fund balance in each fund providing good capability to absorb short- term impacts, with a good debt service to annual expenditure ratio.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The City purchases water from CCWD and both agencies conduct joint conservation programs. Supplemental treated water is purchased from CCWD. A recycled water system has been constructed and may be expanded in a few years with funds obtained from regional grants with other Bay Area agencies. Maintenance functions and training is conducted with several other water and wastewater agencies regionally.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>The City provides a comprehensive website providing the public with internet access to City Council agendas and minutes, public notices, City budgets, CIP programs, and water quality-related reports. A City Calendar is also posted listing City projects, events and public hearings.</p> <p>The City should pursue annexation of two parcels receiving water and wastewater services through an Out- of-Agency Service Agreement approved by LAFCO in 2005. Both property owners signed a covenant at that time agreeing to annexation.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

CITY OF CONCORD – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

Founded in 1869 as the community of Todos Santos (“All Saints”), the City of Concord (City) was incorporated in 1905. The City’s boundaries encompass 30.5 square miles, and the City has a current population of approximately 123,812 residents. Located in central Contra Costa County, the City shares boundaries with the Cities of Pittsburg and Clayton to the east; the City of Walnut Creek to the south; and the City of Pleasant Hill to the west. The City’s sphere of influence (SOI) includes an additional 15.6 square miles, including lands to the north as well as small unincorporated areas adjacent to the City’s boundary. There is a 189-acre unincorporated island with the City’s SOI, the Ayres Ranch area, located south of Bailey Road and adjacent to the Concord Naval Weapons Station (CNWS). This area is developed primarily with residential uses. According to 2013 estimates, the City projects that the current population (123,812) will increase to 148,400 by year 2030, an increase of almost 20 percent. A map of the City’s current boundary and (SOI) is shown in **Figure IV-3** on Page 49.

Concord provides sewage collection and conveyance services for most of the City of Concord, the adjacent City of Clayton, several parcels within the City of Walnut Creek, and some parcels in the unincorporated areas surrounding Concord and Clayton. Clayton has a population of approximately 11,093 residents and comprises 4.2 square miles. The wastewater from Clayton is conveyed by gravity flow through the Concord system to the Central Contra Costa Sanitary District (CCCSD) system. CCCSD provides treatment and disposal services for all of Concord and Clayton sewer connections. CCCSD also provides sewage collection services for northern Concord, including the northern portion of the CNWS and for some areas along the City’s western boundary. The City of Concord’s Agency Profile is included as **Table IV-3** on Page 48.

Service Agreements

In 1964, the Concord City Council adopted Resolution No. 2423 establishing an “ultimate sewerage service boundary” that includes area outside the corporate boundaries of Concord. It is unclear if the County Board of Supervisors approved the resolution. CC LAFCO did not approve the City’s ultimate sewerage service boundary. Nevertheless, the City has historically provided service to unincorporated areas outside City boundaries without CC LAFCO approval. More recently, the City has requested CC LAFCO’s approval of out-of-agency service agreements for extension of services outside City boundaries and has also required landowner consent to future annexation. However, the City has not pursued annexation of these parcels and this remains an important issue to resolve.

In 1966, Concord and Clayton entered into an agreement for Concord to provide sewer service to Clayton. On December 18, 1991, the City of Concord and the City of Clayton entered into a new agreement for the provision of sanitary sewer service to Clayton by Concord. One of the terms of the agreement, “Areas to be Served by Concord,” states that sewer service will be available to all areas within the City boundaries of Clayton. Furthermore, Clayton may extend sewer service to any unincorporated area that cannot be annexed to Concord, “whether such annexation is prohibited by State annexation laws or decisions of the Local Agency Formation Commission of Contra Costa County, or its successor agency or agencies.” The agreement does not contain a severability clause that would allow the remainder of the agreement to be applicable should one clause be found to be unenforceable or invalid. However, the City Attorney’s Office has concluded that, “To the extent that there may be

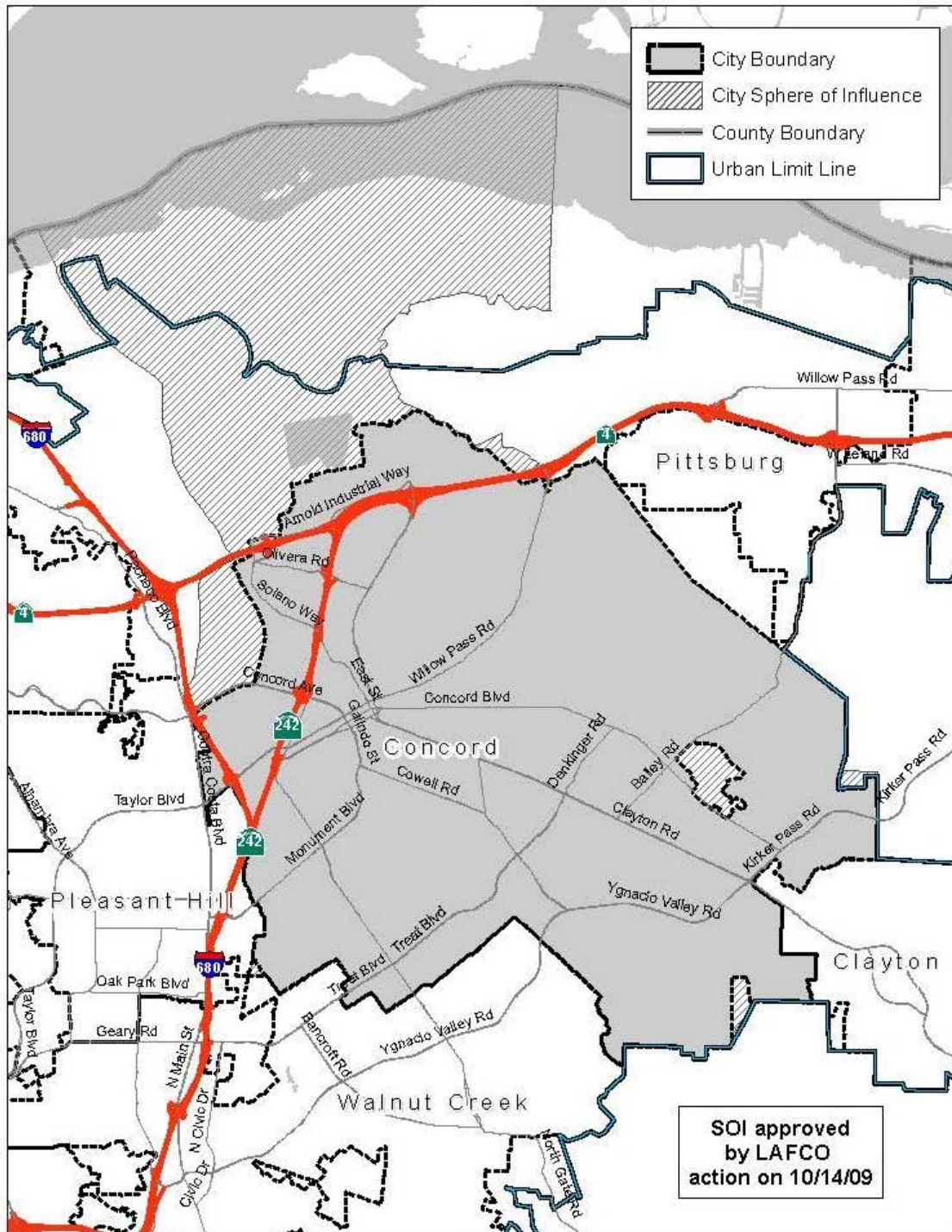
language in the agreement that authorizes out-of-area service agreements or services to be provided after January 1, 2001, such language would be contrary to State law and would be superseded and unenforceable.”

Table IV-3, Agency Profile – City of Concord

General Information			
Agency Type	Municipal		
Principal Act	General laws of State of California		
Date Formed	City of Concord incorporated in 1905		
Water/Sewer Services	Wastewater collection and conveyance		
Service Area			
Location	City of Concord, City of Clayton, Ayers Ranch		
Sq. Miles/Acres	34.6 square miles/22,144 acres		
Land Uses	Residential, commercial, light industrial, office/business park, open space		
Population Served	134,095		
Last SOI Update	10/14/2009		
Infrastructure/Capacity			
Facilities	383 miles of sewer main		
Service Connections	39,657		
Treatment Plant Capacity (MGD)	N/A		
Primary Disposal Method	Gravity flow through Concord sewage collection and conveyance system to Central Contra Costa Sanitary District system		
Budget Information- FY 2013-2014 (Sewer Fund)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Sewer Fund	\$22,172,171	\$24,457,653	(\$2,285,482)
	FY 2013-2014	Long Term Planned Expenditures	
Sewer Capital Expenditures	\$1,065,000	\$9,915,000- 10 Year Projection	
Fund Balance	\$3,870,806	Estimated for June 30, 2014	
City Net Assets	\$39,793,110	June 30, 2012 Financial Statement- Unrestricted	
Governance			
Governing Body	City Council (5 members)		
Agency Contact	Victoria Walker, (925) 671-3434		
Notes			
Fund Balance listed in adopted budget is \$2,468,502; City Council took action on 10/1/13 (related to prior year CCCSD charges) after budget was printed resulting in a revised Fund Balance of \$3,870,806. Net Assets do not include Capital Assets			

Figure IV-3, Boundary/SOI Map – City of Concord

City of Concord Boundary and Sphere of Influence



Map created by the City of Concord, Contra Costa County, Development Department. The City of Concord is a member of the Contra Costa County GIS Program. Some base data, graphics, and symbols are the property of Esri. All other data, graphics, and symbols are the property of the City of Concord. The map is for informational purposes only and does not constitute a contract. The map is for informational purposes only and does not constitute a contract. The map is for informational purposes only and does not constitute a contract.

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WATER/WASTEWATER OPERATIONS

The City provides sewage collection service through 383 miles of sewer mains to a majority of Concord, the City of Clayton, a small portion of the City of Walnut Creek, and some parcels in the unincorporated areas adjacent to Concord and Clayton. The City's system then conveys the effluent flows to the CCCSD system.

The City pays its proportional share of cost of operation of the CCCSD Wastewater Treatment Plant (WTP) which is based on metered flows. The costs include operations, capital expenses and hazardous materials disposal. Since the prior MSR, the one pump station in the system was removed after improvements in the transmission conveyance system, known as the A-Line Relief Interceptor Project.

The City reports that it has implemented several program efforts to improve operation of the collection system and reduce Sewer System Overflows (SSO's), including increased inspections by closed circuit TV, rodding and cleaning of mainlines and trouble spot locations, adoption and implementation of a Fats, Oil and Grease Program (FOG Program) to reduce inflows, and mainline repairs and replacements. The City contracts with the CCCSD for several of these services. The 10-Year Capital Improvement Program (CIP) includes major collection system upgrades and replacements as well as the City's share of the upgrade to the CCCSD WWTP facilities. A Sewer System Master Plan (SSMP) was adopted in March 2012 and has been in the process of being updated in late 2013.

Infrastructure Needs

The City's collection system has portions that are aged and in need of replacement as identified in the 10-Year CIP and SSMP studies. Another study evaluated the City system and potential impacts of adding service to the CNWS area that is undergoing development. These studies have provided the basis of system upgrades over the ten-year period. Problem spots and old sewer mains are being replaced on a basis of timing and funding availability. The City's CIP is currently funded at \$1.065 million in FY 2013-14 and \$9.9 million through 2023.

Cooperative Programs

The City contracts with CCCSD for wastewater treatment, hazardous materials disposal, a Fats, Oil and Grease Program (FOG Program), and participates in regional training and customer education programs to reduce pollution and impacts to the CCCSD WWTP operations.

Cost Avoidance Opportunities

Implementation of the SSMP and FOG Program are expected to result in reduced numbers of problem locations and overflows over time. The City has implemented a newer repair and rehabilitation technique of relining trunk sewer mains in which the pipes are relined without digging them up and saving a portion of the traditional costs. The City reports that approximately \$26 million has been saved using this method in its concrete Trunk Sewer Rehabilitation Project to date. Participation in the expansion of the CCCSD WWTP upgrade is expected to be less costly than considering separate sewage treatment alternatives, including probable expansion to serve the new areas of the CNWS and infill projects in the City service area.

FINANCIAL OVERVIEW

The City operates its wastewater service as an enterprise fund within the confines of overall City operations. Sewer service fees comprise the significant majority of revenues that fund the services

provided. The Wastewater Fund does not receive funds directly or indirectly from the City's General Fund.

Overall, the Wastewater Fund is currently stable and self-sustaining for operational and debt service activities, however, capital expenditures have created deficit spending over the last few years. The City indicates in their Wastewater Fund's long-range revenue and expenditure forecast that rate increases will be required to eliminate the deficit spending. The City maintains a marginally acceptable fund balance providing very limited capability to absorb short-term impacts. The City maintains a low debt service to annual expenditures ratio.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of the City's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

The Wastewater Fund overall has been experiencing deficit spending, however, this is attributed to capital expenditures and debt service for bond proceeds associated with the capital expenditures. The fund has been experiencing balanced budgets in the operating portion of the fund. The City has projected required rate adjustments in the fund's long range revenue and expenditure forecast that will be necessary to balance the overall fund budget.

Ratios of Revenue Sources

The City receives 97% of its wastewater fund revenues from charges and fees for services, no revenue from property taxes and 3% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise fund service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The Wastewater Fund currently reflects a fund balance ratio of approximately 16% of annual expenditures, a marginally acceptable positive ratio. Continued deficit spending for capital projects will deplete the fund balance in the near future. The City has projected rate increases that will be necessary to implement to balance the fund budget.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The City's Wastewater Fund's annual debt service ratio to total expenditures is approximately 4.6%, a very good ratio.

Capital Improvement Program

The City's current 10-Year CIP reflects approximately \$9.9 million in improvements, with approximately \$1.1 million programmed for FY 13/14. The City reports that it has completed approximately \$26 million in sanitary sewer main repairs, replacements and rehabilitations since 2003. The City reports that approximately \$10 million in sanitary sewer upgrade and replacement projects are currently under construction or in development. The City also has approximately \$86.2 million of identified costs related to its share of capital improvements for the CCCSD treatment facilities and equipment over the same 10-

year period. Additionally, the City has indicated that future development of the former CNWS properties will require significant system expansion.

Rate Structure

The City's rate structure reflects a combination of fixed rate service charges for residential customers, and consumption based usage charges for non-residential customers. The residential service charge is \$363 per residential unit. Usage consumption rates for non-residential customers range from \$3.20-\$6.29 per 100 cubic feet of potable water used (as measured through the water meter), depending on type of facility. Rates are reviewed every year, and adjustments are implemented when required. The City's Wastewater Fund long-range revenue and expenditure forecast projects rate increases will be required in the near future.

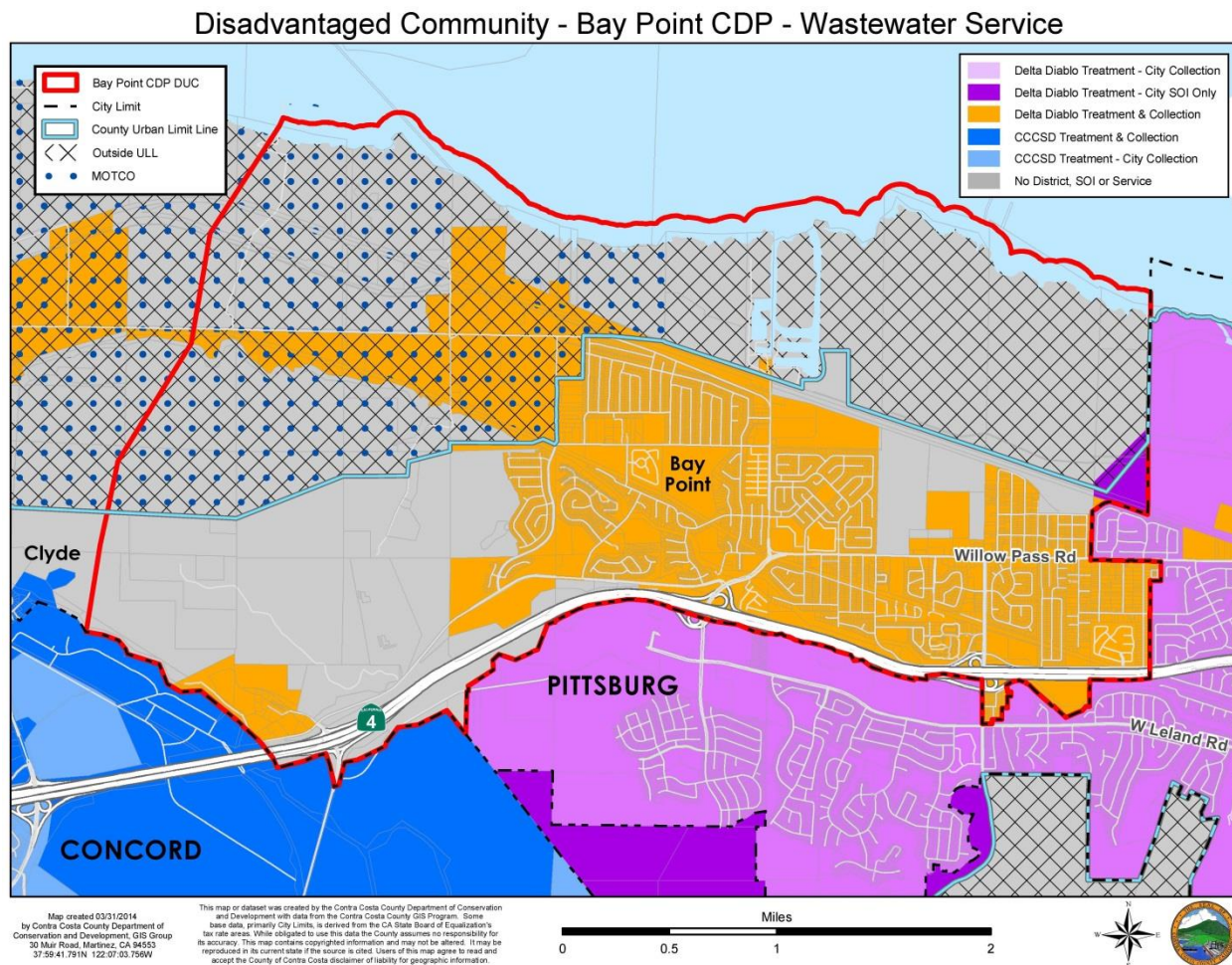
Redevelopment Agency Dissolution Impacts

The City reports that dissolution of the Redevelopment Agency had some impact on the wastewater capital improvement projects programmed within the redevelopment project areas. In particular, the Redevelopment Agency funded up-front design costs for projects such as sewer infrastructure upgrades. Agency funds were also used as matching funds to receive grants for infrastructure projects. The loss of the City's Redevelopment Agency has created a funding gap for such projects.

DISADVANTAGED UNINCORPORATED COMMUNITIES

A disadvantaged unincorporated community (DUC) is located directly north of Highway 4 along the northerly boundary of the City of Concord (see **Figure IV- 3A** on Page 53). If annexation of territory or an SOI expansion is considered, a detailed analysis would be required to evaluate the City's ability to provide service to this area.

Figure IV-3A, DUC Map – Bay Point CDP – Wastewater Service



STATUS OF ISSUES IDENTIFIED IN 2008 MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to the City of Concord. The section below provides an update, based on information provided by the City, identifying how those issues have been addressed since the 2008 MSR.

- *Status of Trunk Sewer Flow Capacity Study that includes the Concord Naval Weapons Station.*

Two engineering studies were completed to address the development of the CNWS and its impact on water and sanitary system utilities: (1) the City's Hydraulic Evaluation Report (authored by Brown and Caldwell Engineering) completed in April 2011; and, (2) CCCSD prepared a Recycled Water Facilities Plan for the development of CNWS (authored by Carollo Engineering) completed in December 2011.

- *Efforts to reduce Sewer System Overflows in 2008 (122 events, 19 at more than 500 gallons).*

Since 2008, the City has implemented the following practices/programs: mainline and lateral repairs and replacements; closed-circuit television of mainlines; weekly, monthly, quarterly and annual hotspot cleaning; routine rodding/jetting and inspection of mainlines; use of herbicides for root control; Fats, Oil and Grease (FOG) Program via CCCSD.

- *City efforts to repair corroded pipes and rectify hydraulic issues for pipes with inadequate capacity.*

Approximately \$10 million in sanitary sewer upgrade and replacement projects are currently under construction or in development. Concord's adopted 10-Year CIP for 2013-14 through 2022-23 identifies an additional \$9.9 million in capital projects and \$86.2 million as the City's share of capital improvements for the CCCSD treatment facilities and equipment over the same ten year period.

- *Status of the A-Line Relief Interceptor.*

The A-Line Relief Interceptor was completed in FY 2008-09.

- *Status of the 2012 SSMP.*

The City's 2012 SSMP, adopted in March 2012, is currently being updated, and the City estimates this will be completed in April 2014.

- *Cost savings/cost avoidance measures implemented since 2008.*

The City was able to significantly reduce the cost of sewer rehabilitation work through the competitive bid process for construction methods using trenchless technology. The Concrete Trunk Sewer Rehabilitation Project used international outreach, a bid process, and strict consultant oversight to save an estimated \$26 million over the City's original project estimate.

- *New partnerships since 2008.*

The City of Concord has not entered into any new partnerships since 2008.

- *Updates to City's policies, procedures, ordinances and Municipal Code regarding out-of-agency sewer service agreements.*

The City indicates that for many years, it has requested CC LAFCO approval before extensions of sewer service through contract or agreement outside its jurisdictional boundary. The City intends to propose Council adoption of a resolution reflecting current practices, and complete this process by the end of 2014.

- *Current efforts to annex Ayers Ranch and other unincorporated areas receiving service.*

The primary obstacles to annexation include: landowner opposition, the inability to reach agreement on a mutually agreeable property tax exchange agreement between the City and the County, and the cost to extend infrastructure. The City is willing to consider extending sewer service to parcels or areas experiencing failing septic tanks if acceptable to CC LAFCO, the residents and the County.

- *Thoughts on consolidation of City sewer service with CCCSD.*

The City provides sanitary sewer services at a substantially lower cost than CCCSD. The City has not considered this option.

GOVERNMENT STRUCTURE ALTERNATIVES

The City is providing adequate wastewater collection services, with CCCSD providing wastewater treatment and disposal services. The City provides sewer collection and conveyance services for the City of Clayton. The City also provides service to parcels outside the corporate boundaries of Concord. Many of these service connections are located in the Ayers Ranch area, a 189-acre unincorporated island within Concord's SOI. Some parcels within this area are experiencing issues with septic systems, including failure, and have requested service from the City on an individual basis.

Three government structure options were identified: (1) maintain the status quo; (2) annex areas receiving City service into the City; and (3) consolidate with the CCCSD.

Maintain the status quo

The City is providing adequate wastewater collection services to its residents and businesses within its sewer service area that includes the City of Clayton. Concord also provides service to some areas outside the boundaries of the City, most notably in the Ayers Ranch community. The City has a long-term CIP which strategically plans for infrastructure upgrades and repairs. The City's Wastewater Fund is stable.

Annex areas receiving City service into Concord

The City provides service to parcels outside City boundaries, including properties within the 189-acre unincorporated island surround by Concord and within the City's SOI known as the Ayers Ranch area. The City includes this island within its ultimate sewer service boundaries. A significant portion of this island is developed or developable. In areas where there are concerns due to failing septic systems, the provision of municipal wastewater services would address public health issues.

The City reports that many property owners in the Ayers Ranch area have expressed strong opposition to annexation to Concord. Additionally, the City and the County have been unable to reach a mutually agreeable property tax sharing agreement should the area be annexed to Concord. Costs to extend the wastewater collection system to Ayers Ranch are unknown at this time. The City is potentially willing to extend sanitary service to areas in the County experiencing septic tank failure if it is acceptable to the landowner, CC LAFCO and the County.

Ayers Ranch has been placed by CC LAFCO within the City's SOI, signifying that the City is the logical, long-term service provider for the unincorporated island. Annexation of those areas being served extra-territorially by the City of Concord should be a high priority for the City and the County to clean up outstanding boundary issues.

Consolidate service with Central Contra Costa Sanitary District

The City provides wastewater collection services for Concord and Clayton, while CCCSD provides conveyance, treatment and disposal services. CCCSD also provides wastewater collection service to northern Concord and other unincorporated areas to the north, west, and south of the City. Consolidation may provide economies of scale and other efficiencies due to the single-purpose focus of CCCSD. It should be noted, however, that the current rates charged by CCCSD have been and continue to be projected as substantially higher than the rates charged by the City. The FY 2013-2014 base rate

charged by the City of Concord is \$363 annually versus the CCCSD base rate of \$405. Consolidation may also impact the Ad Velorum property tax allocation for CCCSD.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<p><i>Growth and Population for the affected area.</i></p>	<p>According to 2013 estimates, the City projects that the current population (123,812) will increase to 148,400 by year 2030, an increase of almost 20 percent. The City of Clayton, also served by Concord, has a population of approximately 11,093 and is projected to grow to 12,600 by 2030, an increase of 13 percent.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>A DUC is located directly north of Highway 4 along the northerly boundary of the City. If annexation of territory or an SOI expansion is considered, a detailed analysis would be required to evaluate the City’s ability to provide service to this area.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>The City’s collection system has portions that are aged and in need of replacement as identified in the 10-Year CIP and SSMP studies. Another study evaluated the City system and potential impacts of adding service to the CNWS area that is undergoing development. These studies have provided the basis of system upgrades over the ten-year period. Problem spots and old sewer mains are being replaced on a basis of timing and funding availability. The City’s CIP is currently funded at \$1.065 million in FY 2013-14 and \$9.9 million through 2023.</p> <p>A DUC is located directly north of Highway 4 along the northerly boundary of the City. If annexation of territory or an SOI expansion is considered, a detailed analysis would be required to evaluate the City’s ability to provide service to this area.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>Overall, the Wastewater Fund is currently stable and self-sustaining for operational and debt service activities, however, capital expenditures have created deficit spending over the last few years. The City indicates in their Wastewater Fund’s long-range revenue and expenditure forecast that rate increases will be required to eliminate the deficit spending. The City maintains a marginally acceptable fund balance providing very limited capability to absorb short-term</p>

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	impacts. The City maintains a low debt service to annual expenditures ratio.
<i>Status of, and opportunities for, shared facilities.</i>	The City contracts with CCCSD for wastewater treatment as well as for major collection system maintenance and inspections. The City also participates in regional training and customer education programs to reduce pollution and impacts to the CCCSD WWTP operations.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	<p>The City provides a comprehensive website providing the public with internet access to City Council agendas and minutes, public notices, and City budgets. The City also offers an e-newsletter to keep residents update on City events.</p> <p>Three government structure options have been identified: (1) status quo, (2) annex areas receiving City service, and (3) consolidate with CCCSD.</p>
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	The City should update its policies, ordinances and municipal codes to conform to Government Code Section 56133 regarding out of area agreements.

CITY OF HERCULES – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The City of Hercules (City), incorporated in 1900, encompasses approximately 8.1 square miles. Hercules shares its southern boundary with the City of Pinole. North of the City is the unincorporated community of Rodeo. East of the City are primarily agricultural lands, including the Carquinez Strait Regional Shoreline Park. San Pablo Bay lies to the west. A map of the City's current boundary and sphere of influence (SOI) is shown in **Figure IV-4** on Page 60.

Hercules provides wastewater collection and conveyance service for the City's incorporated area. Treatment is provided at the Pinole-Hercules Wastewater Treatment Plant (WWTP). The Cities of Hercules and Pinole each have a 50% ownership in the WWTP, although Pinole is the designated operator. Secondary effluent is conveyed to the Rodeo Sanitary District (RSD) Water Pollution Control Plant where it is combined with RSD effluent and discharged into San Pablo Bay. In 1977, RSD, Pinole and Hercules entered into a Joint Powers Agreement (JPA) to provide deep water wastewater disposal facilities.

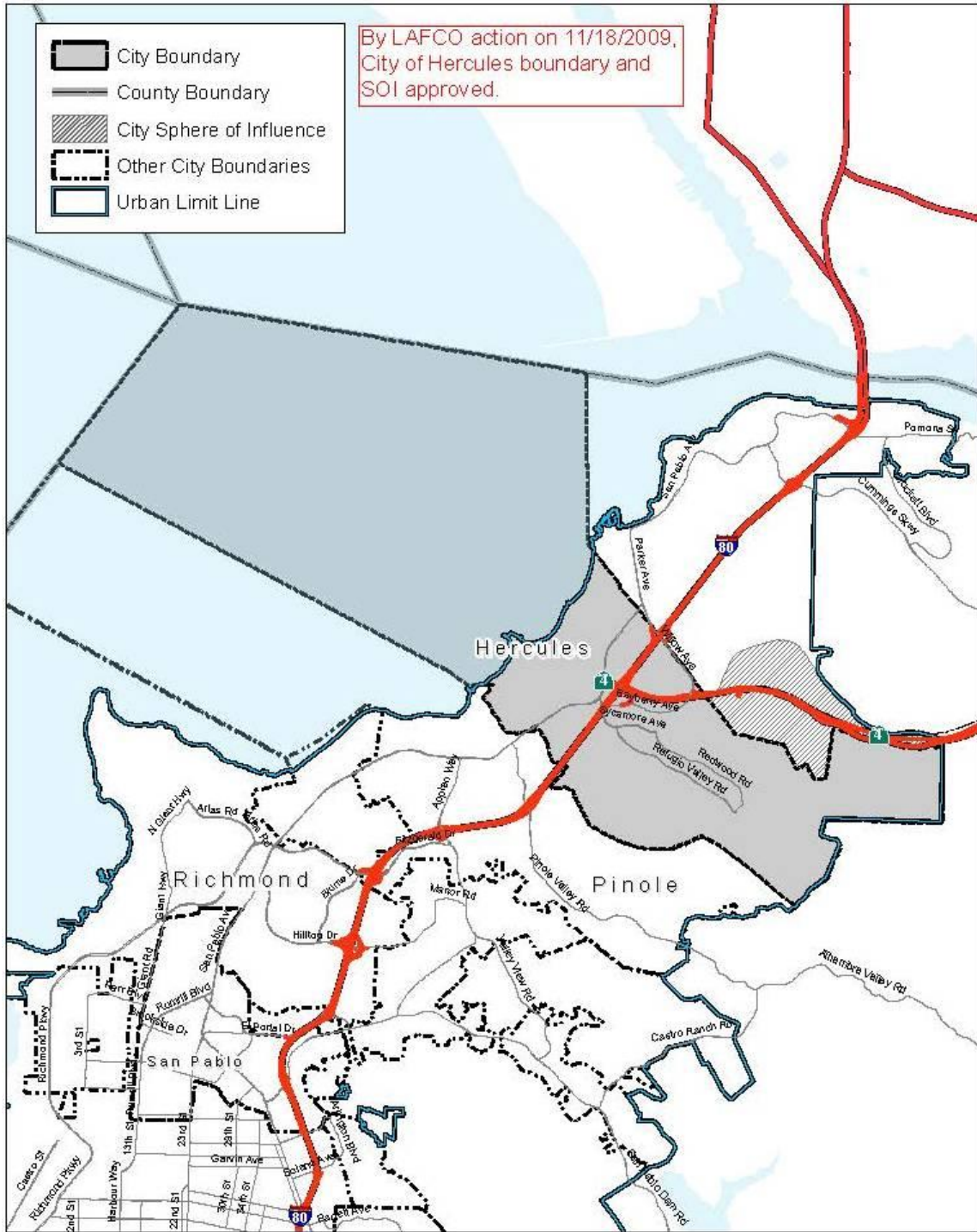
The State Department of Finance estimates the current population of Hercules is approximately 24,060 (2013). Of the remaining developable land within the City, approximately 138 acres are planned for mixed use (commercial/residential), 33 acres for commercial, and 34 acres for planned office/research and development. The City of Hercules' General Plan projects that the City will grow to 32,800 by year 2030, an increase of 36 percent of the current population. Hercules and the City of San Ramon are projected to be the fastest growing cities in Contra Costa County. The City of Hercules's Agency Profile is included as **Table IV-4** on Page 59.

Table IV-4, Agency Profile – City of Hercules

General Information			
Agency Type	Municipal		
Principal Act	General laws of the State of California		
Date Formed	1900		
Water/Sewer Services	Wastewater collection and conveyance		
Service Area			
Location	City of Hercules		
Sq. Miles/Acres	8.1 square miles/5,184 acres		
Land Uses	Residential, commercial, industrial, office, open space		
Dwelling Units	6,546		
Population Served	24,060 (CA Dept. of Finance, 2013 estimate)		
Last SOI Update	11/18/2009		
Infrastructure/Capacity			
Facilities	Pinole-Hercules Wastewater Treatment Plant (shared facility with City of Pinole), 57 miles of sewer main, 6 pump stations		
Connections	6,500		
Treatment Plant Capacity (MGD)	Average Dry Weather Flow/Peak 1.75 MGD/11MGD		
Primary Disposal Method	Pinole-Hercules Wastewater Treatment Plant; secondary effluent conveyed to Rodeo Sanitary District		
Budget Information- FY 2013-2014 (Wastewater Fund)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Wastewater Fund	\$10,131,197	\$8,610,922	\$1,520,275
	FY 2013-2014	Long Term Planned Expenditures	
Wastewater Capital Expenditures	\$2,345,000	\$2,820,000- 5 Year Projection	
Fund Balance	\$6,304,444	Estimated for June 30, 2014	
City Net Assets	(\$106,971,265)	June 30, 2011 Financial Statement- Unrestricted	
Governance			
Governing Body	City Council (5 members)		
Agency Contact	John McGuire, (510) 245-6526		
Notes			
City population (24,060) from 2013 CA Department of Finance estimates. Net Assets do not include Capital Assets			

Figure IV-4, Boundary/SOI Map – City of Hercules

City of Hercules Boundary and Sphere of Influence



Map drawn 11/16/09
 by Contra Costa County Community Development, GIS Group
 651 Pine Street, 4th Floor, Suite 400, Hercules, CA 94552-0006
 Phone: (925) 385-1200

This map was created by the Contra Costa County Community Development Department. It is not to be used for any other purpose. Some features shown on this map may not be shown on the ground. The County is not responsible for the accuracy of the map. The map is for informational purposes only. It is not to be used for any other purpose. The map is for informational purposes only. It is not to be used for any other purpose.



0 0.5 1 Miles



WASTEWATER OPERATIONS

The City collects sewage effluent through 57 miles of sewer mains and six pump stations, and it is treated at the Pinole-Hercules WWTP, jointly operated by the Hercules and Pinole. The WWTP has capacity of 1.75 MGD average day flow for the City and generates secondary effluent that is conveyed to the RSD cooperative outfall for disposal into San Pablo Bay.

The City adopted a Sewer System Master Plan (SSMP) in 2008. The City has implemented a sewer lateral inspection program and identified laterals and main lines for replacement to reduce intrusion flows. The City has adopted a 10-Year Capital Improvement Plan (CIP) with sewer main upgrades and participation with City of Pinole in upgrading the WWTP. State Revolving Fund loan applications are on file seeking some or all of the funding for infrastructure improvements.

Infrastructure Needs

Plans are in place for WWTP upgrades between 2015 – 2017 to meet State Resources Water Quality Control Board (SRWQCB) requirements and to meet expected growth. Collection main repairs and replacements are being completed as funding is available to reduce inflow and overflows. An aggressive main and lateral inspection program utilizing TV inspection identifies the high priority locations and pipelines for work. All homes sold in the City are now required to have a sewer lateral inspection to identify laterals requiring repair or replacement.

Cooperative Programs

The City has a cooperative agreement with the City of Pinole for operation of the jointly owned WWTP. The two agencies also have an agreement with RSD for effluent disposal.

Cost Avoidance Opportunities

The cooperative programs listed above are expected to continue to allow sewer service to City customers at the lowest reasonable amount based upon the size and area of the City. Implementation of the SSMP is expected to reduce potential overflows and costs in the long term. Other alternatives for wastewater treatment with the West County Wastewater District (WCWD) were studied and not found to be cost-effective to the City.

FINANCIAL OVERVIEW

The City operates its wastewater service as an enterprise fund within the confines of overall City operations. Wastewater service fees and fund transfers from the sewer debt service fund for capital projects comprise the significant majority of revenues that fund the services provided. The Wastewater Fund does not receive funds directly or indirectly from the City's General Fund.

Overall, the Wastewater Fund is currently stable and self-sustaining for operational and debt service activities, and capital expenditures. The City has implemented annual service charge rate increases through FY 16/17 to support ongoing operations and capital projects. The City maintains a relatively good fund balance providing good capability to absorb short term impacts, and maintains a low debt service to annual expenditures ratio.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of the City's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

The wastewater fund overall has been experiencing balanced budgets with annual surpluses. Sufficient revenues are received to support budgeted expenditures.

Ratios of Revenue Sources

The City receives 53% of its wastewater fund revenues from charges and fees for services, no revenue from property taxes, and 47% from proceeds from the treatment plant sewer debt service fund for capital projects, and miscellaneous other sources. This ratio reflects a moderately appropriate balance for a typical enterprise fund service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The Wastewater Fund currently reflects a fund balance ratio of approximately 73% of annual expenditures, a good positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The Wastewater Fund's annual debt service ratio to total expenditures is approximately 8.6%, a good ratio.

Capital Improvement Program

The City's current 5-Year CIP reflects approximately \$2.8 million in improvements, with approximately \$2.3 million programmed for FY 13/14 for various system and infrastructure upgrades. The City reports recent completed or ongoing projects include completion of the fourth digester for the wastewater treatment plant operated jointly with the City of Pinole, and ongoing projects comprising approximately \$40 million in upgrades to the WWRP. These upgrades will be funded jointly by the City of Pinole and the City of Hercules, with construction financing from a State Revolving Fund loan, or traditional bond financing.

Rate Structure

The City's rate structure reflects a combination of fixed rate service charges for residential customers, and consumption based usage charges for non-residential customers. In 2009, the service charge was increased by \$2.00 per month per year successively for eight years, FY 09/10-FY 16/17. In addition, an annual increase based on the increase in the Consumer Price Index was adopted. The City's current fee schedule reflects annual sewer service charges of \$504 for residential customers and \$456 per equivalent 225 gallons usage per day for non-residential customers, based on individual water consumption provided by East Bay Municipal Utility District. The current connection fee is \$4,607.

Redevelopment Agency Dissolution Impacts

The City reports that dissolution of the Redevelopment Agency had no impact on the wastewater services or wastewater capital improvement projects. No present or future redevelopment tax increment lost was utilized or planned for the wastewater enterprise fund.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the City's SOI.

STATUS OF ISSUES IDENTIFIED IN 2007-2008 MSR

The 2007-2008 CC LAFCO MSR identified a number of issues and recommendations with respect to the City of Hercules. The section below provides an update, based on information provided by the City, identifying how those issues have been addressed since the 2007-2008 MSR.

- *Since 2008, efforts the City has made to ensure that adequate service levels will be maintained.*

The proposed upgrades to the WWTP will be constructed to meet greater demand from population growth and more stringent water quality standards. The proposed secondary process will include nitrification and de-nitrification to meet standards we expect to be in place in 2017.

- *Since 2008, efforts made to address inflow and infiltration due to the age of the sewer mains.*

Since 2008, the City has adopted and is enforcing a Lateral Inspection Program for all homes that are sold and/or add additional plumbing fixtures to prevent inflow and infiltration.

- *Status of a Collection System Maintenance Master Plan.*

A Collection System Maintenance Master Plan was prepared and guides the Sewer Lateral Program and flow monitoring currently underway.

- *Efforts to address corrective measures required through the San Francisco Regional Water Quality Control Board discharge permit for the WWTP:*

- *By 6/1/2008, complete a Collection System Master Plan and a 10-Year CIP to reduce inflow and infiltration.*

Hercules prepared a Collection System Maintenance Master Plan and installed flow meters at several locations through the City. Hercules has rehabilitated several segments of their collection system and has identified other areas of the City where repairs will be completed in the near future.

- *Submission of an Engineering Report by 6/1/2009 describing WWTP upgrades to increase treatment capacity.*

The engineering report was completed by the City of Pinole.

- *By 8/1/2010, provide an EIR, certified by the Lead Agency, on the project above and begin securing funds for implementation.*

The EIR was completed, along with an addendum, and approved by the City of Pinole in August 2013.

- *By 8/1/2011, secure funding for WWTP upgrades.*

The City of Hercules is submitting a separate application for State Revolving Loan funding independently from the City of Pinole.

- *By 8/1/2012, begin design.*

The Phase I preliminary design is complete, and the Phase II Final Design contract has been awarded by the Pinole City Council.

- *By 11/1/2015, complete construction, and by 6/1/2016 ensure WWTP facilities are online and operational.*

The most recent permit from the SRWQCB establishes June 1, 2017 as the deadline for placing the new facilities on line.

- *Status of studies to evaluate the infrastructure needs and costs for wastewater flows from Hercules and Pinole to the WCWD.*

The studies were prepared and concluded that conveying flows from the Cities of Hercules and Pinole (or Hercules alone) to the WCWD were determined to be fiscally infeasible.

- *Status of wastewater utility finances.*

The City has a positive balance and cash flow within its Wastewater Fund.

- *Status of other cost saving/cost avoidance measures.*

The City has already undertaken measures such as flow monitoring and a Sewer Lateral Inspection Program. Areas that may lend themselves to inflow and infiltration have been identified in various parts of the City and will be addressed in the near future.

- *Rate structure increases since 2008.*

The City of Hercules increased rates in 2009 and they are raised annually consistent with the Consumer Price Index.

- *Sewer connection fee increases since 2008.*

The City's sewer connection fee is currently \$4,607.

- *Consideration of consolidating sewer service with West County Wastewater District.*

The Cities of Hercules and Pinole commissioned an engineering study to evaluate potential consolidation with WCWD. The study results indicated that it was cost-prohibitive to do so.

GOVERNMENT STRUCTURE ALTERNATIVES

Two government structure options were identified for the City of Hercules:

Maintain the status quo:

The City is currently providing adequate wastewater services within its boundaries. The City is financially sound and has developed and implemented an aggressive CIP Program to maintain and upgrade necessary infrastructure.

Consolidate sanitary sewer service with the West County Wastewater District.

Recent studies have been completed evaluating the feasibility of conveying flows from the Cities of Hercules and Pinole (or Hercules alone) to the West County Wastewater District. The costs of right-of-way, pipeline construction, decommissioning the existing WWTP, and the “buy in” cost to the WCWD system make this alternative cost prohibitive.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	The City of Hercules’ General Plan projects that the City will grow to 32,800 by year 2030, an increase of 36 percent of the current population. Hercules and the City of San Ramon are projected to be the fastest growing cities in Contra Costa County.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no DUCs within or contiguous to the City’s SOI.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	Plans are in place for WWTP upgrades between 2015 – 2017 to meet SRWQCB requirements and to meet expected nominal growth. Collection main repairs and replacements are being completed as funding is available to reduce inflow and overflows. An aggressive main and lateral inspection program utilizing TV inspection identifies the high priority locations and pipelines for work. There are no disadvantaged unincorporated communities within or contiguous to the City’s SOI.
<i>Financial ability of agencies to provide services.</i>	Overall, the Wastewater Fund is currently stable and self-sustaining for operational and debt service activities, and capital expenditures. The City has implemented annual service charge rate increases through FY 16/17 to support ongoing operations and capital projects. The City maintains a relatively good fund balance providing good capability to absorb short term impacts, and maintains a low debt service to annual expenditures ratio.
<i>Status of, and opportunities for, shared facilities.</i>	The City has a cooperative agreement with the City of Pinole for operation of the jointly owned WWTP. The two agencies also have an agreement with the Rodeo Sanitation District for effluent disposal.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	The City provides a comprehensive website providing the public with internet access to City Council agendas and minutes, public notices, City

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	<p>budgets, CIP programs, and water quality-related reports. A City Calendar is also posted listing City projects, events and public hearings.</p> <p>Two government structure options were identified: (1) status quo, and (2) consolidation with the WCWD. Studies have indicated that consolidation with WCWD is financially infeasible at the present time.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

CITY OF MARTINEZ – WATER SERVICES

OVERVIEW/BACKGROUND

The City of Martinez (City) is located in north central Contra Costa County along the Carquinez Strait. Incorporated in 1876, Martinez has an estimated current population of 36,663. The water service area is approximately 10,000 acres and extends outside the City limits along the northeast, southeast and southwest borders of the City. These areas include unincorporated County areas and a portion of the City of Pleasant Hill. Along the eastern side of the City, Contra Costa Water District (CCWD) provides retail water service to a number of customers within the Martinez City limits. The East Bay Municipal Utility District (EBMUD) provides service to the area directly south of the City water service area. A map of the City's current boundary and sphere of influence (SOI) is shown in **Figure IV-5** on Page 69.

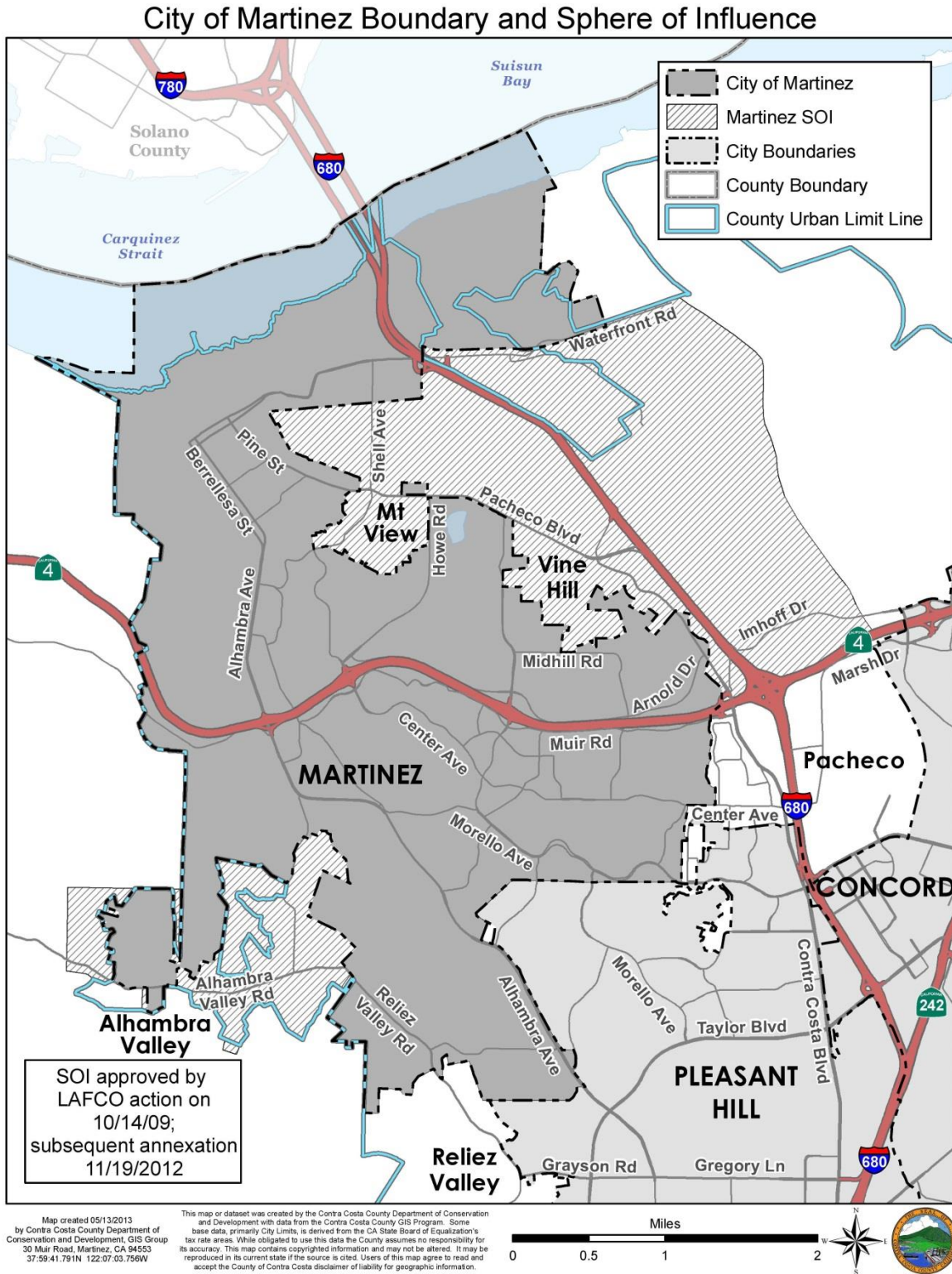
Land uses within the water service boundary include residential, commercial, industrial, public agencies and landscape. Land uses are more diverse in the northern portion of the water service area. The southern half of the service area is generally residential and landscape (parkland) uses. There is no irrigated agriculture within the water service area. The City's primary source of water supply is untreated water purchased from the CCWD. A minor amount of well water is used to irrigate Hidden Valley Park. Responsibility for operating the system is with the City's Public Works which has a Water Superintendent who manages the meter reading, treatment plant, pump stations and reservoirs. A Maintenance Superintendent is responsible for maintaining the water distribution system. The City Engineer responsible for design and construction of water projects.

According to the City's 2011 Urban Water Management Plan (UWMP), the City's population is expected to grow from its current 36,663 residents to 41,400 in year 2035. The City's water service area (assumed to be 82.4 percent of the City population) is projected to grow from its current 30,191 customers to 34,091 in year 2035. The City of Martinez's Agency Profile is included as **Table IV-5** on Page 68.

Table IV-5, Agency Profile – City of Martinez

General Information			
Agency Type	Municipal		
Principal Act	General laws of the State of California		
Date Formed	City of Martinez incorporated in 1876		
Services	Water treatment and distribution services		
Service Area			
Location	Service area includes approximately 75 percent of the City’s corporate boundaries, unincorporated areas to the northeast, southeast and southwest, and some parcels within the northwest portion of the City of Pleasant Hill		
Acres	23,040 acres (15 square miles)		
Land Uses	Residential, commercial, industrial, and open space		
Dwelling Units	14,976 (2010 Census)		
Water Connections	9,961 (1,499 outside of City)		
Population Served	30,191		
Last SOI Update	10/14/2009 (subsequent annexation approved 11/19/2012)		
Infrastructure/Capacity			
Facilities	100 miles of pipeline, 6 pump stations, City of Martinez Treatment Plant (capacity of 14.7 MGD)		
Storage Capacity	11 distribution reservoirs – 9.6 MG		
Primary Source of Supply	Contra Costa Water District (purchase)		
Budget Information- FY 2013-2014 (Water Fund)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$10,400,800	\$16,159,128	(\$5,758,328)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$6,180,000	Not available	
Fund Balance	\$4,854,979	Estimated for June 30, 2014	
City Net Assets	\$9,656,317	June 30, 2012 Financial Statement- Unrestricted	
Governance			
Governing Body	City Council (5 members)		
Agency Contact	Tim Tucker, (925) 372-3562		
Notes			
<p>Service population (30,191) from City’s 2011 UWMP. Net Assets do not include Capital Assets Revenues include transfers of \$4,695,000 for various capital projects that are reflected in the Expenditures.</p>			

Figure IV-5, Boundary/SOI Map – City of Martinez



WATER OPERATIONS

The City operates the Water Division as an enterprise fund and budgets capital and operating funds accordingly. Wholesale water (purchased from the CCWD) is treated at the City's Water Treatment Plant (WTP) with 14.7 million gallons per day (MGD) of capacity. Potable water is distributed through 100 miles of pipeline and six pump stations. Wholesale water is stored in CCWD's Terminal Reservoir for operational benefit.

A pilot project including a partial reservoir bypass has been installed to allow delivery of water directly to the WTP and to enable CCWD to perform maintenance in the reservoir and supply a higher flow if necessary. A Water Treatment Plant Master Plan (WTPMP) was completed in 2012 that identifies needs for upgrades over the next 15 years. Several major upgrade projects have been completed, and others are in design or construction as identified in the 2005 Water System Master Plan (WSMP) and 2012 WTPMP. The City partners with the CCWD and the Port Costa community in wheeling treated water to that area. Two interties with CCWD allow flows of treated water under differing circumstances, and additional connections are under study to enhance operational effectiveness.

Infrastructure Needs

The WTPMP identified a series of projects to be implemented over the next 15 years on the aging WTP. These projects will require funding in future years and impact water rates through bond financing payments. Several projects are in process and are scheduled for completion this year through 2017. Additionally, the CCWD is completing an operational plan for use of a bypass pipeline to allow additional maintenance to reduce impacts of algae bloom that occurs several times each year. This project will benefit more effective delivery of water and treatment cost reductions.

Cooperative Programs

The above-referenced projects are being done in concert with CCWD and the Port Costa community to improve water supply reliability and efficiencies. A Regional Capacity Study and separate Regional Supply Study coordinated by CCWD will improve planning and coordination of supply and demand management in the future. City staff participates in regional retailer meetings for coordination of services. A GIS based water system base map has recently been completed. Lastly, a new water distribution system hydraulic model is being finalized will assist in planning and design of water system changes for development projects. The model will allow for optimizing additions or changes in the City's water system.

Cost Avoidance Opportunities

The improvements identified by the 2005 WSMP and the 2012 WTPMP and the water hydraulic model are expected to result in improved operations and lower future costs due to efficiencies if implemented in a timely manner. A significant investment now will allow for a reliable system and allow for annexation or development within the City in accordance with the adopted General Plan and regional plans.

FINANCIAL OVERVIEW

The City operates its water service as an enterprise fund within the confines of overall City operations. Water service fees comprise the significant majority of revenues that fund the services provided. The Water Fund does not receive funds directly or indirectly from the City's General Fund except for subsidies for qualified lifeline customers. Overall, the water fund is currently stable and self-sustaining

for operational and debt service activities. Deficit spending has been occurring due to capital expenditures for significant projects. The City maintains a relatively good fund balance providing good capability to construct capital projects, absorb short term impacts, and maintains a low debt service to annual expenditures ratio.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of the City's water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

The Water Fund overall has been experiencing deficit spending, however, this is attributed to capital expenditures of accumulated fund balances and debt service for bond proceeds associated with the capital expenditures. The Fund has been experiencing balanced budgets in the operating portion of the fund.

Ratios of Revenue Sources

The City receives 99.5% of its Water Fund revenues from charges and fees for services, no revenue from property taxes and 0.5% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise fund service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The Water Fund currently reflects a fund balance ratio of approximately 30% of annual expenditures, a moderately positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The City's Water Fund's annual debt service ratio to total expenditures is approximately 7%, a good ratio.

Capital Improvement Program

The City annually funds replacement and upgrades for aging water pipeline distribution systems and other required facility improvements. The FY 13/14 budget includes \$6,180,000 in planned capital improvements including the Harbor View reservoir replacement, electrical upgrades, seismic upgrades, and repairs to various water mains. The City is working to complete a \$2.2 million upgrade of the WTP electrical system by April of 2015. The City has completed several significant projects over the last few years.

Rate Structure

The City's rate structure reflects a combination of fixed rate service charges and consumption based usage charges. Service charges range from \$25.48-\$6,157.42 per month depending on meter size. Usage consumption rates range from \$3.54-\$4.13 per 100 cubic feet depending on elevation above mean sea level. Connection fees are adjusted annually based on the annual San Francisco Bay Area Engineering News Record (ENR) construction cost index and are currently \$6,681.39. Service and quantity charges are indexed to annual increases of untreated source water costs charged by CCWD.

Redevelopment Agency Dissolution Impacts

The City did not have a Redevelopment Agency, therefore there was no impact.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the City's SOI.

STATUS OF ISSUES IDENTIFIED IN 2008 MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to the City. The section below provides an update, based on information provided by the City, identifying how those issues have been addressed since the 2008 MSR.

- *Impacts of future annexations (an estimated 1,500 accounts) to City's water supply, system capacity, infrastructure, etc. to maintain acceptable levels of service.*

The City reports that annexation of areas outside the City's corporate boundary would have no effect on the City's ability to treat, store and supply water to these areas. The unincorporated areas are currently within the adopted water system boundaries. The 2005 Master Plan indicated that the WTP has more than adequate capacity to meet current and future needs. The Stonehurst and Alhambra Valley Ranch subdivisions installed the infrastructure backbone that serves much of this area.

- *Efforts made since 2008 to address algae blooms in the Martinez Reservoir.*

The City, together with CCWD, developed a pilot project to address algae problems that have developed in the Martinez Terminal Reservoir. The project includes installation of a pipeline which allows partial reservoir bypass, allowing CCWD to perform treatment of algae in the reservoir, and increased inspections and testing by CCWD. Additionally, two interties to the CCWD treated water system exist, and the City is able to open the interties to help supplement demand during times of reservoir treatments.

- *Status of project implementation from the 2005 Water System Master Plan and the 2012 Water Treatment Plant Master Plan.*

Projects include: raw water supply pipeline replacement (under construction); Water Treatment Plant Master Plan (completed); Harbor View Reservoir Replacement (funded, design complete, construction scheduled in 2014); St. Mary's Hydro Pneumatic System Upgrade (funded, preliminary design options developed); Chemical Containment Facility (funded, under construction- completion in 2014); WTP Electrical Improvements (design complete, funded and underway); Howe road Pump 3 Modifications (completed); 1948 Plant Pipe Fitting Replacement (completed); Hillside Drive Pump Station Inlet Piping Modifications (completed).

- *Connection fee adjustments since 2008.*

Over a three year period ending in 2009, the rate was increased from \$5,300 to \$6,300. Since that time the rates have increased in accordance with the San Francisco Bay ENR construction cost index. The current fee is \$6,681.39.

- *New facility/resource sharing opportunities since 2008.*

The City continues to partner with CCWD and the Port Costa community by wheeling water. As part of the Regional Capacity Study, all of the surrounding agencies are exploring the benefits of shared chemical purchases, providing treated water to adjoining agencies in case of emergencies, shared inventory of parts and staff training. The City also hopes to construct a joint project with CCWD to provide a permanent shortcut pipeline to be used when water quality at CCWD's Martinez Terminal Reservoir is impacted by algae blooms.

- *Status on City updates to police, ordinances and municipal codes re: out-of-agency water agreements.*

City has not updated its Water Regulations recently; City continues to comply with Government Codes Section 56133 relating to out-of-agency water service, but has not formally updated its policies, ordinances and municipal codes.

- *Status of City efforts to annex areas receiving water service into the City and comments on consolidating service with CCWD as a government structure option.*

The City has been successful in annexing a significant section of the Alhambra Valley this past year. The City is developing a long-term multi-phase strategy to incorporate the remaining areas within the City's SOI and water system boundary.

The City has invested millions of dollars over the past 25 years to update and maintain the Martinez water system. The City's water rates are similar to CCWD rates. There is no financial benefit to the Martinez rate payers to compensate for loss of autonomy.

GOVERNMENT STRUCTURE ALTERNATIVES

Three government structure alternatives have been identified: (1) maintain the status quo, (2) annex unincorporated areas receiving service into the City; and (3) consolidate water service with CCWD.

Maintain the Status Quo

The City is currently providing adequate water service for its residents and businesses as well as to some areas outside City boundaries. The City is financially sound and is actively planning for future system upgrades through the implementation of its 2005 WSMP and 2012 WTPMP.

Annex unincorporated areas receiving service into the City

The City is currently providing water service to unincorporated areas to the northeast, southeast and southwest of the current City boundaries. The City successfully annexed a portion of the Alhambra Valley in 2013 and is in the process of developing a long-term strategy to address outlying service properties. Annexation of those water service areas being served extra-territorially by the City should be a high priority for the City in order to clean up outstanding boundary issues. Annual updates should be provided to LAFCO regarding the City's efforts on this issue.

Consolidate water service with CCWD

The City provides water treatment and distribution services, and CCWD provides the raw water supply to the City. CCWD also owns and operates the Martinez Terminal Reservoir, and provides treated water services to areas east of the City. The City believes that consolidation will not result in any benefit for City ratepayers and desires to maintain some level of autonomy in water service provision to its

residents. Further study of this option would be required to evaluate the long-term fiscal and operational viability of this alternative.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	According to the City’s 2011 Urban Water Management Plan (UWMP), the City’s population is expected to grow from its current 36,663 residents to 41,400 in year 2035. The City’s water service area (assumed to be 82.4 percent of the City population) is projected to grow from its current 30,191 customers to 34,091 in year 2035.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities within or contiguous to the City of Martinez sphere of influence.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	<p>The City’s WTPMP identified a series of projects to be implemented over the next 15 years on its aging WTP. These projects will require funding in future years and will impact water rates through bond financing payments. Several projects are in process and are scheduled for completion this year through 2027. The City is implementing water distribution projects identified in the 2005 WSMP. Several projects are in process and are scheduled for completion for this year through 2020. Additionally, the CCWD is completing an operational plan for use of a bypass pipeline to allow additional maintenance to reduce impacts of algae bloom that occurs several times each year. This project will benefit more effective delivery of water and treatment cost reductions.</p> <p>There are no disadvantaged unincorporated communities within or contiguous to the City’s SOI.</p>
<i>Financial ability of agencies to provide services.</i>	Overall, the water fund is currently stable and self-sustaining for operational and debt service activities. Deficit spending has been occurring due to capital expenditures for significant projects. The City maintains a relatively good fund balance providing good capability to absorb short term impacts, and maintains a low debt service to annual expenditures ratio.
<i>Status of, and opportunities for, shared facilities.</i>	Several projects are being done in concert with CCWD and the Port Costa community to improve

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	<p>water supply reliability and efficiencies. A Regional Capacity Study and separate Regional Supply Study (coordinated by CCWD) will improve planning and coordination of supply and demand management in the future. Additionally, a new water distribution system hydraulic model is being finalized which will assist in planning and design of water system changes for development projects.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>The City's website provides the public with internet access to City Council agendas and minutes, public notices, City budgets, Capital Improvement Programs and audits.</p> <p>Three alternative government structure options were identified: (1) status quo; (2) annex territory being served outside the City boundary; and (3) consolidate with CCWD. Potential consolidation of water services with CCWD requires additional study to determine long-term fiscal/operational viability. Annexation of parcels served outside of the City should be a high priority and annual progress reports should be provided to LAFCO on City efforts.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>The City should update its policies, ordinances and municipal codes to conform to Government Code Section 56133 regarding out of area agreements.</p>

CITY OF PINOLE – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The recorded history of Pinole dates back to the early 1700s when a Spanish commandant, Don Pedro Fages, led an exploration through Contra Costa. With a small band of soldiers and an Indian guide, Don Pedro Fages left Monterey and traveled north until he reached the area known today as Pinole. Short on provisions, the team found a village of Indians who gave them food consisting of a form of meal made from acorns, seeds and wild grain called “pinole.” The soldiers named their camp “El Pinole.”

Incorporated in 1903, the City of Pinole (City) comprises approximately 4.7 square miles and is located on the shores of San Pablo Bay in west Contra Costa County. Pinole is bounded to the north by San Pablo Bay, to south and west by the City of Richmond and unincorporated area, and to the east by the City of Hercules. A map of the City’s current boundary and sphere of influence (SOI) is shown in **Figure IV-6** on Page 78.

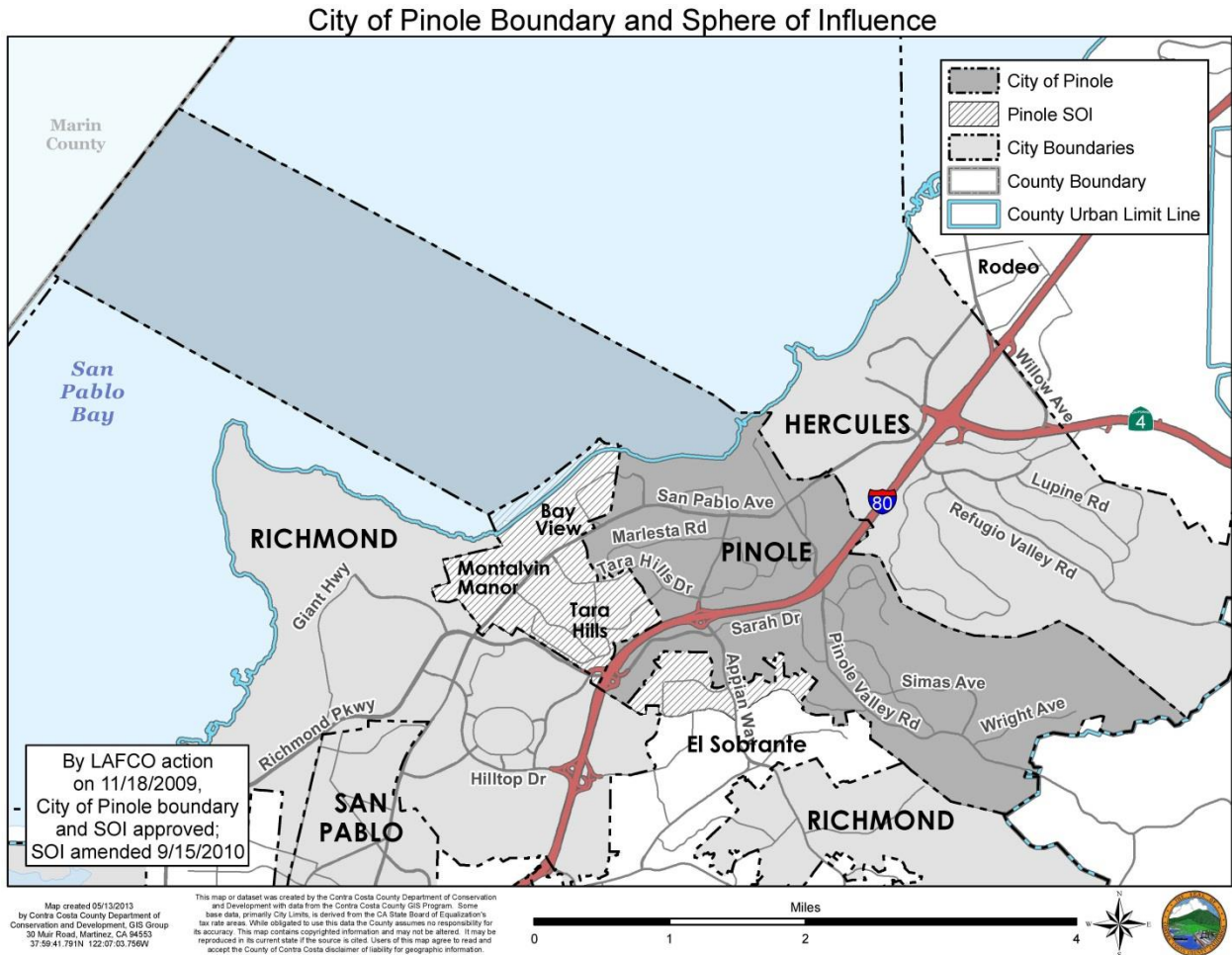
The City jointly operates the Pinole-Hercules Water Pollution Control Plant (WPCP) with the City of Hercules. The Cities of Pinole and Hercules each have a 50% ownership in the WPCP, although Pinole is the designated operator. The WPCP has a total service population of approximately 40,000 customers. Secondary effluent is conveyed to the Rodeo Sanitary District (RSD) Water Pollution Control Plant where it is combined with RSD effluent and discharged into San Pablo Bay. In 1977, RSD, Pinole and Hercules entered into a Joint Powers Agreement (JPA) to provide deep water wastewater disposal facilities.

According to recent Census data, the current population of Pinole is 18,930. After experiencing rapid growth in the 1950s, 1960s and 1970s, population growth in Pinole slowed in the 1980s and 1990s and is expected to average less than one percent per year for the foreseeable future. In part, this is the result of the City attaining build out conditions with little available vacant land for new development. Infill development and redevelopment of aging properties will likely occur in the future. According to the City’s General Plan, the City will reach a projected population of approximately 21,800 in 2030, an increase of 15 percent of its current population. The City’s Agency Profile is included as **Table IV-6** on Page 77.

Table IV-6, Agency Profile – City of Pinole

General Information			
Agency Type	Municipal		
Principal Act	General laws of the State of California		
Date Formed	1903		
Water/Sewer Services	Wastewater collection and conveyance		
Service Area			
Location	City of Pinole		
Sq. Miles/Acres	4.7 square miles/3,008 acres		
Land Uses	Residential, commercial, industrial, office, open space		
Dwelling Units	7,158 (City of Pinole, 2010 Census)		
Population Served	6,500 (City of Pinole); Pinole-Hercules WTP serves approximately 40,000 (Cities of Pinole and Hercules)		
Last SOI Update	9/5/2010		
Infrastructure/Capacity			
Facilities	Pinole-Hercules Wastewater Treatment Plant (jointly shared by the City of Hercules). 46.5 miles of trunk and lateral lines, 2 pump stations		
Treatment Plant Capacity (MGD)	Annual flow – 3.5 MGD; peak wet weather flow – 15 MGD;		
Primary Disposal Method	Pinole-Hercules Wastewater Treatment Plant; secondary effluent conveyed to Rodeo Sanitary District		
Budget Information- FY 2013-2014 (Sewer Utility Fund)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Sewer Utility Fund	\$8,255,967	\$8,462,203	(\$206,236)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$1,500,000	\$44 Million- 5 Year Projection	
Fund Balance	\$4,115,024	Estimated for June 30, 2014	
City Net Assets	\$18,122,958	June 30, 2012 Financial Statement- Unrestricted	
Governance			
Governing Body	City Council (5 members)		
Agency Contact	Dean Allison, (510) 724-9017		
Notes			
LAFCO reduced SOI (9/5/2010) in conjunction with Kay Road. Net Assets do not include Capital Assets			

Figure IV-6, Boundary/SOI Map – City of Pinole



WASTEWATER OPERATIONS

The City provides wastewater services through collection of sewage effluent by 46.5 miles of sewer mains, two pump stations and treatment at the Pinole-Hercules WPCP. The WPCP has an average annual flow of 3.5 million gallons per day (MGD) and a peak wet weather flow of 15 MGD. Operational costs for the WPCP have been able to be contained by identifying efficiencies, staffing reorganization, and negotiating multi-year purchases of chemicals and supplies.

The adoption of a Sewer System Management Plan (SSMP) has assisted the City in identifying problem sewer mains and laterals and to manage flows and overflow events. The WPCP upgrade design and environmental process are underway with a required date of project completion by November 1, 2015 and with operations to commence by June 1, 2017. Several other incremental projects have been completed, including a fourth digester and design for the larger upgrade totaling \$40 million to be shared by the Cities of Pinole and Hercules. To address infiltration issues, TV videotaping was completed in the City collection system during 2013.

Infrastructure Needs

The WPCP upgrade is the major project needed for both Pinole and Hercules to meet the Stare Regional Water Quality Control Board (SRWQCB) permit requirements on treatment capacity and operating compliance. Replacement of problem sewer mains and laterals to reduce infiltration is also a major priority in the City's Capital Improvement Plan (CIP). The annual CIP funding is primarily to address sewer main repairs and upgrades. The WPCP project will require State Revolving Fund loans or other financing for construction in 2015-17.

Cooperative Programs

The primary cooperative program is the joint operation of the WPCP. The City also has an agreement with the East Bay Municipal Utilities District (EBMUD) to handle and dispose of biosolids after treatment if surplus volume processing is required. The City also participates in regional staff training and pollution education programs.

Cost Avoidance Opportunities

The City has studied several alternatives for wastewater treatment and is determined to continue the coordinated program with the City of Hercules. The upgrade of the WPCP is expected to optimize operational costs of the facility into the future and comply with regulations and permits. The City has implemented various cost control steps in the past six years to control staff numbers and related costs.

FINANCIAL OVERVIEW

The City operates its wastewater service as an enterprise fund within the confines of overall City operations. Wastewater service fees and revenue from the City of Hercules for maintenance of that City's sewer collection system comprise the significant majority of revenues that fund the services provided. The Wastewater Fund does not receive funds directly or indirectly from the City's General Fund. Overall, the Wastewater Fund is currently stable and self-sustaining for operational and debt service activities, and capital expenditures. The City has implemented annual service charge rate increases for the next five years. The City maintains a relatively good fund balance providing good capability to absorb short term impacts, and maintains a very low debt service to annual expenditures ratio.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of the City's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

The Wastewater Fund overall has been experiencing minor deficit spending recently, however, the deficits are insignificant. The City has implemented rate increases from 2011-2013 and recently approved increases for the next five years.

Ratios of Revenue Sources

The City receives 53% of its Wastewater Fund revenues from charges and fees for services, no revenue from property taxes, 47% from the City of Hercules (for maintenance of the City of Hercules' sewer collection system) and <1% from miscellaneous other sources. This ratio reflects a moderately appropriate balance for a typical enterprise fund service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The Wastewater Fund currently reflects a fund balance ratio of approximately 49% of annual expenditures, a relatively good ratio. The City reports that it has established a working capital reserve account of approximately \$4 million. The City indicates that \$1.5 million will be utilized for engineering work for the WPCP, leaving \$2.5 million in the reserve, which equates to approximately 60% of annual operating expenditures.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The Wastewater Fund's annual debt service ratio to total expenditures is approximately 2.3%, a very good ratio. The City reports it anticipates acquiring new debt of approximately \$15 million from the State Revolving Fund for future capital improvement projects.

Capital Improvement Program

The City's current 5-Year CIP reflects approximately \$44 million in improvements, with approximately \$1.5 million programmed for FY 13/14 for various system and infrastructure upgrades. The City reports that ongoing projects include upgrades to the WPCP jointly operated with the City of Hercules. These upgrades will be funded jointly by the City of Pinole and the City of Hercules.

Rate Structure

The City's rate structure reflects a combination of fixed rate service charges for residential customers, and consumption based usage charges for non-residential customers. The City's current fee schedule reflects monthly sewer service charges of \$54.10 for single family and \$45.20 for multi-family residential customers. Non-residential customer rates range from \$3.59-\$18.16 per 100 cubic feet of consumption based on individual water consumption provided by EBMUD, depending on type of activity. The current connection fee is \$700, and the City reports that rate is under review for adjustment. The City reports that it has extended its currently planned annual rate increases for another five years.

Redevelopment Agency Dissolution Impacts

The City reports that dissolution of the Redevelopment Agency had no impact on the wastewater services or wastewater capital improvement projects. No present or future redevelopment tax increment lost was utilized or planned for the wastewater enterprise fund.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the City's SOI.

STATUS OF ISSUES IDENTIFIED IN 2007-2008 MSR

The 2007-2008 CC LAFCO MSR identified a number of issues and recommendations with respect to the City. The section below provides an update, based on information provided by the City, identifying how those issues have been addressed since the 2007-2008 MSR.

- *Since 2008, efforts the City has made to ensure that adequate service levels will be maintained.*

The proposed upgrades to the WPCP will be constructed to meet greater demand from population growth and more stringent water quality standards. The proposed secondary process will include nitrification and de-nitrification to meet standards the City expects to be in place in 2017.

- *Since 2008, efforts made to address inflow and infiltration due to the age of the sewer mains.*

Since 2008, the City has continued its program of video inspection of its collection system and performing smoke testing. In the winter of 2013, the City monitored flows in its collection system during wet weather events.

- *Status of a Collection System Maintenance Master Plan.*

A Collection System Maintenance Master Plan was prepared and was the City's first step in performing smoke testing, video inspection, and flow monitoring.

- *Efforts to address corrective measures required through the San Francisco Regional Water Quality Control Board discharge permit for the WWTP:*

- *By 6/1/2008, complete a Collection System Master Plan and a 10-Year CIP to reduce inflow and infiltration.*

The City of Hercules prepared a Collection System Maintenance Master Plan and installed flow meters at several locations through the City. Hercules has rehabilitated several segments of their collection system and has identified other areas of the City where repairs will be completed in the near future.

- *Submission of an Engineering Report by 6/1/2009 describing WWTP upgrades to increase treatment capacity.*

The engineering report was completed by the City.

- *By 8/1/2010, provide an EIR, certified by the Lead Agency, on the project above and begin securing funds for implementation.*

The EIR was completed, along with an addendum, and approved by the City of Pinole in August 2013.

- *By 8/1/2011, secure funding for WWTP upgrades.*

The City has studied the financial strategies and cost of issuing traditional revenue bonds and applying for the State Revolving Loan Fund for Water and Wastewater. At the current time, the City has a completed application on file with the State and anticipates approval in late 2014.

- *By 8/1/2012, begin design.*

The Phase I preliminary design is complete, and the Phase II Final Design contract has been awarded by the Pinole City Council.

- *By 11/1/2015, complete construction, and by 6/1/2016 ensure WPCP facilities are online and operational.*

The most recent permit from the SRWQCB establishes June 1, 2017 as the deadline for placing the new facilities on line.

- *Status of the fourth digester component at the WPCP and funding to continue transportation of partially treated wastewater to EBMUD for overflow processing of biosolids.*

Construction of the fourth digester has been completed. The City is now working on a \$40 million upgrade of the plant to correct inefficiencies and meet the milestones outlined in their NPDES permit for the SRWQCB. The project will be jointly funded the Cities of Pinole and Hercules.

- *Status of studies to evaluate the infrastructure needs and costs for wastewater flows from Hercules and Pinole to the West County Wastewater District (WCWD).*

The studies were prepared and concluded that conveying flows from the Cities of Hercules and Pinole (or Hercules alone) to WCWD are fiscally infeasible.

- *Status of wastewater utility finances.*

The City of Pinole has implemented a phased increase in wastewater user fees (over the past five and extending into the next five fiscal years). This will result in a significant increase in user fees increasing the City's ability to finance capital improvement project activities on a "pay as we go" basis while still managing to accumulate a working capital reserve account of approximately \$4 million (as of 7/1/2013) which equates to approximately 100% of annual operating expenses. Approximately \$1.5 million of this accumulated operating surplus will be used to fund "final engineering design" of the next phase of renovations for the Sewage Treatment Plant, leaving approximately \$2.5 million in the reserve (60% of operating expenditures).

- *Status of debt.*

The \$10 million in Wastewater Revenue Bonds to fund construction of the fourth digester, and renovate the three existing digesters were issued in 2006 with final maturities scheduled for 2036. As of June 30, 2013, revenue bonds have been retired in the amount of \$775,000, leaving an outstanding debt of \$9.225 million. New debt of \$15 million will be secured from the State Water Resources Revolving Loan Fund over the course of the next four years which will be repaid over a term of 20 years.

- *Status of other cost saving/cost avoidance measures.*

The Cities of Pinole and Hercules have both studied the option of conveying flows to WCWD facilities in North Richmond for treatment. However, those studies revealed that the option was more costly than upgrades to the Pinole Hercules facilities. The City of Pinole believe costs savings can be achieved both in capital costs and operation costs if inflow and infiltration are better controlled. The City of Pinole is pursuing a program to identify areas where inflow and infiltration is occurring with the goal of repairing the collection system at those areas.

- *Rate structure increases since 2008.*

The City increased rates for three years (2011 – 2013) and just approved an additional five years of rate increases. The Wastewater Fund has a fund balance which allows the City to budget for depreciation of assets of the plant.

- *Changes to sewer connection fees since 2008.*

The City’s connection fee for a single family unit is \$700. That fee has not been adjusted since 1984. The City recently conducted an engineering study to review connection fees, and the City Council elected not to raise rates at this time based on the study.

- *Status of partnership opportunities with Hercules, Rodeo Sanitary District and WCWD.*

The City partners with Hercules for wastewater treatment and has an agreement with Rodeo Sanitary District for the use of a deep outfall used for disposal of effluent.

- *Consideration of consolidating sewer service with WCWD.*

The Cities of Hercules and Pinole commissioned an engineering study to evaluate potential consolidation with WCWD. The study results indicated that it is cost-prohibitive to do so.

GOVERNMENT STRUCTURE ALTERNATIVES

Two government structure options were identified for the City of Pinole:

Maintain the status quo:

The City is currently providing adequate wastewater services within its boundaries. The City is financially sound and has developed and implemented an aggressive CIP Program to maintain and upgrade necessary infrastructure.

Consolidate sanitary sewer service with the West County Wastewater District.

Recent studies have been completed evaluating the feasibility of conveying flows from the Cities of Hercules and Pinole to WCWD. The costs of right-of-way, pipeline construction, decommissioning the existing WPCP, and the “buy in” cost to the WCWD system make this alternative cost prohibitive.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	According to recent Census date, the current population of Pinole is 18,930. After experiencing rapid growth in the 1950s, 1960s and 1970s, population growth in Pinole slowed in the 1980s and 1990s and is expected to average less than one percent per year for the foreseeable future. According to the City’s General Plan, the City will reach a projected population of approximately 21,800 in 2030, and increase of 15 percent of its current population.
<i>Location and characteristics of any disadvantaged</i>	There are no DUCs within or contiguous to the

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

<i>unincorporated communities within or contiguous to the sphere of influence.</i>	City's SOI.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	<p>The WPCP upgrade is the major project needed for both Pinole and Hercules to meet Regional Water Quality Control Board permit requirements on treatment capacity and operating compliance. Replacement of problem sewer mains and laterals to reduce infiltration is also a major priority in the City's CIP.</p> <p>There are no disadvantaged unincorporated communities within or contiguous to the City of Pinole sphere of influence.</p>
<i>Financial ability of agencies to provide services.</i>	<p>Overall, the Wastewater Fund is currently stable and self-sustaining for operational and debt service activities, and capital expenditures. The City has implemented annual service charge rate increases for the next five years. The City maintains a relatively good fund balance providing good capability to absorb short term impacts, and maintains a very low debt service to annual expenditures ratio.</p>
<i>Status of, and opportunities for, shared facilities.</i>	<p>The primary cooperative program is the joint operation of the WPCP. The City also has an agreement with the EBMUD to handle and dispose of biosolids after treatment if surplus volume processing is required. The City also participates in regional staff training and pollution education programs.</p>
<i>Accountability for community service needs, including government structure and operational facilities.</i>	<p>The City provides a comprehensive website providing the public with internet access to City Council agendas and minutes, public notices, City budgets, CIP programs, and budgets. A City Calendar is also posted listing City projects, events and public hearings.</p> <p>Two government structure options were identified: (1) status quo, and (2) consolidation with the West County Wastewater District. Studies have indicated that consolidation with WCWD is financially infeasible at the present time.</p>
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

CITY OF PITTSBURG – WATER/WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The City of Pittsburg (City) was established along the Suisun Bay/Delta shoreline as a 10,000 acre land grant from the government of Mexico in 1839. Initially named New York of the Pacific, the name was changed to New York Landing during the Gold Rush, and then to Pittsburg in 1911.

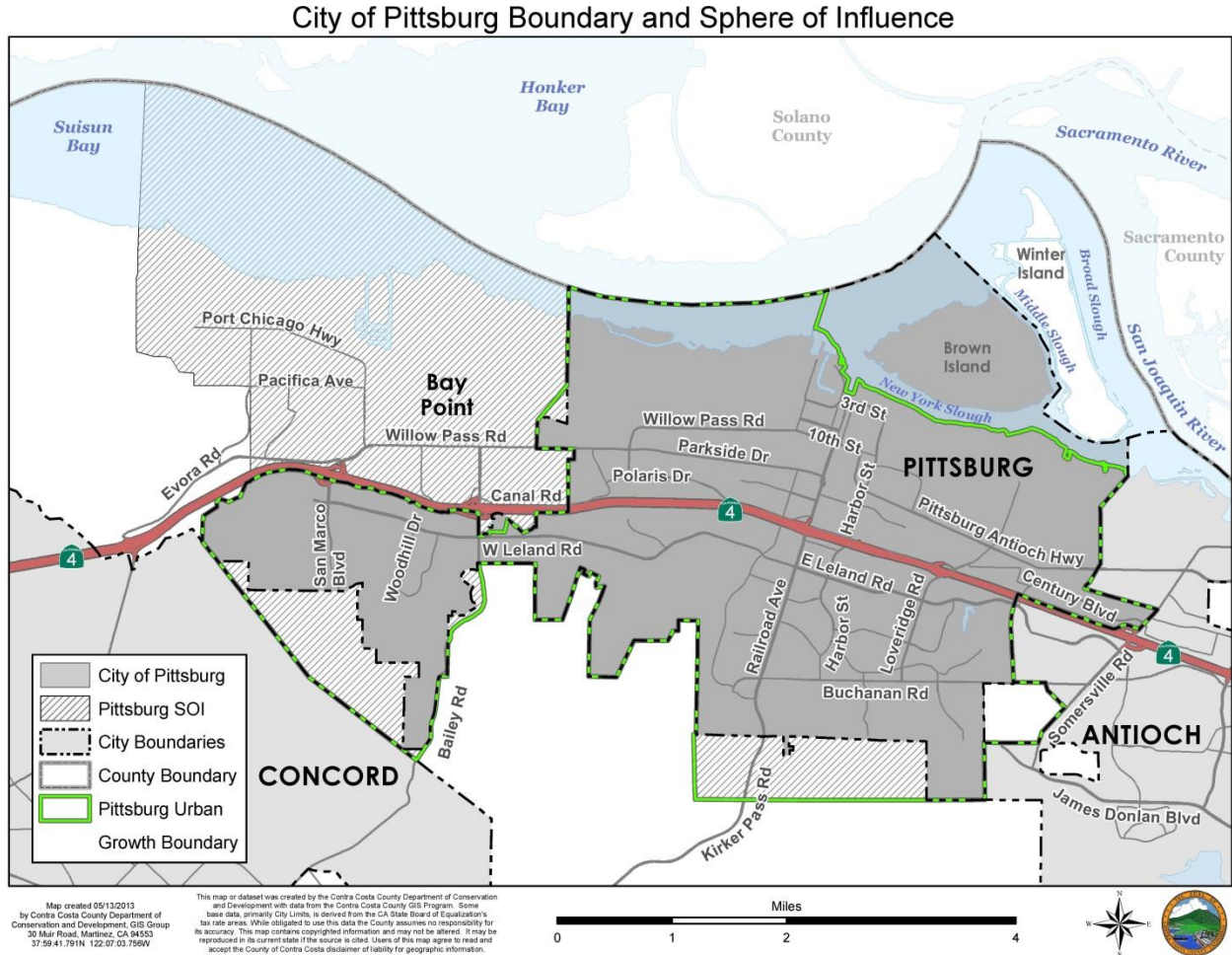
The City is located on the eastern portion of Contra Costa County, about 40 miles northeast of San Francisco. Originally a coal shipping port, the City was founded in 1849 and incorporated in 1903 as a general law city. In the 1940s and early 1950s, the City was a major commercial and industrial center for the County and the eastern ports of the greater San Francisco Bay Area. Pittsburg experienced rapid population growth during the 1970s and 1980s, evolving in a bedroom community for employment centers in west and central Contra Costa County. Today the City is the second largest industrial center in the County and has a population of approximately 64,294. A map of the City's current boundary and sphere of influence (SOI) is shown in **Figure IV-7** on Page 87.

The City provides water treatment, distribution and wastewater collection services for its residents and businesses. Untreated water purchased from the Contra Costa Water District (CCWD) is treated at the City's Water Treatment Plant (WTP). Water supplies are supplemented by locally produced groundwater. Wastewater is discharged into the Delta Diablo (DD) system for treatment and disposal. The City is providing service to one customer outside the City limits. This property is within the anticipated Faria Costa annexation area. The City's 2011 Urban Water Management Plan (UWMP) projects a 2030 population for Pittsburg of 91,015, an increase of over 39 percent over the City's current population of 64,294. The City's Agency Profile is included as **Table IV-7** on Page 86.

Table IV-7, Agency Profile – City of Pittsburg

General Information			
Agency Type	Municipal		
Principal Act	General laws of the State of California		
Date Formed	1903		
Services	Water and wastewater collection and conveyance		
Service Area			
Location	City of Pittsburg		
Sq. Miles/Acres	17.22 square miles/11,020 acres		
Land Uses	Residential, commercial, industrial, open space		
Dwelling Units	21,126		
Population Served	64,294		
Last SOI Update	July 2009		
Water Infrastructure/Capacity			
Facilities	City of Pittsburg Water Treatment Plant (32 MGD), 7 pump stations, 8 reservoirs, 2 municipal wells		
Connections	17,037		
Storage Capacity	8 reservoirs/19.2 MGD		
Primary Source of Supply	Central Valley Project		
Sewer Infrastructure/Capacity			
Facilities	126 miles of sewer mains, 1 pump station		
Treatment Plant Capacity (MGD)	Delta Diablo Waste Water Treatment Plant/ 6.2 mgd (average dry weather flow)		
Primary Disposal Method	Delta Diablo Waste Water Treatment Plant		
Budget Information- FY 2013-2014 (Water & Wastewater Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$18,702,250	\$17,412,512	\$1,289,738
Wastewater Fund	\$4,513,380	\$4,773,184	(\$259,804)
Combined Funds	\$23,215,630	\$22,185,696	\$1,029,934
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$4,875,000	\$46,006,693 5 Year Projection- Water/Wastewater	
Water Fund Balance	\$7,816,145	Estimated for June 30, 2014	
Wastewater Fund Balance	\$2,278,450	Estimated for June 30, 2014	
City Net Assets	\$50,613,386	June 30, 2012 Financial Statement- Unrestricted	
Governance			
Governing Body	City Council (5 members)		
Agency Contact	Kristin Pollot, (925) 252-6941		
Notes			
Net Assets do not include Capital Assets			

Figure IV-7, Boundary/SOI Map – City of Pittsburg



WATER/WASTEWATER OPERATIONS

The City provides water treatment and retail services through the operation of its Pittsburg Water Treatment Plant (WTP). The WTP has a capacity of 32 million gallons per day (MGD) and average production of 8.8 MGD of water purchased from the CCWD. The system includes 215 miles of transmission pipelines and seven pump stations. The City operates two municipal wells that supply on average 12% of the water demand. A new replacement well with higher capacity is under design.

Pittsburg’s Urban Water Management Plan (UWMP) was adopted in August 2011. The recycled water system, operated by DD, has provided about 520 acre-feet per year to City facilities. It also serves two power plants. Several major projects have been completed since the 2007-08 MSR including: a new Water Master Plan in 2010; numerous water line replacement projects; two new pump stations; a 3.0 million gallon reservoir; two emergency treatment interties with CCWD; and, initiation of an Automatic Meter Reading (AMR) system. The City has also completed a water loss analysis and found, on average, a 12% loss which is in line with American Water Works Association Guidelines (5 – 20%).

The City provides sewer collection services through 126 miles of main and lateral lines and 1 pump station. Effluent treatment is provided under contract by DD Wastewater Treatment Plant (WWTP) averaging 6.2 MGD. A Sewer System Master Plan (SSMP) was prepared in October 2008 and has included an aggressive TV inspection program resulting in identification of problem locations and sewer replacement projects identified in the 2007-08 Citywide Sewer System Rehabilitation Project Study. Sanitary Sewer Overflows (SSOs) have been contained within limits averaging 125 gallons each, with the ability to prevent any flows to storm drains or channels that were not captured or collected.

Infrastructure Needs

The City has an approved Capital Improvement Plan (CIP) with annual funding at \$4.475 million to address both water and wastewater system needs, including replacement projects of pipelines, valves, pump stations and the WTP. A new well is in design for construction in 2014, and ongoing WTP projects are being implemented on a pay-as-you-go basis per the 2010 WMP. New development is expected to install some needed pipelines when economic growth resumes.

Cooperative Programs

The City participates in a regional program of conservation education with the CCWD and with DD on regional pollution control education and prevention. The City is a partner in the Water Utility Regional Capacity Study headed by CCWD as well as a member of a purchasing consortium for supplies and chemicals.

Cost Avoidance Opportunities

The City coordinates purchasing of supplies and chemicals that reduces annual costs of water treatment and facility repairs. Anticipated annexations are expected to benefit the water and sewer collection distribution systems with expansion of capacity coordinated with replacement projects. A project to convert all water meters to “Automatic Meter Reading System Technology” is in its second year of implementation. Also, a study has been completed to evaluate the cost effectiveness of converting lighting at the WTP to LED technology. The first two phases have been completed. Additional phases have a payback period of over 10 years.

FINANCIAL OVERVIEW

The City operates its wastewater and water services as enterprise funds within the confines of overall City operations. Service fees comprise the significant majority of revenues that fund the services provided for both wastewater and water. Neither the Wastewater Fund nor the Water Fund receives funds directly or indirectly from the City’s General Fund. Overall, both funds are considered stable and self-sustaining for operational, capital and debt service activities, although some deficit spending has occurred in each fund due to planned capital improvement projects. Rate increases have been implemented over the last several years to accommodate the expenditures. The City maintains a moderate reserve fund balance in each fund providing good capability to absorb short term impacts, with a very good debt service to annual expenditure ratio.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of the City’s wastewater and water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

The Wastewater and Water Funds overall have been experiencing surplus as well as deficit spending over the last several years. However, this is attributed primarily to planned capital expenditures. Each fund has been generally experiencing surpluses in the operating portions of the funds. Surpluses are used to fund capital projects. Rate increases have been implemented over the last several years to accommodate the expenditures.

Ratios of Revenue Sources

The City receives 97% of its Wastewater Fund revenues from charges and fees for services, no revenue from property taxes and 3% from miscellaneous other sources. The City receives 94% of its Water Fund revenues from charges and fees for services, no revenue from property taxes and 6% from miscellaneous other sources. The ratios for both the Wastewater and Water Funds reflect an appropriate balance for typical enterprise fund services, and minimize the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The City's Wastewater Fund currently reflects a fund balance ratio of approximately 48% of annual expenditures. The City's Water Fund currently reflects a fund balance ratio of approximately 45% of annual expenditures. Both of these fund ratios represent moderately positive ratios.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The City's wastewater fund annual debt service ratio to total expenditures is approximately 19.3%. The City's Water Fund annual debt service ratio to total expenditures is approximately 15.3%.

Capital Improvement Program

The City has developed and implemented an aggressive and comprehensive CIP for wastewater and water infrastructure improvements. The City's current 5-Year CIP reflects approximately \$46 million in improvements for the combined wastewater and water infrastructure, with approximately \$4.9 million programmed for FY 13/14. The City reports that numerous capital improvement projects have been completed over the last several years for both wastewater and water infrastructure including: the El Dorado Heights water line; two emergency treated water lines between the City and the CCWD; improvements to the City's water treatment plant; and the Heights sewer replacement project.

Rate Structure

The City's current published rate structure for wastewater reflects a fixed rate monthly base charge of \$15.79 for single family residential customers, \$13.50 for multi-family residential customers. The non-residential customer monthly charge is \$1.61 per hundred cubic feet (ccf) of water usage. Water service charges reflect a fixed rate monthly base charge ranging from \$21.91-\$2,525.57 depending on meter size, a usage charge ranging from \$3.15-\$4.86 per ccf of usage for residential customers, and \$3.76 for non-residential customers. Annual increases are included in the City's current rate structure.

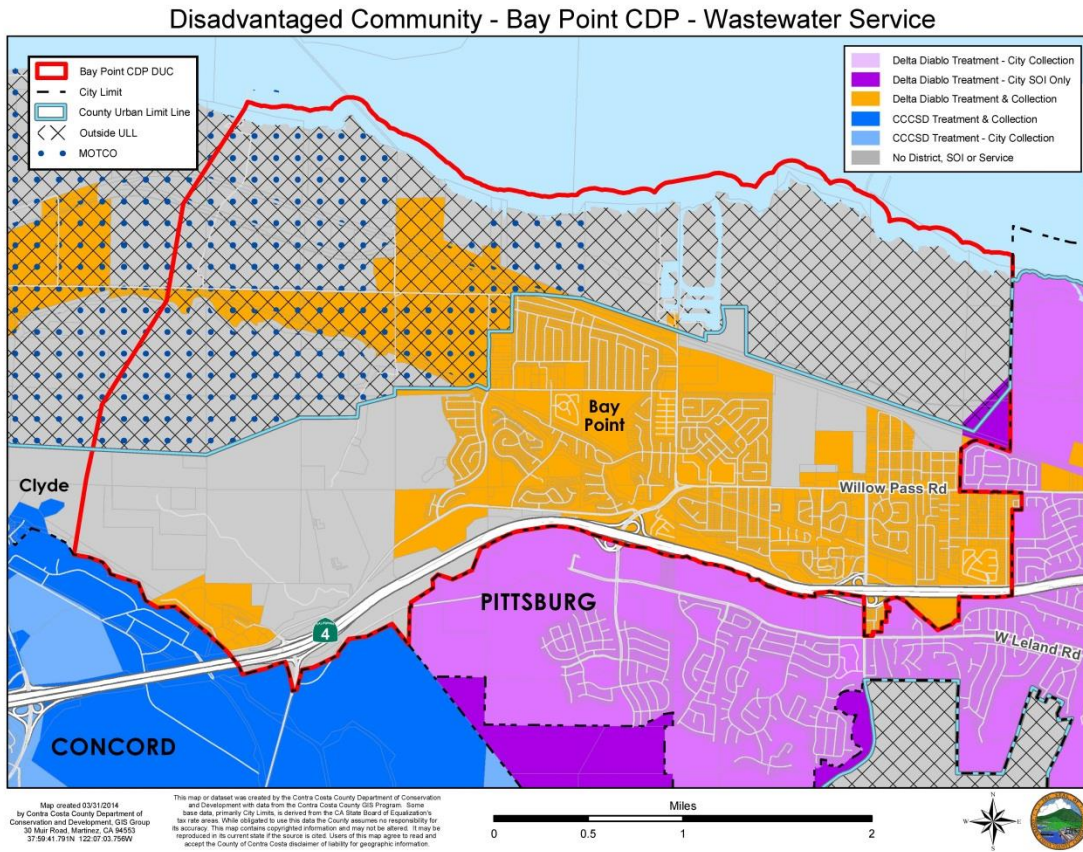
Redevelopment Agency Dissolution Impacts

The City reports that dissolution of the Redevelopment Agency had no impact on the wastewater and water services or associated capital improvement projects. No present or future redevelopment tax increment lost was utilized or planned for the wastewater and water enterprise funds.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There is one disadvantaged unincorporated community (DUC) within the City’s SOI- Bay Point (see Figure IV-7A below).

Figure IV-7A, DUC Map – Bay Point CDP – Wastewater Service



STATUS OF ISSUES IDENTIFIED IN 2007-2008 MSR

The 2007-2008 CC LAFCO MSR identified a number of issues and recommendations with respect to the City of Pittsburg. The section below provides an update, based on information provided by the City, identifying how those issues have been addressed since the 2007-2008 MSR.

- *Infrastructure needs and deficiencies.*

Replacement/expansion to existing water mains is ongoing. The initial phases of the Southwest Hills water main expansion are complete. In partnership with the CCWD, the City continues its conservation program to reduce demands. The City has planned the development of new

pressure zones, but implementation is not necessary at this time. The City has not adopted a recycled water ordinance. Pittsburg is working closely with DD to plan the expansion of the wastewater treatment plant. The City has an ongoing program to address deficiencies in the capacity, safety and reliability of the collection system. Currently, there are no deficiencies in the system's capacity or any safety-related issues.

- *Status of new well.*

The new well is in the design phase.

- *Status of City conservation measures.*

The City requested voluntary conservation in 2009 and has joint conservation program with Contra Costa Water District to reduce overall demand.

- *Status of City's Water Master Plan.*

A new Water Master Plan was adopted in 2010. The capital improvements required for new water and wastewater system developments have been extended as a result of the reduction in development.

- *Status of Water and Sewer Facility Reserve Charges (FRCs).*

The reduction in development has reduced the rate at which the FRCs are being collected by the City and the timing of the facilities for which the FRCs are being collected.

- *Status of water utility projects and programs.*

The El Dorado Heights water line is complete. Emergency treated water lines between the Pittsburg and CCWD (multi-purpose pipeline) are completed. The new well is in the design phase. With respect to capital repairs and improvements to the Pittsburg Water Treatment Plant, some are complete, some are in construction and others are in design. The annual Water Main/Service/Valve Replacement Program is ongoing.

- *Status of wastewater utility projects.*

The planned downtown infrastructure improvements between 8th and 10th Streets are complete. The City has completed implementation of an annual CCTV Inspection and Sewer Replacement Program and the 2007-2008 Citywide Sewer System Rehabilitation Project. Construction of the Highway 4 trunk line relief (Segment A) and the Bailey Road sewer main project are on hold pending new development.

- *Sewer System Overflows (SSOs) since December 2007.*

The City has not had any permit violations since the MSR was completed in December 2007. The City had 18 mainline SSOs in calendar years 2010-2012. The median main line SSO was 125 gallons. There was no flow to a storm drain or channel that was not captured.

- *Impact of dissolution of City's Redevelopment Agency.*

The City's water and wastewater utilities do not require support from development or the

Redevelopment Agency (RDA). There is little effect from the dissolution of the RDA or the decline in new development.

- *Strategy to address economic downturn and impact on water and wastewater services.*

The City has taken a multi-pronged approach, including: development of a multi-year General Fund balancing plan that identifies projected revenues and expenditures and utilizes a Budget Stabilization Fund to cover anticipated shortfalls; negotiation of new Memorandums of Understanding (MOUs) with the City's labor unions to require employee pick-up of all or a portion of pension contributions and a portion of health insurance premiums; adoption of a ½ cent sales tax measure; and, adoption of a Fiscal Sustainability Ordinance that (1) established minimum unappropriated reserve balances at 30 percent of operating expenses for the City's General Fund, Internal Services Funds, and Enterprise Funds to be used only for emergencies, (2) established a Budget Stabilization Fund to be used to help absorb costs during an economic downturn and/or budget shortfall, (3) established an Infrastructure Repair and Replacement Fund, (4) established an Other Post-Employment Benefits Fund, and (4) implemented a requirement that appropriation of reserves, or a change in reserves levels, requires a 4/5 vote of the City Council.

- *Revenue sharing/cost avoidance opportunities.*

The City partners with CCWD on water conservation efforts.

- *Governance options.*

The City has one customer served outside of the City boundaries. This customer is included in the proposed Faria Costa annexation area.

GOVERNMENT STRUCTURE ALTERNATIVES

Two government structure options were identified for the City of Pittsburg:

Maintain the status quo

The City is currently providing adequate water and wastewater services within its boundaries, as well as to one parcel outside City boundaries but subject to a proposed annexation. The City is financially sound and has developed and adopted a CIP to maintain and upgrade necessary infrastructure.

Consolidate with DD

The City provides wastewater collection services, while the DD provides conveyance, treatment and disposal service to the City. Additional analysis would be required to evaluate the long-term fiscal and operation impacts of consolidation and impacts on ratepayers.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

<i>Growth and Population for the affected area.</i>	The City's 2011 UWMP projects a 2030 population for Pittsburg of 91,015, an increase of over 39 percent over the City's current population of 64,294.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There is one DUC within the City's SOI- Bay Point.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	The City has an approved CIP with annual funding at \$4.475 million to address both water and wastewater system needs, including replacement projects of pipelines, valves, pump stations and the WTP. A new well is in design for construction in 2014, and ongoing WTP projects are being implemented on a pay-as-you-go basis per the 2010 WMP. New development is expected to install some needed pipelines when economic growth resumes. There is one DUC within the City's SOI- Bay Point.
<i>Financial ability of agencies to provide services.</i>	Overall, both the Water and Wastewater Funds are considered stable and self-sustaining for operational, capital and debt service activities, although some deficit spending has occurred in each fund due to planned capital improvement projects. Rate increases have been implemented over the last several years to accommodate the expenditures. The City maintains a moderate reserve fund balance in each fund providing good capability to absorb short term impacts, with a very good debt service to annual expenditure ratio.
<i>Status of, and opportunities for, shared facilities.</i>	The City participates in a regional program of conservation education with the CCWD and with DD on regional pollution control education and prevention. The City is a partner in the Water Utility Regional Capacity Study headed by CCWD as well as a member of a purchasing consortium for supplies and chemicals.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	<p>Pittsburg City Council meetings are open and accessible to public. The City provides a comprehensive website providing the public with internet access to City Council agendas and minutes, public notices, City budgets, CIP programs, rate structures and water quality-related reports.</p> <p>The City should pursue the preparation of a focused study evaluating the feasibility/cost effectiveness of merging its wastewater operations with Delta Diablo as a potential long-term governance alternative.</p> <p>Two alternative government structures were identified: (1) status quo, and (2) consolidation with DD.</p>
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

CITY OF RICHMOND – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The City of Richmond (City) encompasses approximately 52.6 square miles (including approximately 22.6 miles of tidal zones) on the shores of the San Pablo and San Francisco Bays. The City, which is a Charter City, incorporated August 7, 1905. The City has a population estimated by recent Census data of 105,004 residents. The City is bounded on the north by San Pablo Bay, the unincorporated community of Tara Hills and the City of Pinole; on the south by the cities of El Cerrito and Berkeley; on the east by the unincorporated El Sobrante community; and, on the west by the San Francisco and San Pablo Bays. A map of the District's current boundary and sphere of influence (SOI) is shown in **Figure IV-8** on Page 96.

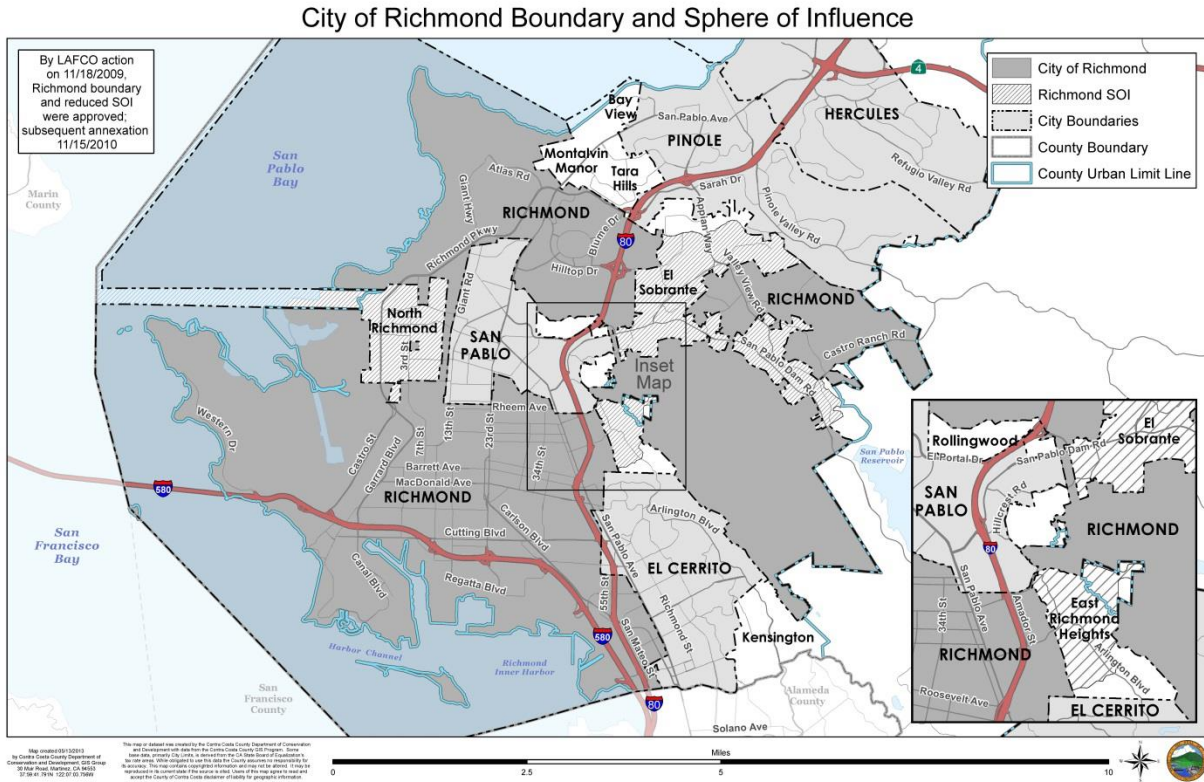
The City provides wastewater service to a majority of the City's residents (approximately 65% or 68,000) within Richmond. Abutting the City's service area, West County Wastewater District (WCWD) provides sewer collection service to a small portion of the City on the northern border of the City, adjacent to the City of San Pablo, and Stege Sanitary District collects wastewater for a portion of the City in the eastern hills, adjacent to the City of El Cerrito.

The City's 2012 General Plan projects the City will grow to 132,600 by 2030, an increase of almost 21 percent over the current population of 105,004. The City's SOI encompasses the entire incorporated territory of the City as well as an additional 18 square miles of unincorporated territory to the north and east of the City. The City's Agency Profile is included as **Table IV-8** on Page 95.

Table IV-8, Agency Profile – City of Richmond

General Information			
Agency Type	Municipal		
Principal Act	General laws of the State of California- Charter City		
Date Formed	1905		
Water/Sewer Services	Wastewater collection and conveyance		
Service Area			
Location	City of Richmond		
Acres	13.2 square miles/ 8,448 acres; City of Richmond contains a total of 52.6 square miles (including 22.6 square miles of tidal zones); City provides wastewater services to approximately 25% of City's total acreage and approximately 65% of the City's population.		
Land Uses	Residential, regional office, commercial, industrial, and port-related; significant portion of the City's land is currently open space.		
Dwelling Units	17,901		
Population Served	Approximately 68,000 (21,800 connections)		
Last SOI Update	8/2013		
Infrastructure/Capacity			
Facilities	City of Richmond Wastewater Treatment Plant, 187 miles of gravity sewer lines, 14 pump stations		
Treatment Plant Capacity (MGD)	9 MGD (dry weather) 16 MGD (peak wet weather)		
Primary Disposal Method	Treatment through Richmond Wastewater Treatment Plant and discharge through a deep-water outfall in central San Francisco Bay		
Budget Information- FY 2013-2014 (Sewer Fund)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Sewer Fund	\$18,168,048	\$26,785,830	(\$8,617,782)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$9,285,750	\$204,600,000- 5 Year Projection	
Fund Balance	\$22,462,668	Estimated for June 30, 2014	
City Net Assets	(\$141,488,558)	June 30, 2012 Financial Statement- Unrestricted	
Governance			
Governing Body	City Council (7 members)		
Agency Contact	Chad Davisson (510) 307-8091		
Notes			
LAFCO expanded SOI (9/15/2010) in conjunction with the Kay Road Annexation Net Assets do not include Capital Assets			

Figure IV-8, Boundary/SOI Map – City of Richmond



CITY WASTEWATER OPERATIONS

Through the City Charter, the City operates and manages the Richmond Municipal Sewer District (RMSD). The RMSD is a member of the West County Agency (WCA) which is a joint powers authority with the WCWD. Through a joint powers authority (JPA) of the WCA and the WCWD, the City provides collection services to a portion of the City, operates its own wastewater treatment plant (WWTP) and disposes of effluent through an outfall owned by the JPA. The City operates its WWTP by contract with Veolia Corporation. The City and Veolia Corporation are in year 11 of a 20-year contract.

The City system has experienced significant system spills for several years and was under a Cease & Desist Order until 2013 when a new National Pollutant Discharge Elimination System (NPDES) Permit was issued. The City has initiated several studies and identified alternative solutions for both improvement of the collection system and for advanced treatment to reduce overflows in wet weather conditions. Repairs to the City collection system and a commercial/industrial inspection program are expected to reduce system spills in the future.

In the fall of 2010, there was a significant increase in the number of odor complaints from residents and businesses located around the wastewater treatment facility. Typically, increased odors occur due to changes in weather patterns and warm fall weather. The Bay Area Air Quality Management District (BAAQMD) conducted a thorough investigation of the facility. This investigation concluded that the covers on the anaerobic digester facility had failed. This failure resulted in the release of digester gas (methane and hydrogen sulfide) into the atmosphere, thus creating a potentially explosive condition at the plant and odor impacts to areas around the facility. The BAAQMD investigation also revealed a lack

of proper maintenance and inspection on the covers as well as the removal of monitoring equipment that would have provided an alarm indicating that the covers were malfunctioning. The anaerobic digester facility was shut down and raw, undigested sludge was trucked to EBMUD's Oakland facility for several months while work was being completed to replace the cover as well as perform other maintenance and repair to the digesters. Unfortunately, Veolia's response to resident's complaints was unsatisfactory. As a result, the BAAQMD issued a number of "Notice of Violations" to Veolia as the plant operator and the City of Richmond as the owner of the facility. The BAAQMD turned their investigation over to the Contra Costa County District Attorney and the DA proceeded with further enforcement action against Veolia Water, although they did not include the City in any of the enforcement. The two digester covers have been replaced and the City now has two functioning redundant digesters which it did not have before.

The City system of sewer collection pipeline mains and pump stations is old in terms of time and use. Two system analyses identified high priority locations of sewer mains requiring replacement and impacts of inflow from tidal surges and rainy weather that also cause peak flow conditions and system overflows. The 14 pump stations deliver effluent to the WWTP for treatment and disposal through a jointly owned outfall with the WCA. The City completed a Sewer System Master Plan (SSMP) update in October 2013 that addresses maintenance requirements and ongoing flow monitoring programs.

Infrastructure Needs

The City has completed comprehensive reviews of both the collection/pump stations system and the treatment facilities as part of a negotiated settlement of overflow and effluent discharge litigation. Assessment of the collection mains and laterals resulted in identification of the high priority replacement sections and of several large areas primarily in the commercial and industrial areas where infiltration flows have been occurring resulting in peak flows and some overflows. Several local programs of storm water collection and inflow prevention in about 400 acres of area have been implemented resulting in measured reductions of peak flows. Several pump stations have been remodeled to increase efficiencies and redundancies to reduce overflows. Wet weather storage capacity has been increased as part of the WWTP upgrades.

Cooperative Programs

The City participates with the WCWD in shared training and some maintenance operations. A JPA exists for the joint disposal of effluent by the agencies. Additionally, the City is coordinating some services with East Bay Municipal Utilities District (EBMUD) to reduce operating costs.

Cost Avoidance Opportunities

As noted above, the City and both WCWD and EBMUD have coordinated programs to reduce costs including pipeline main inspections, testing, repairs and pump station maintenance. Operations staff training is coordinated on a regional level as part of the Bay Area Agencies' training group and public awareness education efforts are being coordinated. The City has entertained preliminary review of options for future wastewater treatment including a feasibility study of the cost/benefit of annexing its sewer collection and treatment area to EBMUD. No policy decisions have been made to date but staff level analysis is ongoing.

CITY FINANCIAL OVERVIEW

The City operates its wastewater (sewer) service as an enterprise fund within the confines of overall City operations. Sewer service fees comprise the significant majority of revenues that fund the services provided. These fees are listed on the property tax bill of the service connection property and collected by Contra Costa County. The Wastewater Fund does not receive funds directly or indirectly from the City's General Fund. Overall, the Wastewater Fund is currently stable and self-sustaining for operational, capital and debt service activities. However, the City indicates in their five-year Capital Improvement Program (CIP) that the City will need to increase rates in order to meet ongoing capital improvement needs identified in their long range plan.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of the City's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

The Wastewater Fund overall has been experiencing deficit spending; however, this is attributed to capital expenditures and debt service for bond proceeds associated with the capital expenditures. The Fund has been experiencing significant surpluses in the operating portion of the fund.

Ratios of Revenue Sources

The City receives 95.3% of its Wastewater Fund revenues from charges and fees for services, no revenue from property taxes and 4.7% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise fund service and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The wastewater fund currently reflects a fund balance ratio of approximately 84% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The Wastewater Fund's annual debt service ratio to total expenditures is approximately 21.8%. This is reflective of the significant amount of capital expenditures funded through bond proceeds as part of the City's aggressive infrastructure upgrade program. However, although the ratio is high relative to ideal, the City's rate structure is sufficient to absorb this higher ratio and continue to reflect surpluses in their operational portion of the Fund. The City also has a required bond covenant of maintaining a debt coverage ratio of 125% of net revenue. The wastewater debt coverage ratio has been and is projected to maintain levels greater than the required coverage ratio.

Capital Improvement Program

The City has developed and implemented an aggressive and comprehensive CIP for wastewater infrastructure improvements. The City's current 20-Year Plan reflects approximately \$205 million in

improvements, with approximately \$121 million programmed through FY 15/16. The City reports that it has invested nearly \$90 million in wastewater infrastructure improvements since 1999. In 2006, as part of an environmental lawsuit settlement with the Baykeeper organization, the City agreed to complete capital improvement projects necessary to eliminate wet weather related sewer overflows. The City issued \$40 million in bonds in 2010 for improvements to the collection system and construction of wet weather storage facilities.

Rate Structure

The City's rate structure reflects fixed rates for residential connections, and a combination of fixed and flow rates for commercial/industrial connections. As a result of the Baykeeper lawsuit settlement, the City adopted a five-year rate increase of 8% annually to fund capital improvements necessary to comply with the settlement agreement. In 2010, the City adopted an additional rate increase of 5% per year for an additional three years. The current residential rate is a monthly-equivalent of \$52.75, which the City considers a moderate rate. The City is currently conducting a new rate study and anticipates additional rate increases will be necessary to complete needed capital projects required to meet the settlement agreement. The City will need to assess the ability of the community to absorb continuous annual increases given the slow economic recovery.

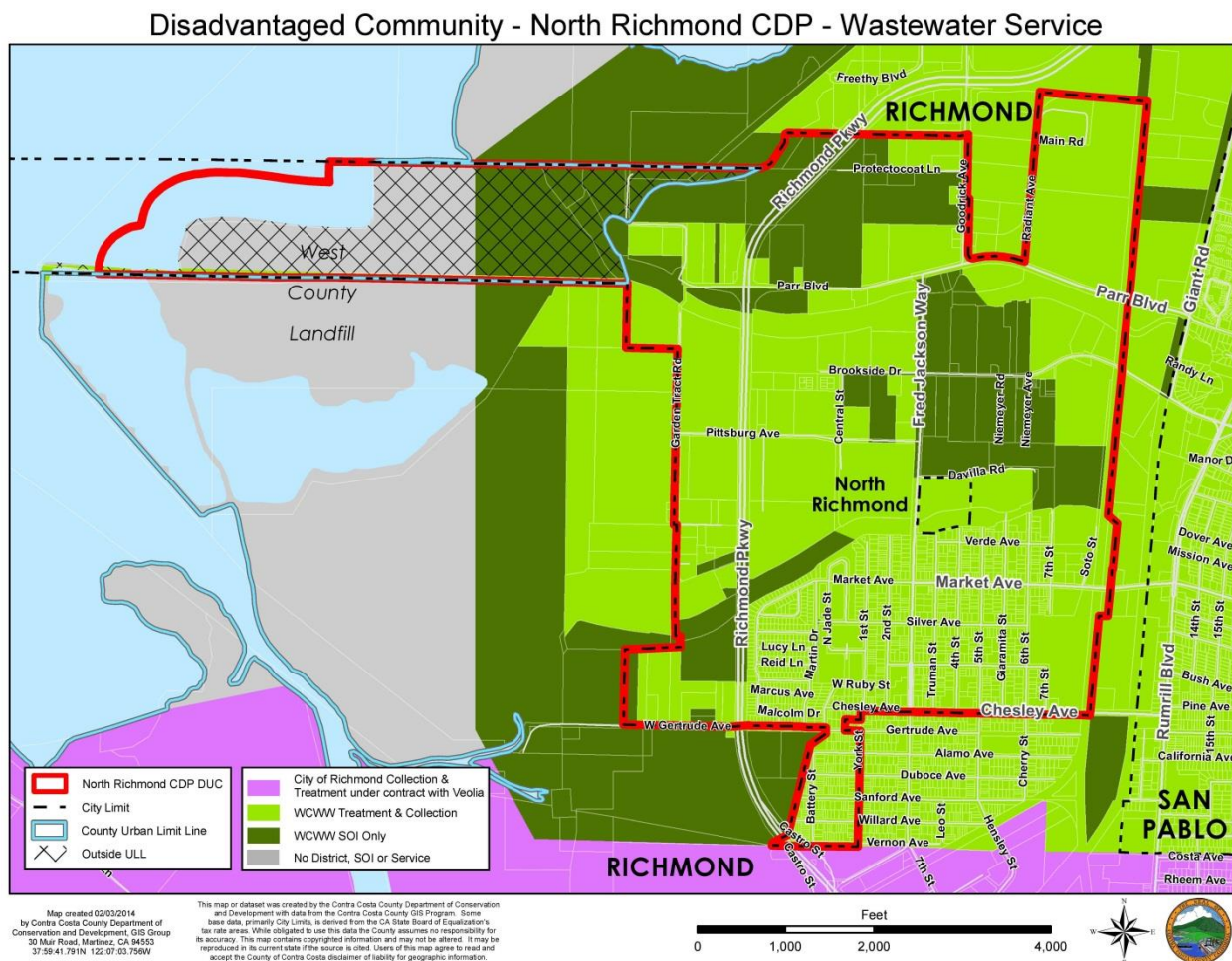
Redevelopment Agency Dissolution Impacts

The City reports that dissolution of the Redevelopment Agency had no impact on the wastewater services or wastewater capital improvement projects. No present or future redevelopment tax increment loss was utilized or planned for the wastewater enterprise fund.

DISADVANTAGED UNINCORPORATED COMMUNITIES

A disadvantaged unincorporated community (DUC), "North Richmond", is located on the west side of the City (see **Figure IV-8A** on Page 100). If annexation of some or all of this territory is considered, a detailed analysis would be required to evaluate the City's ability to provide service to this area.

Figure IV-8A, DUC Map – North Richmond CDP – Wastewater Services



STATUS OF ISSUES IDENTIFIED IN 2008 MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to the City. The section below provides an update, based on information provided by the City, identifying how those issues have been addressed since the 2008 MSR.

- *Steps the City has taken to ensure that adequate service levels can be maintained given stringent water quality standards and the need for comprehensive and modern wastewater services to serve residents within the City of Richmond.*

The City works closely with regulatory agencies to keep informed of changing water quality requirements. Richmond has developed a 20-year master plan for both the collection system and treatment facility which identifies capital improvements to address age/condition of existing infrastructure.

- *Actions the City has taken to improve an aging collection system and wastewater treatment plant, issues with inflow and infiltration and raw sewage spills.*

In 2007, the City passed two bond measures providing almost \$50 million to fund projects identified in the City's CIP and SSMP. In addition, the City received an additional \$40 million in bond proceeds. Since 2010, the City has invested approximately \$20 million in collection infrastructure improvements, has prioritized key system improvement projects, and aggressively addressed discharge of industrial storm water. The City is also constructing a 5-MG peak wet weather facility which will assist in reducing capacity-related Sewer System Overflows (SSO's). Currently, City staff is preparing an additional bond measure to fund improvements to the wastewater treatment plant.

- *Current status of contracts with Veolia Water North America to operate the City's wastewater treatment plant and maintain the City's sewer system.*

The City and Veolia are in year 11 of a 20-year contract to operate and maintain the City's collection system and treatment plant.

- *Steps City has taken to reduce SSOs since 2008.*

Since February 2008, the City has had 221 SSO's, including those occurring on privately owned sewer laterals. Within the City, sewer overflows are most frequently caused by failing infrastructure. Significant infiltration and inflow occurs during wet weather and high tides overwhelming the sewer collection system. Since 2008, the City has completed approximately \$20 million in repair, replacement and rehabilitation of sewer collection system infrastructure.

- *Status of the City's Sewer System Master Plan.*

The SSMP was developed and adopted by the City Council in 2010. It has since been revised to reflect current procedures. The updated version of the SSMP was adopted by the Council on October 15, 2013.

- *City efforts to comply with Regional Water Quality Control Board (RWQCB) Order No. R2-2008-0004, a Revised Tentative Cease and Desist Order (CDO) requiring effluent limitations by 2016.*

The Order was rescinded when the 2013 NPDES permit was adopted. When the new NPDES permit was issued, compliance appeared possible, and a new concurrent CDO was not needed.

- *Status of the reserve balance in the Wastewater Utility Fund and City debt.*

The Wastewater Enterprise Fund is stable.

- *Implementation of cost saving/cost avoidance measures.*

The City continues to evaluate opportunities that exist to avoid costs. The City has been working with WCWD and EBMUD to identify possible shared facilities for biosolids dewatering and energy renewal.

- *Rate and sewer connection fees.*

The City last approved a schedule of rate increases in June 2010 which included 5% annual rate increases for fiscal years 2012 through 2014. The current annual charge per residential unit is

\$633, or a monthly equivalent of \$52.75. The City is currently conducting a rate study to form the basis for future rates.

- *Facility/resource sharing opportunities since 2008.*

The City has been working with WCWD and EBMUD to identify possible shared facilities for biosolids dewatering and energy renewal. In an effort to evaluate the most cost-effective use of future bond funding for capital improvements, the City used Carollo Engineering to evaluate alternatives to investment in the City’s WWTP.

- *Suggested governance and/or SOI options for City of Richmond.*

The City continues to evaluate opportunities to annex some or all of the wastewater treatment services to adjacent agencies – WCWD and EBMUD.

GOVERNMENT STRUCTURE ALTERNATIVES

Maintain the Status Quo: The City’s wastewater collection and treatment system only services the central, older core of the City. Areas in north Richmond are provided service from WCWD. A small portion of south Richmond is served by the Stege Sanitary District. Each of the service areas is geographically separate, and each of the three wastewater agencies has an established service area. There is no overlap in service.

Merge with East Bay Municipal Utilities District: The City has entertained preliminary review of options for future wastewater treatment including a feasibility study of the cost/benefit of annexing its sewer collection and treatment area to EBMUD. No policy decisions have been made to date, but staff level analysis is ongoing. Additional study is needed. The City should consider initiating a focused study evaluating the fiscal and operational feasibility of merging the City’s wastewater treatment operation with EBMUD.

Merge with West County Wastewater District: The City is open to exploring all options regarding wastewater collection and treatment options, including merging with the WCWD. Additional study is needed. The City should consider initiating a focused study evaluating the fiscal and operational feasibility of merging the City’s wastewater treatment operation with WCWD.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	The City provides wastewater service to approximately 65 percent of the residents (approximately 68,000) within Richmond. The City’s 2012 General Plan projects the City will grow to 132,600 by 2030, an increase of almost 21 percent of the current population of 105,004.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities within or contiguous to the City of Richmond sphere of influence.

<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>The City's system of sewer collection pipeline mains and pump stations is old in terms of time and use. The City has completed comprehensive reviews of both the collection/pump stations system and the treatment facilities as part of a negotiated settlement of overflow and effluent discharge litigation. Assessment of the collection mains and laterals resulted in identification of the high priority replacement sections primarily in the commercial and industrial areas where infiltration flows have been occurring resulting in peak flows and some overflows.</p> <p>Several local programs of storm water collection and inflow prevention in about 400 acres of area have been implemented resulting in measured reductions of peak flows. Several pump stations have been remodeled to increase efficiencies and redundancies to reduce overflows. Wet weather storage capacity has been increased as part of the WWTP upgrades. The City completed a SSMP update in October 2013 that addresses maintenance requirements and ongoing flow monitoring programs.</p> <p>A DUC, "North Richmond", is located on the west side of the City. If annexation of some or all of this territory is considered, a detailed analysis would be required to evaluate the City's ability to provide service to this area.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>The City operates its wastewater service as an enterprise fund within the confines of overall City operations. Sewer service fees comprise the significant majority of revenues that fund the services provided. These fees are listed on the property tax bill of the service connection property and collected by Contra Costa County.</p> <p>The Wastewater Fund does not receive funds directly or indirectly from the City's General Fund. Overall, the Wastewater Fund is currently stable and self-sustaining for operational, capital and debt service activities. However, the City will need to increase rates in order to meet ongoing capital improvement needs identified in their long range plan.</p>

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	<p>The City is currently conducting a new rate study and anticipates additional rate increases will be necessary to complete needed capital projects required to meet the settlement agreement. The City will need to assess the ability of the community to absorb continuous annual increases given the slow economic recovery.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The City participates with the West County Wastewater District in shared training and some maintenance operations. A JPA exists for the joint disposal of effluent by the agencies. Additionally, the City is coordinating some services with East Bay Municipal Utilities District to reduce operating costs.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>The City's website provides the public with internet access to City Council agendas and minutes, public notices, City budgets, Capital Improvement Programs and audits. The City also offers a free "E-News Signup" service for residents wishing to receive weekly updates on city projects, services, and events. The preparation of a focused fiscal/feasibility study evaluating the feasibility/cost effectiveness of merging its wastewater operations with either the WCWD or EBMUD should be pursued.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

BYRON BETHANY IRRIGATION DISTRICT – WATER SERVICES

OVERVIEW/BACKGROUND

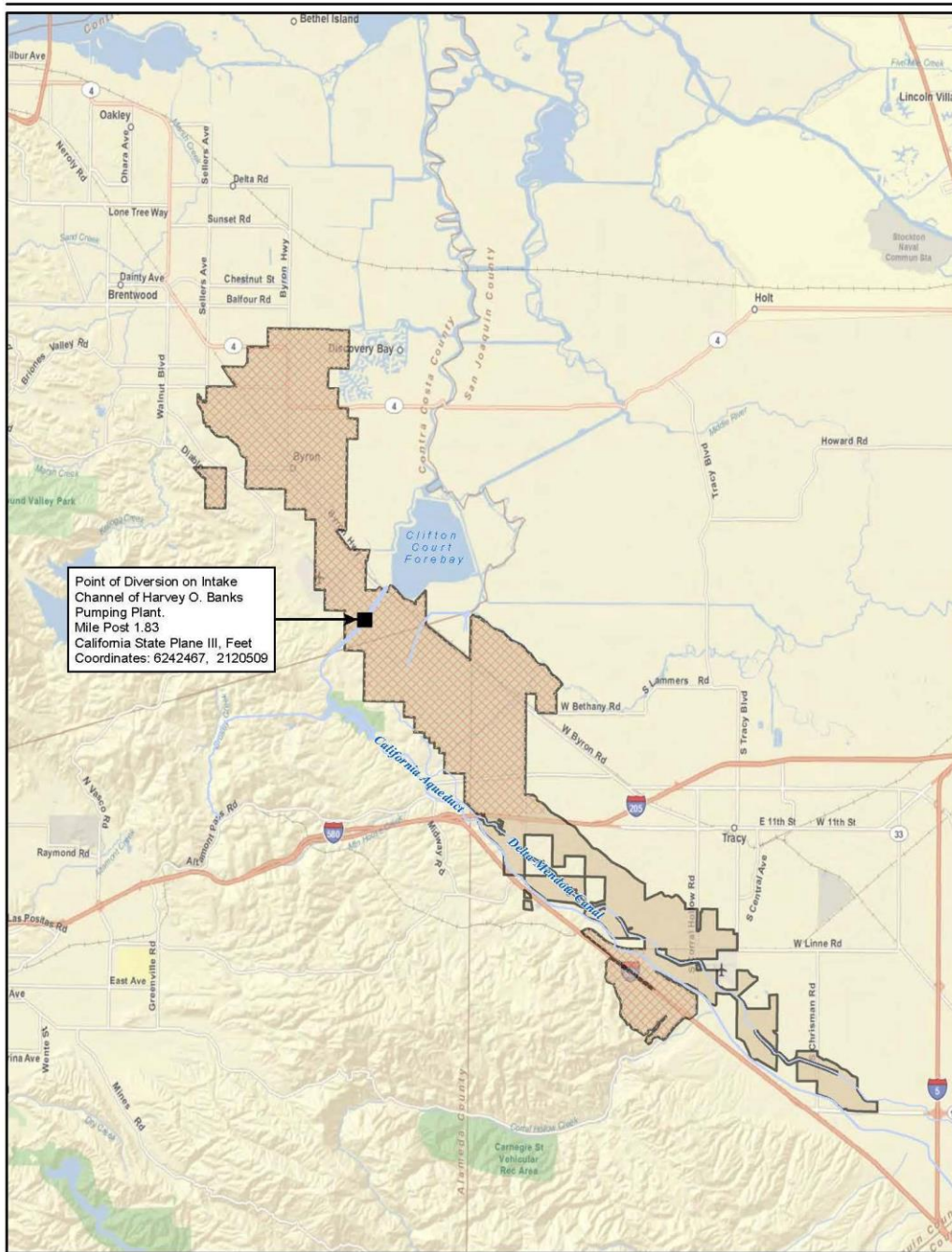
Formed in 1919 under Division 11 of the CA Water Code (Irrigation District Act), the Byron Bethany Irrigation District (BBID) provides agricultural water service in addition to delivering raw untreated water to the Mountain House community and the City of Tracy. BBID is a multi-county district serving portions of Alameda, Contra Costa and San Joaquin counties. San Joaquin is the principal county for LAFCO proceedings.

The BBID's service area is approximately 30,000 acres. The current population within BBID's service area and sphere of influence (SOI) is approximately 13,000. Land use within the Contra Costa portion of BBID is primarily agricultural. Little or no anticipated growth is projected at this time. A map of BBID's current boundary is shown in **Figure IV-9** on Page 107. BBID's Agency Profile is included as **Table IV-9** on Page 106.

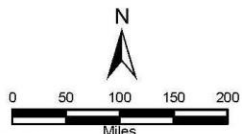
Table IV-9, Agency Profile – Byron Bethany Irrigation District

General Information			
Agency Type	Independent Special District		
Principal Act	Division 11 of the CA Water Code (Irrigation District Act)		
Date Formed	12/22/1919		
Services	Agricultural water service; raw untreated water to the Mountain House community and City of Tracy; serves portions of Alameda, Contra Costa and San Joaquin counties		
Service Area			
Location	Portions of Alameda, Contra Costa and San Joaquin counties		
Acres	30,000 acres		
Land Uses	Primarily agricultural (portions of District within San Joaquin County are planned for urban/industrial use)		
Water Connections	160 (150 agricultural surface irrigation users, 10 municipal/industrial surface users)		
Population Served	3,000 within service area (13,000 if Mountain House community included)		
Last SOI Update	San Joaquin LAFCO (District's principal LAFCO) adopted the 1999 SOI.		
Infrastructure/Capacity			
Facilities	Pump stations, pipelines and canals		
Storage Capacity	N/A		
Primary Source of Supply	Central Valley Project Surface Area (CVPSA) and pre-1914 water rights within Alameda, Contra Costa and portion of San Joaquin counties		
Budget information- FY 2013 (Fiscal Year is Calendar Year)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$5,370,237	\$3,208,680	\$2,161,557
Combined Other Funds	Included Above	\$1,919,373	(\$1,919,373)
All Funds	\$5,370,237	\$5,128,053	\$242,184
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$1,513,100	N/A- In process of development	
Net Assets (Reserves)	\$9,964,193	Dec 31, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	7-Member Board (elected by geographic area)		
Agency Contact	Rick Gilmore, (209) 835-0375		
Notes			
Net Assets do not include Capital Assets			

Figure IV-9, Boundary/SOI Map –Byron Bethany Irrigation District



Point of Diversion on Intake
 Channel of Harvey O. Banks
 Pumping Plant.
 Mile Post 1.83
 California State Plane III, Feet
 Coordinates: 6242467, 2120509



- LEGEND**
- Delta_Mendota_Canal
 - Pre-1914 Water Right Place of Use
 - BBID District Boundary



FIGURE 1
 Pre-1914 Water Right Place of Use
 Byron Bethany Irrigation District, California

SAC:\2\Z\NSAC\GIS\SAC\GIS\BBID\MXD\DISTRICT_BOUNDARY.MXD JLAMANT 7/21/2011 2:41:09 PM

CH2MHILL

DISTRICT OPERATIONS

BBID's water supply is from the Central Valley Project Surface Area (CVPSA) and pre-1914 water rights within Alameda, Contra Costa and a portion of San Joaquin counties. BBID serves 160 customers (150 agricultural surface irrigation users, 10 municipal/industrial surface users) covering approximately 30,000 acres. BBID's distribution system consists of pump stations, pipelines and open ditch canals to serve a population of 13,000.

Infrastructure Needs

BBID funds capital replacement projects on an annual basis as needs arise. Since BBID is over 90 years old, pump stations and pipelines are maintained and replaced as needs are identified. Facilities to new development areas are financed or provided by the requesting party.

Cooperative Programs

BBID is not located adjacent to other irrigation districts but does share administrative operations with the Byron Sanitary District (BSD) through a Joint Powers Authority (Byron Bethany JPA) for financing capital projects, including administrative offices and General Managers. BBID has also joined in a JPA with the Town of Discovery Bay Community Services District named the Byron-Bethany/Discovery Bay Public Financing Authority to finance costs of facilities. Staff operations have been consolidated and efficiencies achieved over the past 10 years. Continuing these efforts will sustain these cost reductions. Grant funding for capital projects for the jointly managed districts has also been successful.

Cost Avoidance Opportunities

BBID has achieved cost savings by participating in the JPA with BSD and utilizing contract services for management and operations. BBID plans to continue these efforts and look for future opportunities to reduce costs and increase efficiency.

DISTRICT FINANCIAL OVERVIEW

BBID operates as an enterprise type activity, with its primary revenue source being property tax and service charges and fees. BBID's fiscal year is calendar year based. Overall, the BBID's financial status is stable as operations expenditures are fully met by revenues received. However, property tax constitutes 50% of BBID's revenue which is subject to economic fluctuations. Any future significant reduction in property tax revenue may require rate increases. BBID reports that it is developing a long-range capital improvement program which will include a rate restructuring for its agricultural customers. BBID maintains a substantial reserve fund balance providing good capability to absorb short term impacts and its debt service to annual expenditure ratio is low.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of BBID's water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

BBID overall has been experiencing balanced budgets with annual surpluses. Generally, sufficient revenue is collected to support operational and maintenance expenditures. However, a substantial portion of BBID's revenues are derived from property tax, with undesignated reserves in FY 13 for the Red/Green Line Phase IV project. Any negative economic impact on BBID's property tax could have impacts on BBID's operations. Additionally, the loan will require annual debt service payments to be absorbed into future budgets. Either of these potential impacts could necessitate rate increases.

Ratios of Revenue Sources

BBID receives approximately 24% of its revenues from charges and fees for services, 50% of revenue from property taxes, 26% from undesignated reserves for the Red/Green Line project, and less than 1% from miscellaneous other sources. This ratio reflects a significant imbalance for a typical enterprise type service, and subjects BBID to potential significant impacts that negative economic factors will have on more elastic revenues such as property tax. BBID maintains sufficient reserves for short term impacts, however, any long term negative impact on property tax revenues may require moderate to significant rate increases to maintain operational and future capital expenditure levels.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. BBID currently reflects an overall fund balance ratio for all funds of approximately 194% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of BBID's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. BBID's annual debt service ratio to total expenditures is approximately 7%.

Capital Improvement Program

BBID does not have a long range capital improvement program. BBID budgets capital projects on an annual basis. BBID reports that it is currently in the process of developing a long range program that will be tied to a future rate structure for the agricultural component of the district. BBID's FY 2013 budget included \$1,513,000 in capital projects. BBID participates with the BSD in the Byron Bethany JPA as a financing mechanism for funding capital and infrastructure projects for each district.

Rate Structure

BBID's service rate structure reflects consumption based and standby charges, wholesale charges and operations and maintenance charges for its customer connections. Rates have remained relatively stable over the last several years. BBID has indicated that concurrent with development of its long range capital improvement program, rate restructuring will be analyzed.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the BBID SOI.

STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

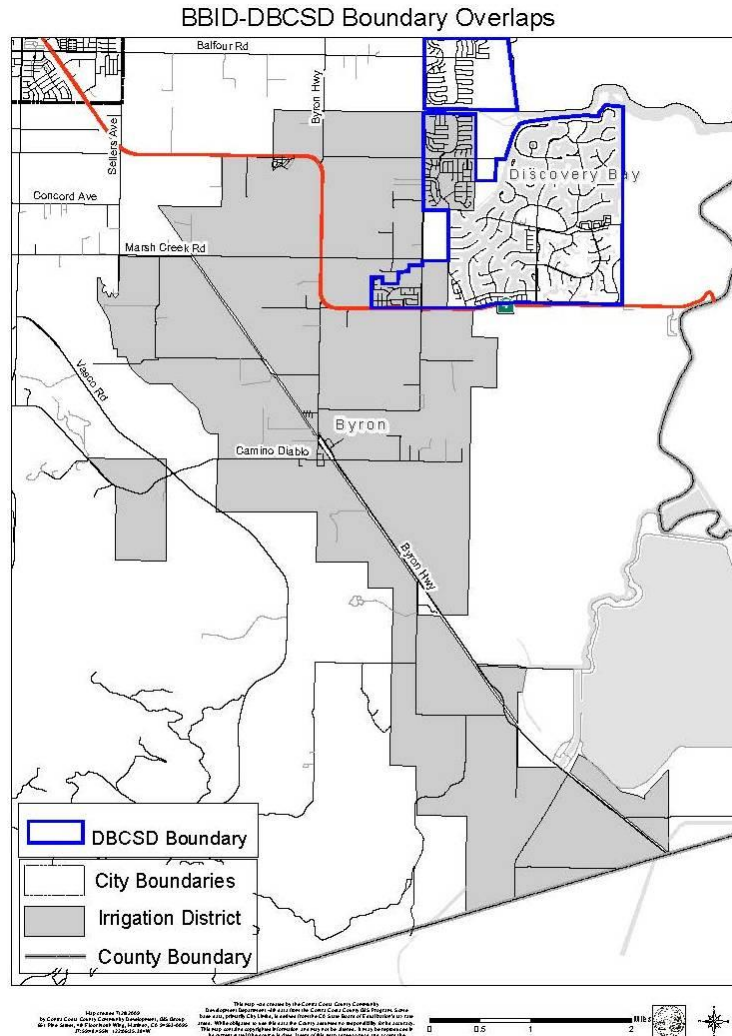
San Joaquin LAFCO is BBID's principal county and is responsible for preparing a MSR addressing this district. To date, no MSR has been prepared for BBID; therefore, no previous issues have been identified for review.

GOVERNMENT STRUCTURE ALTERNATIVES

It should be noted that BBID and TODBCSD have overlapping boundaries as identified in **Figure IV-9A** on Page 110. The overlap results in some residents of Discovery Bay having a portion of their one percent Ad Velorum property tax allocated to both BBID and TODBCSD. Because the two districts utilize

different treatment processes (BBID relies on Central Valley Project surface water and TODBCSD uses well water), it is unlikely that Discovery Bay residents will use BBID water. Consideration should be given to reducing BBID’s SOI from the overlap area. San Joaquin LAFCO is the principal LAFCO for BBID, and therefore would be required to initiate any SOI or boundary revision.

Figure IV-9A, Overlapping Boundary – BBID & TODBCSD



Four government structure options have been identified:

Maintain the Status Quo:

BBID has a system of canals, ditches and pipelines to deliver both surface water and groundwater to agricultural properties. BBID also provides irrigation water for landscape and recreation uses, which serves as a cost effective alternative to water that could be purchased from other agencies. BBID is fiscally sound, invests in its infrastructure and provides adequate service to its customers.

Consolidate with Byron Sanitary District:

BBID currently provides administrative, operations and maintenance support to BSD. Currently, BBID has five elected Directors and no employees. In addition, the principal office of BSD resides at BBID’s headquarters. Consolidation of the two districts may provide additional opportunities for operational efficiency. Because BBID is a multi-county district (serving Alameda, Contra Costa and San Joaquin counties), San Joaquin LAFCO (BBID’s principal LAFCO) would have to be involved in any consolidation effort. In addition, latent powers would need to be activated to enable BBID to provide sewer service in the BSD area. Further study is required to ascertain the fiscal/operational impacts of consolidation.

Consolidate with East Contra Costa Irrigation District:

The East Contra Costa Irrigation District’s (ECCID) southern boundary is contiguous to the northwestern boundary of ECCID. BBID lies within Contra Costa, Alameda and San Joaquin Counties, with the majority of its service area in San Joaquin County. The two districts provide similar service for both agricultural and urban lands. The benefits of consolidation may include cost reductions related to board expenses, operation overhead and election costs. Additional study would be required to determine the financial and operation feasibility of consolidation.

Detach the portion of BBID that overlaps with TODBCSD:

As stated previously, some residents within Discovery Bay have a portion of their one percent Ad Velorum property tax pay for water services to both BBID and the TODBCSD. Consideration should be given to detaching the overlapping portion of the BBID district. Further study should be undertaken to fully analyze the service and fiscal implications of such a detachment to both residents and the BBID. Approval of any detachment would require approval from San Joaquin LAFCO, BBID’s principal LAFCO.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	The current population within the District’s service area and SOI is approximately 13,000. Land use within the Contra Costa portion of BBID is primarily agricultural. Little or no anticipated growth is projected at this time.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.</i>	There are no DUCs within or contiguous to BBID’s SOI.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.</i>	BBID funds capital projects on an annual basis as needs arise. Since BBID is over 90 years old, pump stations and pipelines are maintained and replaced as needs are identified. There are no DUCs within or contiguous to the BBID SOI.
<i>Financial ability of agencies to provide services.</i>	Overall, the BBID’s financial status is stable as operations expenditures are fully met by revenues received. However, property tax constitutes 50% of BBID’s revenue which is subject to economic

	<p>fluctuations. Any future significant reduction in property tax revenue may require rate increases. BBID reports that it is developing a long-range capital improvement program which will include a rate restructuring for its agricultural customers. BBID maintains a substantial reserve fund balance providing good capability to absorb short term impacts and its debt service to annual expenditure ratio is low.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>BBID is not adjacent to other irrigation districts but does share administrative operations with BSD through the Byron Bethany JPA for financing capital projects, including administrative offices and General Managers. Staff operations have been consolidated and efficiencies achieved over the past 10 years. Continuing these efforts will sustain these cost reductions. Grant funding for capital projects for the jointly managed districts has also been successful.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>Although BBID has a website, it is extremely limited as to the information provided. Websites have become an important tool for government agencies to inform and educate their customers. Upgrading the website should be a high priority for BBID. Exploring a potential consolidation of BBID with the BSD should be explored jointly by BBID, BSD, CC LAFCO and San Joaquin LAFCO. A potential consolidation with ECCID is also an opportunity that should be explored. Further study will be required to determine the fiscal/operational feasibility of either of these options. Consideration should also be given to detaching the portion of BBID that overlaps with the TODBCSD.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

RECOMMENDED SPHERE OF INFLUENCE

San Joaquin LAFCO is the principal LAFCO for BBID and would need to approve any SOI amendment for the district. Consideration should be given to supporting a joint effort of BBID, TODBCSD, San Joaquin LAFCO and CC LAFCO to more fully analyze the overlap area of BBID and TODBCSD. The study should explore the fiscal and operational impacts of amending the BBID SOI to exclude the overlap area, the subsequent detachment of the overlap area from BBID and the fiscal impacts to BBID if detachment occurred.

(In December 2013, CC LAFCO staff met with BBID staff and a landowner regarding a potential annexation and SOI adjustment for a 95-acre parcel. Discussions are in the preliminary stages, but this issue should be monitored for potential district boundary adjustments in the future.)

BYRON SANITARY DISTRICT – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The Byron Sanitary District (BSD) was formed in 1948 and became operational in 1958. It operates pursuant to the Sanitary District Act of 1923 (Health and Safety Code, Section 6400 et seq.). BSD is located in the eastern portion of the County on both sides of Byron Highway at Camino Diablo. BSD encompasses the unincorporated community of Byron. BSD’s boundaries and sphere of influence (SOI) are conterminous and include approximately two square miles. A map of BSD’s current boundary and (SOI) is shown in **Figure IV-10** on Page 116.

An independent special district with a five-member board of directors, BSD collects, treats and disposes of wastewater. BSD services 173 connections which represent about 367 Equivalent Residential Units (ERUs). BSD serves a population of approximately 995 and also provides service to the Orrin Allen Youth Rehabilitation Facility which is outside the BSD boundary. A Byron Municipal Advisory Council (MAC) serves as an advisory committee to the Board of Supervisors on land use and other issues relating to the Byron community.

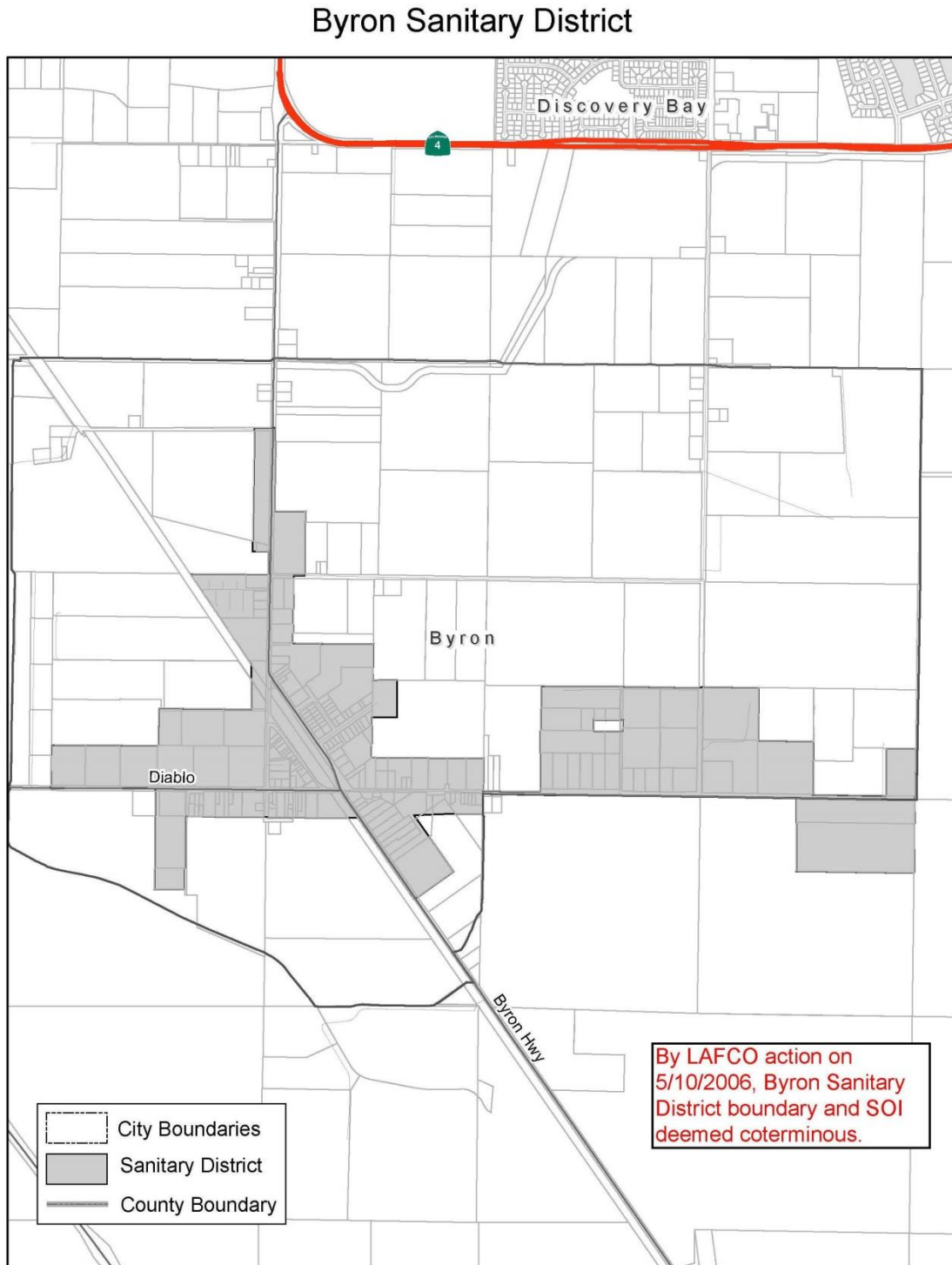
Two planning documents provide guidance in the development and growth of the Byron community: the “Byron Township General Plan, 1999-2020” prepared by the MAC and the “Contra Costa County General Plan 2005-2020” adopted by the Board of Supervisors in January 2005. Although cited frequently, the Byron Township General Plan is not the official General Plan for the area and does not supersede the County’s General Plan which remains the official land use planning document for unincorporated territory within Contra Costa County.

The County General Plan provides for growth and development within the voter-approved Urban limit Line (ULL), including only the developed town site of Byron and excluding the surrounding open space area. The Byron Township General Plan provides for a much larger geographic planning area. Neither document provides current growth projections for the Byron community. Based on a review of ABAG population and employment figures, growth within BSD is expected to be limited over the next 10 to 20 years. The BSD’s Agency Profile is included as **Table IV-10**, on Page 115.

Table IV-10, Agency Profile – Byron Sanitary District

General Information			
Agency Type	Independent Special District		
Principal Act	Sanitary District Act of 1923, Health and Safety Code, Section 2200 et seq.		
Date Formed	1948 (operational in 1958)		
Services	Sewage collection, treatment and disposal		
Service Area			
Location	Community of Byron		
Sq. Miles/Acres	2 square miles/1,280 acres		
Land Uses	Residential, commercial, public use		
Dwelling Units	381 (estimated)		
Population Served	995		
Last SOI Update	5/10/2006		
Infrastructure/Capacity			
Facilities	Byron Sanitary District Wastewater Treatment Plant, 12,174 feet of sewer mains (10,474 feet owned by District); 173 connections		
Treatment Plant Capacity	96,000 GPD (approximate)		
Primary Disposal Method	Treatment at Byron Sanitary District Wastewater Treatment Plant and discharge into adjacent effluent disposal area		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$443,000	\$176,350	\$266,650
Combined Other Funds	Included Above	\$168,000	(\$168,000)
All Funds	\$443,000	\$344,350	\$98,650
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	N/A	Determined annually based on revenue and need	
Net Assets (Reserves)	\$983,439	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Rick Gilmore, (209) 608-1428		
Notes			
Net Assets do not include Capital Assets			

Figure IV-10, Boundary/SOI Map – Byron Sanitary District



Map created 8/28/2006
by Contra Costa County Community Development, GIS Group
651 Pine Street, 4th Floor North Wing, Martinez, CA 94553-3095
37.59-48.455N 122.06-35.384W

This map was created by the Contra Costa County Community Development Department with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.



DISTRICT OPERATIONS

BSD serves a two square mile area with 173 connections (which represent about 367 ERUs and a population of 995). BSD operates a WWTP permitted to treat 96,000 GPD and collects effluent through 12,174 linear feet of sewer mains. Treated effluent is disposed of into a nearby disposal area by spreading canals into fields. BSD upgraded its wastewater treatment plant (WWTP) after treatment problems and direction from the State Regional Water Quality Control Board (SRWQCB) to make upgrades. BSD installed upgrades to a clarifier, security fencing and the controls building.

Infrastructure Needs

BSD has completed a Facilities Plan and is proceeding with needed improvements as funds become available. Improved security fencing, control building improvements, Supervisory Control and Data Acquisition Systems (SCADA) upgrades, and installation of control valves for the effluent disposal system are included. Aging sewer mains are also planned for replacement as trouble locations are identified.

Cooperative Programs

BSD is not adjacent to other sanitary districts but does share administrative operations with the Byron Bethany Irrigation District (BBID) through a JPA (Byron Bethany JPA) for financing capital projects, including administrative offices and General Managers. Staff operations have been consolidated and efficiencies achieved over the past ten years. Continuing these efforts should sustain these cost reductions. Grant funding for capital projects for the jointly managed districts has also been successful.

Cost Avoidance Opportunities

BSD has achieved cost savings by participating in the Byron Bethany JPA with BBID and utilizing contract services for management and operations. BSD plans to continue these efforts and look for additional cost savings opportunities. BSD has been able to contain or reduce operating costs through wastewater treatment plant and collection system upgrades.

DISTRICT FINANCIAL OVERVIEW

BSD operates as an enterprise type activity, with its primary revenue source being service charges and fees. Overall, BSD's financial status is stable as operations expenditures are fully met by revenues received. BSD maintains a substantial reserve fund balance providing good capability to absorb short term impacts. However, BSD has a significantly high debt service to annual expenditure ratio due to the bond funding for the recent rehabilitation of the wastewater treatment facility, collection system and associated infrastructure. Any negative impact to revenues will need to be carefully monitored and addressed in order to ensure operational and debt service requirements are met.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of BSD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

BSD overall has been experiencing balanced budgets with annual surpluses. Overall, sufficient revenue is collected to support operational and maintenance expenditures. It should be noted that a significant portion of BSD's annual expenditures are for debt service activities. Any negative impact to revenues will need to be carefully monitored and addressed in order to ensure operational and debt service requirements are met.

Ratios of Revenue Sources

BSD receives approximately 94% of its revenues from charges and fees for services, 5% of revenue from property taxes, and 1% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax. As BSD receives a small portion of its revenue from property tax, any impact on this revenue due to any future economic downturn would have an insignificant impact on the district.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. BSD currently reflects an overall fund balance ratio for all funds of approximately 286% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of BSD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. BSD's annual debt service ratio to total expenditures is approximately 49%, a significantly high ratio.

Capital Improvement Program

BSD reports that it has recently completed a \$3.5 million rehabilitation of its wastewater treatment facility, including improvements to the collection system, the headworks and pump station, sludge removal and wastewater flow configurations and replacement of four monitoring wells. BSD has recently developed a capital improvement plan to make additional improvements to the collection system in the future. BSD has also established a Capital Improvement Emergency Contingency Reserve (\$225,000) and an Operations and Maintenance Reserve (\$100,000) for this purpose. BSD also participates with the BBID in the Byron Bethany JPA as a financing mechanism for funding capital and infrastructure projects for each district.

Rate Structure

BSD's service rate structure reflects consumption based and fixed charges for its customers. Rates have remained relatively stable over the last several years, although a service rate increase was implemented in 2009 from \$45 per month to \$87 per month. BSD also restructured various connection and permit fees in 2010.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the BSD SOI.

STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

The 2006 CC LAFCO MSR identified a number of issues and recommendations with respect to BSD. The section below provides an update, based on information provided by BSD, identifying how those issues have been addressed since 2006 MSR.

- *Status of defining the BSD planning area.*

This issue has not been addressed by the BSD Board of Directors.

- *Efforts to improve/upgrade the District's collection systems and treatment/disposal facility.*

BSD has completed a \$3.5 million rehabilitation of its WWTP, including collection system upgrades, new headworks and pump station, sludge removal, wastewater flow configuration between ponds, replacement of four monitoring wells, installation of SCADA, and major site improvements.

- *Status of Capital Improvements Plan.*

BSD has a Capital Improvement Plan (CIP) to make additional improvements to the Collection System in the future. BSD has established a Capital Improvement/Emergency Contingency Reserve (\$225,000) and an Operations and Maintenance Reserve (\$100,000) for this purpose.

- *Status of long-term debt.*

BSD, together with BBID, formed the Byron Bethany JPA. The Byron Bethany JPA was formed under both the JPA law and the Bond Polling Act to facilitate project funding for both agencies. In 2007, the Byron Bethany JPA issued \$2,750,000 in Series 2007A Revenue Bonds for improvements to the system referenced above. In 2012, the Byron Bethany JPA authorized the issuance of series 2012 Wastewater Refunding Revenue Bonds for the refunding and defeasance of the Series 2007A Revenue Bonds. The 2012 Series runs through 2039.

- *Status of any shared agreements or services with other entities.*

After the formation of the Byron Bethany JPA, BSD entered into an agreement for services with the BBID. BBID provides administrative, operations/maintenance support to BSD. The principal office of BSD resides at BBID's headquarters. BSD has no employees other than the five elected Directors who are considered employees for purposes of IRS reporting.

- *Current relationship and any joint planning efforts with the Byron Municipal Advisory Council (MAC).*

BSD interacts with the MAC as necessary. Currently, BSD and the MAC have no joint planning efforts underway.

- *Efforts of any discussions with the Discovery Bay Community Services District regarding a regional approach to wastewater services in East Contra Costa County.*

None are underway at this time.

- *Rate adjustments since 2006.*

A service rate increase was implemented in 2009 from \$45 per month to \$87 per month. BSD also restructured various connection and permit fees in 2010.

- *Status of District website.*

There is no website at this time.

- *Consideration of two government restructuring options: (1) a service agreement between BSD and Discover Bay Community Services District to treat and dispose of BSD sewage; and (2) the dissolution of BSD and concurrent annexation of its service area to Discovery Bay.*

These options have not been considered by BSD.

- *Status of annexing the Orrin Allen Youth Rehabilitation Facility, currently served by BSD, into its boundaries.*

BSD has no plans to initiate annexation at this time.

- *Plans to expand the BSDs SOI in the next five years, or any changes to the County’s General Plan impacting the Byron community.*

BSD will consider service area/SOI expansions as conditions warrant. BSD is unaware of any County General Plan updates that impact the Byron community.

GOVERNMENT STRUCTURE ALTERNATIVES

Maintain the Status Quo:

BSD is currently providing comprehensive wastewater collection, treatment and disposal services within its service area. BSD provides adequate service, is financially sound, and has invested significant funds in infrastructure and operational upgrades.

Consolidate with Byron Bethany Irrigation District:

BBID currently provides administrative, operations and maintenance support to BSD. Currently, BSD has no employees other than the five elected Directors. In addition, the principal office of BSD resides at BBID’s headquarters. Consolidation of the two districts may provide additional opportunities for operational efficiency. Because BBID is a multi-county district (serving Alameda, Contra Costa and San Joaquin counties), San Joaquin LAFCO (BBID’s principal LAFCO) would have to be involved in any consolidation effort. In addition, latent powers would need to be activated to enable BBID to provide sewer service. Further study is required to ascertain the fiscal/operational impacts of consolidation.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	BSD serves a population of approximately 995. Based on a review of ABAG population and employment figures, growth within BSD is expected to be limited over the next 10 to 20 years.
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WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no DUCs within or contiguous to the BSD SOI.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	BSD has completed a Facilities Plan and is proceeding with needed improvements as funds become available. Improved security fencing, control building improvements, SCADA upgrades, and installation of control valves for the effluent disposal system are included. Aging sewer mains are also planned for replacement as trouble locations are identified. There are no disadvantaged unincorporated communities within or contiguous to the BSD SOI.
<i>Financial ability of agencies to provide services.</i>	BSD operates as an enterprise type activity, with its primary revenue source being service charges and fees. Overall, BSD's financial status is stable as operations expenditures are fully met by revenues received. BSD maintains a substantial reserve fund balance providing good capability to absorb short term impacts. However, BSD has a significantly high debt service to annual expenditure ratio due to the bond funding for the recent rehabilitation of the wastewater treatment facility, collection system and associated infrastructure. Any negative impact to revenues will need to be carefully monitored and addressed in order to ensure operational and debt service requirements are met.
<i>Status of, and opportunities for, shared facilities.</i>	BSD is not adjacent to other sanitary districts but does share administrative operations with BBID through the Byron Bethany JPA for financing capital projects, including administrative offices and General Managers. Staff operations have been consolidated and efficiencies achieved over the past ten years. Continuing these efforts should sustain these cost reductions. Grant funding for capital projects for the jointly managed districts has also been successful.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	BSD lacks a website which has become a critical tool to inform and educate rate payers about district hearings and events. Implementing an active website should be considered a high priority for BSD. Preparation of a fiscal/operational study evaluating the long-term impacts of consolidation with BBID should be pursued by BSD.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Section 56425, are presented below for Commission consideration:

<p><i>Present and planned land uses in the area, including agricultural and open-space lands.</i></p>	<p>The community of Byron is guided by two inconsistent planning documents: the “Byron Township General Plan, 1999-2020” and the County’s General Plan, the official land use plan for Byron. The County’s ULL includes only the developed township of Byron (which is largely built-out) and excludes the surrounding open space. The township of Byron includes residential, commercial and educational facility uses. The Orrin Allen Youth Rehabilitation, which is served by the District, is located outside of the District’s boundaries and the ULL.</p>
<p><i>Present and probable need for public facilities and services in the area.</i></p>	<p>Based on a review of ABAG population and employment figures, growth within BSD is expected to be limited over the next 10 to 20 years. In addition to the community of Bryon, BSD serves the Orrin Allen Youth Rehabilitation Facility which is located outside the BSD boundary.</p>
<p><i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i></p>	<p>BSD has completed a Facilities Plan and is proceeding with needed improvements as funds become available. Improved security fencing, control building improvements, SCADA upgrades, and installation of control valves for the effluent disposal system are included. Aging sewer mains are also planned for replacement as trouble locations are identified. BSD has been able to contain or reduce operating costs through WWTP and collection system upgrades.</p>
<p><i>Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.</i></p>	<p>None have been identified.</p>
<p><i>Present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.</i></p>	<p>There are no DUCs within or contiguous to the BSD SOI.</p>

Recommended Sphere of Influence: Amend the BSD SOI to include the Orrin Allen Youth Rehabilitation Facility property which is currently located outside the BSD service boundary.

CASTLE ROCK COUNTY WATER DISTRICT – WATER SERVICES

OVERVIEW/BACKGROUND

The Castle Rock County Water District (CRCWD) is a small, independent water district serving rural properties in both the City of Walnut Creek and the surrounding unincorporated area. Some of the territory served is located outside the countywide urban limit line. Formed in 1955, CRCWD has 55 connections providing untreated water for landscape irrigation, some commercial uses and four commercial stables. CRCWD purchases untreated water from the Contra Costa Water District (CCWD) pumped from an open canal. Approximately 20% of CRCWD's customers use the water in their own homes and are responsible for all water treatment. CRCWD's service area is approximately 150 acres. A map of CRCWD's current boundary is shown in **Figure IV-11** on Page 125.

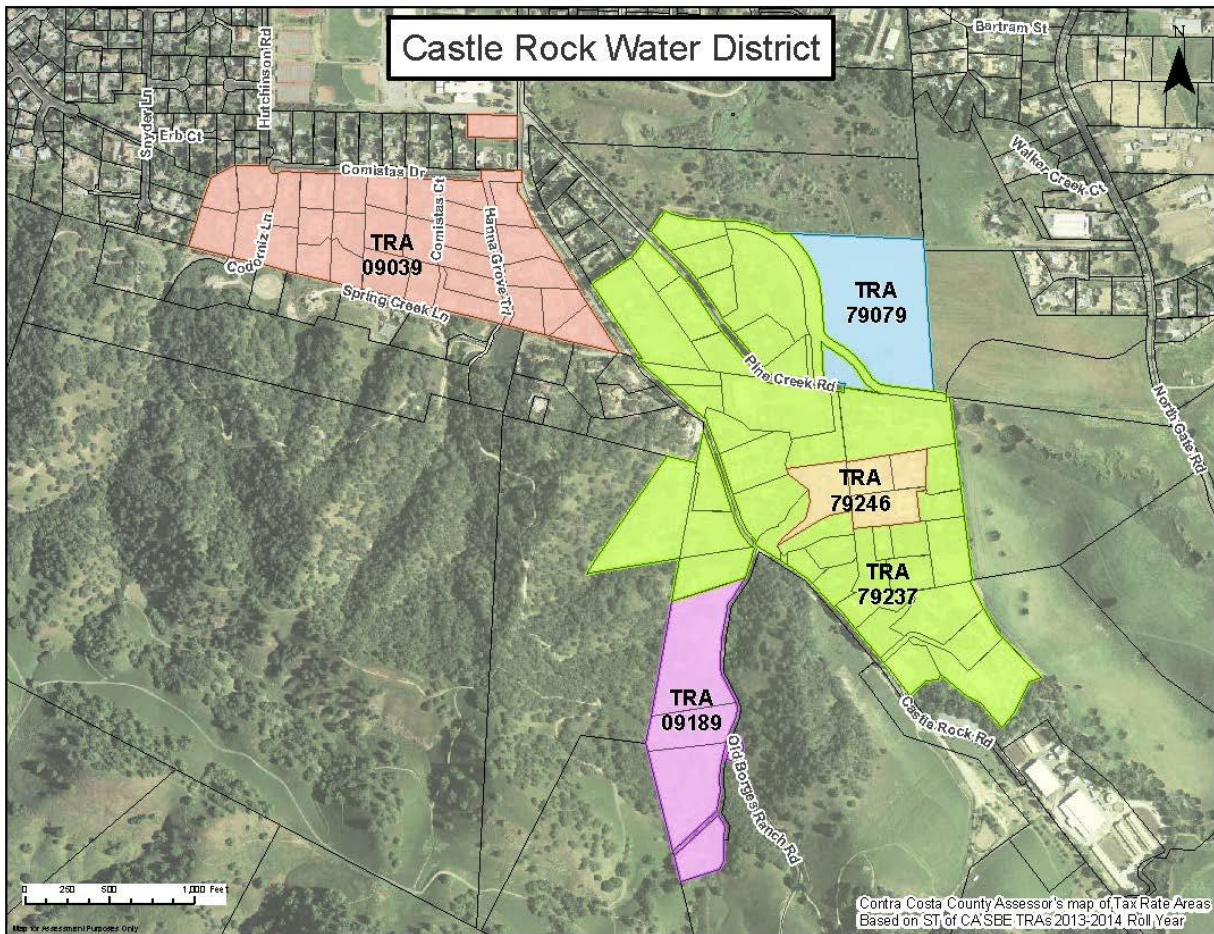
Residential zoning within CRCWD requires lots to be a minimum of two acres in size. The service area for CRCWD is built out, and the current service population of approximately 137 residents is not expected to increase. According to the District General Manager, in the 1980s, CCWD expanded their service to the Castle Rock area and offered treated water service if connection fees were paid and meters were installed by prospective customers. Approximately 20% of the homes elected to connect to CCWD and are provided treated, potable water.

CRCWD was not included in previous MSR reviews. Likely because of its small size and isolated location, CRCWD has operated for the past 59 years without being officially recognized as an independent special district for CC LAFCO purposes. CRCWD currently collects property taxes (16% of its overall revenues), and meets the criteria outlined in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Sections 56044 and 56128) defining a special district: (1) CRCWD distributes and sells water; (2) CRCWD has a legislative body whose members are elected by registered voters within the district; and (3) CRCWD board members are appointed to fixed terms. Currently, CRCWD does not have an adopted sphere of influence (SOI). The CRCWD's Agency Profile is included as **Table IV-11**, on Page 124.

Table IV-11, Agency Profile – Castle Rock County Water District

General Information			
Agency Type	Independent Special District		
Principal Act	Division 12 of the Water Code		
Date Formed	1955		
Services	Provides untreated water to rural residential area for domestic use, landscape irrigation, and commercial horse stables		
Service Area			
Location	City of Walnut Creek and surrounding unincorporated areas		
Square Miles/Acres	150 acres (approximately)		
Land Uses	Large lot residential (minimum 2-acre lot size) and commercial stable operations		
Dwelling Units	12 (approximately)		
Water Connections	55		
Population Served	137 (approximately)		
Last SOI Update	N/A		
Infrastructure/Capacity			
Facilities	1 holding tank (150,000 gallon capacity); 1 pumping station; in-ground lines		
Storage Capacity	150,000 gallons		
Primary Source of Supply	District purchases raw water from the Contra Costa Water District		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$67,433	\$64,917	\$2,516
Combined Other Funds	Included Above	Included Above	N/A
All Funds	\$67,433	\$64,917	\$2,516
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$0	Pending Grant Applications	
Net Assets	\$162,047	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Fred Allen, (925) 932-5271		
Notes			
Net Assets do not include Capital Assets			

Figure IV-11, Boundary/SOI Map – Castle Rock County Water District



DISTRICT OPERATIONS

The CRCWD is a very small agency that serves one subdivision in the central part of the County. CRCWD purchases untreated water from the CCWD pumped from an open canal. The agency provides water service to 79 parcels through 55 connections, including 12 residential water customers who are responsible for treating their own water. CRCWD has no water testing program. All water is untreated with the District's customers required to treat their own water.

Infrastructure Needs

Since the agency was not included in prior MSR's and the response to the RFI was very minimal in information, the condition of the infrastructure is not known at this time. In addition to in ground water lines, CRCWD facilities include one pumping station and one holding tank with a 150,000 gallon capacity. Little detailed information is known of the water supply and distribution other than it has a small reservoir tank and a small pipeline distribution system. Because of the small size of the system, there is no formal maintenance program, staff, or contract staff to service the system. CRCWD has indicated that Board members repair small system issues, and contractors are hired to repair more serious system problems on an "as needed" basis. Because CRCWD was formed in 1955, it should be assumed that the

system is aged and in need of repair and replacement of pumps, valves and meters based upon the age of the system. A site review should be conducted of the reservoir, pump station and any ancillary infrastructure to determine its condition.

Cooperative Programs

CRCWD is in an isolated area and is not located near other retail water agencies (other than being supplied water by CCWD). CRCWD has no employees and reports that it only services 55 connections. Therefore no cooperative programs have been initiated or are expected.

Cost Avoidance Opportunities

CRCWD operates on a minimal budget and revenue base and has no employees. It is not expected that expenses could be lowered as the operations are at a minimal level now.

DISTRICT FINANCIAL OVERVIEW

The CRCWD operates as an enterprise type activity, with its primary revenue source being service charges and fees. CRCWD services a small number of residential parcels in the central part of the County. Overall, CRCWD's financial status is stable as operations expenditures are fully met by revenues received. CRCWD's service rate structure reflects fixed and consumption based rates for residential connections, and fixed connection fees. CRCWD maintains a substantial reserve fund balance and has no debt.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of CRCWD's water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

CRCWD has been experiencing balanced budgets for operations over the last several years, generating annual budget surpluses. Adequate service fee revenues are being collected to support operational and maintenance expenditures. CRCWD also receives property tax revenue. However, any negative economic impact on CRCWD's property tax could have some impact on CRCWD's operational budget.

Ratios of Revenue Sources

CRCWD receives approximately 84% of its revenues from charges and fees for services, and 16% of revenue from property taxes. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax. However, any negative economic impact on CRCWD's property tax could have some impact on CRCWD's operational budget and spending plan for capital projects.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. CRCWD currently reflects a fund balance ratio for all funds of approximately 249% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect

a very stable ratio. CRCWD has no debt; therefore there is no ratio to assess. CRCWD relies solely on service charges and fees, and property tax, to fund capital improvements and all operational expenditures.

Capital Improvement Program

CRCWD does not maintain a capital improvement program. Any capital maintenance expenditures necessary are determined annually and funded from revenues and reserve fund balance. Although CRCWD is a very small agency, with limited infrastructure to maintain, a long term capital improvement program should be developed to ensure appropriate planning for major maintenance needs.

Rate Structure

CRCWD charges a combination of fixed and consumption-based fees for services, and a fixed connection fee. The current fees are \$2.15 per 1,000 gallons of water consumed plus a \$60.00 quarterly fixed fee for services, and a fixed fee of \$500 for initial connection or reconnection. CRCWD has not adjusted rates in the recent past, and has not indicated any plans to adjust rates in the near future.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the CRCWD. Currently, CRCWD does not have an adopted SOI.

STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

The CRCWD was not included in the previous MSR cycle.

GOVERNMENT STRUCTURE ALTERNATIVES

Two government structure options have been identified:

Maintain the Status Quo:

The small size of CRCWD and isolated location limit the number of available government structure alternatives. Although information on CRCWD's operations is somewhat limited, CRCWD appears to efficiently provide untreated water to its residential and commercial customers. CRCWD's financial status is stable, and CRCWD carries no outstanding debt. However, approximately 12 homes within CRCWD receive untreated water and are responsible for self-treatment. CRCWD offers no water quality testing program as all water is untreated with the District's customers required to treat their own water.

Consolidate with Contra Costa Water District:

CRCWD currently purchases untreated water from the CCWD. CRCWD is located within the CCWD service area. CCWD provides treated, potable water service to some residents of Castle Rock. Consolidation with the CCWD should be explored from a fiscal and operational perspective as a potential long-term government structure alternative.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	Currently, CRCWD serves approximately 137 residents. The service area is built out, and little or no growth is expected in the future.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no DUCs located within or contiguous to the CRCWD’s service boundary. Currently, CRCWD does not have an adopted SOI.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	<p>Little detailed information is known of the water supply and distribution system other than it has a small reservoir tank and a small pipeline distribution system. Because of the small size of the system, there is no formal maintenance program, staff, or contract staff to service the system. CRCWD has no water quality testing program. CRCWD has indicated that Board members repair small system issues, and contractors are hired to repair more serious system problems on an “as needed” basis. Because CRCWD was formed in 1955, it should be assumed that the system is aged and in need of repair and replacement of pumps, valves and meters based upon the age of the system. A site review by a qualified engineer retained by CRCWD should be conducted of the reservoir, pump station and any ancillary infrastructure to determine its condition.</p> <p>There are no DUCs located within, or contiguous to, the CRCWD. Currently, CRCWD does not have an adopted sphere of influence.</p>
<i>Financial ability of agencies to provide services.</i>	CRCWD’s financial status is stable as operations expenditures are fully met by revenues received. CRCWD’s service rate structure reflects fixed and consumption based rates for residential connections, and fixed connection fees. CRCWD maintains a substantial reserve fund balance and has no debt.
<i>Status of, and opportunities for, shared facilities.</i>	CRCWD is located within the CCWD service area. CCWD provides treated, potable water to some homes within Castle Rock. Extension of potable water service to the balance of Castle Rock is possible but may be cost-prohibitive for some residents. Due to the small size of the district, no cooperative programs have been initiated or are

	expected.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	CRCWD serves a very small number of homes and commercial horse stables. The area is rural in nature. CRCWD's five Board members serve staggered terms, and have elections every two years. Meetings are held in the Board Members' homes. Currently, CRCWD has no website. Because of CRCWD's isolated location, alternative governance structure options are limited. Consolidation with the CCWD should be explored as a long-term option if fiscally and operationally feasible.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	The service area is developed with large lot residential development. The minimum lot size is one acre. Little or no growth is expected in the future.
<i>Present and probable need for public facilities and services in the area.</i>	The area is fully developed. Future connection to the CCWD would allow connection to a treated, potable water source. Further study is required to determine to fiscal viability of this option.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	Because CRCWD was formed in 1955, the system is likely aged and in some need of repair and/or replacement of pumps, valves and meters based upon age. There is limited information available on district facilities at this time. A site review/study by a qualified engineer retained by CRCWD should be conducted to verify the condition of CRCWD's facilities.
<i>Present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.</i>	There are no DUCs within or contiguous to the CRCWD. Currently, CRCWD does not have an adopted SOI.
<i>Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.</i>	None have been identified.

Recommended Sphere of Influence: Two options are included for Commission consideration: (1) Adopt a zero SOI for CRCWD, signaling the need to consolidate with CCWD; or (2) Adopt a coterminous SOI for the CRCWD.

CENTRAL CONTRA COSTA SANITARY DISTRICT – WASTEWATER SERVICE

OVERVIEW/BACKGROUND

In the 1940s, central Contra Costa County was a rural area of farms, orchards and a few small towns. With the end of World War II, a building boom began. As the nearby Cities of San Francisco, Oakland and Berkeley grew, so did the population of the County. This resulted in a sanitation crisis with most of the County depending on septic systems. At the time, State health authorities considered the polluted conditions caused by leaking septic tanks to be the worst in California.

In June, 1946, a proposal to form a sanitary district for areas of the central portion of the County was approved by area voters. On July 15, 1946, the County Board of Supervisors passed a resolution officially creating the Central Contra Costa Sanitary District (CCCSD). Today, CCCSD serves approximately 467,500 residents and 3,000 businesses, covering a 144 square mile area. Cities and communities served by CCCSD include Danville, Lafayette, Moraga, Orinda, Pleasant Hill and Walnut Creek, portions of Martinez and San Ramon, and other unincorporated areas within the central portion of the County. CCCSD also receives and treats wastewater from the collection systems of the City of Concord and the City of Clayton. A map of CCCSD's current boundary and sphere of influence (SOI) is shown in **Figure IV-12** on Page 132.

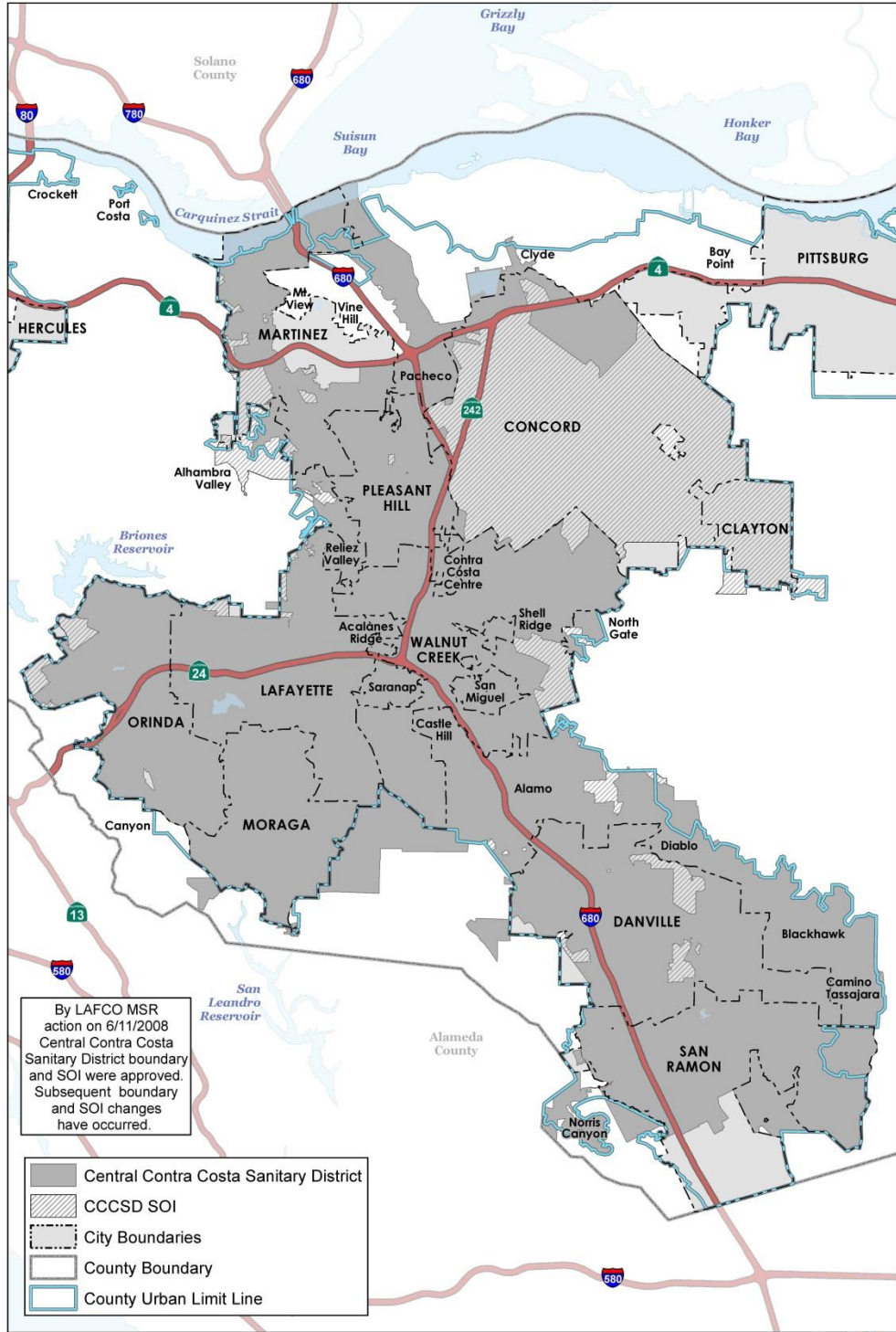
According to CCCSD's Collection System Plan Update (2010), residential dwelling units are expected to increase from 180,000 (2008) to 230,000 at build out in 2040, a 30 percent increase. Developed land is projected to increase from 43,000 acres to 55,000 acres during the same time period. CCCSD's Agency Profile is included as **Table IV-12** on Page 131.

Table IV-12, Agency Profile –Central Contra Costa Sanitary District

General Information			
Agency Type	Independent Special District		
Principal Act	Sanitary District Act of 1923, Health and Safety Code Section 6400 et seq.		
Date Formed	1946		
Services	Wastewater collection and treatment		
Service Area			
Location	Cities of Concord, Clayton, Danville, Lafayette, Moraga, Orinda, Pleasant Hill, Walnut Creek, portions of the Cities of Martinez and San Ramon, and other unincorporated areas within central Contra Costa County		
Sq. Miles/Acres	144 square miles/92,160 acres		
Land Uses	Residential, commercial, industrial, and institutional		
Population Served	467,500		
Last SOI Update/Amendment	July 2013		
Infrastructure/Capacity			
Facilities	Wastewater treatment plant, 1,500 miles of sewer main, 19 pump stations		
Treatment Plant Capacity (MGD)	53.8 MGD average dry weather flow (ADWF); 2013 ADWF – 33.8 MGD; average daily flow – 37.9 MGD; District treats and sells recycled water (approximately .57 MGD) to retail customers		
Primary Disposal Method	Secondary treatment effluent discharged to Suisun Bay; tertiary treatment effluent recycled for irrigation use		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$75,152,000	\$77,824,952	(\$2,672,952)
Combined Other Funds	\$31,478,166	\$36,091,316	(\$4,613,150)
All Funds	\$106,630,166	\$113,916,268	(\$7,286,102)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$29,600,000	\$365 Million- 10 Year Projection	
Net Assets (Reserves)	\$77,140,467	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Russ Leavitt, (925) 229-7255		
Notes			
Net Assets do not include Capital Assets			

Figure IV-12, Boundary/SOI Map – Central Contra Costa Sanitary District

Central Contra Costa Sanitary District



By LAFCO MSR action on 6/11/2008 Central Contra Costa Sanitary District boundary and SOI were approved. Subsequent boundary and SOI changes have occurred.

Map created 08/1/2009 by Contra Costa County Department of Conservation and Development, GIS Group 30 Map Road, Martinez, CA 94553 37.58 41.79N, 122.07 03.78W

This map or dataset was created by the Contra Costa County Department of Conservation and Development with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rolls. While adopted by this date the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be allowed. It may be reproduced in current maps if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.



DISTRICT OPERATIONS

CCCSD collects sewage and conveys it through approximately 1,500 miles of sewer main line and 19 pump stations for treatment at its wastewater treatment plant (WWTP). The plant has 33.8 million gallons per day (MGD) average dry weather and 37.9 MGD average daily flows. CCCSD has implemented an aggressive sewer main maintenance and replacement program since 2007 and replaced many of its problem sewer main pipelines. CCCSD disposes of its secondary treated effluent into Suisun Bay and tertiary treated effluent is sold for irrigation use, including expanded programs in the Cities of Pleasant Hill, Concord and un-incorporated Martinez.

An expanded recycled water project has been installed to serve the area of Concord south of the Buchanan Field Airport. Through an expanded collection system maintenance and replacement program, sewer spills have been reduced in number and volume. CCCSD operates its Household Hazardous Waste Collection Facility in cooperation with Mt. View Sanitary District, the Cities of Concord and Clayton and a portion of the City of San Ramon. CCCSD also participates in several system maintenance and operations training programs with other local sewer agencies.

Infrastructure Needs

CCCSD has an aging sewer collection system. As a result of agreements with regional agencies and good operations practices, CCCSD has established a sewer main replacement program resulting in over \$15 million per year to replace trouble locations. The Sewer System Management Plan (SSMP) was also updated and adopted in October 2012.

The Stonehurst subdivision, located in Alhambra Valley, consists of 47 single family homes. County Sanitation District (SD No. 6) provides sewage collection, treatment and disposal for this development through septic tank systems and a community disposal system. The San Francisco Bay Regional Water Quality Control Board Waste Discharge Requirements for SD No. 6 mandates connection of the development to an Alhambra Valley sanitary sewer and closure of the development's onsite wastewater treatment and disposal system. CCCSD's sanitary system is about 0.42 miles east of the entrance to the Stonehurst subdivision. The County, as administrator of SD No. 6, is responsible for planning that connection. The County is working with CCCSD on the potential annexation of the Stonehurst subdivision.

Cooperative Programs

CCCSD participates in several regional programs including the Hazardous Waste Collection Facility (referenced above); the Urban Pesticide Committee working to reduce use of pesticides; the Bay Area Air Toxics Group which coordinates efforts with the air quality control agencies; and the Contra Costa Green Business Program which recognizes efforts to implement environmental regulations and conserve resources. CCCSD and Contra Costa Water District (CCWD) are cooperatively studying the feasibility of a refinery recycled water system for the Shell Martinez Refinery that could use up to 20 MGD of recycled water at completion. This would replace CCWD supplied water from the Central Valley Project system.

Cost Avoidance Opportunities

CCCSD participates in several regional programs (including those listed above) to achieve savings through coordination. Pre-planning of street maintenance work with the four main cities has reduced street cuts and repaving costs as well as allowed for projects to be coordinated for less traffic impacts. A cooperative plan for a major pipeline replacement with the City of Concord is expected to eliminate the

need for one pump station upon completion. Expansion of the recycled water program is assisting in controlling effluent disposal and generating a long-term revenue source.

DISTRICT FINANCIAL OVERVIEW

CCCSD operates as an enterprise type activity, with its primary revenue source being service charges and fees, and revenue from the City of Concord. CCCSD also receives property tax revenue. Overall, CCCSD's financial status is stable as operations expenditures are fully met by revenues received; however, CCCSD has been experiencing deficit spending recently due primarily to the CCCSD's 10-year plan to pay down a significant portion of its pension unfunded liability. This prudent action will benefit and enhance CCCSD's long-term financial stability. CCCSD maintains a very aggressive and comprehensive long-term capital improvement program addressing many substantial infrastructure improvements. CCCSD maintains a moderately good reserve fund balance providing good capability to absorb short term impacts, and its debt service to annual expenditure ratio is very good.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of CCCSD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

CCCSD recently has been experiencing overall deficit spending. This has primarily been due to the district implementing a 10-year plan to pay down \$75 million of its unfunded pension liability, a prudent measure for maintaining long-term financial stability. Overall, sufficient revenue is collected to support operational and maintenance expenditures.

Ratios of Revenue Sources

CCCSD receives approximately 67% of its revenues from charges and fees for services, 13% from property taxes, 16% from the City of Concord, and 4% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax. However, any negative economic impact on CCCSD's property tax could have some impact on CCCSD's operational budget and spending plan for capital projects.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. CCCSD currently reflects an overall fund balance ratio for all funds of approximately 68% of annual expenditures, a moderately good ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. CCCSD's annual debt service ratio to total expenditures is approximately 6%, a very good ratio.

Capital Improvement Program

CCCSD's current 10-year Capital Improvement Program (CIP) identifies approximately \$365 million in capital improvement expenditures. The CCCSD budget for FY 13/14 includes approximately \$29.6 million

in capital project expenditures. CCCSD has an ongoing program of renovating and replacing its collection system pipelines, with plans to spend \$15 million to \$20 million annually on such projects over the next ten years. Additionally, the CIP includes an estimated \$70 million in treatment plant upgrades. Projects completed in the past five years include construction of the Alhambra Valley Trunk Sewer project, which serves as the backbone of a future wastewater collection system in Alhambra Valley, and construction of several interceptors in various locations throughout the district.

Rate Structure

CCCSD's service rate structure reflects fixed rates for its residential customers and a combination of fixed rate and consumption-based rates for commercial customers. Rates are reviewed annually by CCCSD and adjustments are made as appropriate. The current residential rate is \$405 per year, increasing to \$439 in FY 14/15. Commercial consumption rates are fixed based on each 1,000 gallons of water consumption depending on the type of activity, and are subject to minimum annual charges. CCCSD also collects connection and permit fees and capacity charges. These fees were last adjusted in 2013.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the CCCSD SOI.

STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

- *District's ability to accommodate growth planned for the Dougherty Valley, the former Concord Naval Weapons Station site, and Alhambra Valley.*

In its 2010 Collection System Master Plan Update (CSMPU), CCCSD conducted a comprehensive evaluation of its collection system capacity with regard to future growth and service area expansion. A similar effort was made to provide for a sufficient effluent discharge limit for the treatment plant as part of CCCSD's renewal of its 2002 NPDES permit. As a result, CCCSD has sufficient treatment capacity to accommodate planned growth within its SOI for the next several decades.

- *Status of 2012 NPDES permit which requires CCCSD to evaluate by 2/28/14 alternative treatment technologies to remove ammonia and nutrients from their discharge.*

CCCSD staff has completed the evaluation and is currently finishing the final summary report which will be submitted to the Regional Board by 2/28/14.

- *Status of District's Master Plan.*

CCCSD's 2000 CSMPU was updated in 2010.

- *Status of design and construction for the A-Line Relief Interceptor and gravity flow connection between the Concord Sewage Pump Station and the new CCCSD line.*

In 2009, CCCSD completed construction of a 96-inch diameter interceptor from the Buchanan Field Golf Course to the intersection of Meridian Park Blvd. and Galaxy Way as the next phase of

the District's A-Line Relief Interceptor. CCCSD also constructed (on behalf of the City of Concord) a 72-inch diameter interceptor from that intersection to the west bank of the Walnut Creek channel, and twin 48-inch interceptors across the Walnut Creek channel to the former City of Concord Pumping Station. The project provided a gravity flow solution, allowing for the City of Concord to discontinue use of its pumping station which resulted in significant personnel and energy costs.

- *Status of new trunk sewer line to serve the lower Alhambra Valley.*

Construction of the Alhambra Valley Trunk Sewer project was completed in 2008.

- *Status of Sewer System Management Plan.*

CCCSD's Sewer System Master Plan was completed in October 2012.

- *Status of District's Sewer Renovation and Replacement Program.*

CCCSD has an ongoing program of renovating and replacing its collection system pipelines, with plans to spend \$15 million to \$20 million per year on such projects over the next ten years.

- *Status of efforts to expand the recycled water customer base.*

CCCSD's projects have been on the forefront of the development of new and innovative uses of recycled water. Projects include: providing 190 MG of recycled water in 2012 to a variety of customers in the Cities of Pleasant Hill, Concord and unincorporated Martinez for landscape irrigation and for commercial uses such as truck washing, concrete manufacturing, dust control and animal shelter kennels; continuing efforts to develop a refinery recycled water project that would provide up to 20 MG/day of recycled water to the Shell Martinez Refinery and the Tesoro Refinery; and, providing dual plumbing or interior uses for toilet and urinal flushing. These efforts represent some of recycled water's most advanced uses.

- *Measures taken to address out of agency sewer service and compliance with Government Code Section 56133.*

CCCSD has established a program to clean up its service boundary and address a backlog of annexation requests. Over the past five years, CCCSD has sought to aggressively annex these islands in large groups, rather than on an individual basis as property owners submit requests for service. As a result of this effort, CCCSD was awarded the 2011 CALAFCO's Government Leadership Award. This effort is expected to be completed in 2014.

- *District impacts from CC LAFCO's 2008 SOI update which removed areas outside the ULL.*

The 2008 SOI update has had no discernable impact on CCCSD.

GOVERNMENT STRUCTURE ALTERNATIVES

CCCSD provides wastewater collection, treatment and disposal services, including recycled water, within its service area in the central portion of the County. In addition, CCCSD provides treatment and disposal services for the Cities of Concord and Clayton. No alternative government structure options were identified.

Maintain the status quo

CCCSD is currently providing comprehensive wastewater services within its boundaries as well as to a few parcels outside its boundaries. CCCSD has established a program to clean up its service boundary and address a backlog of annexation requests. To date, the program has been very successful. CCCSD provides adequate service, maintains its infrastructure, is financially sound, and plans for future growth. CCCSD reports that the County and CCCSD are working together on the potential annexation of SD No. 6. SD No. 6 services the Alhambra Valley and the Stonehurst subdivision. Annexation of SD No. 6 by CCCSD would allow for dissolution of SD No. 6.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	According to CCCSD’s CSMPU (2010), residential dwelling units are expected to increase from 180,000 (2008) to 230,000 at build out in 2040, a 30 percent increase. Developed land is projected to increase from 43,000 acres to 55,000 acres during the same time period.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no DUCs within or contiguous to the CCCSD SOI.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	CCCSD has an aging sewer collection system. As a result of agreements with regional agencies and good operations practices, CCCSD has established a sewer main replacement program resulting in over \$15 million per year to replace trouble locations. Several major pump stations are scheduled for rehabilitation in the next four years. The SSMP was also updated and adopted in October 2012. There are no disadvantaged unincorporated communities within or contiguous to the CCCSD SOI.
<i>Financial ability of agencies to provide services.</i>	Overall, CCCSD’s financial status is stable as operations expenditures are fully met by revenues received; however, CCCSD has been experiencing deficit spending recently due primarily to the CCCSD’s 10-year plan to pay down a significant

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	<p>portion of its pension unfunded liability. This prudent action will benefit and enhance CCCSD’s long-term financial stability. CCCSD maintains a very aggressive and comprehensive long-term capital improvement program addressing many substantial infrastructure improvements. CCCSD maintains a moderately good reserve fund balance providing good capability to absorb short term impacts, and its debt service to annual expenditure ratio is very good.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>CCCSD operates its Household Hazardous Waste Collection Facility in cooperation with Mt. View Sanitary District, the Cities of Concord and Clayton and a portion of the City of San Ramon. CCCSD participates in several system maintenance and operations training programs with other local sewer agencies. CCCSD also participates in several regional programs including: the Hazardous Waste Collection Facility; the Urban Pesticide Committee working to reduce use of pesticides; the Bay Area Air Toxics Group which coordinates efforts with the air quality control agencies; and, the Contra Costa Green Business Program which recognizes efforts to implement environmental regulations and conserve resources.</p> <p>CCCSD and CCWD are cooperatively studying the feasibility of a refinery recycled water system for the Shell Martinez Refinery that could use up to 20 MGD of recycled water at completion. This would replace CCWD supplied water from the Central Valley Project system.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>CCCSD is governed by a five-member Board of Directors, elected at large by the voters within the district. District Board meetings are open to the public. The CCCSD website includes comprehensive information on the District, budget, public notices, meetings, capital improvement plans and community programs. CCCSD also publishes an informative community newsletter (“Pipeline”) three times a year. No alternative government structure options were identified.</p> <p>Regarding operational and service efficiencies, CCCSD has made significant progress with boundary and out of agency service clean-up.</p>

<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.
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Recommended Sphere of Influence: Reaffirm the CCCSD’s current SOI determinations and reaffirm the District’s current SOI. Consideration should be given to expansion of CCCSD’s SOI to include SD No. 6 for a potential future annexation.

CONTRA COSTA WATER DISTRICT – WATER SERVICES

OVERVIEW/BACKGROUND

The Federal government authorized the Central Valley Project in 1935, and appropriated funding in 1937 for the U.S. Bureau of Reclamation to construct the project. On November 7, 1937, ground-breaking ceremonies for the Contra Costa Canal were held in Oakley. Over the next 11 years, the 48-mile long canal was dug from the Delta intake at Rock Slough near Knightsen to the City of Martinez. The Contra Costa County Water District (CCCWD, was formed as a legal entity to contract, purchase and distribute water provided by the Bureau of Reclamation through the Contra Costa Canal. The District's formation was overwhelmingly approved by voters, and on May 9, 1936, the CCCWD was incorporated as a special district.

Today, the Contra Costa Water District (CCWD) serves approximately 500,000 people throughout north, central and east Contra Costa County. The District's customers include 9 major industries, 8 smaller industries and approximately 23 agricultural water users. CCWD operates and maintains a complex system of water transmission, treatment and storage facilities to supply both treated and untreated water to its customers. CCWD's service area encompasses most of central and northeastern Contra Costa County, a total area of more than 140,000 acres (including the Los Vaqueros watershed area of approximately 19,100 acres). The District's Urban Water Management Plan (UWMP) (2012) projects the CCWD service area population will increase from 495,230 (2010) to 635,140 by year 2035, a 22 percent increase. The CCWD's Agency Profile is included as **Table IV-13** on Page 141.

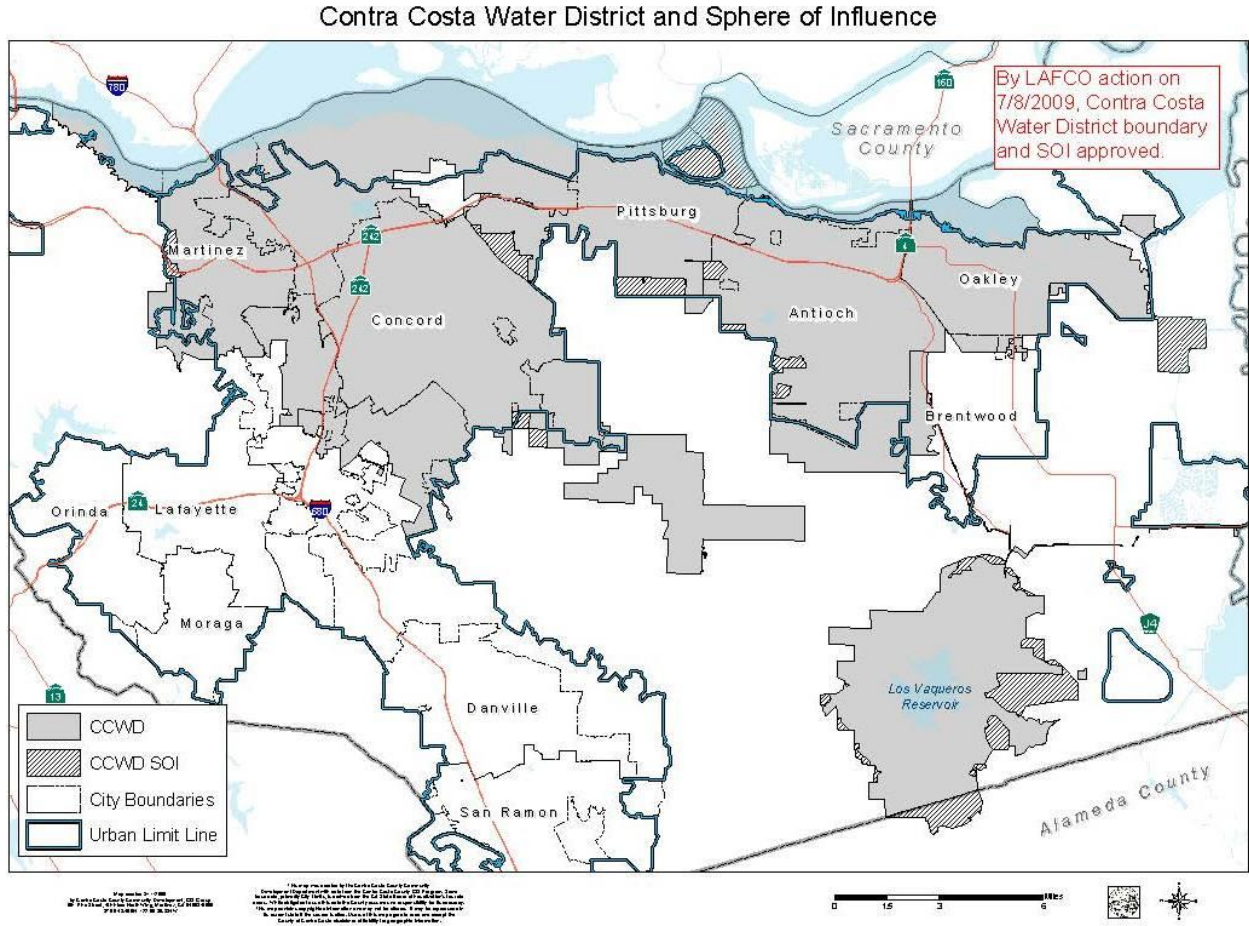
Water is provided to a combination of municipal, residential, commercial, industrial, landscape irrigation and agricultural customers. Major untreated water municipal customers include the Diablo Water District (DWD) and the Cities of Antioch, Pittsburg and Martinez. Treated water is distributed to individual customers living in the following communities: Clayton, Clyde, Concord, Pacheco, Port Costa and parts of Martinez, Pleasant Hill and Walnut Creek. In addition, CCWD treats and delivers water to the City of Brentwood, Golden State Water Company (Bay Point) and the City of Antioch. A map of the District's current boundary and sphere of influence (SOI) is shown in **Figure IV-13** on Page 142.

On February 21, the Bureau of Reclamation announced the initial CVP allocation for water year 2014. CVP Urban contractors, including CCWD, received an allocation of 50%. The low allocation is not surprising considering the extended dry conditions and the current snowpack and reservoir levels. For CCWD, this allocation from the CVP represents an amount that provides for inside residential and business/industrial water use for CCWD customers. It is insufficient to meet outdoor water needs which will have to be accommodated through water transfers, Los Vaqueros storage, and conservation. CCWD's Board adopted a Drought Management Program at its March 19, 2014 meeting calling for a voluntary reduction in water use of 15%.

Table IV-13, Agency Profile – Contra Costa Water District

General Information			
Agency Type	Independent Special District		
Principal Act	County Water District Law (California Water Code Section 30000 et seq.)		
Date Formed	1936		
Water/Sewer Services	Purchase and distribute water		
Service Area			
Location	Central and eastern Contra Costa County; untreated water service area includes Antioch, Bay Point, Oakley, Pittsburg and portions of Brentwood and Martinez; treated water service area includes Clayton, Clyde, Concord, Pacheco, Port Costa, and parts of Martinez, Pleasant Hill and Walnut Creek; CCWD also provides wholesale treated water to Brentwood, Golden State Water Company (Bay Point), Diablo Water District (Oakley), and Antioch		
Acres	220 square miles/140,800 acres		
Land Uses	Residential, commercial, industrial, open space		
Water Connections	61,085 (retail treated water)		
Population Served	500,000		
Last SOI Update	7/8/2009		
Infrastructure/Capacity			
Treated Water Facilities	807 miles of distribution pipelines including the Multi-Purpose Pipeline (22 miles), 31 pump stations, 40 active reservoirs (72 MG), Ralph D. Bollman Water Treatment Plant (75 MGD), Randall-Bold Water Treatment Plant (50 MGD), CCWD/City of Brentwood Treatment Plant (16.5 MGD)		
Untreated Water Intakes & Conveyance	Screened intakes; Rock Slough (350 cfs); Old River (250 cfs); Middle River (250 cfs); Mallard Slough (39 cfs) Conveyance: Contra Costa Canal (48 miles); Short Cut Pipeline (5 miles); Los Vaqueros conveyance system (19 miles)		
Untreated Water Storage Capacity	4 reservoirs: Los Vaqueros (160,000 acre-feet (af)); Mallard (3,000 af); Contra Loma (2,500 af); Martinez (270 af)		
Misc. Facilities	Untreated Water Inter-tie with EBMUD (155 cfs) Los Vaqueros Energy Recovery Facility (1 megawatt)		
Primary Source of Supply	U.S. Bureau of Reclamation's Central Valley Project		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$136,482,000	\$79,763,000	\$56,719,000
Combined Other Funds	\$26,872,000	\$83,591,000	\$56,719,000
All Funds	\$163,354,000	\$163,354,000	\$0
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$36,310,847	\$300.1 Million- 10 Year Projection)	
Net Assets (Reserves)	\$175,207,139	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Jeff Quimby, (925) 688-8310		
Notes			
Net Assets do not include Capital Assets			

Figure IV-13, Boundary/SOI Map – Contra Costa Water District



DISTRICT OPERATIONS

The CCWD serves an area of 220 square miles and provides both treated and untreated water for municipal, industrial and irrigation uses. Retail treated water service is provided to Clayton, Clyde, Concord, Pacheco, Port Costa and parts of Martinez, Pleasant Hill and Walnut Creek. Wholesale treated water is provided to the City of Brentwood, Golden State Water Company (Bay Point), and the City of Antioch. Untreated water is provided to the Diablo Water District, and the cities of Antioch, Martinez and Pittsburg as well as to industrial and irrigation customers.

The CCWD obtains a majority of its water supply from the U.S. Bureau of Reclamation through the CVP. The District operates four reservoirs including Los Vaqueros, Mallard, Contra Loma and Martinez. Local storage is in 40 active reservoirs, and potable treatment capacity is 141.5 MGD in three treatment plants. A system of over 807 miles of transmission and distribution pipelines and 31 pump stations delivers treated water to customers.

Infrastructure Needs

CCWD has a 10-Year Capital Improvement Program (CIP) that includes approximately \$300.1 million in capital improvement expenditures, with FY 13/14 including approximately \$36.3 million in capital projects. Significant capital programs included in the CIP include investments to implement water use efficiency measures in compliance with SBX7-7 (State law requiring 20% water savings by 2020), continued modernization of the Canal system, and treated water system renewal and replacement. CCWD reports that it has completed approximately \$370 million in new and upgraded facility and infrastructure projects during the last five years including a new intake on Middle River and expansion of the Los Vaqueros Reservoir.

Cooperative Programs

CCWD is working in cooperation with other regional water agencies on a variety of planning and operational water supply programs. A potential regional water desalination project on the Mallard Slough Pump Station site is being studied with the EBMUD, SFPUC, SCVWD and the Zone 7 Water Agency (Zone 7). Other significant cooperative programs include a Regional Capacity Study and active participation in integrated Regional Water Management planning both in the Bay Area and in East Contra Costa County.

Cost Avoidance Opportunities

CCWD has completed several projects that are expected to provide operating efficiencies. These include the construction and operation of the City of Brentwood Water Treatment Plant (2009), completion of the Middle River Intake Project which provides higher quality water and reduces treatment costs, and expansion of the Los Vaqueros Reservoir to improve water supply reliability and drought storage capacity. Working with regional and retail water agencies along with the Bureau of Reclamation and State Department of Water Resources, the District expects to continue to obtain federal and state grant funds for capital projects and conservation programs.

DISTRICT FINANCIAL OVERVIEW

CCWD operates its water services as enterprise type activity, with its primary revenue sources being service charges and fees. Overall, CCWD's financial status is very stable, with revenues sufficient to meet operational and capital improvement requirements. The District maintains a comprehensive capital improvement program and funds scheduled projects on an annual basis. CCWD reviews rates annually and reports that it maintains a policy of not increasing rates annually greater than inflation. The last rate adjustment was in February of 2013. CCWD maintains a substantial reserve fund balance providing good capability to absorb short term impacts, with a moderately negative debt service to annual expenditure ratio.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of CCWD's water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

CCWD overall has been experiencing balanced budgets the last few years. CCWD maintains significant amounts of reserve fund balance in its water fund, more than sufficient to absorb short term and minor long term downturn in revenues.

Ratios of Revenue Sources

CCWD receives approximately 74% of its revenues from charges and fees for services, 2% from property taxes, 4% from reimbursements from other agencies and 20% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. CCWD currently reflects an overall fund balance ratio for all funds of approximately 107% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of CCWD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. CCWD's annual debt service ratio to total expenditures is approximately 29%, a moderately negative ratio. The District reports that it increased its debt since 2007 for financing the new Middle River Intake and Los Vaqueros Reservoir Expansion projects. CCWD reports that in 2012 it refinanced its long-term water revenue bonds resulting in a savings of approximately \$23 million in debt service.

Capital Improvement Program

CCWD's current 10-Year CIP identifies approximately \$300.1 million in capital improvement expenditures. The CCWD budget for FY 13/14 includes approximately \$36.3 million in capital project expenditures. CCWD reports that it has completed approximately \$370 million in new and upgraded facility and infrastructure projects during the last five years.

Rate Structure

CCWD's water service rate structure reflects a combined fixed rate and consumption based charge to its customers. The current rate for treated water is \$17.19 per month meter charge and \$3.3007 per hundred cubic feet (ccf) of usage. Energy surcharges ranging from \$0.00767-\$0.7545 per ccf are added. The current rate for untreated water is \$182.22 per month meter charge and \$1.8739 per 1,000 gallons of usage. CCWD reviews rates annually and reports that it maintains a policy of not increasing rates annually greater than inflation. The last rate adjustment was in February of 2013. Additionally, the District has implemented an Excess Use Charge to promote water conservation. Customers that have historically used less than 1,000 gallons per day of water are charged the excess rate charge if they consume more than 1,000 gallons per day.

DISADVANTAGED UNINCORPORATED COMMUNITIES

Two disadvantaged unincorporated communities (DUCs) have been identified within the CCWD SOI. The DUCs are located in the community of Bay Point along Highway 4, north of the City of Pittsburg (see **Figure IV-13A** on Page 145). In addition, the entirety of Bethel Island has been identified as a DUC (see **Figure IV-13B** on Page 146). A future change in the District's SOI or service territory in these areas would require a detailed evaluation of CCWD's capability to adequately serve these communities.

Figure IV-13A, DUC Map – Bay Point – Water Service

Disadvantaged Community - Bay Point CDP - Water Service

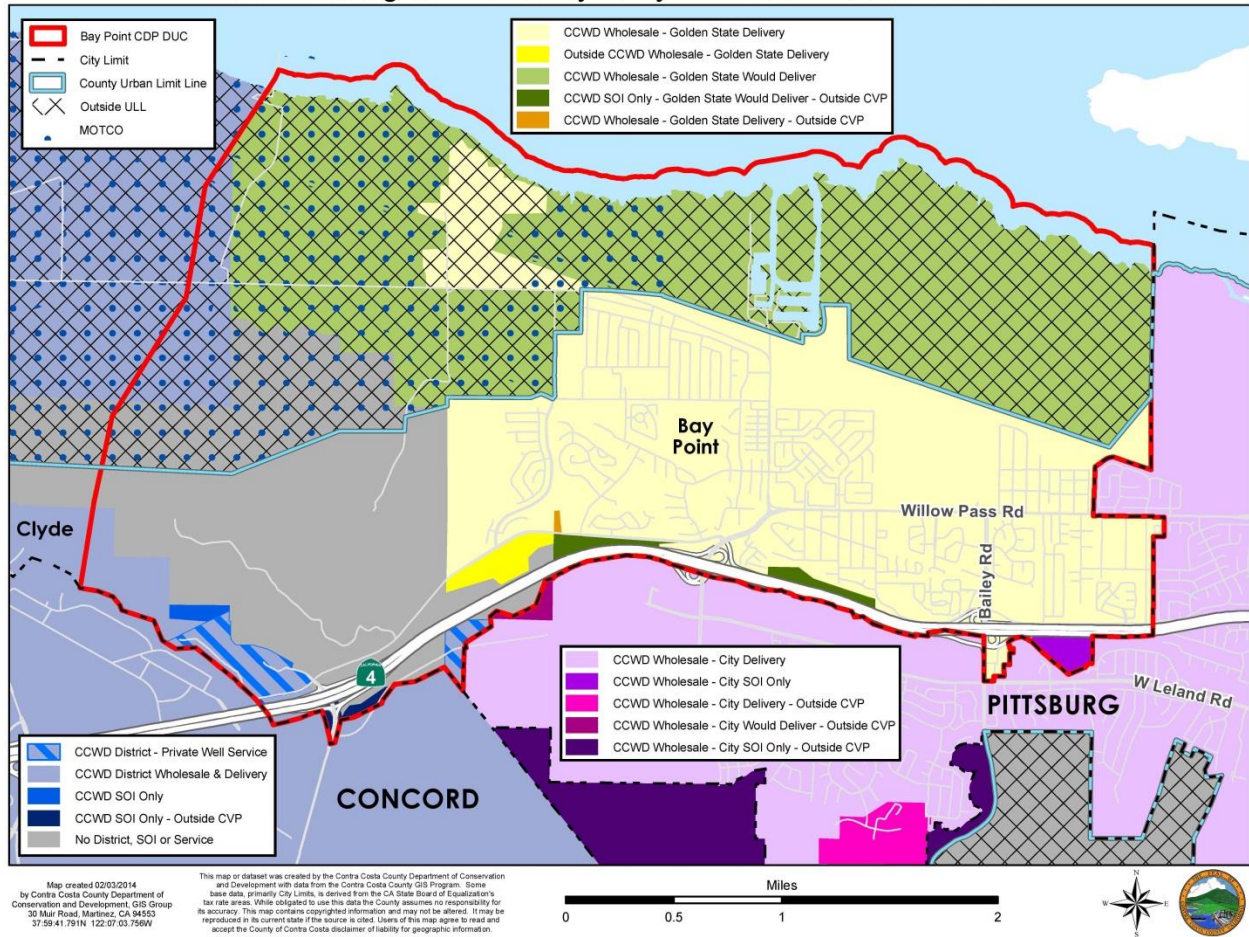
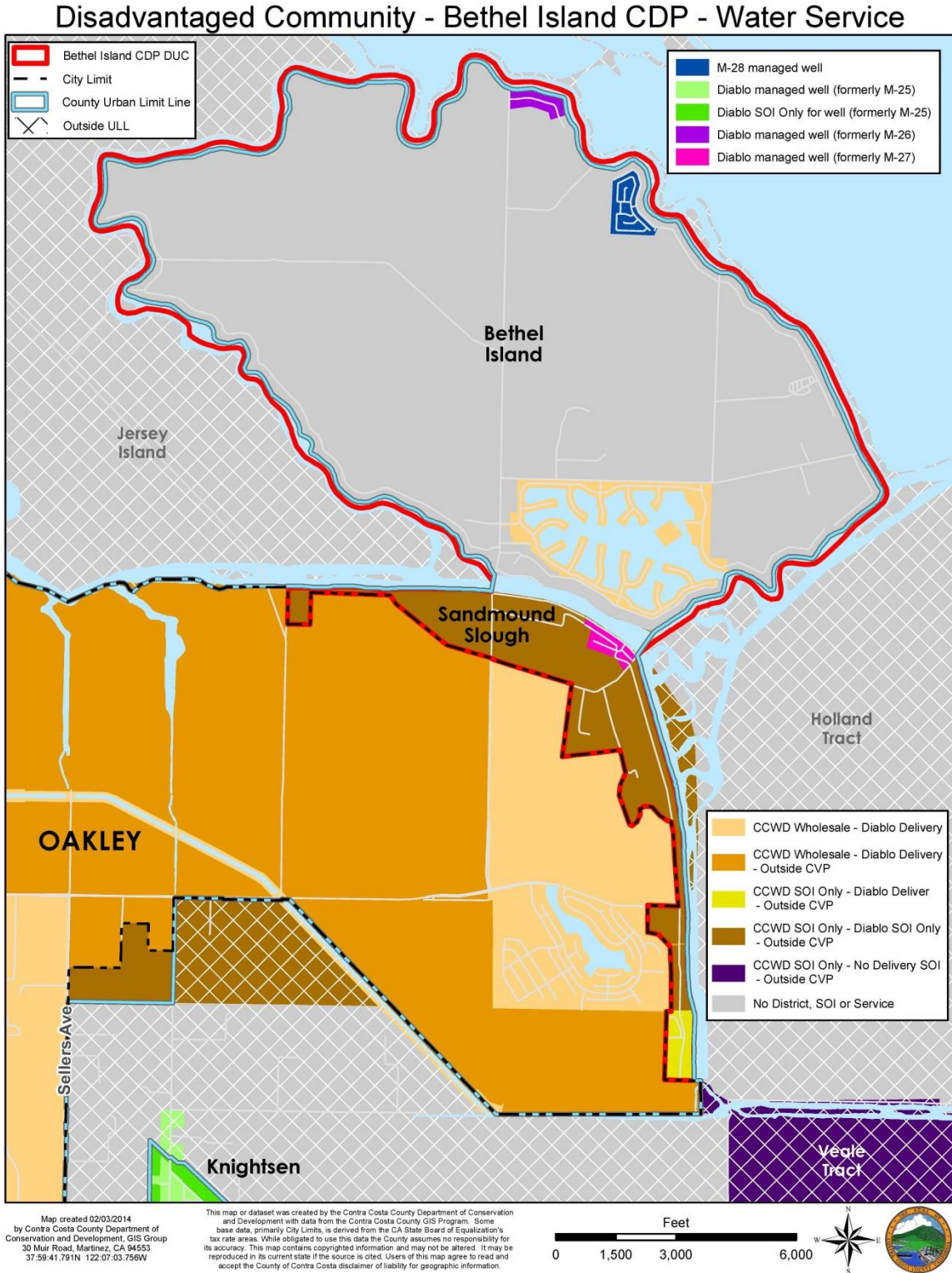


Figure IV-13B, DUC Map – Bethel Island – Water Service



STATUS OF ISSUES IDENTIFIED IN 2006 MSR

The 2006 CC LAFCO MSR identified a number of issues and recommendations with respect to CCWD. The section below provides an update, based on information provided by CCWD, identifying how those issues have been addressed since 2006 MSR.

- *Status of Master Plan updates.*

CCWD's Future Water Supply Study was first completed in 1996, updated in 2002, and reviewed in 2007; a comprehensive update is in progress and is scheduled for completion by February 2015. The Treated Water Master Plan is scheduled to be completed by July 2014; the next scheduled update is FY 2019. The Treated Water Renewal/Replacement Study was completed in FY 2011 and is scheduled for update in FY 2019. The Untreated Water Renewal/Replacement Study was completed in FY 2006, with an update completed in July 2013 and another scheduled for FY 2018. The Water Treatment Plan Master Plan Update was completed in FY 2012 and is scheduled for update in FY 2021.

- *Status of collaboration with the EBMUD, the SCVWD, and the SFPUC on planning and studies for a regional desalination facility.*

Since 2003, CCWD, EBMUD, SFPUC, SCVWD and the Zone 7 Water Agency have jointly explored the development of a regional desalination facility to supplement Bay Area water supply reliability. Project partners successfully completed a \$1.9 million pilot test at CCWD's Mallard Slough Pump Station in 2010 and are currently evaluating the potential for a 20 MGD facility located at the Pump Station.

- *Capital projects completed since the MSR was adopted in 2006.*

CCWD has invested over \$370 million in new facilities and renewal and replacement during the last five years. Significant capital projects completed during this time period include: the Middle River Intake Project, the Los Vaqueros Reservoir Expansion Project, construction of the City of Brentwood Water Treatment Plant, the Rock Slough Fish Screen, the Canal Replacement Project, Phase 1 of the Los Vaqueros Energy Recovery Project, and over \$60 million in renewal and replacement of existing infrastructure.

- *Status of CCWD's long-term debt obligations.*

As of June 30, 2012, CCWD's long-term parity debt was approximately \$584 million. The increase in debt since 2007 has allowed CCWD to finance the new Middle River Intake and the Los Vaqueros Reservoir Expansion. In the summer of 2012, CCWD successfully refinanced long-term water revenue bonds to recognize \$23 million in debt service savings.

- *Status of any new cost avoidance/shared resource efforts.*

New efforts to reduce or avoid costs through sharing resources or facilities include the following: a Regional Capacity Study (among six agencies with water responsibility in central and eastern Contra Costa County) is underway to evaluate regional water supplies, treatment plant operations and delivery processes; CCWD is exploring partnership opportunities with Bay Area agencies for the use of the Los Vaqueros Reservoir; CCWD's agreement with Golden State Water Company provides for wholesale treated water from CCWD's Randall-Bold Water

Treatment Plant (which it owns jointly with the Diablo Water District) through the Multi-Purpose Pipeline to the community of Bay Point; to reduce exposure to rising energy rates, a hydropower facility was constructed at the Neroly Blending Basin and solar power was installed at four treated water pumping plants.

- *CCWD's current rate structure.*

In 1994, CCWD adopted a rate setting policy that provides for an annual review of water rates, fees and charges to ensure that sufficient funding is available to meet operating, capital and debt service needs. CCWD also has policy of keeping increases at or below projected inflation. In response to the 2009-2010 drought, CCWD adopted an ordinance to establish rules and regulations in regard to water conservation, including an Excess Use Charge for customers whose water use was potentially unreasonable and wasteful.

Current treated water rates are: water service charge (5/8" meter), \$0.5650 per day, \$17.19 per month; quantity charge, \$3.3007 per ccf; energy surcharge, range from \$0.0767 to \$0.7545 per ccf; FRC (5/8") meter, \$18,966. Current untreated water rates are: water service charge, \$182.22 per month; quantity charge, \$1.8739/1,000 gallons; FRC for 5/8" meter ranges from \$4,936 to \$9,071.

- *Status of efforts to extend service to the Clayton Regency Mobile Home Park.*

In December 2011, LAFCO approved CCWD's request to extend an out of agency water service to the Clayton Regency Mobile Home Park in response to an existing public health emergency. CCWD initiated interim water service to the Clayton Regency Mobile Home Park on September 3, 2012. Construction of a long-term water service pipeline was completed in December 2013.

- *Comments on addressing the timing of LAFCO approvals with USBR approvals.*

As a general rule, developers and annexation proponents that also need US Bureau of Reclamation approvals should allow at least one year for processing. The shortest time possible is estimated to be approximately eight months, which may be achieved when all the necessary documentation is provided up front. CCWD recommends that all parties requesting inclusion coordinate early with CCWD and Reclamation to ensure environmental documentation meets Reclamation's needs.

- *Comments on identified governance options for CCWD: (1) consolidation with Diablo Water District, and (2) consolidation with City of Martinez.*

CCWD and DWD entered into arbitration in 2009 to resolve issues related to water treatment plant capacity at the shared Randall-Bold Treatment Plant. DWD has indicated that it is not interested in consolidation beyond sharing ownership in the Randall-Bold Water Treatment plant.

The City of Martinez's 2012 Water Treatment Plant Master Plan identified significant improvements that are required for the electrical, structural and mechanical components of their plant which was originally constructed in the 1940s. CCWD approached the City of Martinez informally before the treatment plant rehabilitation started to discuss treated water service options from CCWD that could reduce or eliminate the need for significant capital investment in the Martinez treatment plant. CCWD and the City of Martinez continue to

evaluate efficiencies, and both agencies are participating in the ongoing Regional Capacity Study.

- *Comments on addressing identified SOI options: (1) retain the existing SOI, and (2) remove the Veale Tract, Browns Island, and Winter Island from CCWD’s SOI.*

CCWD supports removal of the Veale Tract from CCWD’s SOI, and accepts the LAFCO recommendation to not remove Browns Island or Winter Island from the District’s SOI.

GOVERNMENT STRUCTURE ALTERNATIVES

CCWD’s untreated water service area includes Antioch, Bay Point, Oakley, Pittsburg, the Diablo Water District and portions of Brentwood and Martinez. The District’s treated water service area includes Clayton, Clyde, Concord, Pacheco, Port Costa and parts of Martinez, Pleasant Hill and Walnut Creek. CCWD also treats and delivers water to the City of Brentwood, Golden State Water Company (Bay Point), DWD (Oakley) and the City of Antioch. Two government structure options were identified for CCWD: (1) maintain the status quo, and (2) consolidate water service with the City of Martinez.

Maintain the status quo

CCWD is providing adequate water service within its untreated and treated water service areas. The District is not experiencing infrastructure or financial challenges. The advantages of this option are continuity of service and economics of scale due to CCWD’s extensive infrastructure for water conveyance, storage and treatment as well as staff resources.

Consolidate water service with the City of Martinez

The City of Martinez provides water treatment and distribution services. CCWD provides Martinez its untreated water supply and provides similar treated water services east of Martinez. The City of Martinez’s 2012 Water Treatment Plan Master Plan identified significant improvements that are required for the electrical, structural, and mechanical components of their WTP. CCWD informally approached the City of Martinez prior to the start of the WTP rehabilitation to discuss alternative treated water options from CCWD that could reduce the need for plant upgrades. CCWD and the City of Martinez continue to evaluate opportunities to improve operational efficiencies. Further study would be required to evaluate the fiscal and operational viability of consolidation of the two agencies.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	CCWD’s UWMP (2012) projects the CCWD service area population will increase from 495,230 (2010) to 635,140 by year 2035, a 22 percent increase.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	Two DUCs have been identified within the CCWD sphere of influence. The DUCs are located in the community of Bay Point along Highway 4, north of the City of Pittsburg. In addition, the entirety of Bethel Island has been identified as a DUC. A future change in CCWD’s SOI or service territory in these areas would require a detailed evaluation of

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	<p>CCWD's capability to adequately serve these communities.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>CCWD has a 10-Year CIP that includes approximately \$300.1 million in capital improvement expenditures, with FY 13/14 including approximately \$36.3 million in capital projects. CCWD reports that it has completed approximately \$370 million in new and upgraded facility and infrastructure projects during the last five years.</p> <p>Two DUCs have been identified within or adjacent to the CCWD SOI. The DUCs are located in the community of Bay Point along Highway 4, north of the City of Pittsburg. In addition, the entirety of Bethel Island has been identified as a DUC. A future change in CCWD's SOI or service territory in these areas would require a detailed evaluation of CCWD's capability to adequately serve these communities.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>Overall, CCWD's financial status is very stable, with revenues sufficient to meet operational and capital improvement requirements. CCWD maintains a comprehensive capital improvement program and funds scheduled projects on an annual basis. CCWD reviews rates annually and reports that it maintains a policy of not increasing rates annually greater than inflation. The last rate adjustment was in February of 2013. CWD maintains a substantial reserve fund balance providing good capability to absorb short term impacts, with a moderately negative debt service to annual expenditure ratio.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>CCWD is working in cooperation with other regional water agencies on a variety of planning and operational water supply programs, including evaluation of a regional water desalination project, a Regional Capacity, and IRWM Planning.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>CCWD is governed by a five-member Board of Directors representing five divisions. CCWD meetings are open to the public and information on CCWD is available on its website. CCWD's comprehensive website also includes financial information, master planning documents and extensive water education resources. CCWD also publishes a customer newsletter, "On Tap," three</p>

	<p>times yearly. CCWD was the first agency to receive the CSDA’s “Transparency Certificate of Excellence,” awarded in April 2013.</p> <p>Two government structure options have been identified for CCWD: (1) maintain the status quo and (2) consolidate water service with the City of Martinez. Further study would be required to evaluate the long-term fiscal and operational viability of consolidation of CCWD and the City of Martinez.</p>
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Section 56425, are presented below for Commission consideration.

One SOI issue that has been identified for consideration is the “Veale Tract” which is currently located within the CCWD’s SOI. Approximately 2.1 square miles in size, the Veale Tract is located on the westerly edge of the Delta, approximately two miles east of the community of Knightsen. Primarily agricultural (row crops, alfalfa and irrigated pasture), the area includes approximately four single-family dwellings, farmworker housing, and various “out” buildings. The County’s General Plan designates the property as both Delta Recreation and Agricultural, and it is zoned A-2 General Agriculture (5-acre minimum parcel size) and A-3 Heavy Agriculture (10-acre minimum parcel size). Veale Tract is outside the Urban Limit Line (ULL). No extension of municipal services is anticipated to be needed in the Veale Tract in the foreseeable future. Removal of the Veale Tract from the CCWD sphere of influence should be seriously considered.

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	The CCWD provides treated and untreated water to a population of 500,000 in the Central and East portions of the County. The area is largely urbanized with a full range of existing and planned land uses.
<i>Present and probable need for public facilities and services in the area.</i>	<p>By 2035, continued growth is projected to increase the District’s service population from its current customer base of approximately 500,000 to over 635,000 customers.</p> <p>Currently, the CCWD’s SOI includes the Veale Tract. Approximately 2.1 square miles in size, the area is located on the westerly edge of the Delta, east of the community of Knightsen. Primarily agricultural, the property is outside the ULL and is not expected to need municipal services in the foreseeable future.</p>

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<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	CCWD has invested approximately \$370 million in new and upgraded facility and infrastructure projects during the last five years.
<i>Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.</i>	None have been identified.
<i>Present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.</i>	Two DUCs have been identified within the CCWD SOI. The DUCs are located in the community of Bay Point along Highway 4, north of the City of Pittsburg. In addition, the entirety of Bethel Island has been identified as a DUC. Future annexation of these areas by CCWD, or a proposed SOI amendment in an area contiguous to these DUCs, would first require a detailed evaluation of CCWD's capability to adequately serve these communities.

Recommended Sphere of Influence: Amend CCWD's SOI to remove the Veale Tract.

COUNTY SANITATION DISTRICT NO. 6 – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

County Sanitation District No. 6 (SD No. 6) is a dependent special district that was formed in 1992 to provide wastewater service to the Stonehurst subdivision located within the City of Martinez. Stonehurst is a gated, single family subdivision consisting of 47 parcels that was primarily developed during the 1980s. Approximately 100 residents live with the community, and little or no growth is anticipated. The area was annexed to the City of Martinez in September 2012 as part of the larger Alhambra Valley annexation. Due to the annexation, the County will be working with the City of Martinez to establish a new Board of Directors for SD N. 6. The SD No. 6's boundaries comprise approximately 115 acres. SD No. 6 has a zero SOI signifying the need to dissolve SD No. 6 as soon as sanitary sewer service becomes available in the area. A map of SD No. 6's current boundary and sphere of influence (SOI) is shown in **Figure IV-14** on Page 155.

The wastewater treatment system was designed to serve the build out condition of this subdivision only, as specified in the Waste Discharge Requirements issued by the San Francisco Bay Regional Water Quality Control Board (RWQCB). The permit further requires that sewage flow from Stonehurst be directed to a sanitary sewer line at the earliest possible time sanitary sewer services become available in the area.

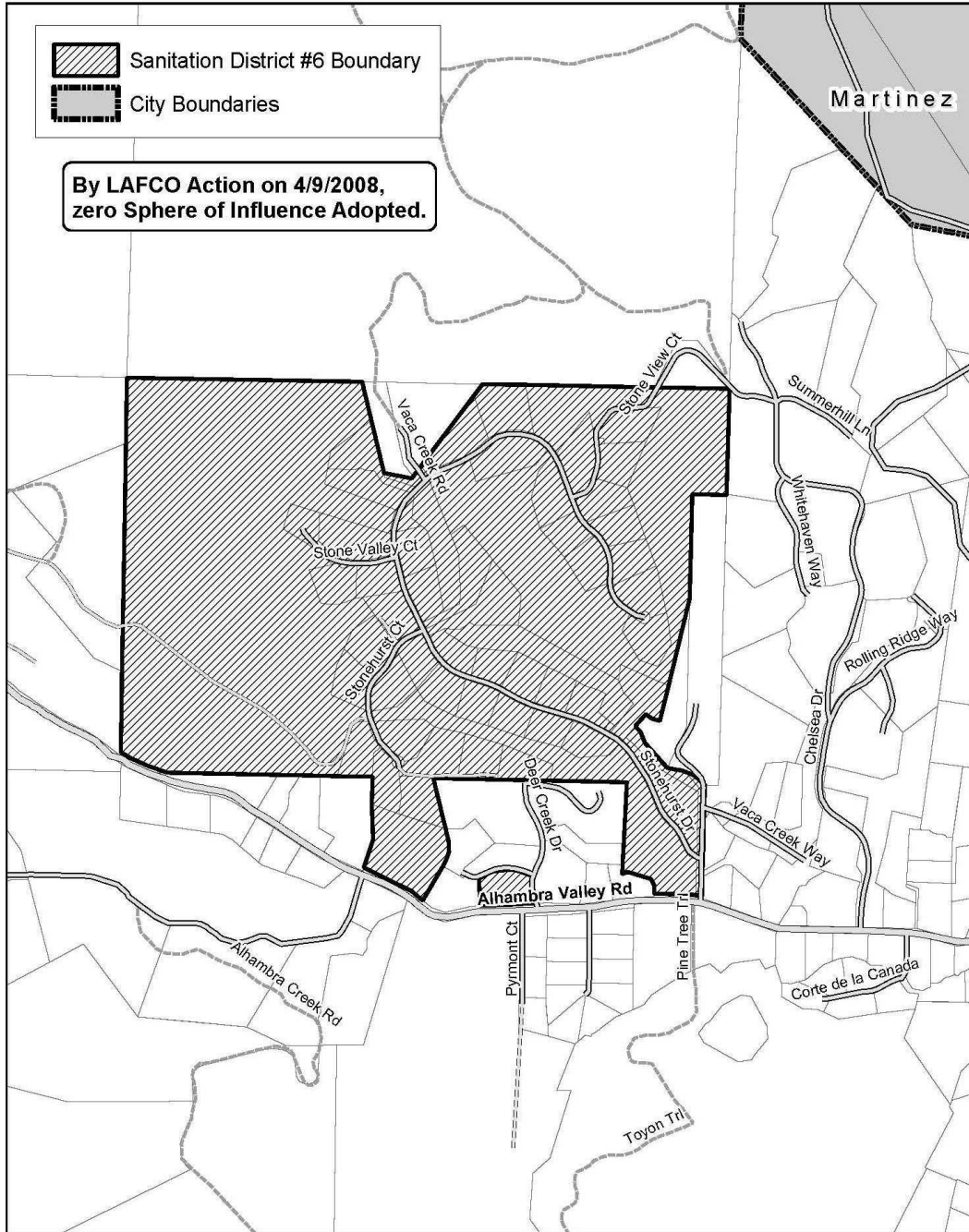
The SD No. 6 Agency Profile is included as **Table IV- 14**, on Page 154.

Table IV-14, Agency Profile – County Sanitation District No. 6 – Wastewater Services

General Information			
Agency Type	County Sanitation District		
Principal Act	County Sanitation District Act, Health and Safety Code		
Date Formed	1992		
Water/Sewer Services	Sewage collection, treatment and disposal for Stonehurst Subdivision (Alhambra Valley)		
Service Area			
Location	Stonehurst Subdivision, City of Martinez (Alhambra Valley)		
Sq. Miles/Acres	.18 square miles/115 acres		
Land Uses	Residential		
Dwelling Units	47 (one undeveloped parcel outside Stonehurst Subdivision)		
Population Served	100		
Last SOI Update	4/9/2008		
Infrastructure/Capacity			
Facilities	3.25 miles of sewer main, 1 pump station		
Treatment Plant Capacity (MGD)	N/A		
Primary Disposal Method	Septic tank systems; community disposal system with sand filter; UV disinfection; leach field disposal		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$91,650	\$91,650	\$0
Combined Other Funds	N/A	N/A	N/A
All Funds	\$91,650	\$91,650	\$0
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	N/A	No CIP	
Net Assets (Reserves)	N/A	Annual County appropriation for required expenditures.	
Governance			
Governing Body	Contra Costa County Board of Supervisors		
Agency Contact	Susan Cohen, (925) 313-2160		
Notes			
LAFCO adopted a “zero” sphere of influence (SOI) for SD No. 6 on 4/9/2008. Net Assets do not include Capital Assets			

Figure IV-14, Boundary/SOI Map – County Sanitation District No. 6

County Sanitation District 6 (Alhambra Valley)



Map created 4/29/2008
 by Contra Costa County Community Development, GIS Group
 651 Pine Street, 4th Floor Room 4090, Martinez, CA 94553-0095
 37.59.48.65N 122.06.35.36W

This map was created by the Contra Costa County Community Development Department with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.



DISTRICT OPERATIONS

SD No. 6 is a dependent special district administered by the County of Contra Costa that serves one subdivision of homes in the northwest area of the County. The wastewater service is provided by a unique system combining individual septic tanks for each lot and then collection and transfer of effluent to a small, onsite wastewater treatment plant (WWTP) with 14,100 gallons per day (GPD) capacity. Average flows in FY 2012-13 were approximately 8,500 GPD. SD No. 6 is under order from the RWQCB to connect to an adjacent agency for long-term effluent treatment services when they become available. The closest possible connection to the Central Costa Contra Sanitary District (CCCSD) is about 0.42 miles away, and there will be a significant cost for a pipeline and pump station to connect the current service users. The agency last adopted a Sewer System Master Plan in June 2012.

Infrastructure Needs

The current collection and treatment system provides minimum service per the approved operating permit from the RWQCB. Due to the size and location of the system, however, long-term WWTP operations and replacement cost exceed available revenues. In order to provide a permanent system to meet RWQCB directives, investment in the current system will be needed.

Cooperative Programs

SD No. 6 is a dependent special district administered by the County and receives administrative services and contract services from the County. Due to the small size of the facilities, no additional cooperative programs appear viable.

Cost Avoidance Opportunities

The County is exploring the possibility of consolidating SD No. 6 with CCCSD to take over the administration and operating contract services of the facilities. Due to the small size of the facilities, it is doubtful that reductions in operating costs can be achieved other than through consolidation with another agency.

In 2014, SD No. 6 began the feasibility study to explore the possibility for SD No. 6's operation to be annexed to CCCSD. SD No. 6 hired a sanitary engineering consultant to perform the feasibility study. The first phase of the feasibility study, which is to outreach to the various stakeholders such as CCCSD, RWQCB, and County Environmental Health, has been completed.

DISTRICT FINANCIAL OVERVIEW

SD No. 6 is funded and operated by the County. SD No. 6 services a small number of residential parcels in the Alhambra Valley area located within the City of Martinez. Since its inception, the SD No. 6 wastewater collection facilities and treatment plant was considered a temporary system and was never intended to operate in perpetuity. Therefore, as with other temporary systems, this system has not been maintained to the same standard as a permanent system. In addition, reserve funds were not set aside for replacement of capital facilities when they have reached the end of their useful lives. This "temporary" status has lasted longer than anticipated and is now reaching its 23rd year of operation. This deferred maintenance and capital replacement has now been catching up to the system. SD No. 6 anticipates increasing operation and maintenance costs as the system ages. The long term financial impact to SD No. 6 needs to be identified. The County is currently reviewing its options for consolidation of SD No. 6 into the CCCSD.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of SD No. 6 wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

SD No. 6 has been experiencing challenged budgets for operations over the last several years. Adequate service fee revenues are being collected to support only the most basic operational and minor maintenance expenditures. However, the County reports that SD No. 6 has been experiencing deficit spending overall the last several years due to major maintenance issues. In 2013, the County hired a sanitary engineering consultant to examine its operation. The engineering consultant completed the system evaluation and recommendation report in 2014.

Ratios of Revenue Sources

SD No. 6 receives its revenues from charges and fees for services. This ratio reflects the best case balance for a typical enterprise type service, and eliminates the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The County does not maintain a reserve fund balance for SD No. 6. Any unanticipated loss of revenue would have to be absorbed by other County revenue sources. The County reports, however, that it has obtained sanitary engineering consulting services to explore several options for SD No. 6. If the County determines that SD No. 6 should be consolidated into CCCSD, then a minimal reserve fund will be required to be established. If the County determines that consolidation with CCCSD is not yet feasible, then the study will identify an infrastructure and capital equipment replacement schedule to recommend the necessary reserve funds.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. SD No. 6 has no debt, therefore no debt service.

Capital Improvement Program

The County does not maintain a capital improvement program for SD No. 6. The County reports that several pump failures have occurred from 2010 through 2012 due to system aging and anticipates more equipment will need to be repaired or replaced. The County has been maintaining the system as an interim system that was meant to ultimately connect to a larger sanitary system, such as CCCSD. The County has indicated that the interim status has lasted longer than originally anticipated, therefore the County reports that it has obtained sanitary engineering consulting services to explore several options for the District. The system evaluation and recommendation report was completed in early 2014. This report included a capital improvement program for SD No. 6.

Rate Structure

SD No. 6 levies an annual service charge to the service area. The County has not adjusted the service charge since 2008. The annual service charge is \$1,950 per parcel.

Redevelopment Agency Dissolution Impacts

The County reports that dissolution of the Redevelopment Agency had no impact on SD No. 6 services or capital improvement projects. No present or future redevelopment tax increment lost was utilized or planned for SD No. 6.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the SD No. 6 SOI.

STATUS OF ISSUES IDENTIFIED IN 2008 MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to SD No. 6. The section below provides an update, based on information provided by the County, identifying how those issues have been addressed since 2008 MSR.

- *Additional lots developed within Stonehurst since completion of the 2008 MSR.*

There are 47 parcels within the Stonehurst subdivision. One parcel is located outside the subdivision. The development status of all parcels is unknown at this time; all 47 parcels pay an annual service charge regardless of development status.

- *Efforts to pursue connection to a sanitary sewer line.*

SD No. 6 hired a sanitary engineering consultant to explore the feasibility of annexing to CCCSD. The sanitary engineering consultant has started the feasibility study. If this option is fiscally viable, SD No. 6 will coordinate with CC LAFCO and CCCSD on the annexation process.

- *Number of sanitary sewer overflows since 2008 MSR.*

Two

- *Status of Sewer System Master Plan (SSMP)*

The SSMP was completed on August 31, 2008 and revised on June 14, 2012.

- *Long Term Debt status*

SD No. 6 has no long-term debt.

- *Increase in service charges since 2008*

Since 2008, SD No. 6 has experienced a deficit balance. SD No. 6 has not increased its service charges since 2008. The system has been maintained on an “interim” basis pending connection to a larger sanitary system such as CCCSD. Several equipment breakdowns have caused the deficit.

- *Status of reserve fund*

SD No. 6 has no reserve fund.

- *Significant capital expenses since 2008*

Various pumps have failed and were replaced in 2010, 2011 and 2012. As the system ages, the County anticipates more components will require repair or replacement.

- *Contract status with HS Operating Services*

The County continues to contract with HS Operating Systems for professional management of the treatment system

- *Status of RWQCB's requirement for ultraviolet disinfection*

Although RWQCB lowered the permit fee, it has not revised the permit. If the feasibility study indicates CCCSD annexation will occur quickly, then SD No. 6 will not request RWQCB to revise the permit. If the feasibility study indicates CCCSD annexation is not feasible at this time, SD No. 6 will request RWQCB to revise the permit to eliminate the requirement for ultraviolet disinfection.

- *Service charge changes since 2008*

There have been no changes to wastewater service fee charges since 2008. The current annual charge per parcel is \$1,950.

- *Status of single parcel annexed to Sanitation District No. 6 in 2001 and service charges*

Although the property owner was advised to and actually did annex to County Sanitation District No. 6, the owner did not connect to the system, and no service charges have been paid.

- *Status of connection with Central Contra Costa Sanitary District*

The County hired a sanitary engineering consultant to explore the feasibility to annex its operations to CCCSD. The feasibility study has begun. If it is determined the annexation is feasible, the County will work with CCCSD and CC LAFCO on the annexation process.

- *Status of efforts to dissolve Sanitation District CSD No. 6*

SD No. 6 hired a sanitary engineering consultant to explore the feasibility to annex its operations to CCCSD. The feasibility study has begun. If it is determined the annexation is feasible, the County will work with CCCSD and LAFCO on the annexation process.

GOVERNMENT STRUCTURE ALTERNATIVES

Maintain the Status Quo

The SD No. 6 has a zero SOI signifying the need to dissolve SD No. 6 as soon as sanitary sewer service becomes available in the area. Maintaining the existing system of septic tanks/on-site treatment and disposal is not a viable, long-term option.

Consolidation with Central Contra Costa Sanitary District

CCCSD facilities are located approximately 0.42 from the Stonehurst subdivision. Connection to CCCSD provides a potential solution for long-term sewer service to this development. A Request for Proposals was recently issued by the County to determine viability. SD No. 6 hired a sanitary engineering consultant to explore the feasibility to annex its operations to CCCSD. The feasibility study has begun.

Establishing a new Board of Directors

Due to the 2012 City of Martinez annexation, a new SD No. 6 Board of Directors needs to be established. The County will work with the City of Martinez to establish a new SD No. 6 Board of Directors.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	Approximately 100 residents live with the community, and little or no growth is anticipated.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.</i>	There are no DUCs within or contiguous to the SD No. 6 sphere of influence.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	The current collection and treatment system provides minimum service per the approved operating permit from the RWQCB. Due to the size and location of the system, however, long-term WWTP operations and replacement cost exceed available revenues. In order to provide a permanent system to meet RWQCB directives, investment in the current system will be needed. There are no DUCs within or contiguous to SD No. 6 SOI.
<i>Financial ability of agencies to provide services.</i>	Service fees comprise the revenues that fund the services provided. The County reports that SD No. 6 has been experiencing deficit spending due to infrastructure and equipment issues over the last several years. As the County does not maintain a reserve fund for the District, funds for repairs have been provided from other County funds. The County is currently reviewing its options for consolidation of this SD No. 6 into

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	CCCSD.
<i>Status of, and opportunities for, shared facilities.</i>	SD No. 6 is a dependent special district administered by the County and receives administrative services and contract services from the County. Due to the small size of the facilities, no additional cooperative programs appear viable.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	SD No. 6 is a dependent special district governed by the Contra Costa County Board of Supervisors. Services for the County’s dependent special districts are addressed by the Board of Supervisors at regular meetings which are open to the public. Meeting notices and agendas are posted in advance at the County’s offices and on the County’s website. SD No. 6’s financial information is also available via the County’s website. Maintaining the existing wastewater system is not a viable, long term option. Connection to CCCSD is under consideration by the County and should be aggressively pursued to provide a long-term sewer system solution for Stonehurst residents.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

Sphere of Influence Recommendation: Reconfirm current determinations and current zero SOI for SD No. 6.

COUNTY SERVICE AREA M-28 – WATER SERVICE

OVERVIEW/BACKGROUND

County Service Area (CSA) M-28 is a dependent special district that was formed in 1991 to provide water service to the Willow Mobile Home Park located on the eastern edge of Bethel Island. The mobile home park, containing 172 mobile homes and approximately 275 residents, is considered fully developed.

As a dependent special district, CSA M-28 is governed by the Contra Costa County Board of Supervisors. The CSA M-28 service area is approximately 23.24 acres. On December 12, 2007, a zero SOI was adopted for CSA M-28 signifying future dissolution of the CSA or consolidation with an alternative service provider. A map of the CSA's current boundary and SOI is shown in **Figure IV-15** on Page 164.

The County previously contracted with the Diablo Water District (DWD) to maintain and operate the system. In December 2008, DWD began subcontracting with Diversified Pump and Well to maintain and operate the system. In 2011, after being unsuccessful in obtaining funding to upgrade the CSA M-28 system, DWD issued a service termination notice. The County currently contracts directly with Diversified Pump and Well and is pursuing the transfer of CSA M-28 to the owner of the mobile home park.

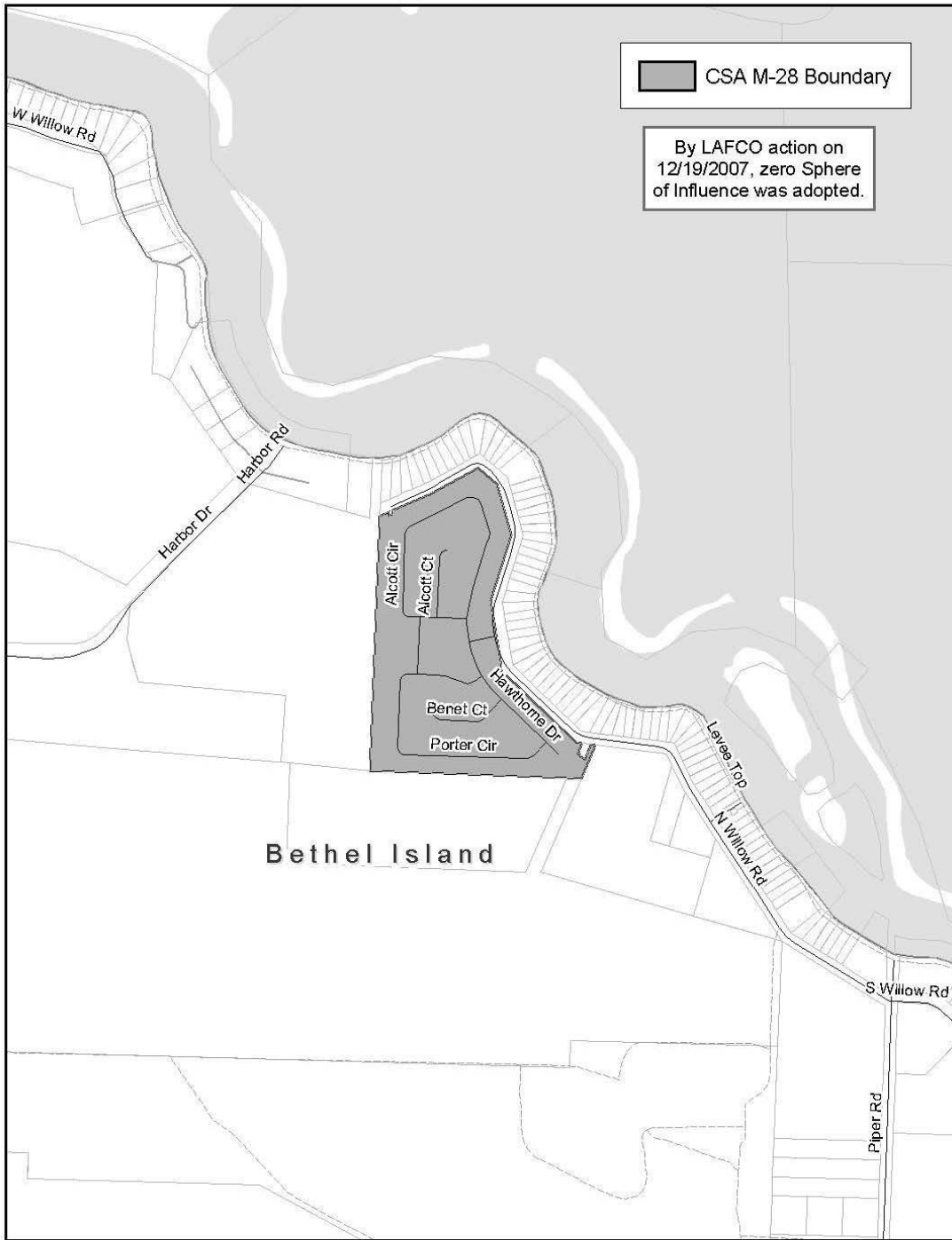
The CSA M-28 Agency Profile is included as **Table IV-15** on Page 163.

Table IV-15, Agency Profile – County Service Area M-28

General Information			
Agency Type	County Service Area		
Principal Act	County Service Area Law, Government Code Section 56029		
Date Formed	1991		
Water/Sewer Services	Water supply and treatment		
Service Area			
Location	Willow Mobile Home Park		
Acres	23.24 acres		
Land Uses	Residential		
Dwelling Units	172		
Water Connections	172		
Population Served	Approximately 275		
Last SOI Update	12/19/2007		
Infrastructure/Capacity			
Facilities	1 well with reverse osmosis		
Storage Capacity	20,000 gallons		
Primary Source of Supply	Well water		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$89,742	\$89,742	\$0
Combined Other Funds	N/A	N/A	N/A
All Funds	\$89,742	\$89,742	\$0
	FY 2013-14	Long Term Planned Expenditures	
Capital Expenditures	N/A	No Capital Improvement Plan	
Net Assets (Reserves)	N/A	Annual County appropriation for required expenditures.	
Governance			
Governing Body	Contra Costa County Board of Supervisors		
Agency Contact	Susan Cohen, (925) 313-2160		
Notes			
LAFCO adopted a “zero” sphere of influence (SOI) for CSA M-28 on 12/19/2007. Net Assets do not include Capital Assets			

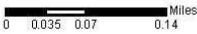
Figure IV-15, Boundary/SOI Map – County Service Area M-28

County Service Area M-28 (Willows Mobile Home Park)



Map created 4/22/2010
 by Contra Costa County Community Development GIS Group
 651 Pine Street, 4th Floor North Wing, Martinez, CA 94553-0266
 37.59.45.455N 122.26.35.394W

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DISTRICT OPERATIONS

CSA M-28 is a dependent special district administered by the County. CSA M-28 serves a single mobile home park with 172 residential units. The park is served by one well with reverse osmosis treatment. The property owner pays the County for fees for the water service and passes the costs on to the lessees of the mobile homes. Operations of the water system are supplied through a contract service with Diversified Pump and Well Company. The current contract is effective through August 31, 2014.

The Diablo Water District (DWD) had previously operated the system but discontinued that service due to future conditions of proposed contract costs for upgrades to the system. The owner of the mobile home park has stated in prior discussions that by transferring the operations to a private operator, costs could be reduced. The owner believes that similar services can be provided to residents with lower costs due to the differences in regulatory requirements for public and private entities. The County was in discussions to transfer all operations and maintenance responsibilities to the mobile home park owner. However, the transfer cannot proceed because the mobile park owner cannot fulfill the transfer requirements. The County will be exploring alternative options.

Infrastructure Needs

DWD conducted an engineering and operations review of the system in 2008 and determined that a number of system upgrades were needed including an emergency power supply for pumping, additional storage for fire flow capacity, a backup pump system, seismic retrofit of the pump building and reservoir tank and pipeline upgrades. The estimated costs at that time were between \$900,000 and \$1,100,000. No improvements have been made since the last MSR in 2007.

Cooperative Programs

The County has initiated contract services for operations of the water system and consideration of contracting with other agencies if funding could be identified. No other reasonable alternatives appear feasible at this time without additional funding available to upgrade the system.

Cost Avoidance Opportunities

CSA M-28 is administered and operated by the County. A system engineering evaluation was completed that identified upgrades and improvements that should be implemented for safety and emergency supply capabilities. No feasible cost avoidance opportunities appear reasonably available at this time.

DISTRICT FINANCIAL OVERVIEW

CSA M-28 is funded and operated by the County, and services one small mobile home park. Operations and maintenance responsibilities are contracted to a private company. Service fees comprise all of the revenues that fund the services provided. Overall, CSA M-28 is currently stable and self-sustaining operationally. The infrastructure managed under CSA M-28 supporting the mobile home park requires significant upgrades. However, the County has indicated that the mobile home park will not support the necessary service charge increases to fund these upgrades.

There are six primary areas of criteria that have been utilized to assess the present and future financial condition of the CSA M-28 water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

CSA M-28's system is aging. In 2008, DWD commissioned a study to provide recommended improvements at the CSA M-28 facility, for the purposes of potential consolidation of CSA M-28 into DWD. The preliminary estimate for all recommended improvements was approximately \$900,000 to \$1,100,000. However, CSA M-28 has not been able to obtain the necessary funds to complete the recommended work. The deferred maintenance and capital replacement is catching up to the system. CSA M-28 anticipates increasing operation and maintenance costs as the system ages.

Ratios of Revenue Sources

CSA M-28 receives its revenues from charges and fees for services. This ratio reflects the best case balance for a typical enterprise type service, and eliminates the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The County does not maintain a reserve fund balance for CSA M-28. Any unanticipated loss of revenue would have to be absorbed by other County revenue sources.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. CSA M-28 has no debt, therefore no debt service.

Capital Improvement Program

The County does not maintain a capital improvement program for CSA M-28. The County reports that no major improvements have been made since 2007. In 2008, DWD commissioned a study to provide recommended improvements at the CSA M-28 facility, for the purposes of potential consolidation of CSA M-28 into DWD. The preliminary estimate for all recommended improvements was approximately \$900,000 to \$1,100,000. In 2010, the County proposed to increase the CSA M-28 service charge to the mobile home park it services, however the property owner would not support the increase. CSA M-28 is currently pursuing the transfer of CSA M-28 to the mobile home park.

Rate Structure

CSA M-28 levies an annual service charge to the mobile home park it services. The County adjusts the annual service charge based upon the prior year's change in the Consumer Price Index for the San Francisco Bay Area – All Urban Consumers. The FY 13/14 total service charge levied to the mobile home park was reported as \$89,742.

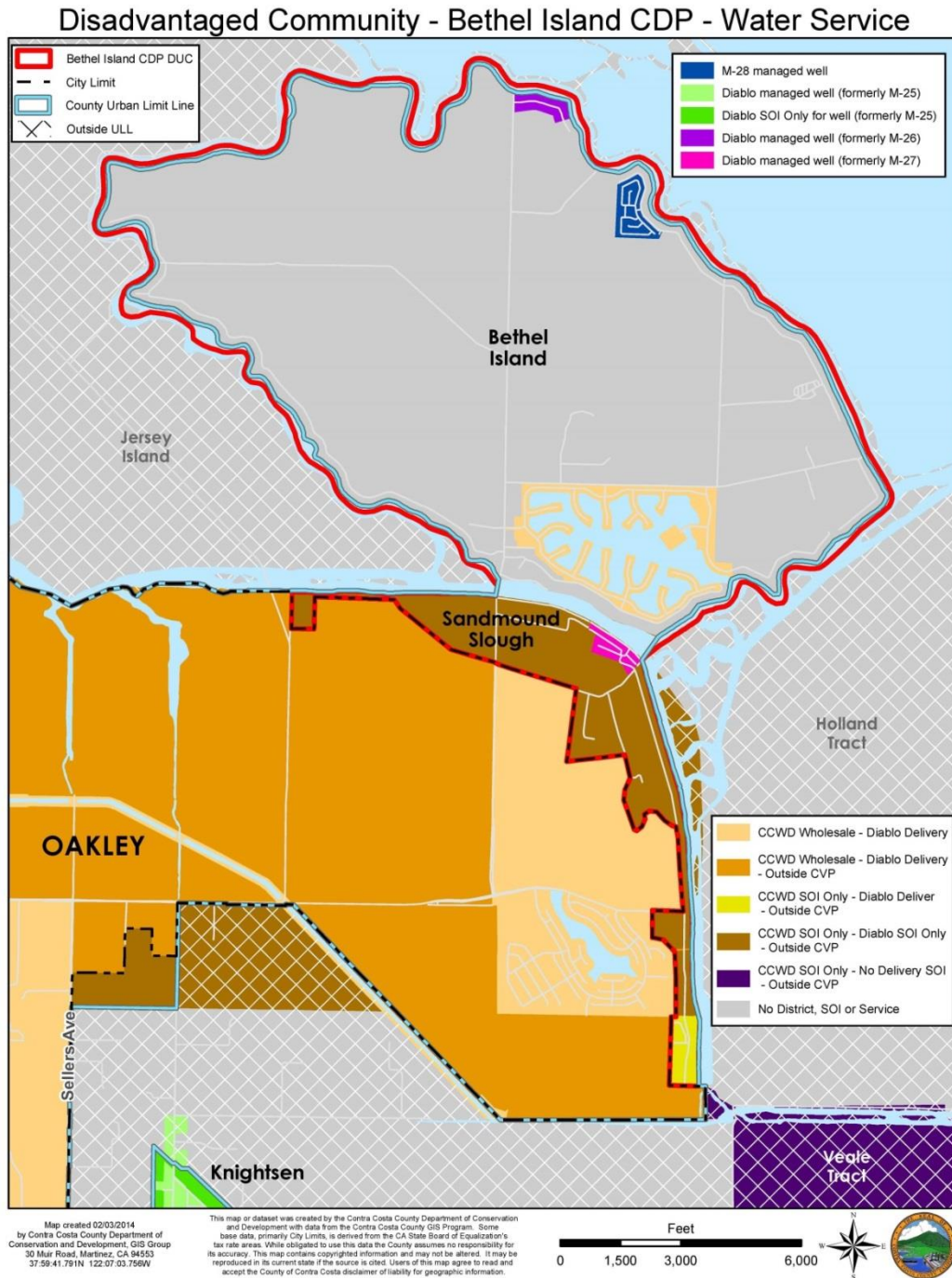
Redevelopment Agency Dissolution Impacts

The County reports that dissolution of the Redevelopment Agency had no impact on CSA M-28 services or capital improvement projects. No present or future redevelopment tax increment lost was utilized or planned for CSA M-28.

DISADVANTAGED UNINCORPORATED COMMUNITIES

CSA M-28 is located on Bethel Island which has been identified as a Disadvantaged Unincorporated Community (DUC). See **Figure IV- 15A** below. Future consideration of any SOI expansion or change in service area would require a detailed study of the agency’s ability to serve the area.

Figure IV-15A, DUC Map – Bethel Island CDP – Water Service



STATUS OF ISSUES IDENTIFIED IN 2007 MSR

The 2007 CC LAFCO MSR identified a number of issues and recommendations with respect to County Service Area M-28. The section below provides an update, based on information provided by CSA M-28, identifying how those issues have been addressed since 2007 MSR.

- *Changes in water quality, system operation (need for secondary treatment to address water quality issues on Bethel Island) and/or management of the CSA since 2007.*

CSA M-28 still utilizes the same water treatment system that was used in 2007. DWD relinquished operation and maintenance responsibility in August 2011; in September 2011, CSA M-28 directly contracted with Diversified Pump and Well for operation and maintenance.

- *Status of needed improvements (e.g., building replacement, seismic restraints, pipe supports, reservoir stabilization, a backup distribution pump, blending/acid elimination and exterior tank/pipe coatings, among others) and County's plans relating to future of CSA M-28, including plan to increase the assessment to fund infrastructure upgrades.*

No major improvements have been made since 2007. A DWD study included an estimate of \$900,000 to \$1,100,000 for all recommended improvements. In 2010, CSA M-28 proposed to increase the service charge but did not receive resident support. CSA M-28 does not currently have a plan to implement any system improvements, and was pursuing a transfer of the system to Willows Mobile Home Park.

- *Status of contract with Diablo Water District.*

Diablo Water District terminated operation and maintenance responsibility in August 2011. Diversified Pump and Well, a private operator, is under contract to the County to provide management of the water system. The operator's contract with the County expires on August 31, 2014.

- *Changes to operation and maintenance costs and assessment adjustments.*

Yes – CSA M-28 adjusted the annual service charge based upon the prior year's change in the Consumer Price Index for the San Francisco Bay area.

- *Status of governance options, including dissolution and annexation to DWD.*

DWD has expressed no interest in annexing CSA M-28 unless major improvements are completed. CSA M-28 is currently pursuing the transfer of water operations to the owner of the Willows Mobile Home Park.

GOVERNMENT STRUCTURE ALTERNATIVES

Three government structure options have been identified:

Maintain the status quo

Currently, the County contracts with a private firm, Diversified Pump and Well, to operate and maintain the system. The contract is due to expire on August 31, 2014. The system is old with significant

upgrades necessary to improve water quality to mobile home park residents. The cost of improvements, based on a study by DWD, ranges from \$900,000 to \$1,100,000. This alternative is not a viable long-term solution unless sufficient funding is earmarked by the County to upgrade the system or residents agree to rate increases to cover improvement costs. Both funding options have been explored by the County without success.

Dissolve CSA M-28 and annex the area to Diablo Water District

DWD is not interested in annexation unless the County provides funding to upgrade the system facilities. This alternative is not a long-term solution unless sufficient funding is earmarked by the County or residents agree to rate increases to cover improvement costs. Both funding options have been explored by the County without success.

Transfer the water system’s operation and maintenance system to the owner of the Willows Mobile Home Park.

The transfer of the water system to Willow Mobile Home Park cannot proceed due to the park owner’s inability to comply with transfer requirements. Professional management of the system will still be necessary. It is unclear how the proposed transfer will result in operations and/or maintenance savings to fund necessary improvements. Without finding a solution to fund system upgrades through County funding, grants, rate increases (or a combination of all three), the aging water system will likely continue to be problematic for Willow Mobile Home Park residents. The County reports that the owner of the park believes services can be provided to its residents with lower administrative and operational costs and different regulatory oversight.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	CSA M-28 serves the Willow Mobile Home Park. The community is built-out with 172 mobile homes and approximately 275 residents. No future growth is anticipated.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	CSA M-28 is located on Bethel Island which has been identified as a (DUC). Future consideration of any SOI expansion or change in service area would require a detailed study of the agency’s ability to serve the area.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	DWD conducted an engineering and operations review of the system in 2008 and determined that a number of system upgrades were needed including an emergency power supply for pumping, additional storage for fire flow capacity, a backup pump system, seismic retrofit of the pump building and reservoir tank and pipeline upgrades. The estimated then were between \$900,000 and \$1,100,000. There have been no

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	<p>improvements made since the last MSR in 2007.</p> <p>CSA M-28 is located on Bethel Island which has been identified as a DUC. Future consideration of any sphere of influence expansion or change in service area would require a detailed study of the agency's ability to serve the area.</p>
<i>Financial ability of agencies to provide services.</i>	<p>Service fees comprise the revenues that fund the services provided. The infrastructure managed under CSA M-28 supporting the mobile home park requires significant upgrades. However, the County has indicated that the mobile home park will not support the necessary service charge increases to fund these upgrades.</p>
<i>Status of, and opportunities for, shared facilities.</i>	<p>The County has initiated contract services for operations of the water system and consideration of contracting with other agencies if funding could be identified. Other than considering a change to a private system arrangement as proposed by the park owner, no other reasonable alternatives appear feasible at this time without additional funding available to upgrade the system.</p>
<i>Accountability for community service needs, including government structure and operational facilities.</i>	<p>CSA M-28 is a dependent special district governed by the Contra Costa County Board of Supervisors. Services for the County's dependent special districts are addressed by the Board of Supervisors at regular meetings which are open to the public. Meeting notices and agendas are posted in advance at the County's offices and on the County's website. CSA M-28 financial information is also available via the County's website.</p> <p>Government structure alternatives identified include: (1) status quo – County continues to contract with private operator; (2) annex area to DWD; (3) transfer operations to Willow Mobile Home Park owner. All identified alternatives are problematic in the long-term unless additional funding to upgrade system is provided through higher user rates, grants or budget transfers.</p>
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	<p>No additional issues have been identified.</p>

Recommended Sphere of Influence: Reconfirm current determinations and current CSA M-28 zero SOI.

CROCKETT COMMUNITY SERVICES DISTRICT – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The unincorporated towns of Crockett and Port Costa, separated by the hills of the East Bay Regional Park District (EBRPD), are located in the northwest corner of the County. The two communities are bound together by their location along the Carquinez Strait and through a long history in the late 19th century and the turn of the 20th century when wheat production, and later sugar production, dominated the area. C&H Sugar Company continues to refine sugar in Crockett.

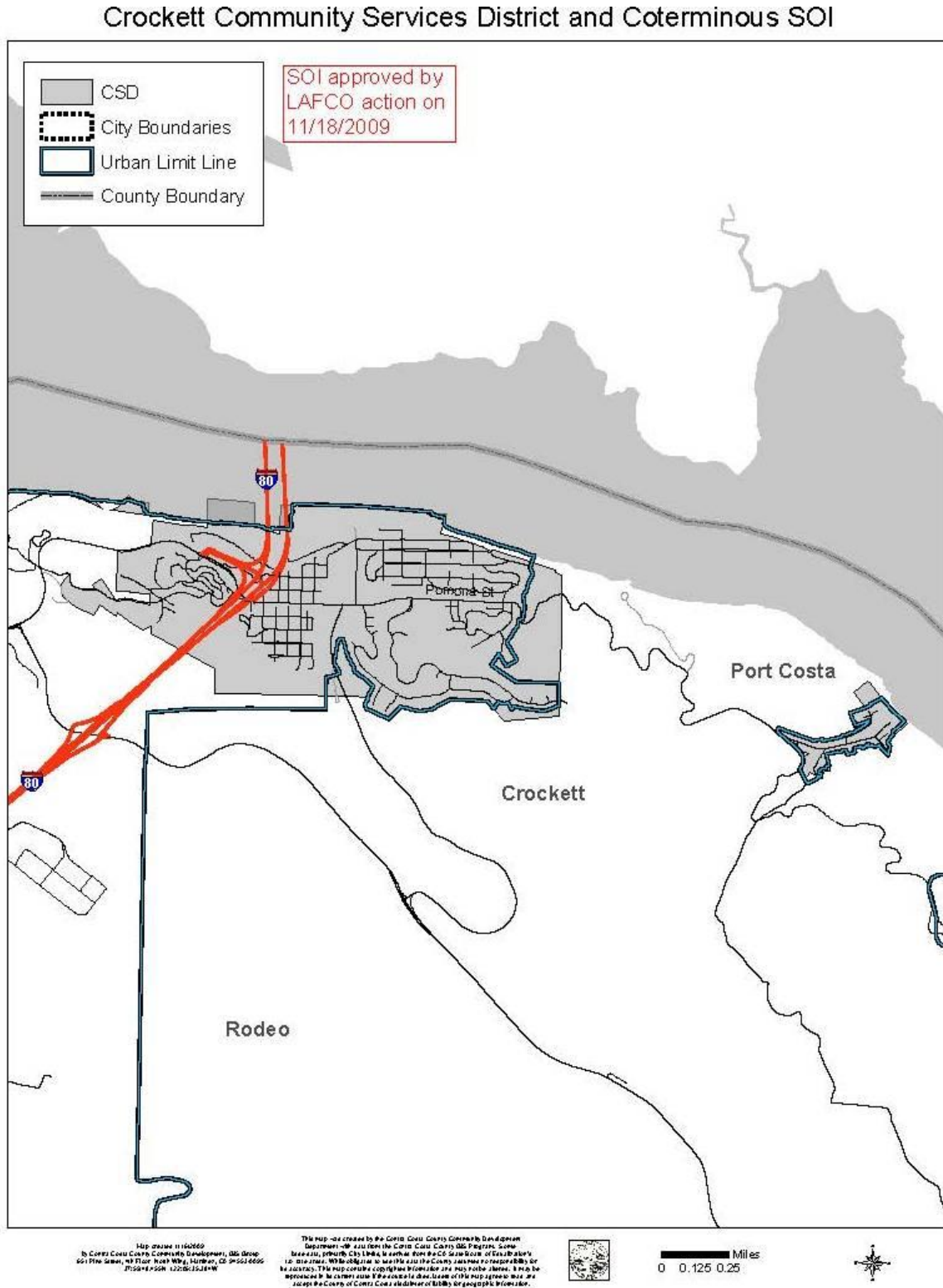
The Crockett Community Services District (CCSD) was formed in 2006 through the reorganization of three agencies: Crockett-Valona Sanitary District, County Sanitation District No. 5 (Port Costa) and County Service Area P-1. CCSD serves two separate and distinct communities – Crockett and Port Costa – and is authorized to provide the following services: wastewater collection, treatment and disposal; community recreation services; street lighting; landscape maintenance; and, graffiti abatement. In 2009, CCSD also formed a Police Liaison Commission to improve communications between area residents and law enforcement agencies of the County and State. This report focusses on the District’s wastewater services only. A map of CCSD’s current boundary and sphere of influence (SOI) is shown in **Figure IV-16** on Page 173.

Today, CCSD encompasses 686 acres (1.07 square miles). The unincorporated Crockett and Port Costa communities, being non-contiguous, have separate wastewater systems. C&H Sugar owns, operates and maintains the C&H Sugar-Crockett CSD/Philip F. Meads Treatment Facility. CCSD subleases a 17.14 % undivided interest in the Phillip F. Mead Wastewater Treatment Plant in Crockett. CCSD owns the Port Costa Wastewater Treatment Plant, and through contracts Valley Operators LLC, operates and maintains the plant. Development in the Crockett and Port Costa is constrained by the Carquinez Strait to the north, hilly topography, and unstable soils. Most property surrounding the District is owned by the EBRPD or the Port Costa Conservation Society. Only limited infill development is anticipated with the CCSD boundary. The CCSD’s Agency Profile is included as **Table IV-16** on Page 172.

Table IV-16, Agency Profile – Crockett Community Services District

General Information			
Agency Type	Community Services District		
Principal Act	Community Services District Law, Government Code Section 61000 et seq. & SB 135, Community Services District Law		
Date Formed	2006		
Services	Sewage collection, treatment and disposal; community recreation services; decorative streetlights; graffiti abatement; landscape maintenance		
Service Area			
Location	Communities of Crockett and Port Costa		
Sq. Miles/Acres	1.07 Square miles/686 acres		
Land Uses	Residential, commercial, public use		
Population Served	3,284 (Crockett: 3,094) (Port Costa: 190)		
Last SOI Update	11/18/2009		
Infrastructure/Capacity			
Facilities	<p>2 sewage treatment plants; sewer lines (approx. 88,100 lf); pump station (4.0 MGD); storage tank (1.0 MG); Crockett Community Center, pool and park; Crockett’s Memorial Hall.</p> <p>C&H Sugar Company owns, operates and maintains the C&H Sugar – Crockett CSD/Philip F. Meads Water Treatment Facility.</p> <p>The District owns the Port Costa Wastewater Treatment Plant, and through contracts with Valley Operators LLC, operates and maintains the plant.</p>		
Connections	Crockett: 1,175 Port Costa: 86		
Treatment Plant Capacity (MGD)/Dry Weather Design Capacity	<p>C&H Sugar-Crockett CSD/Philip F. Meads WTF: 1.78 MGD (secondary treated wastewater)</p> <p>Port Costa Wastewater Treatment Plant: 0.033 MGD</p>		
Primary Disposal Method	Both the Crockett and Port Costa treatment plants discharge into the Carquinez Strait		
Budget Information- FY 2013-2014 (All Services- Wastewater/Recreation)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$2,302,933	\$2,354,886	(\$51,953)
Combined Other Funds	Included Above	Included Above	N/A
All Funds	\$2,302,933	\$2,354,886	(\$51,953)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$722,000	\$2,226,716- 5 Year Projection	
Net Assets	\$2,045,782	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Dale McDonald, (510) 787-2992		
Notes			
Net Assets do not include Capital Assets			

Figure IV-16, Boundary/SOI Map – Crockett Community Services District



DISTRICT OPERATIONS

CCSD serves two distinct community areas for sewer services. CCSD utilizes two small wastewater treatment plants with capacity at the Port Costa wastewater treatment plant (WWTP) of .033 million gallons per day (MGD) and at the joint C&H Sugar-Crockett Phillip F. Meads WWTP of 1.78 MGD. Sewage effluent is collected through 81,000 lineal feet of sewer main and two pump stations in Crockett, and 7,100 lineal feet of sewer main in Port Costa. Secondary treated effluent is disposed of into the Carquinez Strait tributary to the San Francisco Bay. CCSD provides other miscellaneous services to the area. CCSD received a new NPDES permit in November 2012 for the Crockett area of treatment at the joint Philip F. Meads WWTP and in October 2013 for the Port Costa Service Area and WWTP.

Infrastructure Needs

CCSD maintains and replaces portions of its collection and treatment facilities as needed. Approximately \$814,000 of project work has been done since 2008. All work is done on a priority basis by the limited staff of CCSD. Each of the WWTP's are considered in good operating condition and require no major rehabilitation in the near future. CCSD expects to spend about \$2.6 million on capital improvements in the next five years.

Cooperative Programs

CCSD utilizes cooperative programs and services to carry out several functions. Collection system preventive maintenance, emergency response and engineering are contracted with the West County Wastewater District (WCWD). CCSD utilizes other independent contractors for inspection and repair of the collection system. C&H Sugar operates the Crockett Joint Treatment Plant through a contract with Seven Trent. Weekly testing of Port Costa effluent is performed by the Cal Science Environmental Company.

Cost Avoidance Opportunities

Under new management oversight since 2010, CCSD has looked at all functions to obtain efficiencies and cost reductions. With a small operations staff, this is important. A study of management and administrative functions is under review for future consideration.

DISTRICT FINANCIAL OVERVIEW

CCSD operates its wastewater services as enterprise type activities, with its primary revenue sources being service charges and fees. CCSD operates both the Crockett Sanitary Department and the Port Costa Sanitary Department within its overall operations. Overall, CCSD's financial status is relatively stable; however CCSD has been experiencing minor deficit spending recently. The deficit spending has been mainly driven by the Port Costa Sanitary Department and the Maintenance and Parks Departments. CCSD maintains a 5-Year Capital Improvement Program (CIP) and budgets annual expenditures for capital projects. CCSD maintains a very good reserve fund balance providing good capability to absorb short term impacts, and its debt service to annual expenditure ratio is very good.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of the CCSD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

CCSD overall has been experiencing minor deficit spending recently. The deficit spending has been mainly driven by the Port Costa Sanitary Department and the Maintenance and Parks Departments. At

this time, the amount of reserve fund balance available to absorb the deficits is sufficient to allow the District to maintain service and capital improvement goals. CCSD's Crockett Sanitary Department completed a new rate study in 2012 and is implementing rate adjustments as appropriate to meet operational and capital requirements.

Ratios of Revenue Sources

CCSD receives approximately 75% of its revenues from charges and fees for services, 19% from property taxes, and 6% from miscellaneous other sources. The Crockett Sanitary Department is funded 12% from property tax revenue. The Recreation Department is funded 7.5% from property tax revenue. The Port Costa Sanitary Department receives no property tax revenue. This ratio reflects an acceptable balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. CCSD currently reflects an overall fund balance ratio for all funds of approximately 87% of annual expenditures, a good positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of CCSD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. CCSD's annual debt service ratio to total expenditures is approximately 7%, a good ratio. CCSD reports that it has no plans to incur additional bond debt for capital projects at this time.

Capital Improvement Program

CCSD's current 5-Year CIP identifies approximately \$2.6 million in capital improvement expenditures. CCSD's budget for FY 13/14 includes approximately \$722,000 in capital project expenditures for the Crockett and Port Costa Sanitary Departments. CCSD reports that it has continued to repair and replace the collection system sewers of Crockett and Port Costa as needed. CCSD reports that it has expended approximately \$814,000 on capital projects for the collection systems from FY 07/08 to date.

Rate Structure

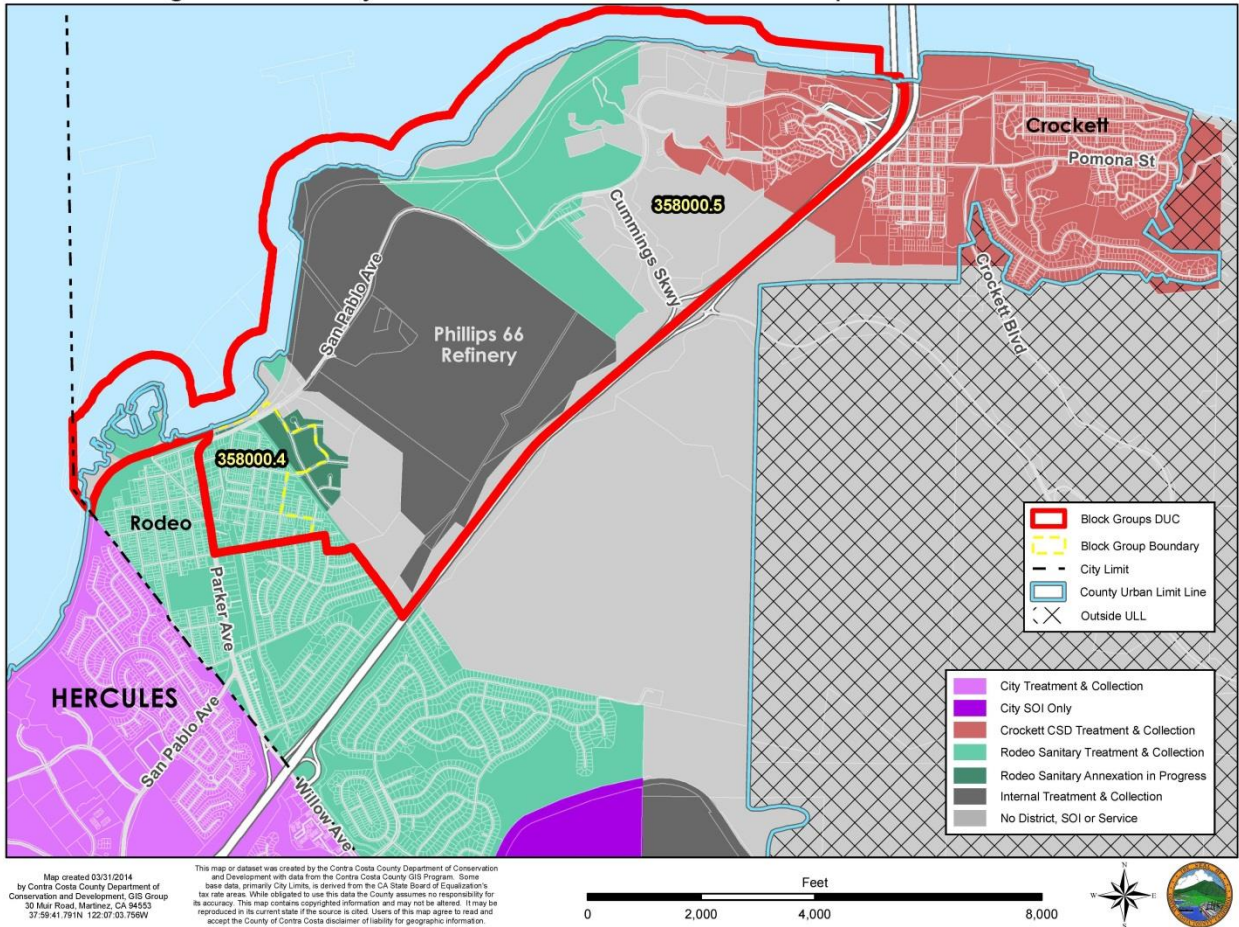
CCSD's wastewater service rate structure reflects an annual fixed rate charge to its residential customers, and a consumption charge based on water usage to non-residential customers. CCSD reports that both the Crockett and Port Costa Sanitary Departments expect to increase sewer use charges in the future years. Service charge rates are set separately for each Department. CCSD completed a comprehensive sewer rate study for the Crockett service area in 2012, and the study projects required rate increases of 6-7% per year through FY 2021-22 for Crockett. The District raised the sewer use charge for Crockett single family residences by 4.11% in FY 2013-14. The sewer use charge for Port Costa single family residences increased by 0.29% in FY 2013-14. Sewer permit fees were increased in 2009. In June 2012, Measure R was passed approving a 220% increase to the Recreation Special Tax to support recreational services in Crockett and Port Costa.

DISADVANTAGED UNINCORPORATED COMMUNITIES

A disadvantaged unincorporated community (DUC) has been identified in the West Crockett area (see **Figure IV-16A** below). Future consideration of any SOI change or service expansion in this area would first require a detailed evaluation of CCSD’s capability to adequately serve this territory.

Figure IV-16A, DUC Map – Rodeo/Crockett Area Block Group – Wastewater Service

Disadvantaged Community - Rodeo/Crockett Area Block Groups DUC - Wastewater Service



STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to CCSD. The section below provides an update, based on information provided by CCSD, identifying how those issues have been addressed since 2008 MSR.

- *Efforts CCSD has made since 2008 to maintain its wastewater systems in Crockett and Port Costa.*

CCSD has continued to repair and replace the collection system sewers of Crockett and Port Costa as needed. A total of \$814,874 has been spent on capital projects benefiting the

collection systems (excluding loan payments) since the beginning of fiscal year 2008. Expansion of the treatment plan is not required as substantial population growth is not anticipated.

- *Status of the CCSD's Sewer System Management Plan (SSMP).*

CCSD adopted its SSMP in November 2007. A supplement was completed in 2010. Port Costa began using the same SSMP once CCSD took control from the County. CCSD is currently working with its consulting engineer to review its SSMP and, in the process, create a new SSMP that will cover both Crockett and Port Costa.

- *Sanitary sewer spill overflows since 2008.*

Both the Crockett and Port Costa collection systems have experienced Sanitary System Overflows (SSOs) since 2008. There have been 29 SSOs on the Crockett collection system and six on the Port Costa collection system for a total of 24,921 gallons. Only seven spills exceeded 1,000 gallons. CCSD continues to adjust maintenance activities as well as prioritize capital projects to minimize SSOs.

- *Status of compliance issues with January 2008 NPDES permit for the Port Costa WWTP.*

The Port Costa Sanitary Department is in compliance.

- *Strategy to address the need for additional revenues to fund increased operation costs, enhanced pre-treatment, capital improvements and debt service.*

The Crockett and Port Costa Sanitary Departments both expect to increase their sewer use charges in the coming years. A comprehensive sewer rate study report was completed by Bartle Wells Associates in August 2012. Projections indicated a need to raise rates by 6-7% per year through FY 2021-22 for Crockett. The CCSD Board of Directors has directed staff to continue to implement cost control measures to keep rate increases at a minimum.

- *Changes in rate structure.*

Crockett and Port Costa have very few commercial users. CCSD has decided to not adjust the rate structure to factor in wastewater loading at this time.

- *Efforts to implement an equitable process for assessing users and evaluating fees for each wastewater service area.*

Wastewater services will continue to be set for Crockett and Port Costa separately. Building sewer permit fees were increased in December 2009. A study for capacity charge fee increases has been discussed with CCSD's consulting engineer, but it was determined it did not make economic sense to undertake the study at this time.

- *Strategy to address added debt to pay for County Sanitation District No. 5 improvements.*

The debt for the Port Costa Treatment Plan improvements, completed by County Sanitation District No. 5, was transferred to CCSD in 2008. To assist the Port Costa Sanitary Department, CCSD has approved an inter-department loan to pay off the outstanding County debt and keep Port Costa’s sewer rates from rising. This loan will be required to be paid back, with interest, but at a rate lower than what is being paid to the County.

- *Status of single property receiving District service outside CCSD’s boundary.*

The property owner remains reluctant to annex to CCSD. CCSD does not anticipate a short-term resolution to this issue.

- *Status of CCSD’s financial information on the website.*

CCSD’s adopted budget for FY 2013-2014, and the FY 2011-2012 audit, are now accessible on the website.

GOVERNMENT STRUCTURE ALTERNATIVES

There is one property (located at 7000 Carquinez Scenic Drive in Port Costa) receiving sanitary sewer service through an out-of-agency agreement (CC LAFCO Resolution No. 07-05). The property owner is reluctant to annex to CCSD, and CCSD has indicated that resolution of this issue is not expected in the short term. Two government structure options have been identified:

Maintain the Status Quo:

CCSD is currently providing wastewater services for its residents and businesses in Crockett and Port Costa. CCSD is providing adequate service, maintains its infrastructure and is financially sound.

Annex area outside District boundaries receiving service:

One property owner outside the district is receiving service through an out-of-agency agreement. Although the property owner is reluctant to annex in the short-term, consideration should be given to expanding CCSD’s SOI to include this property.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	CCSD currently serves a population of 3,284 (3,094 in Crockett, and 190 in Port Costa). Development in Crockett and Port Costa is constrained by the Carquinez Strait to the north, hilly topography, and unstable soils. Most property surrounding CCSD is owned by the East Bay Regional Park District or the Port Costa Conservation Society. Only limited infill development is anticipated with the CCSD boundary.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous</i>	A DUC has been identified in the west Crockett area. Future consideration of any SOI change or

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

<i>to the sphere of influence.</i>	service expansion in this area would first require a detailed evaluation of the District’s capability to adequately serve this territory.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	<p>CCSD maintains and replaces portions of its collection and treatment facilities as needed. Approximately \$814,000 of project work has been done since 2008. All work is done on a priority basis by a contractor coordinated by the limited staff of CCSD. Each of the WWTP’s are considered in good operating condition and require no major rehabilitation in the near future. CCSD expects to spend about \$2.6 million on capital improvements in the next five years.</p> <p>A DUC has been identified in the west Crockett area. Future consideration of any sphere of influence change or service expansion in this area would first require a detailed evaluation of CCSD’s capability to adequately serve this territory.</p>
<i>Financial ability of agencies to provide services.</i>	Overall, CCSD’s financial status is relatively stable; however, the District has been experiencing minor deficit spending recently. The deficit spending has been mainly driven by the Port Costa Sanitary Department and the Maintenance and Parks Departments. However, the amount of deficit spending is minor. CCSD maintains a 5-year capital improvement program and budgets annual expenditures for capital projects. CCSD maintains a very good reserve fund balance providing good capability to absorb short term impacts, and its debt service to annual expenditure ratio is very good.
<i>Status of, and opportunities for, shared facilities.</i>	CCSD utilizes cooperative programs and services to carry out several functions. Collection system preventive maintenance, emergency response and engineering are contracted with the West County Wastewater District. CCSD utilizes other independent contractors for inspection and repair of the collection system. C&H Sugar operates the Crockett Joint Treatment Plant through a contract with Seven Trent. Weekly testing of Port Costa effluent is performed by the Cal Science Environmental Company.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	The CCSD directors are elected at large by voters within the district. CCSD meetings are open and accessible to the public. CCSD provides a variety of district-related information on its website,

	<p>including meeting agendas, minutes, financial information and reports, and wastewater master plan documents.</p> <p>Two alternative governance structures have been identified: (1) maintain the status quo; and (2) expand the CCSD SOI to include the one property currently served through an out-of-agency agreement.</p>
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	The Crockett and Port Costa communities are separated by the East Bay Regional Park District. Both communities are small. Crockett has a population of 3,094, and Port Costa’s population is less than 200. General land uses include residential, commercial, recreation and open space. Only limited in-fill development is expected in the future.
<i>Present and probable need for public facilities and services in the area.</i>	With limited growth potential for the CCSD service area, existing wastewater services in the area appear adequate. One parcel served by CCSD through an out-of-area agreement is located outside CCSD’s SOI. As the logical long-term service provider for this property, consideration should be given to expanding CCSD’s current SOI to include this property.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	Each of the WWTP’s are considered in good operating condition and require no major rehabilitation in the near future. CCSD expects to spend about \$2.6 million on capital improvements in the next five years.
<i>Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.</i>	None have been identified.
<i>Present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.</i>	A DUC has been identified in the west Crockett area. Future consideration of any SOI change or service expansion in this area would first require a detailed evaluation of CCSD’s capability to adequately serve this territory.

Recommended Sphere of Influence: Adopt the SOI, outlined above, and expand the CCSD's SOI to include the property located at 7000 Carquinez Scenic Drive in Port Costa.

DELTA DIABLO – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

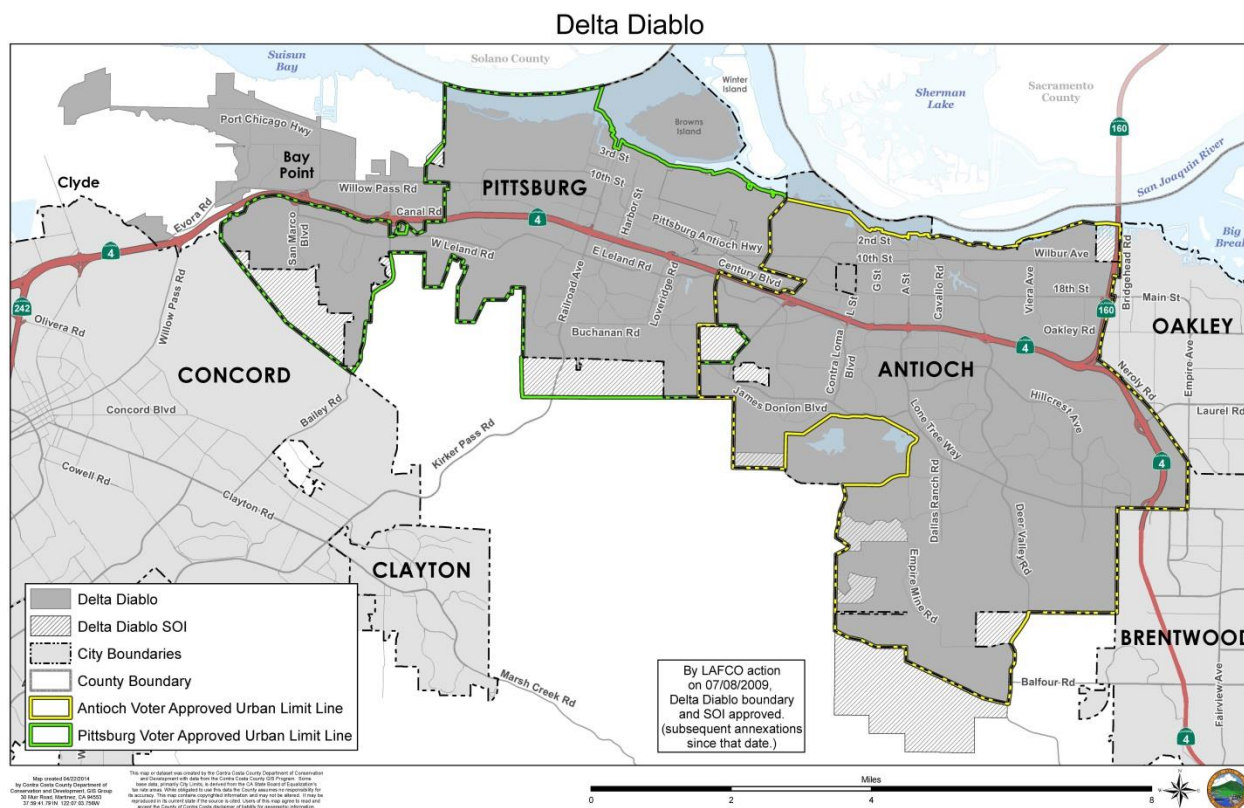
The Delta Diablo (DD) is a dependent special district that provides water resource recovery (wastewater collection) services for the unincorporated community of Bay Point, and the Cities of Antioch and Pittsburg. DD also operates the Delta Household Hazardous Waste Collection Facility for residents in the eastern portion of the County. Since 2001, DD has provided recycled water to the Delta Energy Center and the Los Medanos Energy Center. DD has also expanded recycled water conveyance to the Cities of Pittsburg and Antioch for irrigation of public parks and median landscapes. DD is located south of the San Joaquin River, north of an open space area that includes the Black Diamond Mines Regional Preserve, west of the Ironhouse Sanitary District and east of the Central Contra Costa Sanitary District. A map of DD’s current boundary and sphere of influence (SOI) is shown in **Figure IV-17** on Page 184.

Formed in 1955 as County Sanitation District 7-A, DD’s name was changed to Delta Diablo in 1989, to then Delta Diablo Sanitation District, and again to Delta Diablo in January 2014. In 2001, County Sanitation District 7-B, which served the United States Naval Facility at Port Chicago, was dissolved by CC LAFCO and annexed to DD. Wastewater treatment for the three communities began in 1982. DD now serves an estimated population of over 190,567 residents in a service area of approximately 52 square miles. The DD Conveyance System Master Plan Update (April 2010) projects 90,700 dwelling units within DD at build out. Due to economic cycles in development, the update does not indicate a build out year. Using DD’s current dwelling unit estimate of 60,800, build out estimates would indicate a dwelling unit growth rate of approximately 32 percent. DD is governed by a three-member Board of Directors: one member is appointed by the City of Antioch, one member is appointed by the City of Pittsburg and one member is appointed by the Contra Costa County Board of Supervisors (5th District). The DD Agency Profile is included as **Table IV-17** on Page 183.

TableIV-17, Agency Profile – Delta Diablo

General Information			
Agency Type	Dependent Special District		
Principal Act	County Sanitation District Act, Health & Safety Code Section 4700 et seq.		
Date Formed	1955 (originally County Sanitation District 7A)		
Water/Sewer Services	Wastewater collection and conveyance, treatment and disposal; recycled water treatment and distribution; hazardous waste collection and reuse/disposal; street sweeping		
Service Area			
Location	Cities of Antioch and Pittsburg, the unincorporated community of Bay Point		
Sq. Miles/Acres	54 square miles/34,560 acres		
Land Uses	Residential, commercial, industrial, open space		
Population Served	190,567		
Last SOI Update	7/8/2009		
Infrastructure/Capacity			
Facilities	Wastewater Treatment Plant and Recycled Water Facility; 71 miles of sewer main; 5 wastewater pump stations; 16 miles of recycled pipeline		
Connections	Wastewater – 52,421 Recycled Water – 24		
Treatment Plant Capacity (MGD)	Wastewater - 16.5 MGD Recycled Water – 12.8 MGD		
Primary Reuse/Disposal Method	50% recycled water; 50% discharge to New York Slough through deep water outfall		
Budget Information- FY 2013-2014			
	Source of Funds	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$18,673,757	\$18,673,757	\$0
Combined Other Funds	\$17,366,696	\$15,682,751	\$1,683,945
All Funds	\$36,040,453	\$34,356,508	\$1,683,945
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$12,762,000 (FY13/14)	\$50,959,000 - 5 Year Projection	
Net Assets (Reserves)	\$28,853,362	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (3 members by appointment - City of Antioch, City of Pittsburg and County Supervisor – 5 th District)		
Agency Contact	Patricia Chapman, (925) 756-1939; Dean Eckerson, (925) 756-1972		
Notes			
Population served (190,567) supplied by District; District size (54 square miles) from 2013 Sewer System Master Plan. Wastewater collections for the Bay Point (Zone 1 only); wastewater connections based on properties served, not total dwelling units. Net Assets do not include Capital Assets			

Figure IV-17, Boundary/SOI Map – Delta Diablo



DISTRICT OPERATIONS

DD is a dependent special district established under Health and Safety Code Section 4700 governed by a three-member the Board of Directors. DD serves a 54 square mile area including the Cities of Antioch and Pittsburg and a portion of the County unincorporated area of Bay Point. DD operates a wastewater treatment plant (WWTP) with 16.5 million gallons per day (MGD) capacity, five pump stations and a collection and conveyance system of 71 miles of sewer pipeline. Through 52,421 connections, over 190,567 customers receive service. In 2013, DD treated an average of 8.0 MGD of effluent to recycled water quality for reuse daily. DD District also provides hazardous waste collection and reuse/disposal and street sweeping to a portion of the service area.

Infrastructure Needs

DD has completed a Sewer System Master Plan and Master Plan of Facilities that has identified a series of improvements required over the next 10 years. In the Five Year Capital Improvement Program (CIP), WWTP improvements, pump station upgrades and collection system replacements are planned totaling approximately \$51 million. DD has been able to reduce system overflows and is implementing an aggressive hazardous materials collection program.

Cooperative Programs

DD has developed a recycled water treatment facility and sells the water to two local water agencies (Antioch and Pittsburg) totaling an average of 8.0 MGD. The street sweeping and hazardous materials collection programs are supported by the County and the Cities of Pittsburg and Antioch to reduce

pollution to the watershed and to meet State Regional Water Quality Control Board (SRWQCB) standards.

Cost Avoidance Opportunities

DD has cooperated closely with local water agencies and the two cities in joint staff training and inspection programs as well as the hazardous materials collection program. Sale of recycled water generates some revenues to offset some costs and reduce disposal to the bay outfall.

DISTRICT FINANCIAL OVERVIEW

DD operates as an enterprise type activity, with its primary revenue source being service charges and fees. Overall, DD's financial status is stable, however operational expenditures have been exceeding operational revenues over the last several years. DD reports that this is a planned drawdown of operational reserves to achieve a district policy level of 40% of operating revenue. DD reports that although it has experienced a decline in growth and development due to the recent economic downturn, this has not had a significant impact and has not affected DD's ability to meet its debt service and other obligations. DD maintains a very good reserve fund balance providing good capability to absorb short term impacts, and its debt service to annual expenditure ratio is good.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of DD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

DD overall has been experiencing balanced budgets with annual surpluses. However, DD has experienced deficit spending in operations. DD attributes this to a planned drawdown of operating reserves over time to reach their policy target of 40% of operating revenue. DD will need to make appropriate adjustments to balance the operating budget once that level is achieved. To achieve this, DD utilizes a multi-year rate model to project revenue requirements to meet operational and capital requirements which includes rate adjustments as necessary.

Ratios of Revenue Sources

DD receives approximately 76% of its revenues from charges and fees for services, 5% of revenue from property taxes, 10% from reserves (as a planned drawdown), and 9% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax. As DD receives a small portion of its revenue from property tax, any impact on this revenue due to any future economic downturn would have an insignificant impact on DD.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. DD currently reflects an overall fund balance ratio for all funds of approximately 84% of annual expenditures, a positive ratio. Additionally, DD's FY 12/13 ratio of operational reserve to operating revenues was 46%, exceeding DD's policy goal of 40%.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of DD’s ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. DD’s annual debt service ratio to total expenditures is approximately 12%, a stable ratio.

Capital Improvement Program

DD has developed and implemented an aggressive capital improvement program for infrastructure improvements. DD’s current 5 Year Plan reflects approximately \$51 million in improvements. DD reports that over the last few years, it has completed improvements to its WWTP, completed the Bridgehead Pump Station expansion, completed recycled water pipeline extensions in Antioch and Pittsburg, and other projects. DD funds much of its improvements through capital facilities capacity charges. The DD budget for FY 13/14 includes approximately \$12.8 million in capital project expenditures.

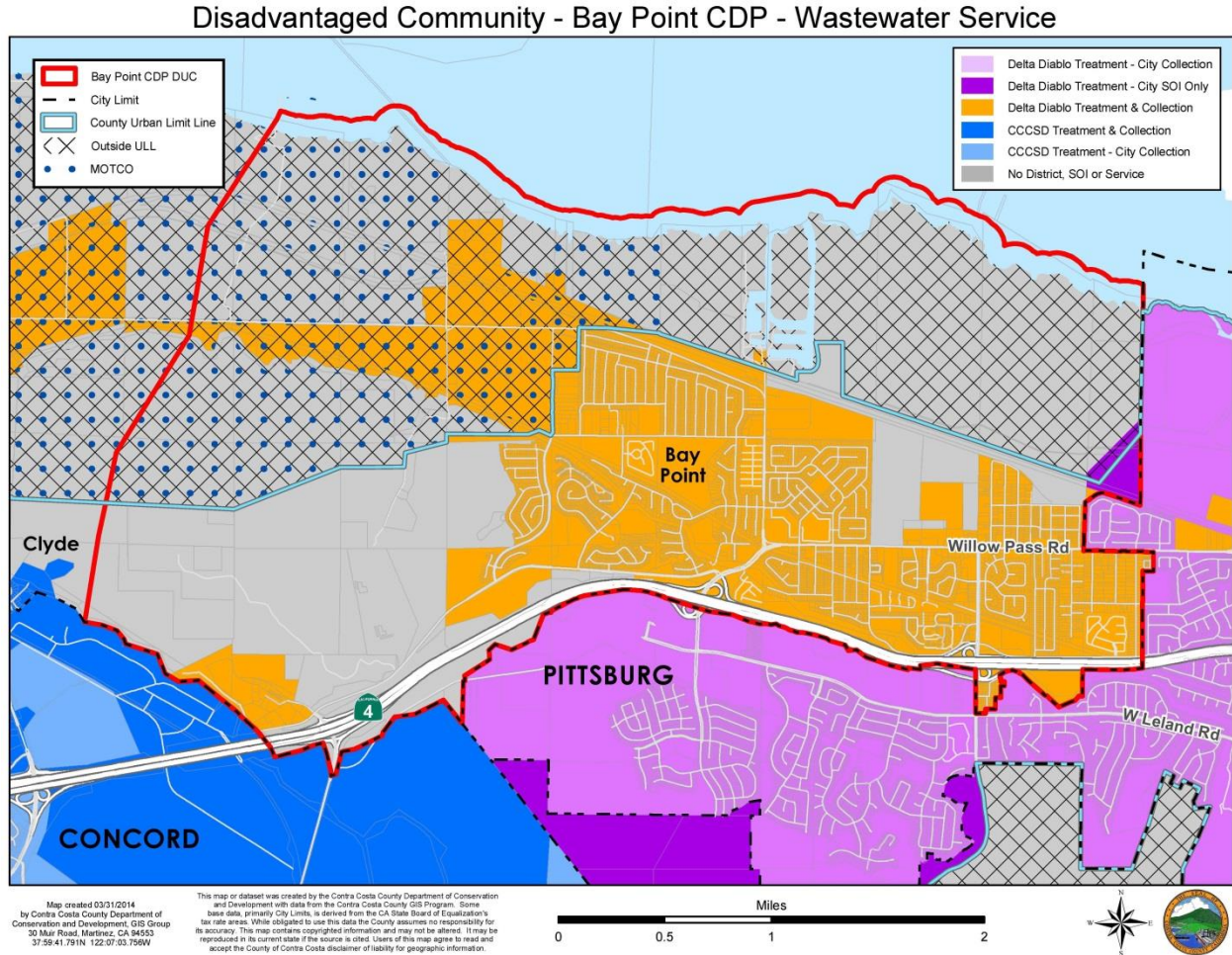
Rate Structure

DD’s service rate structure reflects fixed charges for residential consumers and consumption based charges based on water use for commercial consumers. Additionally, DD levies various connection and facility capacity fees for infrastructure improvements. DD utilizes a multi-year rate model for projecting revenue requirements, and implements appropriate small rate increases when necessary. The current annual residential charge ranges from \$279 per year to \$400 per year depending on service location.

DISADVANTAGED UNINCORPORATED COMMUNITIES

A disadvantaged unincorporated community (DUC) has been identified north of Willow Pass Road adjacent to the DD SOI (see **Figure IV-17A** on page 187). Future consideration of any SOI change or change in service area would first require a detailed evaluation of DD’s capability to adequately serve this community.

Figure IV-17A, DUC Map – Bay Point CDP – Wastewater Service



STATUS OF ISSUES IDENTIFIED IN 2007 MSR

The 2007 CC LAFCO MSR identified a number of issues and recommendations with respect to DD. The section below provides an update, based on information provided by DD, identifying how those issues have been addressed since 2007 MSR.

- *Update on DD plans to accommodate increased growth (e.g., pending reorganization proposals, including Northeast Antioch).*

DD has wastewater conveyance and treatment facilities planned and under construction to increase system capacity. DD collects Capital Facilities Capacity Charges (CFCCs) to build capacity as it is consumed by new connections. Capacity is provided through facilities constructed by DD as prescribed in its Conveyance and Treatment Plant Master Plans. The Master Plans use City planning data for the communities in the DD service area and are update regularly. The proposed reorganization areas are included in the Master Plan analyses.

- *Major SSOs since the MSR was prepared in 2007.*

There have been seven Category 1 SSOs during the five year period, 2008-2012. DD, with consultant assistance, completed a comprehensive Conveyance System Reliability Project in 2012 to reduce or eliminate SSOs from DD's wastewater system. Sewer system inspections have been prioritized based on risk, and wastewater conveyance system assets have been prioritized for renewal and replacement. Additionally, in January 2013, DD approved the purchase of a new Closed Circuit Television (CCTV) system to allow proactive sewer system maintenance.

- *Status of major DD improvement projects.*

The following construction projects have been completed/substantially completed: Bridgehead Pump Station expansion; WWTP expansion/improvements including updates to the secondary clarifier mechanisms and aeration rehabilitations; recycled water pipeline extensions in Antioch and Pittsburg; and digester rehabilitations. Other major projects have been reprioritized for implementation within DD's current five-year CIP include the Triangle Pump Station rehabilitation and the Pittsburg Pump Station capacity improvements.

- *Actions taken to prepare for changing wastewater and bio solids treatment regulations.*

Implementation of advance treatment would require major capital improvements. Construction of advance treatment facilities would be financed primarily through long-term debt requiring relatively large annual rate adjustments. To avoid disproportionately high rate increases, DD has established a reserve account funded through a component already included in DD's sewer system charges and capital facilities capacity charges. DD is also exploring new technologies and approaches to most cost-effectively provide advance treatment technologies.

- *Discharge limit violations since the MSR was prepared in 2007.*

DD has had no discharge violations since 2007.

- *Net operating expenses vs. net operating revenues.*

With the exception of 2009/10, DD has experienced net operating expenses exceeding net operating revenues. This is the result of planned, systematic drawdown of operating revenues over time to meet DD's policy target of 40% of annual operating revenue. DD uses a multi-year rate model to project revenue requirements. Small, regular rate adjustments are implemented to assure sufficient revenues to fund ongoing operations and capital requirements while maintaining prudent levels of reserves.

- *DD strategies to address increased costs for: personnel, contract services and chemicals.*

DD uses a multi-year rate model to project costs and revenue requirements, including cost of living increases. Other cost containment strategies include operational changes to reduce chemical use, implementation of energy efficient initiatives including a new solar energy project, and strategic use of contractual services for peak workloads and/or specialized services.

- *Partnership opportunities explored since the MSR was prepared in 2007.*

In 2007/2008, DD served as lead agency in obtaining funding and facilitating a group of East County cities, water and wastewater agencies and active power companies to explore the potential for sharing facilities, pooling recycled water and using existing infrastructure to

distribute recycled water where power plants are contemplated. In 2012, DD launched a comprehensive recycled water master planning effort which engaged the Cities of Antioch and Pittsburg, local power companies and local industries to project future recycled water demands and an evaluation of how best DD can optimize facilities to meet those demands. In 2008, DD entered into a Memorandum of Agreement with eight Bay Area agencies (since expanded to 18 agencies) to secure federal funding for recycled water projects. DD also participates for on the Bay Area Biosolids to Energy Coalition (BAB2E), a group of cities and wastewater agencies exploring the potential of converting biosolids into energy commodities.

- *Cost sharing opportunities explored since the MSR was prepared in 2007.*

DD continues to manage the Delta Household Hazardous Waste Collection Facility, a joint project of the County, the Cities of Pittsburg, Antioch and Oakley, and DD. DD also provides street sweeping services within its service area. DD participates with several cities and wastewater agencies exploring innovative technologies to convert biosolids into energy commodities and the potential for siting a desalination plant in the Western Delta (within the DD service territory) using existing infrastructure.

- *Plans to annex properties, currently served by DD, but outside the DD boundary.*

The Mirant Power Plant Reorganization (2008) and the Northeast Area Reorganization Annexation (2010) included annexation of properties formerly receiving service outside District boundaries. The City of Antioch submitted three Northeast Antioch Reorganization proposals to CC LAFCO; two have been approved (Areas 1 and 2B) and the third will be considered by the Commission in March 2014..

- *Impacts of July 2009 SOI expansion to include 3,161 acres (including areas within Pittsburg's ULL).*

The SOI expansion has not directly affected DD.

GOVERNMENT STRUCTURE ALTERNATIVES

Three government structure alternatives were identified: (1) maintain the status quo, (2) consolidate sewer collection service with the Cities of Antioch and Pittsburg, and (3) reduce the DD SOI to remove areas designated as permanent open space and outside the Urban Limit Line (ULL).

Maintain the Status Quo

DD is currently providing wastewater services for residents and businesses within its boundaries. The District is also providing approximately 7.5 MGD of recycled water for use in regional power plants and the irrigation of golf courses and municipal parks. DD is providing adequate service and is financially stable.

Consolidate sewer collection service with the Cities of Antioch and Pittsburg

The Cities of Antioch and Pittsburg provide wastewater collection services, while DD provides conveyance, treatment and disposal services. Consolidation provides potential opportunities for economies of scale and other efficiencies. Further study is needed to determine the merits of this option and the benefits/costs which would affect ratepayers for DD and both cities.

Reduce the DD SOI to remove areas designated as permanent open space and outside the ULL

In March 2010, CC LAFCO reduced the City of Antioch’s SOI to remove four areas designated as permanent open space. Two of the open space areas are located adjacent to the northern portion of the City, one to the west, and the largest open space area is adjacent to the southern portion of the City. The areas were not removed from the District’s boundary at that time. DD does not provide collection system services within the City of Antioch and consideration should be given to removing these areas from the DD SOI.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<p><i>Growth and Population for the affected area.</i></p>	<p>The DD Conveyance System Master Plan Update (April 2010) projects 90,700 dwelling units within DD at build out. Due to economic cycles in development, the Update does not indicate a build out year. Using DD’s current dwelling unit estimate of 60,800, build out estimates would indicate a dwelling unit growth rate of approximately 32 percent.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>A DUC has been identified north of Willow Pass Road adjacent to the DD SOI. Future consideration of any SOI change or change in service area would first require a detailed evaluation of DD’s capability to adequately serve this community.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>DD has completed a Sewer System Master Plan and Master Plan of Facilities that has identified a series of improvements required over the next 10 years. In the Five Year CIP, WWTP improvements, pump station upgrades, and collection system replacements are planned totaling about \$51 million. DD has been able to reduce system overflows and is implementing an aggressive hazardous materials collection program.</p> <p>A DUC has been identified north of Willow Pass Drive adjacent to the DD sphere of influence. Future consideration of any sphere of influence change or change in service area would first require a detailed evaluation of DD’s capability to adequately serve this community.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>Overall, DD’s financial status is stable, however operational expenditures have been exceeding operational revenues over the last several years. DD reports that this is a planned drawdown of operational reserves to achieve a district policy level of 40% of operating revenue. DD reports that</p>

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	<p>although it has experienced a decline in growth and development due to the recent economic downturn, this has not had a significant impact and has not affected DD's ability to meet its debt service and other obligations. DD maintains a very good reserve fund balance providing good capability to absorb short term impacts, and its debt service to annual expenditure ratio is good.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>DD has developed a recycled water treatment facility and sells the water to two local water agencies totaling an average of 12.5 MGD. The street sweeping and hazardous materials collection programs are supported by the County and the Cities of Pittsburg and Antioch to reduce pollution to the watershed and meet SRWQCB standards. DD continues to manage the Delta Household Hazardous Waste Collection Facility, a joint project of the County, the Cities of Pittsburg, Antioch and Oakley, and DD.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>DD is governed by a Board of Directors that includes three voting members. The Directors are the presiding officers, or their designees, of the elected bodies of the communities served by DD: the City of Antioch, the City of Pittsburg, and the Contra Costa County Supervisor for District 5. District Board meetings are open to the public. Meeting notices and agendas are posted at least 72 hours in advance at the DD office and on DD's website. The DD website includes comprehensive information on the DD, budget and capital improvement plans and community programs. DD also has a Public Information Office that facilitates public engagement with customers, schools, media, community groups and local and state governments.</p> <p>Three government structure options have been identified: (1) maintain the status quo, (2) consolidate sewer collection service with the Cities of Antioch and Pittsburg, and (3) remove four areas designated as permanent open space from the DD SOI. Further analysis is needed to determine the operational merits of the consolidation option and the benefits/costs which would affect ratepayers for DD and both cities.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

Recommended Sphere of Influence: Reconfirm current determinations and reduce the DD SOI to remove four areas designated as permanent open space.

DIABLO WATER DISTRICT – WATER SERVICE

OVERVIEW/BACKGROUND

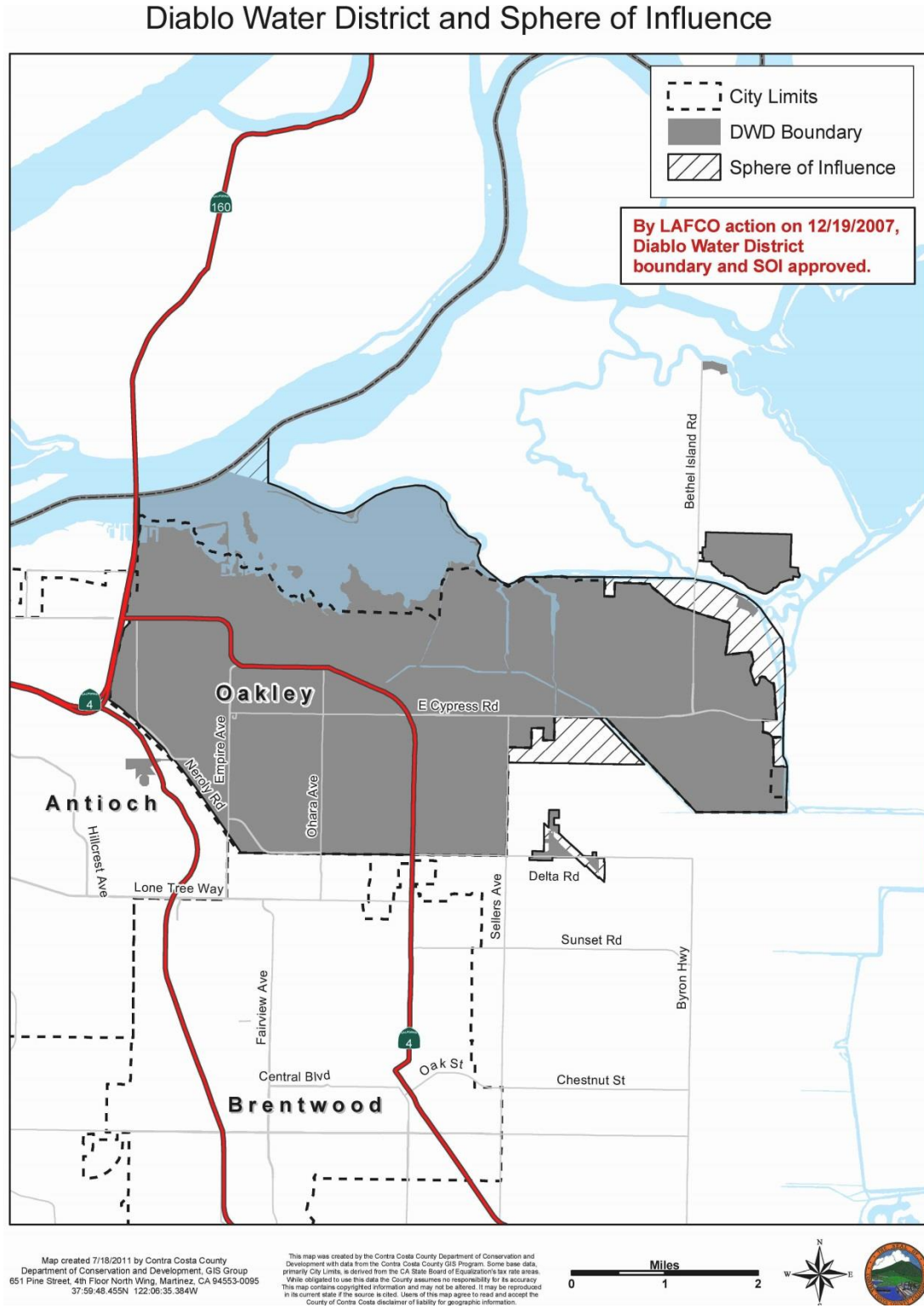
The Diablo Water District (DWD) was formed in 1953 as the Oakley Water District. DWD now serves an area of approximately 21 square miles, including the City of Oakley and other unincorporated areas including the Hotchkiss Tract, the East Cypress Corridor Specific Plan Area, Summer Lakes, portions of Knightsen and certain communities on Bethel Island, including Delta Coves. DWD is bounded by the San Joaquin River to the north, the City of Antioch to the west, the City of Brentwood to the south, and unincorporated area to the east. A map of DWD's current boundary and sphere of influence (SOI) is shown in **Figure IV-18** on Page 195.

Currently, DWD collects, treats and supplies water for customers and the parks, schools and businesses throughout a 21-square mile service area. DWD currently serves approximately 40,893 residents. Significant development is expected to occur within DWD's boundaries over the next 20 years. According to DWD's Urban Water Management Plan (UWMP), DWD's service population is projected to grow to 68,441 by year 2035 The DWD Agency Profile is included as **Table IV-18** on Page 194.

Table IV-18, Agency Profile – Diablo Water District

General Information			
Agency Type	Independent Special District		
Principal Act	County Water District Law, Water Code Section 30000 et seq.		
Date Formed	1953 (originally Oakley Water District)		
Water/Sewer Services	Water supply, treatment and distribution		
Service Area			
Location	City of Oakley, Town of Knightsen, certain communities on Bethel Island, including Delta Coves, and unincorporated areas including the Hotchkiss Tract, East Cypress Corridor Specific Plan Area, and the Summer Lakes development		
Square Miles/Acres	21 square miles/13,440 acres		
Land Uses	Residential, commercial, industrial, open space		
Water Connections	12,387		
Population Served	40,893		
Last SOI Update	12/19/2007		
Infrastructure/Capacity			
Facilities	Randall-Bold Water Treatment Plant (jointly owned by Diablo Water District and Contra Costa Water District), 97.5 miles of water main, 2 booster stations, 2 reservoirs		
Storage Capacity	2 reservoirs, 7.5 MG		
Primary Source of Supply	Central Valley Project (purchased from Contra Costa Water District) and groundwater extracted from San Joaquin Valley Basin		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$8,469,239	\$8,899,420	(\$430,181)
Combined Other Funds	\$2,203,116	\$2,006,021	\$197,095
All Funds	\$10,672,355	\$10,905,441	(\$233,086)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$755,360	\$9,147,233 5-Year Projection	
Net Assets (Reserves)	\$27,907,682	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Mike Yereka, (925) 652-6159		
Notes			
Net Assets do not include Capital Assets			

Figure IV-18, Boundary/SOI Map – Diablo Water District



WATER OPERATIONS

DWD serves an area of 21 square miles in the City of Oakley and areas to the northeast, including the communities of Knightsen, Bethel Island, the Hotchkiss Tract and the East Cypress Corridor Specific Plan Area. DWD purchases untreated water from the Contra Costa Water District (CCWD) and treats it at the jointly owned Randall-Bold Water Treatment Plant (RBWTP), operated by CCWD, and conveys the treated supply into two storage reservoirs, two pump stations and 97 miles of water transmission and distribution pipelines. DWD also operates two water wells, the Glen Park well and Stonecreek well with a combined capacity of 4 MGD of local supply.

DWD had previously operated the M-28 Area (Willow Mobile Home Park), but that contract was not renewed due to costs of infrastructure and repairs. DWD reports that its Capital Improvement Program (CIP) has been downsized due to the recent downturn in the economy, but Master Plan capacity is available for future development as it moves forward. Several local pipeline repair projects are being completed annually at about \$350,000 per year. DWD also completed a review of groundwater data to evaluate the capacity and quality of groundwater near the two district wells. No substantial change in water quality was identified.

Infrastructure Needs

The ongoing development of DWD's local water supply through its two wells has resulted in a major upgrade of capacity. Along with the recent expansion of the RBWTP from 40 to 50 million gallons per day (MGD), DWD's capacity needs have been addressed for the foreseeable future. No other major infrastructure needs have been identified by DWD at this time.

Cooperative Programs

The water treatment agreement and expansion with CCWD (described above) is the primary cooperative program of DWD for water supply. As a regional water agency, DWD participates in conservation programs, staff training and regional water supply planning. DWD is also a member of the East County Water Management Association (ECWMA). ECWMA is a group of 11 public agencies in the eastern portion of the County that participate in regional supply planning efforts.

Cost Avoidance Opportunities

The expansion of the two groundwater wells has provided an added local supply for both drought management and reducing future water costs. DWD has not filled a vacant employee position to manage personnel costs, but additional staff may be needed due to future growth. Because of the cost sharing arrangement for the RBWTP, the percentage of cost to DWD was reduced by 7.5% due to the expansion of capacity for the CCWD. DWD also implemented an automated meter reading program that has helped contain personnel costs as noted above. A joint Regional Capacity and Efficiency Improvement Study is currently underway with five other agencies to identify opportunities for sharing of resources and facilities.

FINANCIAL OVERVIEW

DWD operates its water services as enterprise type activity, with its primary revenue sources being service charges and fees. Overall, DWD's financial status is relatively stable; however DWD has been experiencing deficit spending recently due primarily to capital expenditures and debt service obligations. DWD reports that its largest debt service, for the RBWTP, was recently refinanced and will be paid off in

seven years. DWD is also in the process of refinancing other long-term debt to realize savings. DWD utilizes a multi-year rate model to project revenue requirements to meet operational and capital requirements which includes modest annual rate adjustments, and is investigating the potential to implement a tiered rate schedule in the future. DWD maintains a very good reserve fund balance providing good capability to absorb short-term impacts, and its debt service to annual expenditure ratio is very good.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of DWD's water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

DWD overall has been experiencing deficit spending over the last few years. The deficit spending has been primarily driven by capital expenditures and debt service obligations. At this time, the significant amount of reserve fund balance available to absorb the deficits is sufficient to allow DWD to maintain service and capital improvement goals. However, continued deficit spending will require DWD to make appropriate adjustments in service charges to achieve balanced budgets. DWD utilizes a multi-year rate model to project revenue requirements to meet operational and capital requirements which includes modest annual rate adjustments.

Ratios of Revenue Sources

DWD receives approximately 88% of its revenues from charges and fees for services, none from property taxes, and 12% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. DWD currently reflects an overall fund balance ratio for all funds of approximately 256% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of DWD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. DWD's annual debt service ratio to total expenditures is approximately 6%, a good ratio. DWD's largest debt service, for the RBWTP, will be retired in seven years and was recently refinanced saving \$2.1 million. DWD is in the process of refinancing other long-term debt to realize an additional \$1 million in savings.

Capital Improvement Program

DWD's current 5-Year Capital Improvement Program (CIP) identifies approximately \$9.2 million in capital improvement expenditures. The DWD budget for FY 13/14 includes approximately \$750,000 in capital project expenditures. DWD reports that it only constructs capital facilities that increase capacity when the demand is present. Since 2007, DWD has delayed constructing many previously planned capital improvement projects.

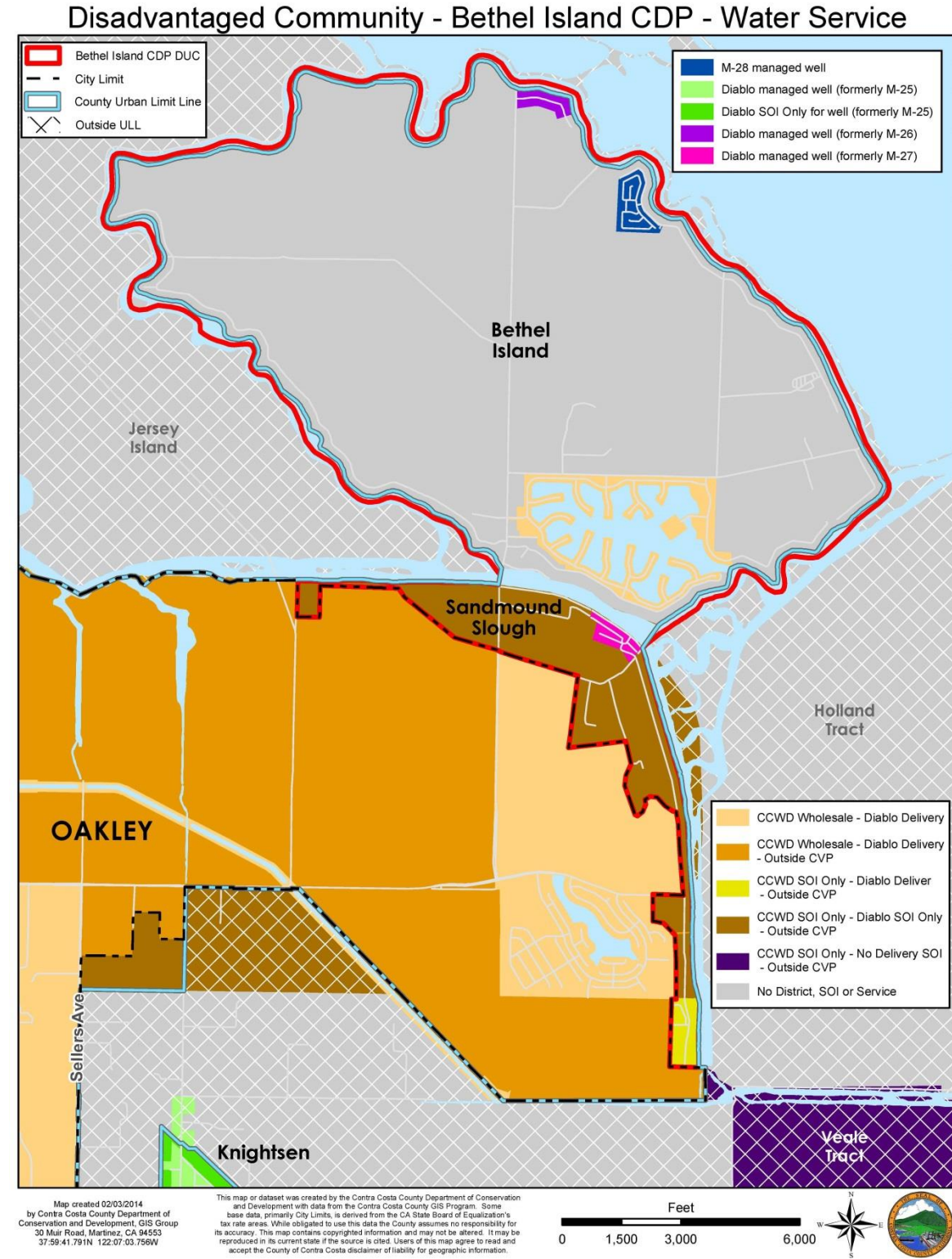
Rate Structure

DWD's water service rate structure reflects a fixed rate charge to its customers based on consumption. The current rate is \$2.80 per hundred cubic feet of water consumption. DWD uses a financial rate model which provides a 10-year forecast of anticipated revenue and expenditures allowing DWD to establish water rates to meet its financial and service obligations. Rate increases over the past five years have been maintained in the range of 0 – 3% per year. DWD reports that it is considering implementing a tiered water rate structure, but is waiting until 2020 when the RBWTP long-term debt will be retired. Its goal is to implement the tiered rates without a significant impact on district customers.

DISADVANTAGED UNINCORPORATED COMMUNITIES

The entirety of Bethel Island has been identified as a DUC (see **Figure IV-18A** on Page 199). Future consideration of a SOI or service boundary change in this area would first require a detailed evaluation of DWD's capability to adequately serve these communities.

Figure IV-18A, DUC Map – Bethel Island CDP – Water Service



STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

The 2007 CC LAFCO MSR identified a number of issues and recommendations with respect to the DWD. The section below provides an update, based on information provided by the District, identifying how those issues have been addressed since 2007 MSR.

- *Efforts District made to address planned growth that will impact the District (e.g., East Cypress Corridor Expansion, Summer Lakes, Hotchkiss Tract and Bethel Island's Delta Coves).*

The growth is anticipated and DWD has ample infrastructure in place to serve the growth. The District's facilities are designed to accommodate built out growth conditions in the City of Oakley and Contra Costa County General Plan areas. DWD constructed a groundwater to surface blending facility which has been operating since 2006. Contra Costa Water District recently expanded the capacity of the RBWTP from 40 MGD to 50 MGD, reducing DWD's allocation of ongoing operations and maintenance expenses from 37.5% to 30%. DWD does not anticipate the need for an expansion to its current allocation capacity for at least 10 years.

- *Current status of the District's groundwater supply system.*

DWD completed construction of the 2 MGD Glen Park well and place it into operation along with the Blending Facility in 2006. In 2011, the 2 MGD Stonecreek well was completed and placed into operation. The District's groundwater program has provided the District with a dramatic improvement in supply reliability. During the 2009 drought, CCWD required all of its retail customers to cut back their water use of CCWD's surface water supply by 15%. DWD was able to increase its groundwater pumping to such an extent that its customers only needed to cut back by 10% while DWD was still able to meet the CCWD 15% cutback in surface water use requirement.

- *District to address concerns outlined in the 2007 Groundwater Management Plan.*

Three areas of concern were identified: (1) sustainable pumpage; (2) preservation of water quality; and, (3) land subsidence.

In August 2011, DWD updated its Ground Water Management Plan with its Groundwater Monitoring Report. Based on that information, the report determined that there is no evidence DWD's pumping has induced any trend in groundwater levels, and that the aquifer has a full recovery of water levels during seasonally wet months.

Water quality data collected to date has shown virtually no change in the electrical conductivity of the groundwater, which is an indicator of water quality. DWD continues to monitor all water quality data on a regular basis.

A review of data for the ground level monitoring station in the County, established by the Plate Boundary Observatory, indicates the DWD's pumping has not increased the rate at which the ground was subsiding prior to DWD's wells going into operation. DWD has determined that any subsidence measured at the monitoring station is independent of district operations due to the lack of any decrease in groundwater levels as a result of DWD's pumping.

- *Status of small water systems in East Contra Costa County (e.g., Knightsen system, Beacon West – Bethel Island, Willow Park Marina, Willow Mobile Home Park and the Delta Mutual Water Company well – Hotchkiss Tract).*

The water systems remain unchanged; it is currently infeasible to connect these systems to DWD due to the high cost of constructing pipelines. DWD no longer operates the Willow Mobile Home Park water system. In 2008, DWD commissioned a study to provide recommended improvements to the aging CSA M-28 facility. The estimated repair/upgrade costs were estimated at between \$900,000 and \$1,100,000. DWD requested that the recommended improvements be paid for by the County, or by the mobile home park operator through a rate payer increase. Subsequently, the County had multiple discussions with the mobile park owner who did not agree to the rate increase and instead requested the County to research the feasibility for the mobile home park to assume water supply operations. In 2009, attempts by the County to secure grants to fund the necessary improvements were unsuccessful. In 2011, DWD opted to terminate its service contract with the County. The County now contracts with a private systems operator, Diversified Pump and Well Drilling, to manage the water system for the mobile home park.

- *Status of District plans to own two wells that will provide water for the Rock Island Marina development adjacent to San Mound Slough.*

The Rock Island Marina development has gone into foreclosure. If the project is revived, DWD would supply water from its treated water system that has been constructed to serve the Summer Lakes project.

- *Status of District's major capital improvements (e.g., pipeline replacement program, increase capacity at RBWTP, develop groundwater wells, increase transmission capacity, expand the SCADA system, construction of two new reservoirs west of Jersey Road and various improvements east of Jersey Road).*

DWD only constructs capital facilities that increase capacity if demand is present. Since 2007, and the economic slowdown, DWD has delayed construction of many of these improvements.

- *Changes to the rates structure since 2007.*

DWD's rate structure remains a flat rate. DWD has 2% rate increases in 2010 and 2011, and a 2.5% increase in 2012 and a 3% increase in 2013. DWD may consider a tiered rate system in 2020 after long-term debt is retired.

- *Status of Liberty Union High School District fourth high school site annexation, and consideration of DWD consolidating with CCWD. (High School fourth high school site is located southwest of the intersection of Delta Road and Sellers Avenue.)*

The Liberty Union High School District is at a standstill; DWD has sized its infrastructure to provide service to high school fourth high school site and has worked with the school district to possibly locate a third well on the high school site.

- *Status of DWD’s annexation of CSA M-28.*

DWD no longer operates the Willow Mobile Home Park CSA M-28 water system. The County contracts directly with Diversified Pump and Well Drilling for that service. (See previous discussion of the status of the County’s efforts to remedy this ongoing issue)

- *Impacts of LAFCO’s 2007 SOI update which removed areas outside the ULL.*

No impacts.

GOVERNMENT STRUCTURE ALTERNATIVES

DWD provides water service for the City of Oakley, communities on Bethel Island, and other unincorporated areas including the East Cypress Corridor Specific Plan area. Three government structure alternatives were identified:

Maintain the status quo

DWD is currently providing water services for residents and businesses within its boundaries. DWD is providing adequate service, maintains its infrastructure and is financially sound.

Expand the DWD’s sphere of influence to include the entirety of Bethel Island

DWD currently provides water services to certain communities within Bethel Island, including Delta Coves. Many homes on Bethel Island are served through private Mutual Water Companies. DWD appears to be the logical, long-term provider for water services to the entirety of Bethel Island and should be considered for inclusion in DWD’s SOI.

Expand DWD’s sphere of influence to include the Liberty Union High School District fourth high school site

DWD has indicated that the District has sized infrastructure to adequately provide services to the high school project when it is constructed, and has worked with the school district to potentially locate a third well on the high school site. Since DWD appears to be the logical, long-term water service provider to the proposed school site, consideration should be given to including the property within DWD’s SOI at this time.

LAFCO staff consulted with the Liberty Union High School District regarding fifth high school site (located east of Bixler Road, north of Kellogg Creek Road, and south of Highway 4 and the Town of Discovery Bay). District staff indicated that the project is over five years away and no environmental review has been initiated at this time. The fifth high school site will be reviewed as part of the next MSR cycle.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	DWD currently serves about 40,893 residents. Significant development is expected to occur within DWD’s boundaries over the next 20 years.
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WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	<p>According to the District’s Urban Water Management Plan (UWMP), DWD’s service population is projected to grow to 68,441 by year 2035.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>The entirety of Bethel Island has been identified as a DUC. Future consideration of a SOI or service boundary change in this area would first require a detailed evaluation of DWD’s capability to adequately serve these communities.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>The ongoing development of DWD’s local water supply through its two wells has resulted in a major upgrade of capacity. Along with the recent expansion of the RBWTP from 40 to 50 MGD, DWD’s capacity needs have been addressed for the foreseeable future. No other major infrastructure needs have been identified by the District at this time. The entirety of Bethel Island has been identified as a DUC. Future consideration of a SOI or service boundary change in this area would first require a detailed evaluation of DWD’s capability to adequately serve these communities.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>Overall, DWD’s financial status is relatively stable; however, DWD has been experiencing deficit spending recently due primarily to capital expenditures and debt service obligations. DWD reports that its largest debt service, for the RBWTP, was recently refinanced and will be paid off in seven years. DWD is also in the process of refinancing other long-term debt to realize savings. DWD utilizes a multi-year rate model to project revenue requirements to meet operational and capital requirements which includes modest annual rate adjustments, and is investigating the potential to implement a tiered rate schedule in the future. DWD maintains a very good reserve fund balance providing good capability to absorb short-term impacts, and its debt service to annual expenditure ratio is very good.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>DWD purchases untreated water from the Contra Costa Water District (CCWD) and the RBWTP, operated by the CCWD. As a regional water agency, DWD participates in conservation programs, staff training and regional water supply planning. A joint Regional Capacity and Efficiency Improvement Study is also currently underway with five other agencies to identify opportunities</p>

	for sharing of resources and facilities.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	DWD is governed by a five-member Board of Directors, elected at large by the voters within the district. The DWD website includes comprehensive information on the district, budget, public notices, meetings, capital improvement plans and community programs. DWD also publishes a newsletter three times a year. Three government structure options have been identified: (1) maintain the status quo, and (2) expand DWD’s SOI to include the entirety of Bethel Island to help plan for long-term water services to the Island, and (3) expand DWD’s SOI to include the Liberty Union High School District fourth high school site
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

RECOMMENDED SPHERE OF INFLUENCE

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	DWD’s service territory is predominantly residential in nature, but also includes commercial, institutional, and open space land uses. Significant residential development is expected to occur within DWD’s boundaries over the next 20 to 25 years, increasing the service area’s population from approximately 40,893 to over 68,441 in 2035.
<i>Present and probable need for public facilities and services in the area.</i>	DWD currently serves some communities on Bethel Island, including Delta Coves. Long-term expansion of water services to the entirety of Bethel Island should be considered by DWD.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The ongoing development of DWD local water supply through its two wells has resulted in a major upgrade of capacity. Along with the recent expansion of the RBWTP from 40 to 50 MGD, DWD’s capacity needs have been addressed for the foreseeable future. No other major infrastructure needs have been identified by DWD at this time.
<i>Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.</i>	None have been identified.

<i>Present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.</i>	The entirety of Bethel Island has been identified as a DUC. Future consideration of a SOI or service boundary change in this area would first require a detailed evaluation of DWD’s capability to adequately serve these communities. DWD is the logical water service provider to the proposed Liberty Union High School District fourth high school site.
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Recommended Sphere of Influence: Expand DWD’s SOI to include the entirety of Bethel Island and the Liberty Union High School District fourth high school site.

With respect to Bethel Island, the County Planning Department has indicated that under the “Policies for the Bethel Island Area” contained within the County General Plan Land Use Element, future development is strictly limited. The Planning Department has concluded that under the parameters of the General Plan, an expansion of DWD’s SOI to include Bethel Island would require an evaluation by LAFCO under the California Environmental Quality Act (CEQA).

DUBLIN SAN RAMON SERVICES DISTRICT – WATER/WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The Dublin San Ramon Services District (DSRSD) was formed in 1953. Originally named the Parks Community Services District, the name was changed to Valley Community Services District ten years later in 1963. The initial water system was constructed by the Volk-McClain Company which drilled wells for DSRSD along Dublin Boulevard. DSRSD originally supplied water to San Ramon until East Bay Municipal Utility District (EBMUD) took over water service in 1967. With additional development and an increasing demand for additional water sources, DSRSD entered an agreement with the Zone 7 Water Agency to acquire additional treated water supplies. DSRSD’s most recent agreement with Zone 7 is in effect until 2024. DSRSD’s Agency Profile is included as **Table IV-19** on Page 207.

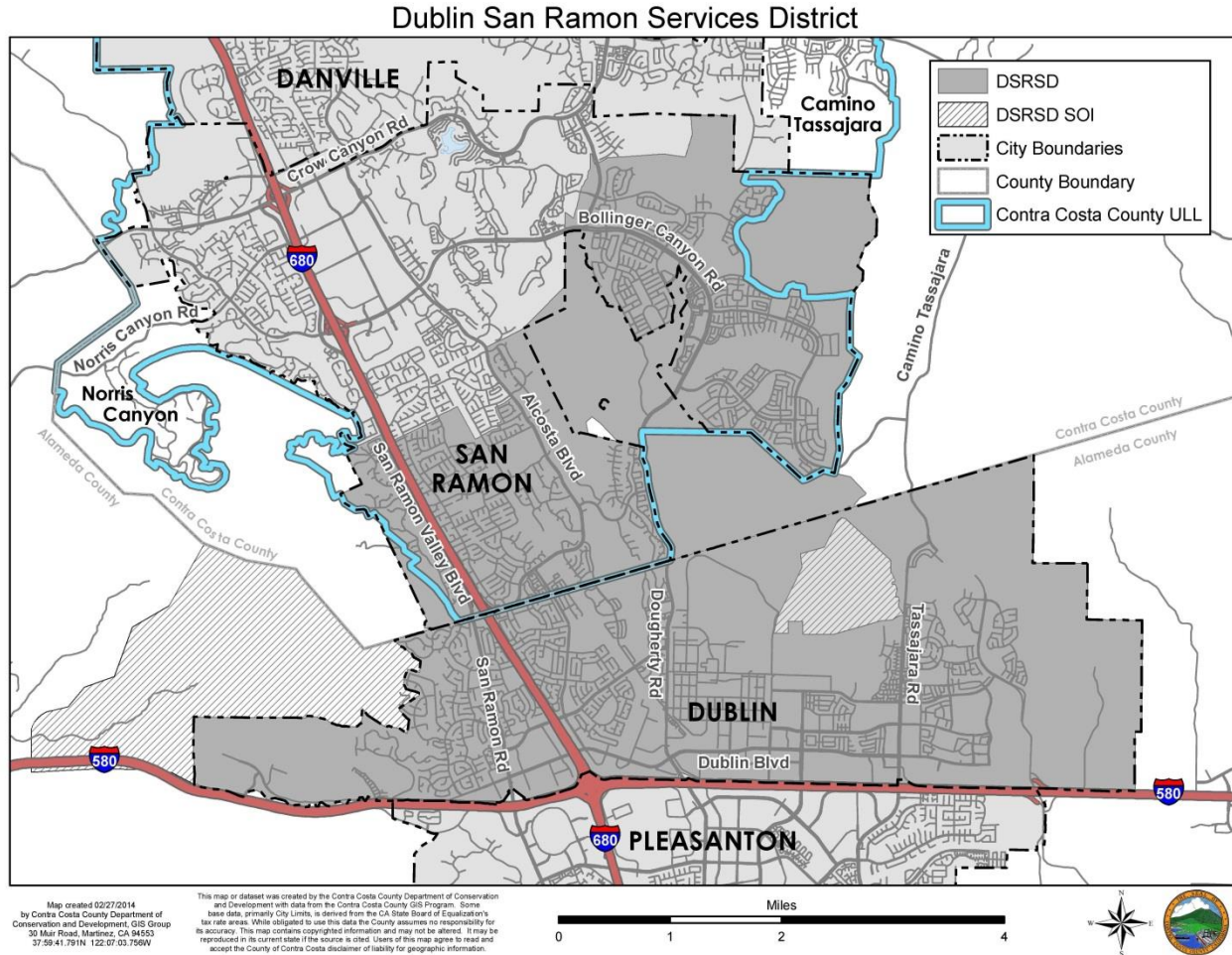
DSRSD’s service area is located in the East Bay’s Livermore-Amador Valley near the Interstate 580/680 interchange. The service area includes the original service area in Dublin and approved development in eastern Dublin, western Dublin and the Dougherty Valley area which is current undergoing development. DSRSD’s service area also includes the U.S. Army Reserve’s Parks Reserve Forces Training Area, the Federal Bureau of Prison’s Federal Correctional Institution at Dublin, and Alameda County’s Santa Rita Jail, all located within the City of Dublin. DSRSD provides both potable and recycled water to its customers. DSRSD’s service area extends into two counties – Alameda County and Contra Costa County. DSRSD’s “principal” county for LAFCO purposes is Alameda County.

In addition to water service, DSRSD provides wastewater collection and treatment services for the City of Dublin, the southern portion of San Ramon, the U.S. Army Reserve’s Parks Reserve Forces Training Area and the Santa Rita Jail. DSRSD also provides wastewater treatment outside its jurisdictional boundaries to the City of Pleasanton under contract. DSRSD’s 2011 Urban Water Management Plan (UWMP) projects DSRSD’s service population to increase by 50 percent to 103,117 by 2030, with the expected build out of the Dougherty Valley. These estimates do not include contract wastewater service for the City of Pleasanton. A map of DSRSD’s current boundary and sphere of influence (SOI) is shown in **Figure IV-19** on Page 208.

Table IV-19, Agency Profile – Dublin San Ramon Services District

General Information			
Agency Type	Community Services District		
Principal Act	Community Services District Law, Gov't Code 61000 et seq. and SB 135		
Date Formed	1953		
Water/Sewer Services	Water supply, recycling, sewer collection, treatment and disposal; within Contra Costa County, DSRSD provides wastewater collection/treatment to the southern portion of San Ramon and water/recycled water services to the Dougherty Valley area.		
Service Area			
Location	Multi-county district serving Alameda and Contra Costa counties, including Dublin, the Dougherty Valley, U.S. Army Reserves Forces Training Area (Camp Parks), Federal Correctional Institution at Dublin, and Alameda County's Santa Rita Jail. All located in Dublin		
Square Miles/Acres	27.4 square miles/17,536 acres		
Land Uses	Residential, commercial, industrial, open space/public use		
Population Served	144,485 - 8,042 wastewater customers in District, 60,570 water customers (17,411 potable water meters) and 70,285 wastewater customers served (by contract) in Pleasanton.		
Last SOI Update	Alameda LAFCO (District's principal LAFCO) adopted the 7/27/2006 SOI		
Water Infrastructure/Capacity			
Facilities	11 reservoirs, 2 recycled water reservoirs, shared capacity with Zone 7 (1 reservoir), 16 pump stations, 4 turnouts		
Storage Capacity	19 MG		
Primary Source	Zone 7 Water Agency		
Sewer Infrastructure/Capacity			
Facilities	Dublin-San Ramon Treatment Plant, District's share in the Livermore-Amador Valley Water Management Agency (LAVWMA), dechlorination facility, one pump station, 186.2 miles of sewer lines		
Treatment Plant Capacity (MGD)	17 MGD 3.5 MGD (recycled water)		
Primary Disposal Method	DSRD Treatment Plant (secondary treatment); majority of effluent transported to LAVWMA for dechlorination and disposal; up to 3.5 MGD receives tertiary treatment and used for landscape irrigation purposes		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$74,584,652	\$53,094,704	\$21,489,948
Combined Other Funds	Included Above	Included Above	N/A
All Funds	\$74,584,652	\$53,094,704	\$21,489,948
	FY 2013-14	Long Term Planned Expenditures	
Capital Expenditures	\$7,920,000	\$189.3 Million- 10 Year & beyond Projection	
Net Assets (Reserves)	\$119,742,073	June 30, 2013 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Stanley Kolodzie, (925) 875-2253		
Notes	Service population estimates from 1/16/12 District memo to CC LAFCO. Net Assets do not include Capital Assets		

Figure IV-19, Boundary/SOI Map – Dublin San Ramon Services District



DISTRICT OPERATIONS

DSRSD is a multi-county agency that serves portions of Alameda County and a portion of southern Contra Costa County. DSRSD partially overlaps the EBMUD service area. For water services, DSRSD serves the Dougherty Valley unincorporated San Ramon area with potable and recycled water, and through a cooperative agreement, supplies EBMUD with recycled water for serving their area in the south portion of Contra Costa County. DSRSD purchases treated water from the Zone 7 Water Agency and stores it in 11 reservoirs, operates 16 pump stations and 56 miles of recycled water pipelines. DSRSD completed an update to its UWMP in May 2011 including development of conservation program updates and plans for continued water shortage contingencies.

As for sewer operations, DSRSD serves the San Ramon area with a collection system of 186 miles of sewer mains and one pump station. Wastewater is treated at the Dublin-San Ramon Wastewater Treatment Plant in the City of Pleasanton (in Alameda County), a jointly funded facility with Livermore-Amador Valley Water Management Agency (LAVWMA). The system treats and distributes about 3.5 million gallons per day (MGD) of recycled water. In a separate agreement with EBMUD, recycled water is

also distributed to customers within the district. DSRSD has a comprehensive Capital Improvement Project (CIP) program for new and rehabilitation projects. The 2013-14 CIP funding is \$7.9 million.

DSRSD also participates in the Tri-Valley Utilities Coordination and Integration Study (Study) , which includes six agencies. The purpose of the Study is to explore opportunities for operational and support integration through establishment of a potential Joint Powers Authority. Recently, the agencies deferred taking action on proceeding with phase 2 of the Study.

Infrastructure Needs

DSRSD funds both water and sewer facilities from their respective enterprise funds derived from development fees and service rates and charges. DSRSD reports no deferred major projects, but some improvements have been delayed pending development that has been slow to proceed over the past five or more years.

Cooperative Programs

DSRSD covers a wide area in both Contra Costa and Alameda Counties. DSRSD coordinates cooperative programs with both EBMUD on recycled water development and with LAVWMA to treat and recycle water in the overall service area. DSRSD purchases water from the Zone 7 Water Agency and both agencies cooperatively implement conservation and demand management programs. DSRSD has also participated in regional recycle water program grant funding development, including the California Department of Water Resources and Bureau of Reclamation grants and loans.

Cost Avoidance Opportunities

DSRSD initiated an in-house Biosolids Harvesting Program saving the cost of continuing to use outside contractor resources. A SCADA (Supervisory Control and Data Acquisition) Master Plan has been prepared that will be implemented over the next ten years to provide improved operations and reduce risk of system overflows and stoppages as well as security of the infrastructure. DSRSD conducted a biannual assessment of facilities and CIP projects to select the most needed and cost-effective projects for implementation. By constructing facilities on an as-needed basis, funds are maintained for longer terms in the event of immediate or unforeseen infrastructure needs.

DISTRICT FINANCIAL OVERVIEW

DSRSD operates its water and wastewater services as enterprise type activities, with its primary revenue sources being service charges and fees. Overall, DSRSD's financial status is very stable. DSRSD maintains an aggressive long-term CIP and maintains sufficient revenue generation for funding projects. DSRSD maintains a very good reserve fund balance providing good capability to absorb short-term impacts, and although its debt service to annual expenditure ratio is moderately high, its significant reserve balances alleviate any concern regarding debt service obligations.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of DSRSD's water and wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

DSRSD overall has been experiencing balanced budgets with significant annual surpluses. DSRSD maintains significant amounts of reserve fund balance in its water and wastewater funds, more than sufficient to absorb short-term and minor long-term downturn in revenues.

Ratios of Revenue Sources

DSRSD receives approximately 89% of its revenues from charges and fees for services, none from property taxes, and 11% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. DSRSD currently reflects an overall fund balance ratio for all funds of approximately 226% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of DSRSD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. DSRSD's annual debt service ratio to total expenditures is approximately 21%, a moderately high ratio.

Capital Improvement Program

DSRSD has developed and implemented an aggressive and comprehensive CIP for its water and wastewater infrastructure improvements. Its current 10-Year and beyond CIP identifies approximately \$189.3 million in capital improvement expenditures. The DSRSD budget for FY 13/14 includes approximately \$7.9 million in capital project expenditures.

Rate Structure

DSRSD's local and regional sewer service rate structure reflects a fixed rate charge to its residential customers and a consumption based charge based on water usage for its commercial and industrial customers. The current annual combined local and regional sewer rate for a single family residence is \$362.52. Regional sewer rates were increased in 2011, with annual increases allowed through 2016 based on the annual change in the Consumer Price Index (CPI).

Water rates are based on a combination fixed rate and tiered consumption rate system. Rate adjustments were adopted in 2013 based on a 2012 rate study. Annual CPI increases are allowed beginning in 2014. DSRSD also charges various permit fees and capacity reserve fees for funding infrastructure improvements. DSRSD maintains rate stabilization funds for both water and local sewer to minimize rate increase impacts on customers.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the DSRSD SOI.

GOVERNMENT STRUCTURE ALTERNATIVES

Alameda County LAFCO is the principal LAFCO for DSRSD and is legally responsible for determining DSRSD SOI in both Alameda and Contra Costa counties. However, both LAFCOs work cooperatively in evaluating the future service needs of the DSRSD's entire service population and in evaluating DSRSD's SOI. Within Contra Costa County, DSRSD's boundary is currently coterminous with its SOI. No

modifications to the District’s current SOI within Contra Costa County are recommended for Alameda LAFCO’s consideration at this time. In addition, no alternative governance structure options have been identified for DSRSD for CC LAFCO within Contra Costa County.

However, it should be noted that DSRSD, EBMUD and Central Contra Costa Sanitary District appear to have overlapping boundaries in an area located in the southern part of the County and identified in **Figure IV-19A** below. Further study by the affected districts, CC LAFCO and Alameda LAFCO may be warranted to identify opportunities to simplify water and wastewater service delivery in this location.

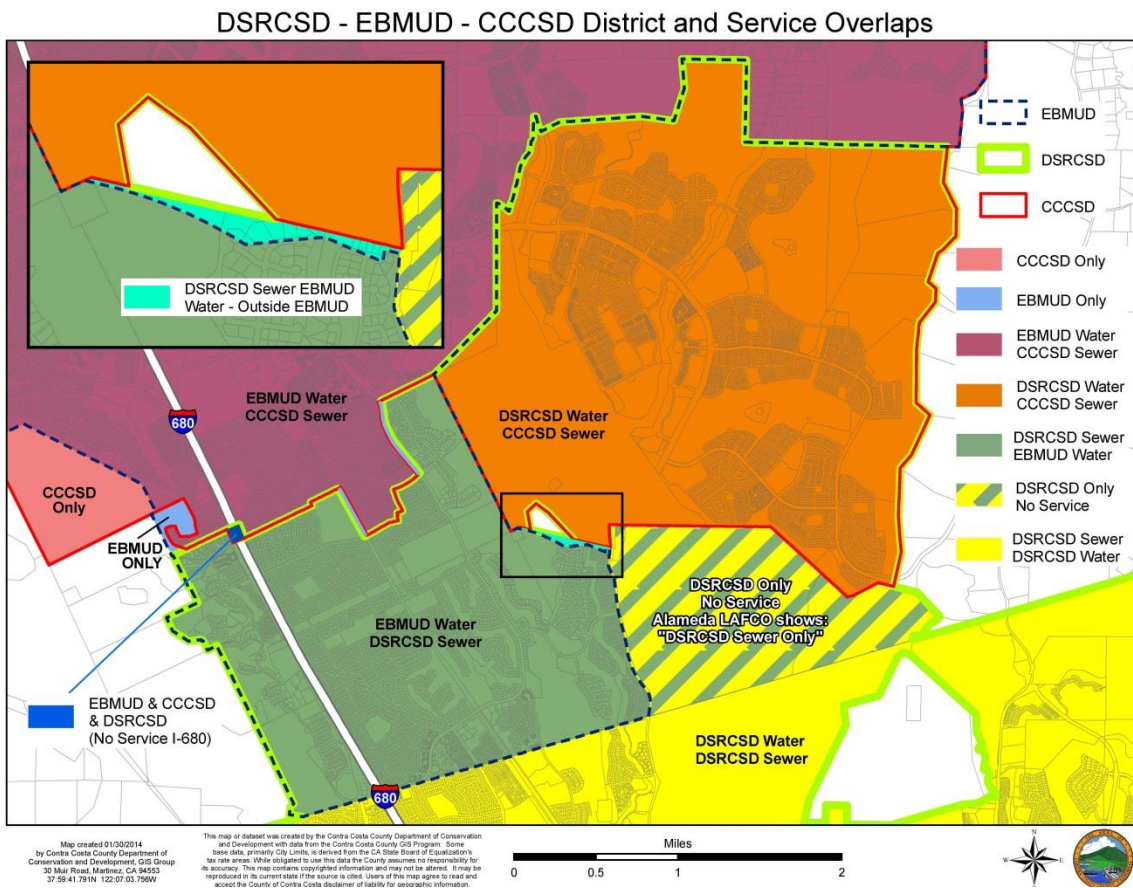
RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

DSRSD’s “principal” county for LAFCO purposes is Alameda County. No Municipal Service Review determinations are included in this report.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

DSRSD’s “principal” county for LAFCO purposes is Alameda County. No SOI determinations are included in this report.

Figure IV-19A, Overlapping Boundary – EBMUD, CCCSD & DSRSD



EAST BAY MUNICIPAL UTILITY DISTRICT – WATER/WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The East Bay Municipal Utility District (EBMUD) provides wholesale water, retail water, wastewater collection and wastewater treatment services for an area of approximately 331 square miles in Contra Costa and Alameda Counties. EBMUD provides potable water to a population of approximately 1.3 million people within the two-county service area, and wastewater treatment to approximately 650,000 residential customers and 20,000 businesses and industrial users. A map of EBMUD’s current boundary and sphere of influence (SOI) is shown in **Figure IV-20** on Page 214.

EBMUD’s “principal county” for purposes of LAFCO is Alameda County. EBMUD was reviewed in *Alameda County MSR Volume II – Utility Services*, adopted in November 2005. Alameda LAFCO is currently preparing an update to the 2005 MSR. Information regarding EBMUD is included in this report for discussion purposes only. No MSR determinations are included in this report for EBMUD.

EBMUD has its origins as a private water company which was formed to provide water to the newly incorporated City of Oakland in 1866. The company, known as the Contra Costa Water Company, completed its first major project in 1870 with the San Leandro Reservoir. By 1910, the East Bay area was experiencing a dramatic jump in population - the result of the 1906 San Francisco earthquake and the settlement of approximately 50,000 earthquake refugees from the San Francisco area. In 1916, the Contra Costa Water Company incorporated into the East Bay Water Company. Following World War I, several laws were enacted regarding provision of municipal services to California’s growing population, including the Municipal Utility District Act which passed in 1921. In 1923, EBMUD was formed, and in 1928, EBMUD purchased the East Bay Water Company.

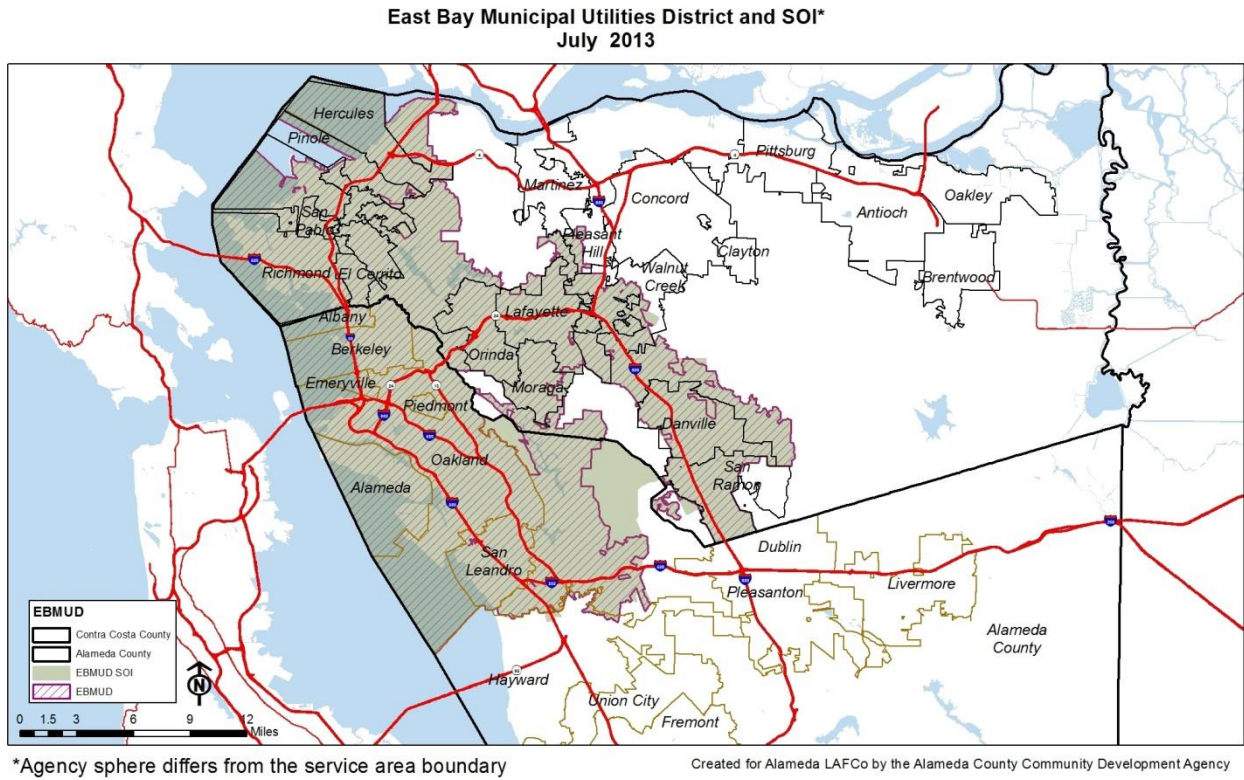
Rapid growth continued in the East Bay area. In 1929, EBMUD completed construction of the Pardee Dam on the Mokelumne River and the Mokelumne Aqueduct. This was the first major step in the Mokelumne River becoming 90 percent of EBMUD’s current water supply. In 1944, EBMUD added wastewater collection to its services with the formation of Special District No. 1 (SD-1). Wastewater treatment services were added in 1951 with the opening of the regional wastewater treatment facility. SD-1 provides service within Alameda and Contra Costa Counties, with a service area of approximately 88 square miles.

Within the County alone, EBMUD currently provides water service over a 146 square mile service area to an estimated 477,212 residents. According to EBMUD studies, within the district’s established boundaries, growth in water demand is projected to be less than one percent per year through year 2040. EBMUD’s studies indicate that the future need for additional water can be met through water savings from aggressive conservation and water recycling in normal years. EBMUD provides a smaller population within the County with wastewater services. The wastewater service area population comprises approximately 28,107 customers located in the City of El Cerrito, the unincorporated community of Kensington and a portion of the City of Richmond. EBMUD’s Agency Profile is included as **Table IV-20** on Page 213.

Table IV-20, Agency Profile – East Bay Municipal Utility District

General Information			
Agency Type	Municipal Utility District		
Principal Act	Municipal Utility District Act, Public Utilities Code Section 11501 et. seq.		
Date Formed	1923		
Water/Sewer Services	Wholesale water, retail water, recycled water, wastewater collection and wastewater treatment		
Service Area			
Location	Parts of Contra Costa and Alameda Counties		
Acres	331 square miles (Contra Costa and Alameda Counties) 146 square miles (Contra Costa County only)		
Land Uses	Residential, commercial, industrial, institutional, agricultural/irrigation		
Population Served	Water: 1.3 million (Contra Costa and Alameda Counties) 477,212 (Contra Costa County) Wastewater: 650,000 (Contra Costa and Alameda Counties) 28,107 (Contra Costa County)		
Last SOI Update	Alameda County LAFCO (District's principal LAFCO) adopted the 1/2006 SOI.		
Water Infrastructure/Capacity			
Facilities	6 water treatment plants; 2 water storage reservoirs; 5 terminal reservoirs; 91 miles of transmission aqueducts; 4,100 miles of water mains; 140 pumping plants; 170 neighborhood reservoirs		
Storage Capacity	375 MGD		
Primary Source of Supply	Mokelumne River watershed		
Sewer Infrastructure/Capacity			
Facilities	Regional wastewater treatment facility; three wet weather facilities; 15 pumping plants; 29 miles of wastewater interceptor sewer lines		
Treatment Plant Capacity (MGD)	Dry Weather- 120 MGD permitted capacity Wet Weather- 320 MGD (maximum)		
Primary Disposal Method	EBMUD Main Wastewater Treatment Plant (primary and secondary treatment); treated effluent discharged through an outfall into San Francisco Bay		
Budget Information- FY 2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$760,200,000	\$297,723,000	\$462,477,000
Combined Other Funds	Included Above	\$415,844,000	(\$415,844,000)
All Funds	\$760,200,000	\$713,567,000	\$46,633,000
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$234,700,000	\$1.3 Billion- 5 Year Projection	
Net Assets (Reserves)	\$597,190,000	June 30, 2013 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (7 members elected by ward)		
Agency Contact	Andrew Lee, (510) 287-1182		
Notes			
Net Assets do not include Capital Assets			

Figure IV-20, Boundary/SOI Map – East Bay Municipal Utility District



DISTRICT OPERATIONS

EBMUD serves a large portion of the west portion of the County as well as Alameda County. It serves portions of its area for wholesale and retail water, in selected areas, and wastewater in several overlapping areas. Water supply is received from the Mokelumne River Watershed of the Sierra Nevada Mountains and supplied by an aqueduct to EBMUD’s system of two water storage reservoirs, six water treatment plants and 4,100 miles of transmission/distribution pipelines. A network of pump stations supply water to a system of 170 neighborhood reservoirs for both untreated and treated water service.

EBMUD routes wastewater through 29 miles of interceptor sewer pipe from seven satellite collection systems to the Main Wastewater Treatment Plant in Oakland for treatment. Treated effluent is discharged more than one mile offshore into the San Francisco Bay. A portion of the treated effluent is also utilized for recycled water supply within EBMUD and other water agencies’ recycled water programs. EBMUD maintains an aggressive Capital Improvement Program (CIP) for expansion and rehabilitation of its infrastructure with over \$234 million budgeted in 2013-2014.

Infrastructure Needs

EBMUD has a comprehensive asset management plan that provides information on repair and rehabilitation needs on an ongoing basis of age and condition. The 5-Year CIP of over \$1.3 billion includes upgrades and replacement projects for both water and wastewater facilities.

Cooperative Programs

EBMUD participates in several regional water and wastewater programs with the cities and special districts that overlap its service area, including development of regional potable water treatment, recycling projects, water conservation and public awareness programs and pollution prevention efforts to protect the waterways adjoining the Contra Costa and Alameda County region.

Cost Avoidance Opportunities

EBMUD participates in regional purchasing programs for treatment chemicals and equipment, and provides specialized maintenance and inspection services for several agencies. These programs assist in reducing overhead costs and provide staff efficiencies to all utilizing agencies. EBMUD also has developed several jointly funded recycled water projects (supplemented through grant funding from state and federal agencies) with other agencies.

DISTRICT FINANCIAL OVERVIEW

EBMUD operates its water and wastewater services as enterprise type activities, with its primary revenue sources being service charges and fees. Overall, EBMUD's financial status is very stable. EBMUD maintains an aggressive long-term capital improvement program and maintains sufficient revenue generation for funding projects. EBMUD maintains a very good reserve fund balance providing good capability to absorb short term impacts. Although its debt service to annual expenditure ratio is moderately high, its significant reserve balances alleviates any concern regarding debt service obligations. EBMUD recently adopted rate increases for FY 13/14 and FY 14/15.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of EBMUD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

EBMUD overall has been experiencing balanced budgets with significant annual surpluses. EBMUD maintains significant amounts of reserve fund balances, more than sufficient to absorb short term and minor long term downturn in revenues.

Ratios of Revenue Sources

EBMUD receives approximately 61% of its revenues from charges and fees for services, 4% from property taxes, 23% from capital bond financing, and 12% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax. The bond financing proceeds are utilized for appropriate capital projects.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. EBMUD currently reflects an overall fund balance ratio for all funds of approximately 84% of annual expenditures, a good positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of EBMUD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would

reflect a very stable ratio. EBMUD's annual debt service ratio to total expenditures is approximately 24%, a moderately high ratio.

Capital Improvement Program

EBMUD has developed and implemented an aggressive and comprehensive CIP for its water and wastewater infrastructure improvements. Its current 5-Year CIP identifies approximately \$1.3 billion in capital improvement expenditures. The district budget for FY 13/14 includes approximately \$234.7 million in capital project expenditures.

Rate Structure

EBMUD's water service rate structure reflects a combined fixed rate and consumption based tiered charge to its customers. The current meter charge rate is \$14.67-\$2,087 per month depending on meter size, and \$2.66-\$4.04 per 100 cubic feet of tiered usage. Other surcharges are also applied. EBMUD's wastewater service rate structure reflects a fixed rate for residential customers and combined fixed rate and consumption based rates to non-residential customers. The current residential rate is \$20.73 per month for single family residences and \$34.88-\$63.18 for multi-family residential units depending on the size of units. Non-residential rates are \$12.06 per month plus consumption based rates that vary from \$1.04-\$11.97 per month for every 100 cubic feet of flow.

EBMUD reports that new rate increases were approved in June of 2013. Water rates were increased by 9.75% for FY 13/14 and 9.5% for FY 14/15. EBMUD estimates that the typical district water customer who averages 246 gallons daily will see an increase of \$3.96 more each month in FY 13/14 and \$4.19 more monthly in FY 14/15. Wastewater rates were increase by 9% in FY 13/14 and 8.5% in FY 14/15. The District estimates this increase to the average wastewater customer of slightly more than \$1 per month each year.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, EBMUD service boundary or SOI.

GOVERNMENT STRUCTURE ALTERNATIVES

EBMUD's SOI (on the Contra Costa County side) is currently coterminous with EBMUD's boundary. No alternative government structure alternatives have been identified for EBMUD.

However, EBMUD, the Dublin San Ramon Services District (DSRSD) and the Central Contra Costa Sanitary District (CCCSD) appear to have overlapping boundaries in an area located in the southern portion of the County and identified in **Figure IV-20A** on Page 217. Further study by the affected districts, CC LAFCO and Alameda LAFCO may be warranted to identify opportunities to simplify water and wastewater service delivery in this location.

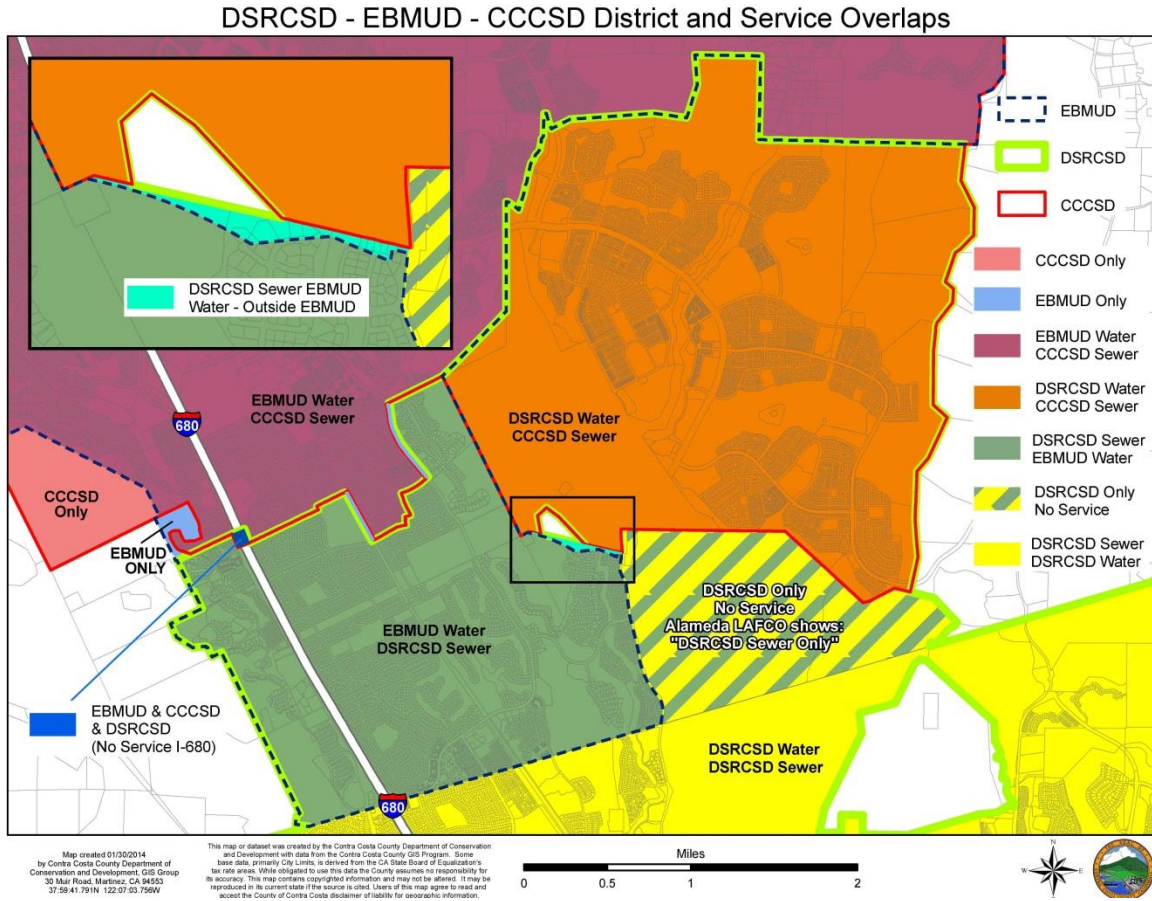
RECOMMENDED MUNICIPAL SERVICE REVIEW (MSR) DETERMINATIONS

Alameda County is considered the principal LAFCO for EBMUD and provided written MSR determinations and recommendations as part of *the Alameda LAFCO MSR Volume II – Utility Services* (November 2005). No MSR determinations are included in this report.

RECOMMENDED SPHERE OF INFLUENCE (SOI)

Alameda County is considered the principal LAFCO for EBMUD and provided written SOI determinations and recommendations as part of *the Alameda LAFCO MSR Volume II – Utility Services* (November 2005). No SOI determinations are included in this report.

Figure IV-20A, Overlapping Boundary – EBMUD, CCCSD & DSRSD



EAST CONTRA COSTA IRRIGATION DISTRICT – WATER SERVICES

OVERVIEW/BACKGROUND

The East Contra Costa Irrigation District (ECCID) is an independent special district established in 1926 under the Irrigation District Law (California Water Code Section 20500 et seq.). ECCID supplies irrigation water for agricultural, landscape and recreational uses as well as raw water for treatment and delivery to urban areas. In 1981, ECCID entered into an agreement with the Department of Water Resources (DWR) which guarantees a certain quantity and quality of water from Indian Slough. The annual payment to DWR is \$38,145.

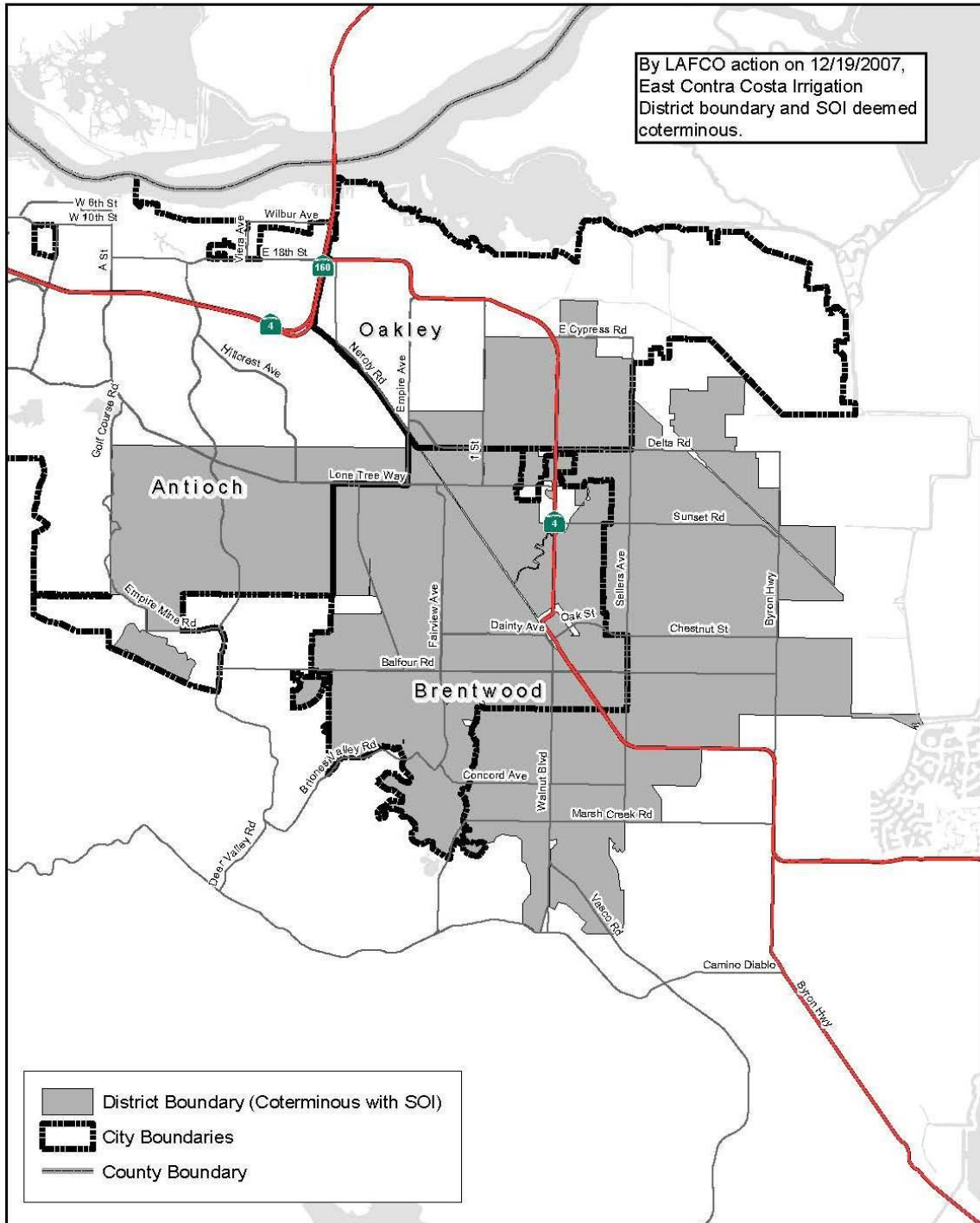
ECCID's boundaries include the City of Brentwood, the unincorporated community of Knightsen, portions of the Cities of Oakley and Antioch, and unincorporated areas south and east of Brentwood. ECCID's service area is approximately 40 square miles (25,600 acres). Currently, ECCID's sphere of influence is coterminous with the ECCID boundary. A map of ECCID's current boundary and sphere of influence (SOI) is shown in **Figure IV-21** on Page 220. ECCID's Agency Profile is included as **Table IV-21** on Page 219.

Table IV-21, Agency Profile – East Contra Costa Irrigation District

General Information			
Agency Type	Independent Special District		
Principal Act	Irrigation District Law (California Water Code Section 20500 et. seq.		
Date Formed	1926		
Services	Supplies irrigation water for agricultural, landscape and recreational uses and raw water for treatment and delivery to urban areas.		
Service Area			
Location	City of Brentwood, portions of Cities of Oakley and Antioch, the Knightsen area, and portions of the County located south and east of the City of Brentwood		
Sq. Miles/Acres	40 square miles/25,600 acres		
Land Uses	Agricultural and recreational (golf courses); various urban uses		
Population Served	75,419 (approximately) within District service area; 8,000 irrigated acres; 230 agricultural connections; 10 non-agricultural connections (includes City connections of untreated water)		
Last SOI Update	April 2008		
Infrastructure/Capacity			
Facilities	18 miles of concrete lined canals; 60 miles of pipeline; 7 main pump stations and 37 distribution pumps; 6 sub-surface tile drain pumps; 8 distribution lift pumps; 9 wells		
Storage Capacity	N/A		
Primary Source of Supply	District diverts water from Indian Slough on Old River (1912 appropriative right)		
Budget Information- FY 2013 (Fiscal Year is Calendar Year)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$3,028,920	\$2,937,379	91,541
Combined Other Funds	\$704,150	\$198,404	\$505,746
All Funds	\$3,733,070	\$3,135,783	\$597,746
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$700,000	N/A- Determined annually	
Net Assets (Reserves)	\$6,066,395	Dec 31, 2013 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Patricia Corey, (925) 634-3544		
Notes			
Net Assets do not include Capital Assets			

Figure IV-21, Boundary/SOI Map – East Contra Costa Irrigation District

East Contra Costa Irrigation District and Sphere of Influence



Map created 7/12/2009
 by Contra Costa County Community Development & GIS Group
 651 Pike Street, 6th Floor North Wing, Martinez, CA 94553-0066
 37.59.48.485N 122.06.35.354W

This map was created by the Contra Costa County Community Development Department with data from the Contra Costa County GIS Program. Some data is primarily City data, it is derived from the City-County Board of Supervisors for the same areas. While we do request that the City address us as responsible for its accuracy, the map-makers copyright and liability are hereby notified. It may be reproduced in its entire or part. The County is not liable for any errors or omissions. The County of Contra Costa disclaims all liability for geographic information.

0 0.5 1 2 Miles

DISTRICT OPERATIONS

Water Operations

ECCID is an irrigation district that supplies rural agricultural customers in the Contra Costa Water District (CCWD) and City of Brentwood areas. ECCID delivers non-potable water through a system of canals and pipelines and has no treatment facilities. ECCID is working with agricultural customers to increase measurement systems for water purchases and to improve water conservation. The number of participating accounts has increased by 17% (currently ECCID has approximately 150 accounts) over the past five years. ECCID also provides wholesale water deliveries to the CCWD and the City of Brentwood, which has its own potable water treatment plant.

Infrastructure Needs

ECCID budgets annually for capital project and repair needs and averages about \$700,000 per year in major repairs and upgrades on an as needed basis. No major needs or deficiencies were identified in the review or information submittal. A five-year or longer capital improvement program should be developed for planning purposes for the future.

Cooperative Programs

ECCID cooperates with other local water agencies in staff training and water conservation planning. The connection and sale of untreated water to the City of Brentwood provides some economic benefit by recovering administrative and overhead expenses.

Cost Avoidance Opportunities

ECCID is an irrigation district serving rural and non-potable customers rather than smaller potable customers. There is the potential for a functional or full consolidation with the Byron-Bethany Irrigation District if studies demonstrate a cost benefit impact from such proposed reorganizations.

DISTRICT FINANCIAL OVERVIEW

ECCID operates as an enterprise type activity, with its primary revenue source being property tax and service charges and fees. ECCID's fiscal year is calendar year based. Overall, ECCID's financial status is relatively stable as operations expenditures are fully met by revenues received. However, ECCID reports that over the last several years, the decline in property tax revenue and investment earnings significantly impacted ECCID's overall revenues. As a result, ECCID took proactive actions to pay off its pension unfunded liability obligations, and other measures to absorb the impact without increasing rates. Any future significant reduction in property tax revenue may require reduction of expenditures, or rate increases. ECCID does maintain a substantial reserve fund balance and has no debt. As a result, the ECCID does have the ability to absorb short term impacts.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of ECCID's water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

ECCID overall has been experiencing balanced budgets for operations over the last several years, generating annual budget surpluses. Overall, sufficient revenue is collected to support operational and maintenance expenditures. However, a substantial portion of ECCID's revenues are derived from property tax. Any negative economic impact on ECCID's property tax could have impact on ECCID's operational budget, necessitating potential expenditure reductions or rate increases. ECCID reports that

capital projects are funded from outside water sales to CCWD and the City of Brentwood, therefore would not be impacted by negative impacts on property tax revenue.

Ratios of Revenue Sources

ECCID receives approximately 35% of its revenues from charges and fees for services, 61% of revenue from property taxes and 4% from miscellaneous other sources. This ratio reflects a significant imbalance for a typical enterprise type service, and subjects ECCID to a potential significant impact that negative economic factors will have on more elastic revenues such as property tax. ECCID maintains sufficient reserves for short term impacts, however, any long term negative impact on property tax revenues may require significant rate increases to maintain operational and capital expenditure levels.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. ECCID currently reflects an overall fund balance ratio for all funds of approximately 141% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

ECCID has no debt; therefore, there is no ratio to assess. ECCID relies solely on service charges and fees, and property tax, to fund capital improvements and all operational expenditures.

Capital Improvement Program

ECCID does not have a long range capital improvement program. ECCID reports that it maintains a list of projects requiring capital investments, than makes decisions concerning improvements on an annual basis. The FY 2013 budget included \$725,000 for pipeline, pump station and major repair projects. A long term capital improvement program should be developed to ensure appropriate planning for major maintenance needs.

Rate Structure

ECCID's service rate structure reflects consumption based and standby charge fixed rate for its customer connections. ECCID reports that there has been no rate increases over the last five years, and does not anticipate any increases in the near future. However, as identified above, any future sustained negative impacts on property tax revenue may result in a necessity to enact rate increases in order to maintain service levels and capital improvement expenditure for infrastructure maintenance.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, ECCID's SOI.

STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

The 2007 CC LAFCO MSR identified a number of issues and recommendations with respect to ECCID. The section below provides an update, based on information provided by ECCID, identifying how those issues have been addressed since 2007 MSR.

- *District efforts to address growth and service issues since 2007.*

The demand for water has not exceeded ECCID's capacity to serve.

- *Changes to the existing water service agreements with Contra Costa Water District and the City of Brentwood.*

No changes have been made to the existing water service agreements with Contra Costa Water District and the City of Brentwood.

- *The number of measured agricultural accounts.*

In 2007, approximately 50% of the agricultural accounts were measured. Over the past five years, that number has increased to approximately 67%. The Board continues to provide funding for this effort.

- *Status of a District CIP or Master Plan.*

ECCID does not have a long-range capital improvements program or a formal system master plan. ECCID maintains an ongoing list of projects requiring capital investment and annually identifies capital projects that will improve the system and maintain its reliable service to its customers.

- *Status of District reserves.*

ECCID continues to maintain three reserve funds totaling \$900,000 at the end of 2012.

- *Status of long-term debt calculations.*

ECCID is free of any short or long-term debt.

- *Clarify statement that ECCID "has no water purchase costs."*

In 1981, ECCID entered into an agreement with the Department of Water Resources (DWR) which guarantees a certain quantity and quality of water from Indian Slough. The annual payment to DWR is \$38,145.

- *The number of flood or furrow irrigated fields.*

In 2007, there were 162 flood or furrow-irrigated fields and approximately 72 drip or sprinkler-irrigated fields. In 2014, there are approximately 60 flood or furrow-irrigated fields and 181 fields utilizing a drip or sprinkler irrigation system.

- *Partnering efforts with other agencies on conservation efforts.*

While ECCID has not partnered with any other agency on conservation efforts, the customers of ECCID are increasingly incorporating current conservation technology.

- *Status of agency's website.*

ECCID’s website is currently under construction and will go live in the Spring of 2014.

- *Anticipated changes to service area.*

ECCID does not anticipate expanding its service area over the next five years.

GOVERNMENT STRUCTURE ALTERNATIVES

Two government structure options have been identified:

Maintain the Status Quo:

ECCID has a system of canals, ditches and pipelines to deliver both surface water and groundwater to agricultural properties. ECCID also provides irrigation water for landscape and recreation uses, which serves as a cost effective alternative to water that could be purchased from other agencies. ECCID is fiscally sound, invests in its infrastructure and provides exceptional service to its customers.

Consolidate with Bethany Byron Irrigation District:

The Byron-Bethany Irrigation District’s (BBID) northern boundary is contiguous to the southeastern boundary of ECCID. BBID lies within Contra Costa, Alameda and San Joaquin Counties, with the majority of its service area in San Joaquin County. The two districts provide similar service for both agricultural and urban lands. The benefits of consolidation may include cost reductions related to board expenses, operation overhead and election costs. Additional study would be required to determine the financial and operation feasibility of consolidation.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	Most of ECCID’s irrigated land is located within the City of Brentwood’s Agricultural Conservation Area and the County’s Agricultural Core Area. The number of customers is expected to remain stable. No significant growth is anticipated with the District’s service area.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no DUCs located within, or contiguous to, ECCID’s sphere of influence.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	ECCID budgets annually for capital project and repair needs and averages about \$700,000 per year in major repairs and upgrades on an as needed basis. No major needs or deficiencies were identified in the review or information submittal. A five-year or longer capital improvement program should be developed for planning purposes for the future. There are no DUCs located within, or contiguous

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	to, ECCID's sphere of influence.
<i>Financial ability of agencies to provide services.</i>	Overall, ECCID's financial status is relatively stable as operations expenditures are fully met by revenues received. However, ECCID reports that over the last several years, the decline in property tax revenue and investment earnings significantly impacted ECCID's overall revenues. ECCID took proactive actions to pay off its pension obligations, and other measures to absorb the impact without increasing rates. Any future significant reduction in property tax revenue may require reduction in expenditures or rate increases.
<i>Status of, and opportunities for, shared facilities.</i>	ECCID cooperates with other local water agencies in staff training and water conservation planning. The connection and sale of untreated water to the City of Brentwood provides some economic benefit by recovering administrative and overhead expenses.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	<p>ECCID is governed by a locally elected Board of Directors elected by the voters with each of the district's five divisions. ECCID meetings are open to the public, and meeting notices, agendas and supporting documentation are posted at least 72 hours in advance at the district office. ECCID does not have a website, also noted in the 2007 MSR, and therefore lacks an important informational tool for its customers and the public. ECCID has stated that an agency website is under construction and will be operational by Spring 2014.</p> <p>Two government structure options have been identified: (1) maintain the status quo, and (2) consolidation with the Byron Bethany Irrigation District (BBID). Consolidation of ECCID and BBID brings the potential of joining two adjacent districts providing similar services together. Further analysis through a focused MSR or other study, however, would be necessary to determine the fiscal and operational viability of this government structural option.</p>
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

Recommended Sphere of Influence: Reconfirm current determinations and current conterminous SOI for ECCID.

GOLDEN STATE WATER COMPANY – WATER SERVICE

OVERVIEW/BACKGROUND

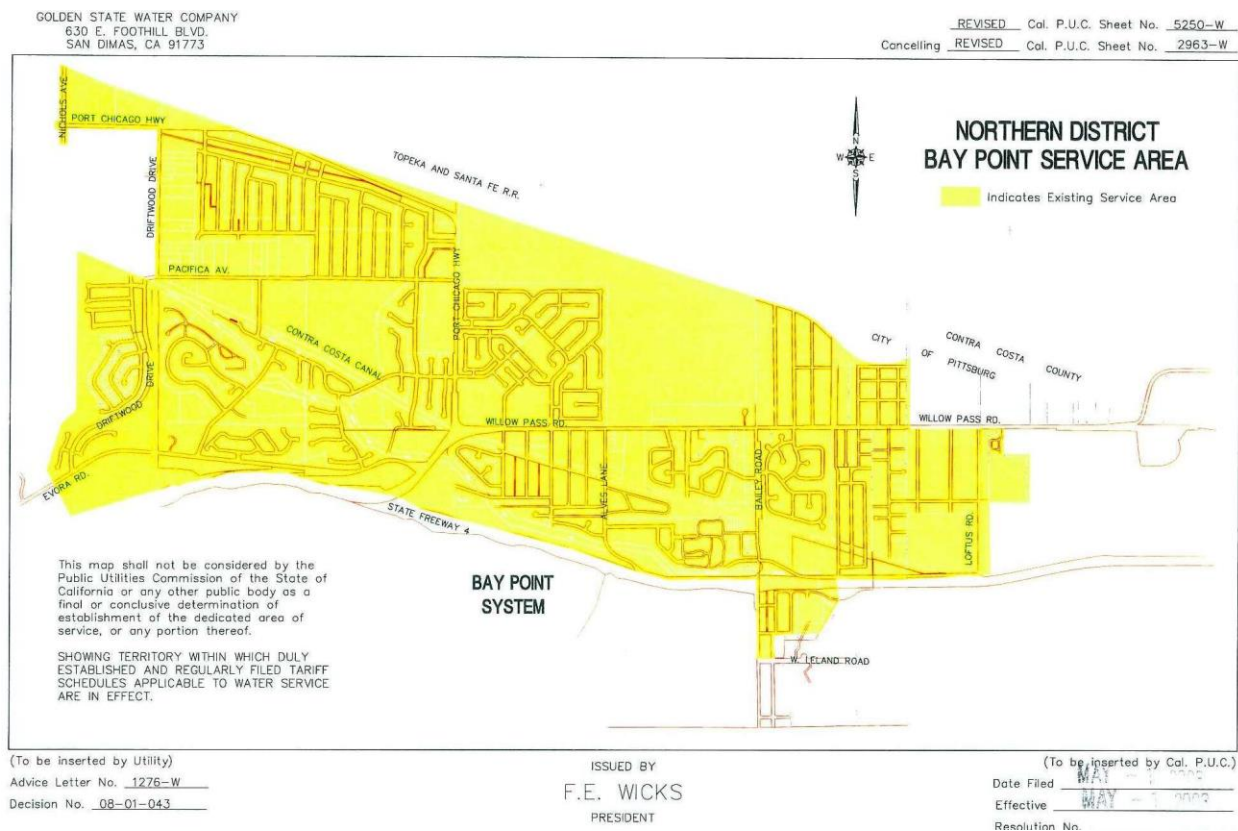
Golden State Water Company (GSWC) is an investor-owned, public utility company regulated by the California Public Utilities Commission (CPUC). GSWC owns and operates 38 water systems throughout 75 cities and 10 counties in California. The Bay Point System serves the unincorporated community of Bay Point which is located between the City of Pittsburg, the City of Concord, and the U.S. Naval Station, Port Chicago. Because GSWC is regulated by the CPUC, Contra Costa LAFCO has no authority over its boundaries or operations. A summary of GSWC's operations and finances is included here for information purposes only. A map of the GSWC's current boundary for the Bay Point System is shown in **Figure IV-22** on Page 228.

GSWC has been serving the Bay Point community since 1968. The area's current population is approximately 23,276. The service area for Bay Point is 7.4 square miles and is characterized by a mixture of residential and commercial land uses. According to the Bay Point Urban Water Management Plan, the current service population (22,276) is projected to grow to 25,804 by 2030, an increase of 11 percent over the 20-year projection period. The GSWC Agency Profile is included as **Table IV-22** on Page 227.

Table IV-22, Agency Profile – Golden State Water Company

General Information			
Agency Type	Investor-Owned Public Utility (regulated by the California Public Utilities Commission)		
Principal Act	N/A		
Date Formed	1928 (serving Bay Point area since 1968)		
Services	Water treatment and distribution		
Service Area			
Location	Bay Point community (located between the City of Pittsburg, the City of Concord and the U.S. Naval Station)		
Square Miles/Acres	7.4 square miles/4,736 acres		
Land Uses	Residential and commercial		
Population Served	23,276 (est.)		
Last SOI Update	N/A – not under purview of LAFCO		
Infrastructure/Capacity			
Facilities	3 wells; 8.8% Partnership Share in Randall-Bold WTP		
Storage Capacity	3 MG		
Primary Source of Supply	Local groundwater (6- 8% of supply) and water purchased from the Contra Costa Water District (92-94% of supply)		
Budget Information- FY 2013 (Fiscal Year is Calendar Year)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating Fund	\$5,878,500	\$4,976,300	\$902,200
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$1,252,338	\$972,815 FY 2014 Projection	
Governance			
Governing Body	Public Utilities Commission (5 commissioners appointed by the Governor)		
Agency Contact	Paul T, Schubert, (916) 853-3636		
Notes			
Net Assets do not include Capital Assets			

Figure IV-22, Boundary/SOI Map – Golden State Water Company- Bay Point



WATER OPERATIONS

GSWC is a private, investor-owned water utility that serves many areas in the State of California. The operations, rates and charges are regulated by the California Public Utilities Commission (CPUC). The area served in the County is the Bay Point Community of approximately 7.4 square miles near the cities of Pittsburg and Concord. The area water supply is a combination of purchased imported water from the Contra Costa Water District (CCWD) and local groundwater supply from three wells providing about 10% of the supply. GSWC prepared and submitted a 2010 Urban Water Master Plan Update (UWMP). Based on revenues regulated by the CPUC, GSWC establishes its operating and capital budget for system replacements and capital improvements as described later in this report. GSWC also participates in several customer education and water conservation programs as well as preparation of a customer newsletter and annual report.

Infrastructure Needs

The 2010 UWMP documents that the Bay Point Community area system is well maintained with repairs and facility replacements funded by the rates and charges for water service. The supply from CCWD was improved two years ago by installation of a new pipeline connection. No deficiencies in the system were identified.

Cooperative Programs

GSWC cooperates with the CCWD on water conservation and public awareness programs to reduce water demand as required by State law. Joint training is also conducted for both technical and operator personnel.

Cost Avoidance Opportunities

While GSWC is allowed by the CPUC to earn a return on invested and borrowed capital used to fund infrastructure investments, as an investor-owned utility, it has the expertise and discipline to keep its operating expenses low. The CPUC requires that all expenses be fully justified and be in the best interest of the customer. There may be the opportunity to plan for future major facility replacement in cooperation with other neighboring agencies.

COMPANY FINANCIAL OVERVIEW

GSWC operates as an enterprise type activity, with its primary revenue source being service charges and fees. GSWC records its operating revenues when the service is provided to customers primarily through service and volumetric charges, and various surcharges authorized by the CPUC. Although GSWC's water utility operations have a diversified customer base, residential and commercial customers account for approximately 90% of GSWC's water sales and revenues. GSWC's fiscal year is calendar year based. Certain financial information specific to the Bay Point service area is available in GSWC's annual report filed with the CPUC. In addition, GSWC maintains and operates a specific operating and capital improvement budget for the area.

GSWC is capital intensive and requires considerable capital resources. A portion of these capital resources are provided by internally generated cash flows from operations including revenues. When necessary, it obtains funds from external sources in the capital markets and through bank borrowings. Access to external financing on reasonable terms mostly depends on the credit ratings of the Company. GSWC has one of the highest credit ratings by the rating agencies among investor-owned utilities. In August 2013, Standard & Poor's Ratings Services ("S&P") affirmed the 'A+' corporate credit rating on the Company with a stable outlook. S&P debt ratings range from AAA (highest rating possible) to D (obligation is in default). Moody's Investors Service also rated GSWC's debt as 'A2' with a stable outlook.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of GSWC's water service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

GSWC has been experiencing balanced budgets for operations over the last several years, generating annual budget surpluses. Adequate service fee revenues are being collected to support operational and capital expenditures. Revenues that GSWC is authorized to charge are determined by the CPUC in general rate cases and are derived using projected capital investments, cost of service and cost of capital for future test years. Revenues are generally set for three years at levels allowing for recovery of prudently incurred costs. Revenue increases for the second and third years of a three year rate cycle are subject to an earnings test.

Ratios of Revenue Sources

GSWC receives 100% of its revenues from providing services through service and volumetric charges and surcharges on its' customers water bills, and none from property taxes or other sources. This ratio reflects the best case balance for a typical enterprise type service, and eliminates the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. As this service provider is a private company, fund balance and reserve information is not available for the service area within the County, therefore this ratio cannot be assessed. However, GSWC's sound capital structure and "A+ stable" credit rating by S&P and "A2 stable" by Moody's combined with its financial discipline will enable the Company to access the debt and/or equity markets.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. GSWC does not report any debt service obligations within the Bay Point service area, however, GSWC does have long term debt to fund its utility plant operations. Review of GSWC's financial statement from 2012 indicates adequate ability to meet debt obligations with appropriate debt reserves. GSWC's long-term debt consists primarily of Notes and Debentures. The Company does not currently have any outstanding mortgages or other encumbrances on its properties. The most stringent covenants on its debt instruments contain restrictions such as minimum interest coverage requirements, a maximum debt to capitalization ratio and a negative pledge. Pursuant to the terms of these agreements, GSWC must maintain a minimum interest coverage ratio of two times interest expense. As of December 31, 2012, GSWC has an interest coverage ratio of over three times interest expense.

Capital Improvement Program

GSWC maintains a capital improvement program for the Bay Point service area as approved by the CPUC. This program includes capital maintenance, equipment replacement and pipeline maintenance/upgrades. Capital expenditure funding for the two year period of 2013 and 2014 is projected at approximately \$1,900,000.

Rate Structure

GSWC's service rate structure reflects consumption based rates for residential and commercial connections, including various surcharges authorized by the CPUC. The CPUC issued a final decision in May 2013 regarding GSWC's General Rate Case, which was filed in 2011 to establish rates for 2013-2015. The CPUC decision authorized an increase overall annual revenues for the Bay Point area of \$108,000 (1.9 percent) in 2013, followed by an estimated increase of 1.9 percent in 2014 and 2.1 percent in 2015. GSWC reports that the average monthly residential water usage in Bay Point is approximately 5,984 gallons. Therefore the average residential customer with a 5/8 x 3/4" meter will see a monthly decrease over current rates, excluding any applicable temporary credits or surcharges, in 2013 of \$2.03, from \$57.97 to \$55.94. The average monthly bill including applicable temporary surcharges and credits will be a decrease in 2013 of \$0.36, from \$72.60 to \$72.24.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There is one disadvantaged unincorporated community (DUC) located within, or contiguous to, GSWC's service boundary- Bay Point.

STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

Not applicable – GSWC was not addressed in previous MSR cycle.

GOVERNMENT STRUCTURE ALTERNATIVES

Not applicable – GSWC is a privately owned company.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Not applicable – GSWC is not subject to CC LAFCO purview.

RECOMMENDED SPHERE OF INFLUENCE

Not applicable – GSWC is not subject to CC LAFCO purview.

IRONHOUSE SANITARY DISTRICT – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The Ironhouse Sanitary District (ISD) provides sewage collection, treatment and disposal services to the City of Oakley, the unincorporated area of Bethel Island, and other unincorporated areas of the County. ISD is bounded by the San Joaquin River to the north and unincorporated areas of Holland Tract to the east. In existence since 1945, ISD serves almost 40,000 customers in a service area of approximately 37 square miles. ISD's service area is expected to experience steady growth over the next 20 to 25 years. The Association of Bay Area Governments (ABAG) projects the City of Oakley to grow from 31,950 in 2010 to a population of 42,950 in 2035. Bethel Island, with a 2010 Census population of 2,137, is also expected to experience growth with a projected population of 9,706 by year 2025. (Year 2035 population projections for Bethel Island were unavailable). ISD's unique name originated from the Ironhouse School that served much of the territory now served by the ISD. A map of ISD's current boundary and sphere of influence (SOI) is shown in **Figure IV-23** on Page 234.

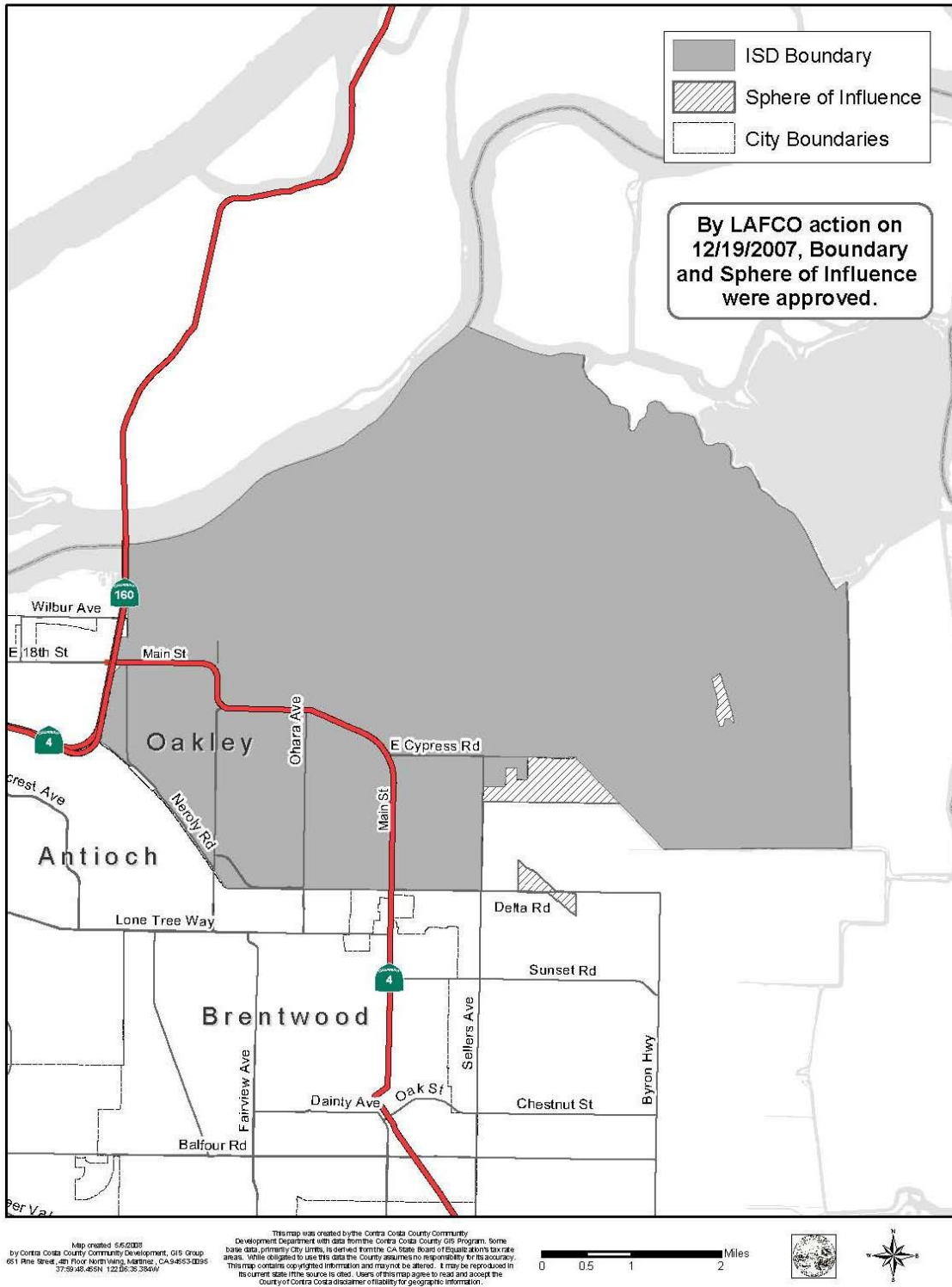
ISD's origins began with the Oakley Sanitary District (OSD) formation in 1945. In the mid-1960s, a Joint Powers Authority was established between the OSD and County Sanitation District No. 15 to address septic system issues in the Hotchkiss Tract. In 1977, a JPA was signed between OSD and Bethel Island to establish the Oakley-Bethel Island Wastewater Management Authority. In January 1992, OSD annexed Bethel Island, the JPA was dissolved, and OSD merged with Oakley-Bethel Island Wastewater Management Authority and County Sanitation District No. 15. The newly formed district was renamed the Ironhouse Sanitary District. ISD's Agency Profile is included as **Table IV-23** on Page 233.

Table IV-23, Agency Profile – Ironhouse Sanitary District

General Information			
Agency Type	Independent Special District		
Principal Act	Sanitary District Act of 1923, Health & Safety Code, Section 6400 et seq.		
Date Formed	August 21, 1945		
Services	Collection, treatment and disposal/reuse of wastewater		
Service Area			
Location	City of Oakley and unincorporated areas of Bethel Island, Holland Tract, Hotchkiss Tract, Dutch Slough and Sand Mound Slough		
Sq. Miles/Acres	37 square miles		
Land Uses	Residential, commercial, industrial, open space		
Population Served	37,569 (2010 Census); 14,696 connections		
Last SOI Update	12/19/2007		
Infrastructure/Capacity			
Facilities	Water Recycling Facility; 119 miles of gravity sewer main; 16 miles of force main (pressure pipe); 34 pump stations		
Treatment Plant Capacity (MGD)	4.3 MGD (Current design average dry weather flow capacity) 6.8 MGD (Future design average dry weather flow capacity)		
Primary Disposal Method	Effluent from Water Recycling Facility is: (1) stored in an on-site pond for later use as irrigation water; (2) applied to 334 acres of agricultural land on Jersey Island; and, (3) discharged into San Joaquin River through a 550 foot outfall with 16 diffusers		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$10,762,320	\$12,038,210	(\$1,275,890)
Combined Other Funds	\$795,000	\$439,704	\$355,296
All Funds	\$11,557,320	\$12,477,914	(\$920,594)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$1,048,200	Determined annually.	
Net Assets (Reserves)	\$17,283,193	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Tom Williams, (925) 625-2279		
Notes			
Net Assets do not include Capital Assets.			

Figure IV-23, Boundary/SOI Map – Ironhouse Sanitary District

Ironhouse Sanitary District and Sphere of Influence



DISTRICT OPERATIONS

ISD serves an approximately 37 square mile area northeast of the City of Oakley for wastewater and water reuse services. The ISD Water Recycling Facility (WRF) has a capacity of 4.3 MGD average dry weather flow with an average 2.41 MGD in 2013.

The collection system of 119 miles of sewer mains, 16 miles of force main and 34 pump stations is extensively laid out in the residential and commercial areas of both the City of Oakley and communities to the north. The treated effluent is used to irrigate 334 acres of agricultural lands on Jersey Island and when not needed for irrigation is discharged into the San Joaquin River. The majority of ISD's recycled water is applied to agricultural fields on Jersey Island to grow hay. Hay grown by ISD is used to feed ISD owned cattle, sold to local farmers and ranchers and the remainder sold to feed lots. The cattle are sold worldwide. Funds from the cattle operation are then used to offset ISD rates.

Infrastructure Needs

ISD recently completed construction of Phase 1 of a new \$55 million Water Recycling Facility (WRF) to accommodate growth and meet regulatory requirements. The 2004 Sewer Master Plan (SMP) identified several sewers and pump stations that needed upgrades or replacement. The Ironwood Force Main extension has been completed that provides an alternate flow route for this area near the old wastewater treatment plant (WWTP). A relief sewer was constructed in Carol Lane to accommodate flow from a new housing project. ISD is working with developers to install a second 14-inch force main and regional pump station to serve development in the East Cypress Corridor area. Other capital projects noted in the SMP will be implemented as growth occurs.

Cooperative Programs

ISD is an active member in the Western Recycled Water Coalition that is developing regional recycled water program facilities through a federal and state grant program. Cooperative programs have been developed with Delta Diablo (DD), Contra Costa Water District (CCWD), Central Contra Costa Sanitation District (CCCSD) and the Cities of Antioch, Oakley and Pittsburg. ISD is also part of the Bay Area Biosolids to Energy coalition. The goal of the coalition is to create a long-term reliable renewable energy project by turning low-value biosolids into high-value energy products.

Cost Avoidance Opportunities

ISD has participated in regional wastewater and recycled water program planning and grant funding proposals. Participation has resulted in obtaining grant money that fully paid for development of a Recycled Water Master Plan and Recycled Water Feasibility Study. To fund construction of recycled water projects federal funds of up to \$7 million are being sought for projects within the ID service area. ISD developed a coordinated project program with local developers and implemented an incentive program that reduced connection fees that resulted in an additional 234 Equivalent Residential Units (EDUs) being issued from September 12, 2011 to September 30, 2013, increasing revenues and efficiencies in implementing capital projects. ISD is implementing a solar energy project at the Administration/Maintenance Buildings and Wastewater Recycling Facility resulting in an estimated \$100,000 in savings per year.

DISTRICT FINANCIAL OVERVIEW

ISD operates as an enterprise type activity, with its primary revenue source being service charges and fees. Overall, ISD's financial status is relatively stable; however the District has been experiencing deficit spending recently due primarily to capital expenditures, depreciation expense, and debt service obligations. ISD does not maintain a formal capital improvement program. Any capital maintenance expenditures necessary are determined annually and funded from revenues and reserve fund balance. ISD maintains a good reserve fund balance providing good capability to absorb short term impacts; however its debt service to annual expenditure ratio is moderately negative due to the substantial debt service obligation associated with its loan from the State Revolving Fund.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of ISD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

ISD has experienced deficit spending and a decrease in net position (net assets) the past two years primarily due to the increase in depreciation expense related to the WRF. Excluding depreciation expense, ISD's net position increased in 2013 and modestly decreased in 2012. ISD has experienced a planned net use of cash from reserves the past few years for capital expenditures and debt service related to the newly constructed WRF. ISD has a significant amount of reserve fund balance available to maintain service and current capital improvement goals. However, to adequately sustain service and capital improvement goals, ISD will need to make appropriate upward adjustments in service charges to achieve balanced budgets and replenish reserves for future capital improvements.

Ratios of Revenue Sources

ISD receives approximately 86% of its revenues from charges and fees for services, 1.5% of revenue from property taxes, and 12.5% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax. As ISD receives a very small portion of its revenue from property tax, any impact on this revenue due to any future economic downturn would have an insignificant impact on ISD.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. ISD currently reflects an overall fund balance ratio for all funds of approximately 139% of annual expenditures, a very good ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of ISD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. ISD's annual debt service ratio to total expenditures is approximately 24%, a moderately negative ratio. ISD financed construction of the new Water Recycled Facility from a State Revolving Fund loan for approximately \$58.7 million. Annual debt service is approximately \$2.9 million. ISD maintains a debt service reserve equal to the annual debt service of this obligation.

Capital Improvement Program

ISD does not maintain a formal CIP. Any capital maintenance expenditures necessary are determined annually and funded from revenues and reserve fund balance. The ISD budget for FY 13/14 includes approximately \$1,048,000 in capital project expenditures. Recent projects completed or in process include construction of a new water recycling facility and associated infrastructure, the Ironwood force main extension, and the Carol Lane relief sewer.

Rate Structure

ISD's service rate structure reflects fixed rate fees and capacity fees. In 2011, ISD updated its 2006 Capacity Fee Study, and determined that a 20% reduction in two capacity fees was warranted. ISD also put in place a Temporary Fee Incentive Program that reduced connection fees another 25% from September 12, 2011 through September 30, 2013, or 350 total new units, whichever came first. The purpose of this rate reduction was to provide incentives for development.

In 2007, ISD adopted a maximum residential annual service charge rate of \$680 per equivalent service unit (ESU; a typical house), to be implemented in over a five-year period for construction of the water recycling facility. ISD since has adjusted the annual service charge considering actual costs to build the infrastructure and the debt service actually incurred. The rate is currently \$618 per ESU, below the maximum of \$680. ISD recently investigated rate restructuring options including adjusting to a tiered system; however, it was determined that the current rate structure was sufficient at this time for their operational needs.

DISADVANTAGED UNINCORPORATED COMMUNITIES

No disadvantaged unincorporated communities (DUCs) have been identified within or contiguous to the ISD SOI.

STATUS OF ISSUES IDENTIFIED IN 2007 MSR

The 2007 CC LAFCO MSR identified a number of issues and recommendations with respect to ISD. The section below provides an update, based on information provided by ISD, identifying how those issues have been addressed since 2007 MSR.

- *Efforts to address growth and service issues since the 2007 MSR.*

ISD constructed Phase 1 of a new \$55 million WRFWRF to accommodate growth and meet regulatory requirements. ISD also participates with developers in jointly fund the construction of two affordable housing projects, sewer infrastructure, and an environmental review process of installation of a new gravity collection line for ISD's WRF.

- *Status of new Water Recycling Facility.*

Phase 1 of the WRF is complete and became operational on October 20, 2011.

- *Status of project to maximize land application of effluent on Jersey Island and then discharge highly treated effluent on the north side of Jersey Island.*

Effluent from the new WRF is applied to 334 acres of agricultural land on Jersey Island and discharged into the San Joaquin River through a new outfall.

- *Status of improvements to three pump stations (Ironwood, Quail Valley, and Marsh Creek).*

No upgrades needed at this time. When increased flows from new development warrant upgrades, the pump stations will be upgraded by ISD.

- *Major SSOs since 2007.*

The Central Valley Regional Water Quality Control Board did not consider any SSOs occurring between January 2008 and April 2013 to be major, and no fines were imposed.

- *Actions taken to ensure operating revenues and reserves are sufficient to construct new capital projects, including the new WRF.*

ISD has adjusted developer fees, adopted a maximum service charge rate of \$680 per equivalent service unit implemented over a five-year period, and set aside the required annual reserve amount to meet the State loan criteria.

- *Status of joint planning efforts with other agencies.*

The East Contra Costa County Regional Industrial Recycled Water Facilities Plan was completed in October 2009. ISD is an active member of the Western Recycled Water Coalition and has applied for \$7 million in grant funds through the Federal Government. ISD has received approximately \$244,000 in grant funding to fund ISD's Recycled Water Master Plan and Recycled Water Feasibility Study.

- *Status of implementing a tiered fee structure.*

After considerable research and analysis, ISD continues to assess one equivalent dwelling unit in setting its fee structure and continues to work with customers to validate fee criteria.

- *Status of efforts to implement a regional approach to wastewater recycling efforts.*

The East Contra Costa County Regional Industrial Recycled Water Facilities Plan was completed in October 2009. ISD continues to work with DD to provide recycled water when the need arises and when the required infrastructure is constructed.

- *Status of the potential annexation of the Liberty Union High School District fourth high school site to ISD.*

ISD issued the Liberty Union High School District a Will Serve letter which indicates that ISD is willing and able to accept wastewater from the proposed fourth high school site (located southwest of the intersection of Delta Road and Sellers Avenue). In order to serve the high school, the school district will need to construct a pump station and force main that conveys wastewater from the school to an existing sewer. The high school property will also need to be placed into the ISD SOI and annexed to ISD.

- *District Impacts on CC LAFCO's decision to reduce ISD's SOI in 2007 by: (1) eliminating ISD's overlap with the City of Brentwood SOI, and (2) removing the Veale Tract from the ISD SOI.*

The SOI reduction has not affected ISD.

GOVERNMENT STRUCTURE ALTERNATIVES

ISD provides wastewater services for the City of Oakley, Bethel Island, and unincorporated areas within eastern Contra Costa County. ISD has issued a “Will Serve” letter to provide service to the proposed Liberty Union High School District site which is located adjacent to ISD’s southern boundary and outside of the ISD’s current SOI. Due to projected growth in the area, there will be an increased need for district services in the future, and ISD has planned for service needs through master plans and upgrades of its sewer and wastewater facilities. ISD’s western boundary is contiguous to the boundary for the DD and a portion of its southern boundary is contiguous to the City of Brentwood’s boundary. Two government structure options were identified:

Maintain the status quo

ISD is currently providing adequate wastewater services for its residents and businesses within its boundaries, is financially sound, and has invested considerable revenue in developing new and upgraded facilities to accommodate projected growth in service demands and regulatory requirements.

Annex the Liberty Union High School District fourth high school site

ISD has indicated it intends to serve the Liberty Union High School District fourth high school site (located southwest of the intersection of Delta Road and Sellers Avenue) and has issued a “Will Serve” letter to the school district contingent on the school district’s construction of a pump station and force main that conveys wastewater from the school to an existing sewer. ISD acknowledges the need for eventual annexation of the site into ISD’s service area. Since ISD appears to be the logical, long-term sewer service provide to the proposed school site, consideration should be given to including the property within ISD’s SOI at this time.

LAFCO staff has consulted with the Liberty Union High School District regarding the fifth high school site (located east of Bixler Road, north of Kellogg Creek Road and south of Highway 4 and the Town of Discovery Bay). District staff has indicated that the project is over five years away and no environmental review has been initiated at this time. The fifth high school site will be reviewed as part of the next MSR cycle.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	ISD’s service area is expected to experience steady growth over the next 20 to 25 years. The Association of Bay Area Governments (ABAG) projects the City of Oakley to grow from 31,950 in 2010 to a population of 42,950 in 2035. Bethel Island, with a 2010 Census population of 2,137, is also expected to experience growth with a projected population of 9,706 by year 2025. (Year 2035 population projections for Bethel Island were unavailable).
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous</i>	No DUCs have been identified within or contiguous to the ISD SOI.

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

<i>to the sphere of influence.</i>	
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	<p>ISD recently completed construction of Phase 1 of a new \$55 million WRF to accommodate growth and meet regulatory requirements. The 2004 SMP identified several mains and pump stations for upgrades or replacement. The Ironwood Force Main extension has been completed that provides an alternate flow route for this area near the old WWTP. A relief sewer was constructed in Carol Lane to accommodate flow from a new housing project. ISD is working with developers to install a second 14-inch force main and regional pump station to serve development in the East Cypress Corridor area. Other capital projects noted in the SMP will be implemented as growth occurs. No DUCs have been identified within or contiguous to the ISD SOI.</p>
<i>Financial ability of agencies to provide services.</i>	<p>Overall, ISD’s financial status is relatively stable; however ISD has been experiencing deficit spending recently due primarily to capital expenditures, depreciation expense and debt service obligations. ISD does not maintain a formal capital improvement program. Any capital maintenance expenditures necessary are determined annually and funded from revenues and reserve fund balance. ISD maintains a good reserve fund balance providing good capability to absorb short term impacts; however its debt service to annual expenditure ratio is moderately negative due to the substantial debt service obligation associated with its loan from the State Revolving Fund.</p>
<i>Status of, and opportunities for, shared facilities.</i>	<p>ISD is an active member in the Western Recycled Water Coalition that is developing regional recycled water program facilities through a federal and state grant program. Cooperative programs have been developed with DD, CCWD, CCCSD and the Cities of Antioch, Oakley and Pittsburg. ISD is also part of the Bay Area Biosolids to Energy coalition. The goal of the coalition is to create a long-term reliable renewable energy project by turning low-value biosolids into high-value energy products.</p>
<i>Accountability for community service needs, including government structure and operational facilities.</i>	<p>ISD’s website provides the public with internet access to Board agendas and minutes, public notices, ISD budgets and audits. “The Ironhouse Insider” newsletter is published three times per</p>

	year (also available online) and is provided free of charge to ISD customers. It provides the public with updates on ISD activities and projects. Including the proposed Liberty Union High School District fourth high school site within the ISD's sphere of influence should be seriously considered.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

RECOMMENDED SPHERE OF INFLUENCE

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	The major portion of ISD's service area is comprised of the City of Oakley and the unincorporated community of Bethel Island. The City of Oakley's General Plan includes a broad mix of land uses, including residential, commercial, industrial, recreational and public land uses. The vast majority of Oakley is, as it will be in the future, developed as residential communities of varying densities. Bethel Island, a residential/vacation area, is expected to remain largely residential in nature.
<i>Present and probable need for public facilities and services in the area.</i>	Extension of service to the proposed Liberty Union High School District fourth high school site is expected in the future.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The ISD Water Recycling Facility has a design capacity of 4.3 MGD average dry weather flow with current flows of 2.41 mgd in 2013. The collection system is comprised of 119 miles of gravity sewer main, 16 miles of force main and 34 pump stations. The collection system is extensively laid out in the residential and commercial areas of both the City of Oakley and communities to the north. ISD recently completed construction of Phase 1 of a new \$55 million WRF to accommodate growth and meet future regulatory requirements.
<i>Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.</i>	None have been identified.

<i>Present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.</i>	No DUCS have been identified within or contiguous to the ISD SOI.
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Recommended Sphere of Influence: Expand ISD's SOI to include the Liberty Union High School District fourth high school site.

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT – WATER QUALITY/FLOOD CONTROL

OVERVIEW/BACKGROUND

The Knightsen Town Community Services District (KCSD) was created in 2005 and encompasses approximately 5,100 acres. It was formed to provide flood control and water quality (drainage services) for the community of Knightsen, which is an area of low elevation that receives runoff flow from nearby areas. In 2001, the County conducted a Water Quality Wetland Feasibility Study to analyze feasibility of constructing water quality and flood control facilities to address the flooding and overflow problems in Knightsen. The study concluded that to improve drainage and water quality in Knightsen, the area needed facilities designed to treat storm water runoff and extended detention basins. A map of KCSD's current boundary and sphere of influence (SOI) is shown in **Figure IV-24** on Page 246.

KCSD was formed to provide a funding mechanism to pay for a construction plan, provide the needed facilities and enhance the basic water quality flood control services previously provided by the County. Due to limited grant funding opportunities, the plan has not been completed. Since its formation, KCSD has not provided any physical services related to its original purpose due to a lack of funds to construct the facilities. KCSD owns no physical assets or improvements. Background information provided by the County Public Works Department provides an overview and status of KCSD's purpose, mission and operations-

Historically, the community worked together to set up temporary pumps to pump ponded water into No Name Slough. At issue in the past has been funding the rental cost and fuel costs for the pumps. The KCSD was envisioned to perform specific tasks in the short-term and a different set of tasks in the long-term. Short-term tasks were those KCSD would perform prior to completion of the Knightsen Bio-filter Project and would include emergency pumping during large storm events, accumulating funds for a more detailed feasibility study focused on a specific location to make it easier to successfully apply for a grant, and accumulating funds for the local match required of a grant. Long-term tasks are those KCSD would perform after completion of the Knightsen Bio-filter project and would include operation and maintenance of the bio-filter wetland, assuming the flood conveyance improvements were included with the project. It was always understood that construction of the project would have to be funded with grant funds or mitigation funds. The magnitude of this kind of project could never be funded solely from a community of about 1600 residents on 610 parcels.

The East Contra Costa County Habitat Conservancy (Conservancy) has been coordinating with KCSD to apply for grants to acquire land and construct the bio-filter. A significant effort has been made to study the region, identify solutions and start moving toward realizing the Knightsen bio-filter project. In 2012, KCSD and the Conservancy completed phase 2 of the bio-filter feasibility study, developing a concept design on a specific parcel. The Conservancy, with support from the community of Knightsen and in cooperation with the East Bay Regional Park District, has made an offer on one of the identified locations for the bio-filter project. A significant amount of work and funding has gone into developing the bio-filter project and the Knightsen CSD has engaged a wide range of partners to move this project forward and attenuate the flooding in the community. In the meantime, the project has been placed on the East Contra Costa County Integrated Regional Water Management Plan for funding through state bond funds, and submitted to the Coalition to Support Delta Projects, a diverse group of water and state agencies

that compiled a list of "no regrets" projects in and around the Delta. The project received a very favorable response. In addition, the project was submitted for EPA grant funding in 2013, and although it did not receive funding, the responses back from the grant review panel was very positive. With all of the interest and activity in and around the Delta to preserve and restore habitat value, it is only a matter of time before this project is funded."

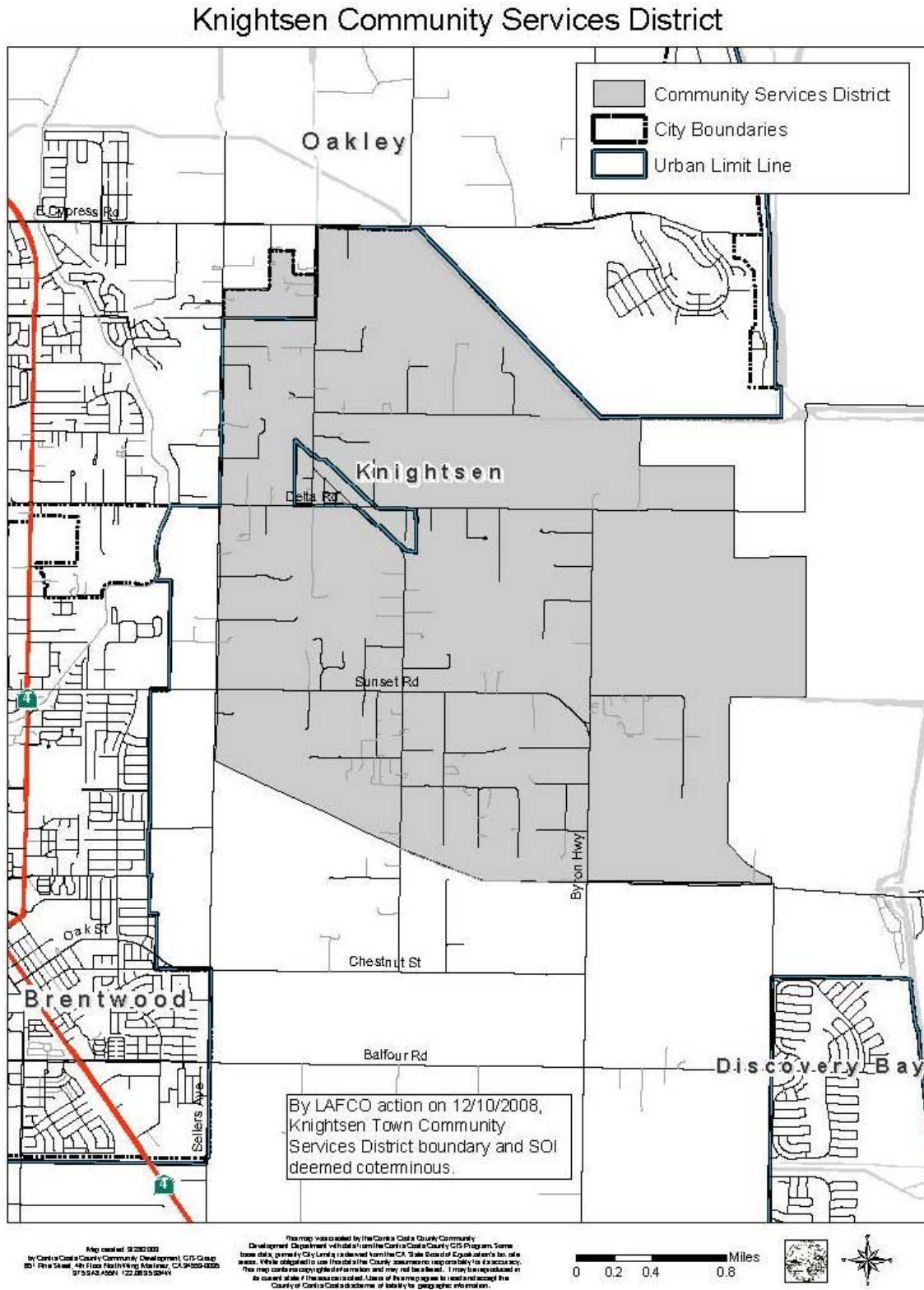
KCSD continues to seek funding and recently partnered with a habitat conservancy group to apply for grant funding opportunities. The District also continues to exhibit some administrative and functional deficiencies, including: the lack of a website to post meeting notices, budgets, audits, meeting minutes and project updates for public review and input; the use of a volunteer general manager to oversee district operations; and, an inability of the community to consistently maintain a full complement of District Board members.

The community of Knightsen is a Census Designated Place. Recent Census data estimated a population of 1,568 residents. Largely agricultural in nature, very limited growth is anticipated with the KCSD service area in the next 10 to 20 years. The KCSD's Agency Profile is included as **Table IV-24** on Page 245.

Table IV-24, Agency Profile – Knightsen Town Community Services District

General Information			
Agency Type	Community Services District		
Principal Act	Community Services District Law, Government Code Section 61000 et seq. and SB 135, Community Services District Law		
Date Formed	2005		
Services	Water quality and flood control		
Service Area			
Location	Community of Knightsen		
Acres	5,131 acres		
Land Uses	Primarily agricultural and residential (rural)		
Dwelling Units	582 (2010 Census)		
Water Connections	0		
Population Served	1,568 (2010 Census)		
Last SOI Update	12/10/2008		
Infrastructure/Capacity			
Facilities	Series of natural, gravity flow ditches		
Storage Capacity	None		
Primary Source of Supply	N/A		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$27,433	\$9,349	\$18,084
Combined Other Funds	Included Above	Included Above	N/A
All Funds	\$27,433	\$9,349	\$18,084
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$0- Pending Grants	Determined annually based on funding availability	
Net Assets	\$108,074	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Linda Weekes, (925) 625-2764		
Notes			
Net Assets do not include Capital Assets			

Figure IV-24, Boundary/SOI Map – Knightsen Town Community Services District



DISTRICT OPERATIONS

Drainage and Conservation Services

KCSD was formed in 2008 to provide planning and coordination of drainage and conservation needs in the township area of rural agricultural properties. KCSD has pursued several planning grants and cooperative planning efforts with the Habitat and Conservancy and Department of Water Resources. A few miles of drainage channels and ditch areas have been cleared through voluntary efforts and improved as part of the agency coordination efforts.

Infrastructure Needs

KCSD has no infrastructure at present. The plan is to develop a drainage watershed and habitat basin to develop as mitigation land as part of a larger habitat restoration. Several planning grants have been submitted that would include these concept plans.

Cooperative Programs

KCSD has coordinated planning efforts with several local and regional agencies including the Habitat and Conservation agency, Department of Water Resources through grant development and integrated water resource plan development. Coordination with the Knightsen Town Advisory Council is also an ongoing program. KCSD serves as an advisory council to the Contra Costa County Board of Supervisors.

Cost Avoidance Opportunities

KCSD is allocated a small portion of a parcel fee and has minimal expenses beyond administration and meeting expenses. There is no paid staff, and directors only receive nominal reimbursement for actual expenses.

DISTRICT FINANCIAL OVERVIEW

KCSD does not operate as an enterprise type activity, as its primary revenue source is parcel taxes in lieu of charges and fees for services. Overall, KCSD's financial status is stable as operations expenditures are fully met by revenues received. KCSD does not have a capital improvement program, has not constructed any capital projects since its formation, and has limited ability to construct any major improvements to support KCSD's purpose. KCSD maintains a substantial reserve fund balance providing good capability to absorb short term impacts and has no debt.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of KCSD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

KCSD overall has been experiencing balanced budgets with annual surpluses. Overall, sufficient revenue is collected to support operational expenditures. However, as all revenue is dependent on parcel taxes, KCSD is limited in its ability to perform any extensive capital projects unless debt is incurred. Sufficient capacity to absorb limited debt service requirements exists within KCSD's financial structure.

Ratios of Revenue Sources

KCSD receives no revenues from charges and fees for services, 99% of revenue from parcel taxes, and 1% from miscellaneous other sources. This ratio reflects an adequate balance of revenue for the services provided. KCSD maintains a significant fund balance reserve for short term impacts, however, capital

projects that may be performed by KCSD without additional funding sources could create a negative impact on this reserve fund balance for long term impacts.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. KCSD currently reflects an overall fund balance ratio for all funds of approximately 1156% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of KCSD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. KCSD has no debt therefore there is no ratio to assess.

Capital Improvement Program

KCSD does not have a long range Capital Improvement program (CIP). Additionally, the District has not performed or budgeted any capital improvements since its formation. However, KCSD reports that they are working on several grant opportunities for funding to carry out various projects they would like to perform under their purposes of flood control, habitat preservation and water quality.

Rate Structure

KCSD does not charge fees for services provided. All revenue is derived from parcel taxes. KCSD reports that for FY 13/14, 601 parcels were assessed.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, KCSD's SOI.

STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to KCSD. The section below provides an update, based on information provided by KCSD, identifying how those issues have been addressed since 2006 MSR.

- *Status of the second phase of the Water Quality Wetland Feasibility Study to identify the location and types of water quality and flood control facilities that should be constructed in the District's service area.*

A preliminary feasibility ground study of the property of interest was completed. Preliminary studies appear to be underway for the second phase, but KCSD does not have a timeframe for completion.

- *Assets and/or facilities the District has acquired since 2008.*
- None were reported by KCSD. The KCSD is working with a habitat/conservation agency on a joint restoration project. Staff is developing relationships with other agencies.

- *Methods for notifying public regarding meetings, actions, finances and service information of the District. Timeframe of District's plan to construct needed infrastructure improvements for drainage and reclamation services.*

No timeframe was provided by KCSD. Infrastructure for drainage/reclamation services is dependent upon availability of grant funding.

- *Status of grant funding opportunities.*

KCSD has submitted an application for grant funding jointly with water agencies (unnamed). KCSD was unsuccessful in securing a \$500,000 Proposition 84 grant.

- *Status of current staff and legal services for the District.*

KCSD has a contract secretary and legal counsel representation. KCSD does not have a website. Notifications are posted at the Knightsen Post Office.

- *Timeframe for filling Board vacancy.*

The position has been advertised. Appointment will be made by the County Board of Supervisors.

- *Comments on 2008 MSR recommendations for governance: (1) maintain existing SOI; and (2) adopt a zero SOI.*

KCSD supports the existing coterminous SOI.

- *The 2008 MSR required the KCSD to report within one year on the progress being made to develop a facilities improvement plan, and provide a timeline and potential funding mechanisms to implement the plan.*

No formal report was made to LAFCO.

GOVERNMENT STRUCTURE ALTERNATIVES

Two government structure options have been identified:

Maintain the Status Quo:

Since its formation, KCSD has not provided any physical services due to a lack of funds to construct facilities. KCSD owns no physical assets or improvements. KCSD continues to seek funding and recently partnered with a habitat conservancy group to apply for grant funding opportunities. Additionally, the County has been assisting KCSD in identifying grant opportunities. Lack of funding has limited the effectiveness of the agency to construct and implement any improvements to support KCSD's purpose.

Dissolve the District and Transfer Responsibilities:

Dissolution of KCSD and transfer of responsibilities and the funding source to either the Contra Costa Resource Conservation District or to the County to provide conservation and drainage mitigation

programs should be considered. The current KCSD Board of Directors could be assigned as an advisory committee to the successor agency for continuity of effort and to focus efforts on community issues. Establishment of a County CSA could also be an alternative if a funding agency is required. KCSD has accumulated a reserve of funds for future infrastructure enhancements to meet its goals, and anticipates additional capital funds from grants. However, annual assessment revenue is limited for maintenance and ongoing administrative functions, and may be insufficient to meet long term needs.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	The unincorporated community of Knightsen is a Census Designated Place. Recent Census data estimated a population of 1,568 residents. Largely agricultural in nature, very limited growth is anticipated with the KCSD service area in the next 10 to 20 years.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence (SOI).</i>	There are no DUCs located within, or contiguous to, KCSD’s SOI
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.</i>	<p>KCSD has no infrastructure at present. The plan is to develop a drainage watershed and habitat basin to develop as mitigation land as part of a larger habitat restoration. Several planning grants have been submitted that would include these concept plans. A few miles of drainage channels and ditch areas have been cleared through voluntary efforts and improved as part of the agency coordination efforts.</p> <p>There are no DUCs located within, or contiguous to, KCSD’ SOI</p>
<i>Financial ability of agencies to provide services.</i>	Overall, KCSD’s financial status is stable as operations expenditures are fully met by revenues received. KCSD does not have a capital improvement program, has not constructed any capital projects since its formation, and has limited ability to construct any major improvements to support KCSD’s purpose. KCSD maintains a substantial reserve fund balance providing good capability to absorb short term impacts and has no debt.
<i>Status of, and opportunities for, shared facilities.</i>	KCSD has coordinated planning efforts with several local and regional agencies including the Habitat and Conservation agency, Department of Water Resources through grant development and integrated water resource plan development.

	Coordination with the Knightsen Town Advisory Council is also an ongoing program.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	<p>The KCSD Board meets monthly at a local school; KCSD does not have an office. Meeting notices and agendas are posted at the local Post Office. The KCSD website was terminated in April 2011 following a unanimous vote of the KCSD Board. Websites are an important tool for government agencies to inform and educate their customers. Implementing a district website should be a high priority for KCSD. The district currently uses a volunteer general manager to oversee district operations and historically has had difficulty maintaining a full complement of Board members.</p> <p>Two alternative governance structures have been identified: (1) maintain the status quo; and (2) dissolve the district and transfer responsibilities and funding to either the Contra Costa Resource Conservation District or the County of Contra Costa.</p>
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	KCSD was created in 2005 and encompasses approximately 5,100 acres. It was formed to provide flood control and water quality (drainage services) for the community of Knightsen, which is an area of low elevation that receives runoff flow from nearby areas. Largely agricultural in nature, very limited growth is anticipated with the KCSD service area in the next 10 to 20 years.
<i>Present and probable need for public facilities and services in the area.</i>	A 2001 Water Quality Wetland Feasibility Study by the County concluded that to improve drainage and water quality in Knightsen, the area needed facilities designed to treat storm water runoff and extended detention basins. Flooding and water quality-related issues continue to be a major issue for the community of Knightsen and will continue in the future until the necessary infrastructure is funded and implemented.
<i>Present capacity of public facilities and adequacy</i>	KCSD agency has no infrastructure at present.

<i>of public services that the agency provides or is authorized to provide.</i>	KCSD does not have a capital improvement program, has not constructed any capital projects since its formation, and has limited ability to construct any major improvements to support the district’s purpose.
<i>Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.</i>	None have been identified.
<i>Present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing SOI.</i>	There are no disadvantaged unincorporated communities located within, or contiguous to, the Knightsen Community Services District’s sphere of influence.

Recommended Sphere of Influence:

Three SOI options are proposed for consideration.

- 1) Adopt a zero SOI for KCSD and require annual updates from KCSD as to progress in fulfilling the District’s purpose and mission. If insufficient progress is made, the Commission may consider dissolution of the District and appointment of a successor agency to take over District responsibilities.

- 2) Adopt a provisional SOI for KCSD. This designation will identify KCSD as an agency that has special issues and should be closely watched by the Commission. Additionally, the Commission may want to consider requiring annual updates from KCSD and the County on the progress in fulfilling the District’s purpose and mission.

- 3) Reaffirm KCSD’s current SOI.

MT. VIEW SANITARY DISTRICT – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The Mt. View Sanitary District (MVSD) provides wastewater collection, treatment, and disposal services for the northeasterly portion of the City of Martinez and adjacent unincorporated lands to the northeast. MVSD collaborates with the Central Contra Costa Sanitary District (CCCSD) to provide a permanent Household Hazardous Waste Collection facility and disposal services for the central portion of the County. MVSD has franchise agreement with Allied Waste (parent company to Pleasant Hill Bayshore Disposal) for Allied Waste to provide trash collection, recycling, and disposal services within the unincorporated area of MVSD's boundaries. A map of MVSD's current boundary and sphere of influence (SOI) is shown in **Figure IV-25** on Page 255.

Established in 1923, MVSD's initial sewer system fed into a large community septic tank. In 1951, MVSD installed primary treatment units to meet the needs of the growing local population. Secondary treatment began in 1968. In 1974, to meet effluent disposal limits outlined by the Regional Water Quality Control Board, MVSD reclaimed wetland areas rather than incur the higher cost of constructing a deep water outfall line. As flows to the wastewater treatment plant increased, the acreage of the wetlands increased from 21 acres to over 86 acres. Additional acreage was acquired through joint management with other agencies for a total of 151 acres of wetlands. In 1988, MVSD added an ammonia removal unit, and in 1994 a filtration and ultraviolet disinfection system – the first full scale operation in Northern California.

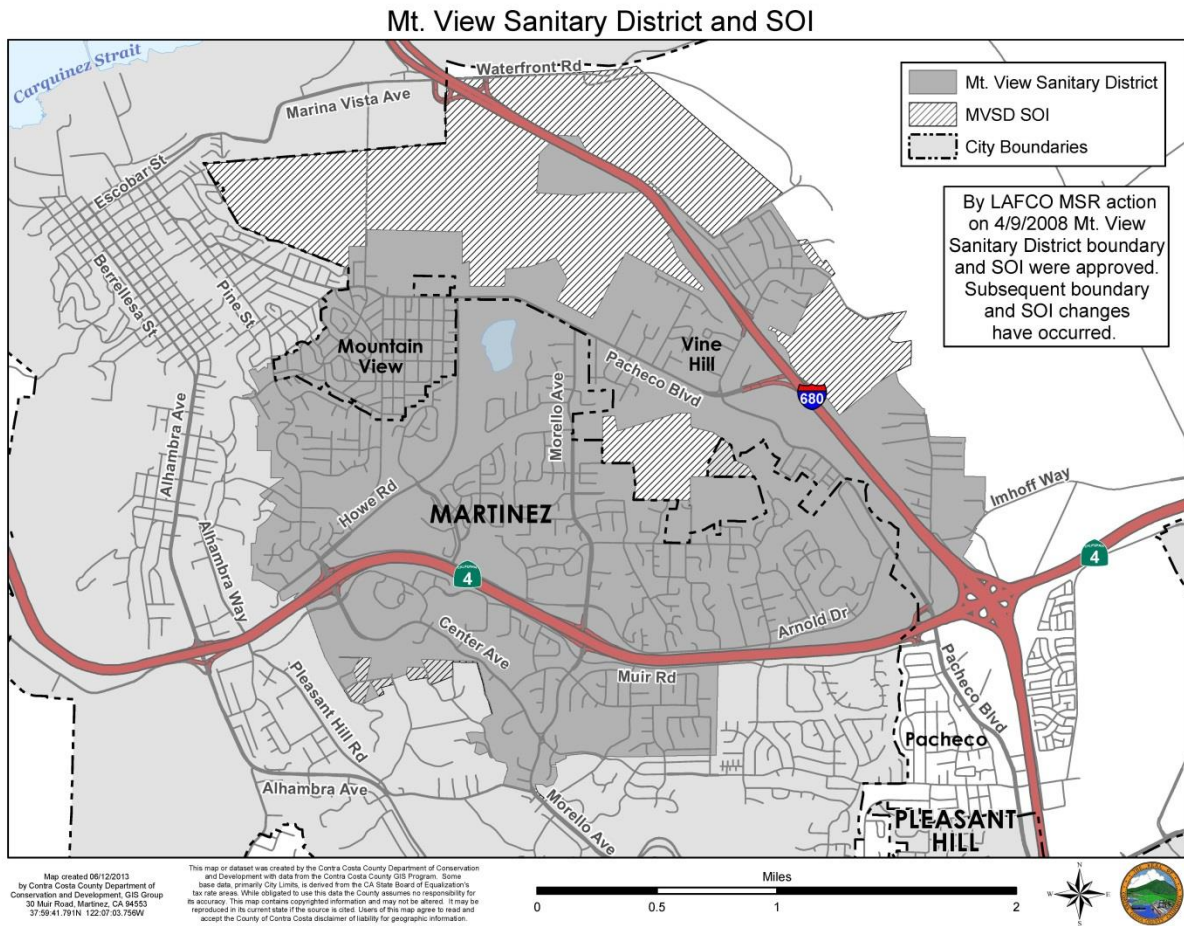
Today, MVSD serves approximately 18,253 residents, treating an average daily flow of 1.25 million gallons of wastewater per day. The MVSD service area comprises approximately 4.7 square miles and is contiguous on all sides with the Central Contra Costa Sanitary District (CCCSD). MVSD is an "island" within CCCSD's service area. The MVSD's Sphere of Influence (SOI) was reduced in July 2013 following the review of a proposal by CCCSD to annex 99.7 acres located in Lafayette and Martinez. It was discovered that approximately 18.2 acres of the proposed annexation territory was located within the MVSD's sphere of influence. CC LAFCO and both agencies agreed that CCCSD was the most logical service provider for the area and supported concurrent sphere adjustments to both agencies. The MVSD service area population is expected to grow to between 24,500 and 25,322 over the next 20 to 25 years, an increase of approximately 29 to 33 percent.

MVSD's Agency Profile is included as **Table IV-25** on Page 254.

Table IV-25, Agency Profile – Mt. View Sanitary District

General Information			
Agency Type	Independent Special District		
Principal Act	Sanitary District Act of 1923, Health & Safety Code Section 6400 et seq.		
Date Formed	1923		
Services	Collection, treatment and disposal of wastewater		
Service Area			
Location	City of Martinez (portion) and adjacent unincorporated areas		
Sq. Miles/Acres	4.73 square miles		
Land Uses	Residential, commercial, industrial, public use		
Dwelling Units	8,584 residential connections; 269 commercial and industrial connections, 283 institutional parcels		
Population Served	18,253		
Last SOI Update	July 2013		
Infrastructure/Capacity			
Facilities	Wastewater Treatment Plant, 72.5 miles of sewer main, 2 miles of force main, 4 pump stations		
Treatment Plant Capacity (MGD)	3.2 MGD (design capacity) 1.007 MGD (average dry weather flow)		
Primary Disposal Method	Tertiary treatment and discharge into series of wetlands and marshlands		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$5,419,620	\$5,060,880	\$358,740
Combined Other Funds	\$477,310	\$2,668,750	(\$2,191,440)
All Funds	\$5,896,930	\$7,729,630	(\$1,832,700)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$1,747,000	\$31.7 Million - 20 year Projection	
Net Assets (Reserves)	\$8,108,696	June 30, 2013 Financial Statement- Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Randy Leptien, (925) 228-4218		
Notes			
District's SOI reduced by LAFCO in July 2013; service population estimate from District's 9/2013 memo to LAFCO. Net Assets do not include Capital Assets			

Figure IV-25, Boundary/SOI Map – Mt. View Sanitary District



DISTRICT OPERATIONS

MVSD operates a 2.1 million gallon per day (MGD) designed flow wastewater treatment plant (WWTP). The WWTP averages 1.007 MGD as measured in 2012 as part of the District’s System Reliability Evaluation study. MVSD’s collection system consists of 72.5 miles of main sewer lines and 4 pump stations. Effluent disposal is accomplished by disposal in the Peyton Slough and Moorhen Marsh area adjacent to MVSD’s WWTP facilities.

Since 2008, a variety of collection system and WWTP CIP projects have been completed. The Five-Year CIP was revised in 2011 to reflect lower flows and improved preventive maintenance after the District’s Sewer System Master Plan was developed in 2009 and updated in 2011. The projected 20-year CIP budget is \$31 million but is expected to be reduced due to alternative project approaches developed by engineering consultants and staff. Various capital projects have been funded, including the rebuilding of Pump Station #1 in 2012-13. Improvements to Pump Station #4 are planned for 2014. Major MVSD projects at the District’s treatment plant scheduled for 2014 include the construction of a Grease Receiving Station and the Renovation of the Influent Pump Station.

Infrastructure Needs

Based upon recommendations included in the 2008 MSR, MVSD initiated several engineering and facilities studies to identify needed improvements and to determine if cost reductions or operating efficiencies could be achieved. As a result of these studies, six in total, several major projects were amended or deferred as part of the 20-year CIP of \$31 million. The major deferral is to delay a previously identified wet weather storage reservoir for about five years. An interim operations change has reduced peak flows and the need for the storage at this time. Smoke testing and TV monitoring have identified high priority pipe repair locations, and those are being addressed through the annual upgrade or replacement program which is budgeted at approximately \$150,000 per year. In addition, MVSD's Supervisory Control and Data Acquisition (SCADA) monitoring system is also being upgraded to track flows and monitor pump stations to prevent overflow events.

Cooperative Programs

MVSD has several joint programs with CCCSD, including source control management and collection system mainline inspection, lab testing of effluent, and administrative functions and publications. MVSD participates in educational programs with local colleges and schools on open space and habitat management. MVSD has minimal opportunities for shared facilities as it is essentially surrounded by the CCCSD service area. The education programs are coordinated with local schools to encourage environmental management and education. Several cell phone site leases and billboard leases have been renegotiated to increase revenues.

Cost Avoidance Opportunities

The installation of the Grease Receiving Station is expected to generate power and reduce dependence on PG&E electricity in future years. The Station is expected to have a three to four-year payback benefit. By providing a local dumping station, "tipping fees" will also be generated for MVSD. A Solid Waste Franchise Agreement was recently renewed with Republic Services (formerly Allied Waste) with reduced future costs to rate payers and additional special services. The Board of Directors has also updated its Strategic Plan with goals to enhance customer service, expand cooperative programs, implement computerized maintenance management, update district-wide policies, and pursue district-wide improvements through staff training and development.

DISTRICT FINANCIAL OVERVIEW

MVSD operates as an enterprise type activity, with its primary revenue source being service charges and fees. Overall, MVSD's financial status is relatively stable as operations expenditures are fully met by revenues received. However, the ability for MVSD to fully fund the entirety of its long term CIP under the current "pay-as-you-go" program relying solely on rate increases should be noted.

MVSD reports that it "experienced a significant reduction in construction and connection permit revenue and minor reduction in property tax revenue during the past five years due to the decline in the economy." MVSD has adopted a plan for annual rate increases for the next five years based on the annual increase in the Consumer Price Index (CPI). MVSD reports that it has taken certain actions to control costs including making "significant adjustments in the day to day operation of MVSD which included reducing capital expenditures, increasing the frequency of maintenance for certain assets and realigning the organization of the staff." The short term benefit from the actions taken concerning deferred maintenance and deferred capital expenditures will help to achieve stability in the short term but may have a negative impacts long term. MVSD may experience unanticipated cost increases in the future as those deferrals are addressed.

There are five primary areas that have been utilized to assess the present and future financial condition of MVSD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

MVSD overall has been experiencing some deficit spending recently, however, this is attributed to capital expenditures. MVSD has been experiencing surpluses in operations. MVSD reports that it maintains a minimum operating reserve of seven months of operating expenditures. However, in order to execute the planned CIP, deficit spending may become prevalent unless revenue is increased or bond debt is issued for the planned capital requirements.

Ratios of Revenue Sources

MVSD receives approximately 88% of its wastewater fund revenues from charges and fees for services, 10% of revenue from property taxes and 2% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax. However, any negative economic impact on MVSD's property tax could have some impact on MVSD's operational budget and spending plan for capital projects.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. MVSD currently reflects a fund balance ratio of approximately 103% of annual expenditures, a significantly positive ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

MVSD has no debt, having paid off the last of its outstanding obligations in 2012. Therefore there is no ratio to assess. MVSD relies solely on service charges and fees, and property tax, to fund capital improvements and all operational expenditures. MVSD reports that it does not envision the need to finance improvements during the next five years. However, unless revenues are increased, or capital projects deferred, financing may become necessary.

Capital Improvement Program

MVSD has developed and implemented a \$31.7 million 20-year CIP. MVSD reviews and funds projects annually on a pay-as-you-go basis, with no capital financing programs in place. MVSD has not planned for, or encumbered, any bond debt for capital projects. MVSD has recently conducted a new capital needs study and has revised planned projects, deferred some projects and is assessing new projects. Based on review of the capital improvement program projects and MVSD's current annual revenues, MVSD will have difficulty in completing the program without continual fee and service charge increases and/or some form of capital financing.

Rate Structure

MVSD's service rate structure reflects fixed rates for residential connections, and flow rates for commercial/industrial connections. Connection and other permit fees are fixed or variable dependent on the permit. The current residential service rate is \$42.06 per month. MVSD increased its rates by approximately 35% over a three year period beginning in 2006. Rates increased in FY 09/10 and FY10/11 by the increase in the CPI. MVSD did not increase rates in FY 11/12 or FY 12/13. Beginning in FY 13/14, MVSD is increasing rates annually for the next five fiscal years limited to the increase in the CPI, subject to change if necessary. MVSD will need to assess the ability of the community to absorb continuous

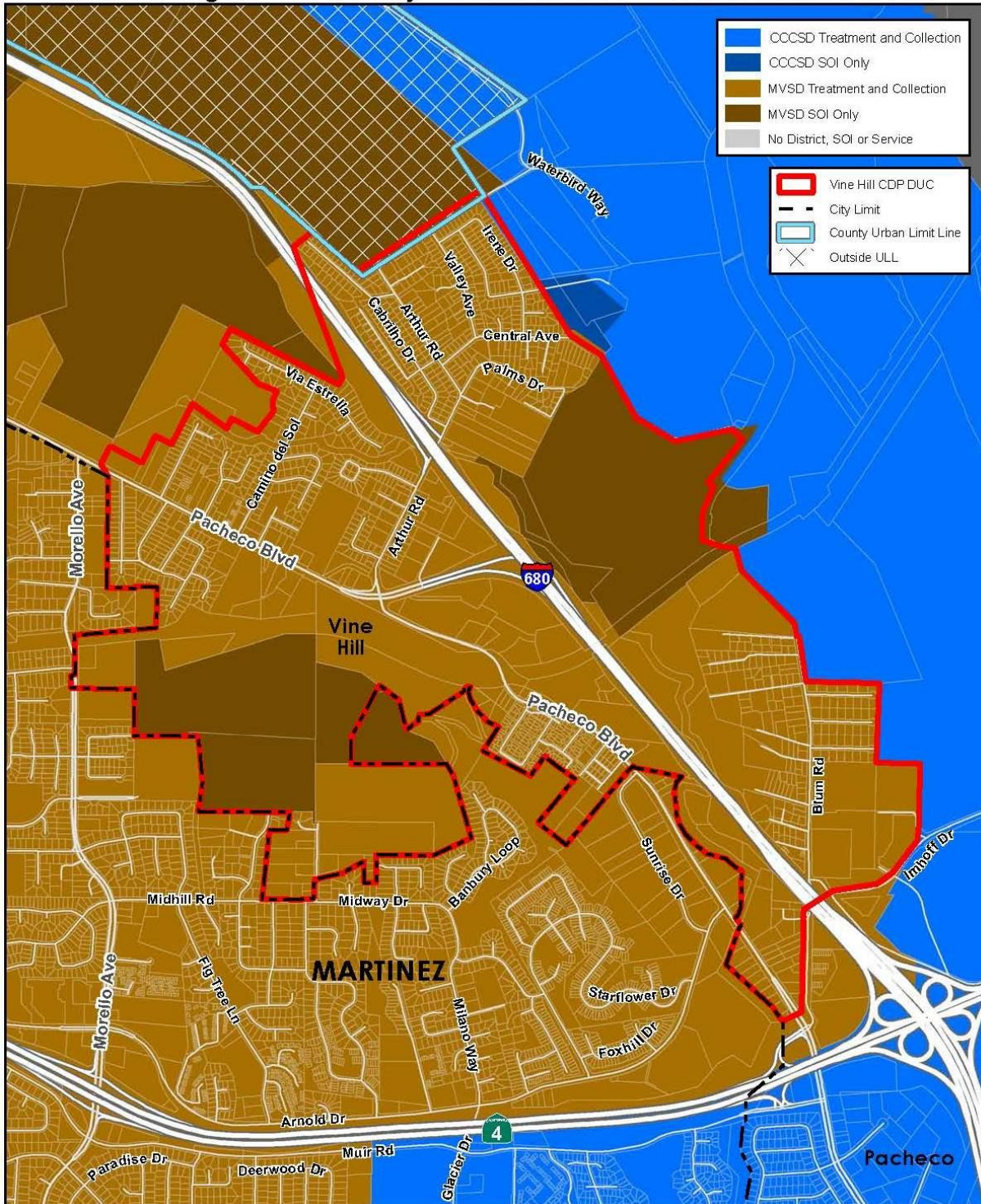
annual increases which will be systemic in order for MVSD to meet its long term capital improvement needs.

DISADVANTAGED UNINCORPORATED COMMUNITIES

Two disadvantaged unincorporated communities (DUCs) have been identified in the Mt. View Sanitary District's sphere of influence. Located north of the City of Martinez, a DUC is located on the west and east side of I-680 (see **Figure IV-25A** on Page 259). Future annexation of these areas by MVSD or expansion of MVSD's SOI contiguous to these DUCs would first require a detailed evaluation of MVSD's capability to adequately serve these communities.

Figure IV-25A, DUC Map – Vine Hill CDP – Wastewater Service

Disadvantaged Community - Vine Hill CDP - Wastewater Service



Map created 03/05/2014
 by Contra Costa County Department of
 Conservation and Development, GIS Group
 30 Muir Road, Martinez, CA 94553
 37.5341, 79.1N 122.07.03, 759W

This map or dataset was created by the Contra Costa County Department of Conservation
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 base data, primarily City Limits, is derived from the CA State Board of Equalization's
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STATUS OF ISSUES IDENTIFIED IN 2006 MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to MVSD. The section below provides an update, based on information provided by MVSD, identifying how those issues have been addressed since 2006 MSR.

- *Status of major capital improvements outlined in the 2007-2011 Capital Improvement Program (which includes \$8.5 million in collection system projects, \$3 million in treatment plant improvements and \$0.4 million in disposal system projects) for completion by 2011*

Following adoption of the CIP, MVSD retained consultants in 2007 to perform further studies in key operational areas (collection system piping, pumping, wastewater treatment and disposal). Based upon the studies' results and conclusions, MVSD's CIP was significantly revised. Construction of peak wet weather storage facility was postponed. MVSD's highest priority project is the construction of a new influent pumping station, valued at \$1.5 million, with construction scheduled in 2014-2015.

MVSD completed a security fencing project to reduce annual security costs at the treatment plant. MVSD is also moving forward with the construction of a \$1 million Grease Receiving Station (GRS) which will reduce electricity dependence from PG&E and provide a potential revenue stream from grease hauler charges. Based on the results of the collection system analysis, several projects in the collection system have been deferred. MVSD is currently studying which, if any, improvements to Pump Station No. 4 might be added to the CIP.

- *Status Sewer System Master Plan (SSMP)*

The SSMP was completed and certified by the State Water Board.

- *Significant updates to the 2007 MVSD Strategic Plan.*

In 2010, MVSD completed a "SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis" for each element of the Strategic Plan. MVSD plans to update the current 2007 Strategic Plan in 2014 or 2015.

- *Status of current contract with Allied Waste (now Republic Services) scheduled to expire in 2011. (Republic Services provides trash hauling, recycling and disposal services.)*

The Republic Services contract was renewed with additional services (at no additional cost) to make service provisions more consistent with those provided to the adjacent City of Martinez.

- *District's financial stability and adequacy of reserves*

MVSD has indicated it is financially stable, debt free, and maintains a reserve amount consistent with recommendations by the District's financial advisor.

- *Cost Avoidance Opportunities and Opportunities for Facility Sharing*

MVSD contracts with CCCSD to share resources and increase cost-effectiveness on certain services, including: laboratory testing, inspection services for MVSD's commercial accounts, and implementing the Fats, Oils, and Grease control program. Additionally CCCSD assists MVSD in the preparation of MVSD's Annual Pollution Prevention Report.

- *Opportunities for Rate Restructuring – Rate/Fee Adjustments since 2008*

Rates were increased as reported in the 2008 MSR. The 2006 Proposition 218 rate increase was approximately 11% per year in 2006-07, 2007-08 and 2008-09. In 2009-10 and 2010-11, rates adjusted per the CPI; rates were not increased in 2011-12 and 2012-13; following a Proposition 218 proceeding in May 2013, rates are proposed to increase for five consecutive years based on the CPI. Current rates (FY 2013-14) are \$42.06 per month (residential) and \$6.03 per hundred cubic feet (general commercial).

- *Status of District's Long Range Plan*

The District's Long Range Plan (LRP) was adopted in 1986 and updated in 1998. The LRP was replaced by separate studies (Collection System Pumping Station Evaluation, Pump Station No. 4 Alternative Analysis, Wastewater Treatment Plant SRE and Collection System Flow Monitoring and Modeling Analysis).

- *Status of MVSD website*

In May 2013, MVSD entered in a contract with a media and website consultant to update and maintain MVSD's website.

- *Consideration of consolidation of MVSD with CCCSD*

MVSD does not support consolidation with CCCSD for the following reasons: significant capital investment and real estate acquisition would be required to pump MVSD effluent to the CCCSD system; current service boundaries of MVSD and CCCSD largely defined by topography; consolidation would not provide any economic advantage to ratepayers.

- *Changes to the District's SOI*

MVSD serves one parcel outside its current boundary. The parcel houses the Household Waste Collection Facility (jointly sponsored by MVSD and CCCSD) and a commercial building owned by CCCSD. A reorganization to detach the parcel from MVSD and annex to CCCSD was considered in 2010 but was not supported by both districts. MVSD and CCCSD are considering a joint SOI change in the Muir Oaks area of Martinez.

GOVERNMENT STRUCTURE ALTERNATIVES

Because MVSD is an "island" within CCCSD, alternative government structure options are limited. Two were identified: (1) maintain the status quo, and (2) consolidate with the CCCSD.

Maintain the Status Quo: MVSD is currently providing adequate wastewater services for residents and businesses within its boundaries. MVSD has invested considerable revenues in system-wide capital improvements and facilities, has a healthy reserve, and generally adheres to a "pay-as-you-go" policy in funding infrastructure upgrades. However, MVSD has reduced maintenance intervals, deferred selected capital projects and consistently increased user rates over time to stabilize district finances. MVSD will need to assess the ability of the community to absorb continuous annual increases which will be systemic in order for MVSD to meet its long term capital improvement needs.

Consolidate with the Central Contra Costa Sanitary District: Both districts provide similar services within their boundaries. Both MVSD and CCCSD have indicated that differences in treatment and disposal operations, topography and cost (real estate acquisition and capital improvements) make consolidation of the two districts fiscally infeasible. Further study should be pursued to determine if consolidation is a fiscally viable long-term option for both districts.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<p><i>Growth and Population for the affected area.</i></p>	<p>Currently, the District serves 18,253 residents. The MVSD service area population is expected to grow to between 24,500 and 25,322 over the next 20 to 25 years, an increase of approximately 29 to 33 percent.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>Two DUCs have been identified in MVSD’s SOI. Located north of the City of Martinez, DUCs are located on the west and east side of the I-680. Future annexation of these areas by MVSD or expansion of MVSD’s SOI contiguous to these DUCs would first require a detailed evaluation of MVSD’s capability to adequately serve these communities.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>The Five-Year CIP was revised in 2011 to reflect lower flows and improved preventive maintenance following an update of MVSD’s SSMP. Various capital projects have been funded, including a Grease Separation Station to remove fats and grease that will be burned in a solid waste digester for energy generation and construction of an Inflow Reservoir to normalize influent flows by 2014.</p> <p>MVSD has initiated several engineering and facilities studies to identify needed improvements and to determine if cost reductions or operating efficiencies could be achieved. As a result of these studies, several major projects were amended or deferred as part of the 20-year CIP of \$31 million. Smoke testing and TV monitoring have identified high priority pipe repair locations which are being addressed through the annual upgrade or replacement program. In addition, MVSD’s Supervisory Control and Data Acquisition (SCADA) monitoring system is also being upgraded to track flows and monitor pump stations to prevent overflow events.</p>

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	<p>Two DUCs have been identified in MVSDs SOI. Located north of the City of Martinez, a DUC is located on the west and east side of the I-680. Future annexation of these areas by MVSD or expansion of MVSD’s SOI contiguous to these DUCs would first require a detailed evaluation of MVSD capability to adequately serve these communities.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>MVSD operates as an enterprise type activity, with its primary revenue source being service charges and fees. Overall, MVSD’s financial status is relatively stable as operations expenditures are fully met by revenues received. However, the ability for MVSD to fully fund the entirety of its long term capital improvement program under the current “pay-as-you-go” program relying solely on rate increases should be noted. MVSD will need to assess the ability of the community to absorb continuous annual increases which will be systemic in order for MVSD to meet its long-term capital improvement needs.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>MVSD has several joint programs with CCCSD, including source control management, collection system mainline inspection, lab testing of effluent, and administrative functions and publications. MVSD participates in educational programs with local colleges and schools. MVSD has minimal opportunities for shared facilities as it is essentially surrounded by the CCCSD service area. The education programs are coordinated with local schools to encourage environmental management and education. Several cell phone site leases and billboard leases have been renegotiated to increase revenues.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>MVSD’s website provides the public with internet access to Board agendas and minutes, public notices, MVSD budgets and audits. “The Mt. View Monitor” newsletter is published quarterly (also available online) and provides the public with updates on district activities and projects. Preparation of a fiscal/operational study evaluating the long-term impacts of consolidation with CCCSD should be considered.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

Recommended Sphere of Influence: Reconfirm current determinations and current MVSD SOI.

RODEO SANITARY DISTRICT – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The Rodeo Sanitary District (RSD), formed in 1939, serves the unincorporated communities of Rodeo and Tormey adjacent to San Pablo Bay. RSD's boundaries include approximately 1.4 square miles and provide sewer service to 2,500 residential and commercial customers. The estimated service population is approximately 8,000. Adjacent wastewater service providers include the City of Hercules to the south and the Crockett Community Services District to the east. The area between RSD's north and south service areas is the Conoco Phillips Refinery which operates its own private wastewater system. The City of Hercules sphere of influence lies to the southeast.

Two RSD boundary issues identified in the 2008 MSR were being addressed: (1) the Bayo Vista apartment complex, located southeast of San Pablo Avenue and the Conoco Refinery, is being served by RSD but is located outside the RSD service boundary and SOI; and (2) a number of single family homes located along Viewpoint Avenue inside RSD's service boundary were located outside RSD's SOI. On July 1, 2013, CC LAFCO approved a SOI amendment for RSD adding, among other properties, the Bayo Vista apartment complex, the Viewpoint Avenue homes, and the Rodeo Marina to the RSD SOI. RSD currently has a pending application with LAFCO to annex the Bayo Vista property into the District. On January 8, 2014, CC LAFCO approved the annexation of the Rodeo Marina area (located along the northwest edge of the RSD boundary that meets with San Pablo Bay) to the RSD. On February 10, 2014, LAFCO held a protest hearing and no protests were received. On February 12, 2014, the Commission ordered the Rodeo Marina annexation. A map of RSD's current boundary and SOI is shown in **Figure IV-26** on Page 266.

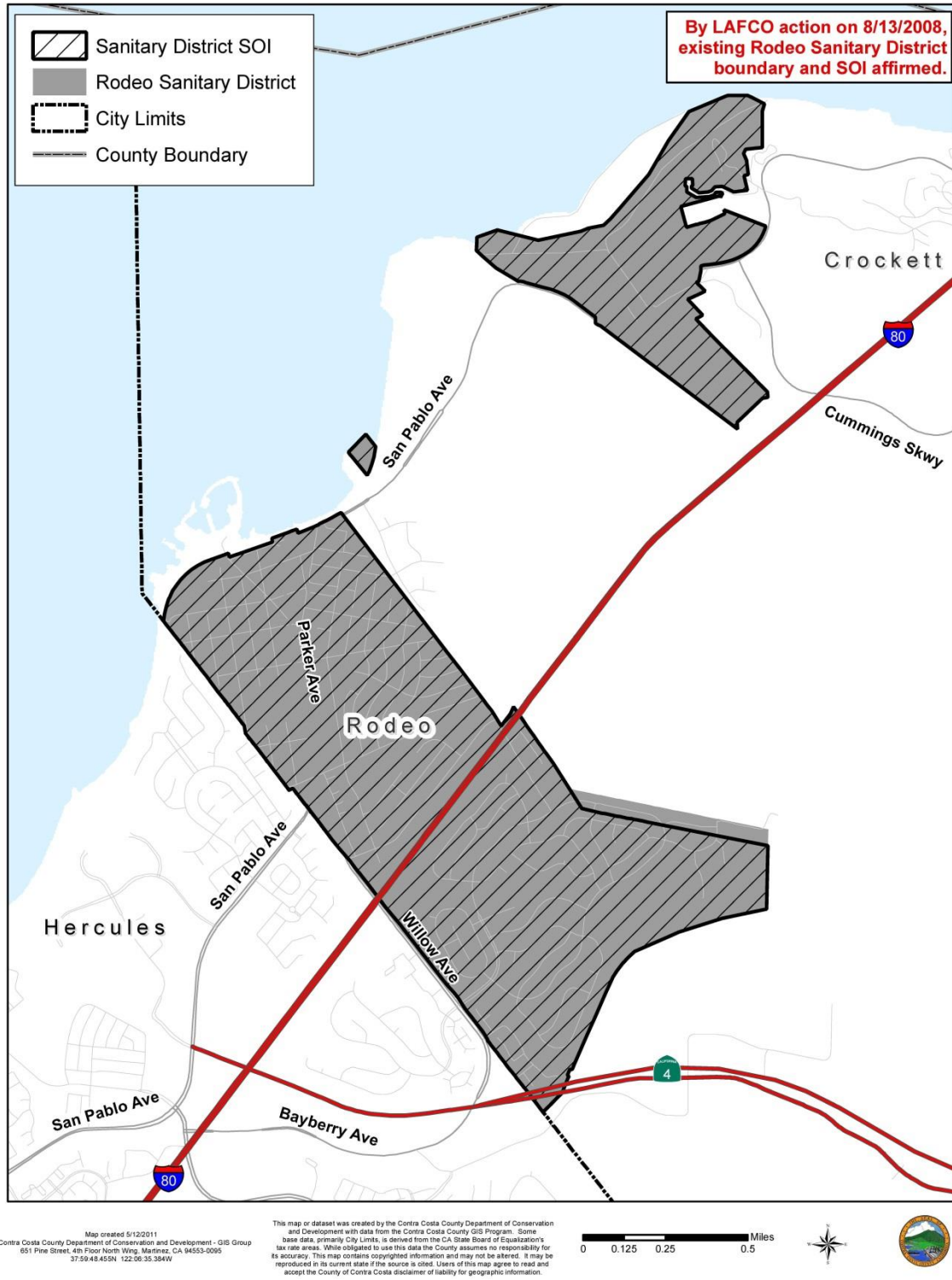
The population within the RSD service area is expected to increase by 15 percent within the 20-year planning period of the District's Comprehensive Wastewater Management Plan which was adopted in June 2013. The District's 2035 population is projected to be 7,990. RSD's Agency Profile is included as **Table IV-26** on Page 265.

Table IV-26, Agency Profile – Rodeo Sanitary District

General Information			
Agency Type	Independent Special District		
Principal Act	Sanitary District Act of 1923		
Date Formed	1939		
Services	Wastewater collection, treatment, and disposal; contracts for solid waste services with Republic Services in Richmond, California		
Service Area			
Location	Village of Tormey and unincorporated community of Rodeo; 3 non-contiguous service areas		
Sq. Miles/Acres	1.4 square miles/851 acres		
Land Uses	Residential, light commercial, public use		
Population Served	8,000 residents		
Last SOI Update	July 2013		
Infrastructure/Capacity			
Facilities	Water Pollution Control Plant, 25 miles of pipeline, 2 pump stations		
Connections	2,500 residential/commercial		
Treatment Plant Capacity (MGD)	1.14 MGD (3.4 MGD maximum); 550,000 gallons per day (average dry weather flow)		
Primary Disposal Method	RSD, the City of Pinole and the City of Hercules share discharge facilities into San Pablo Bay		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$2,701,524	\$2,108,938	\$592,586
Combined Other Funds	\$240,000	\$631,500	(\$391,500)
All funds	\$2,941,524	\$2,740,438	\$201,086
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$631,500	\$37,202,000 - 20-Year CIP from Master Plan completed in June 2013	
Net Assets (Reserves)	\$771,950	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Steven S. Beall, (510) 799-2970		
Notes			
LAFCO expanded District's SOI in July 2013; District formation date confirmed with District. Net Assets do not include Capital Assets			

Figure IV-26, Boundary/SOI Map – Rodeo Sanitary District

Rodeo Sanitary District and Sphere of Influence



DISTRICT OPERATIONS

RSD collects sewerage effluent through 25 miles of pipeline mains with two pump stations. The Rodeo Wastewater Treatment Plant (WWTP) treats an average of 500,000 gallons per day (GPD) within the 1.14 million gallons per day (MGD) capacity. RSD has completed a Comprehensive Wastewater Master Plan (CWWMP) (adopted in June 2013) that serves as a 20-year implementation plan for facilities and operations. The District has completed an update of its Sewer System Master Plan (SSMP) and made revisions to meet State Regional Water Quality Control Board (SRWQCB) requirements and review in 2012.

RSD has identified problem locations in its collection system through testing and is taking action to reduce infiltration flows that occur during rainy weather. One item resolved by testing is that the primary force main is in sufficient condition to not require early replacement except where conflicting with a County road project along San Pablo Avenue. A coordinated effort to apply for a State low interest loan (SRF) is expected to fund additional facilities upgrades in FY 2014-15 as part of the 20 - year CIP. System overflows have been closely monitored and reduced through the collection system inspection and cleaning program in the SSMP. Additional problem locations will be addressed as part of the 20-year CIP.

Infrastructure Needs

As referenced above, the recently adopted CWWMP has identified District-wide treatment and collection needs for the next 20 years. Issues identified in the 2006 MSR have been addressed including several projects at the WWTP. Improvements as part of the CWWMP will assist the District in operating safely and more efficiently. Replacement projects for high maintenance sewer mains will continue as funds are received for capital projects.

Cooperative Programs

RSD is a very small operating agency with only seven employees. RSD is a member of the Bay Area Consortium of Water and Wastewater Education (BACWWE) that supports and funds a technical studies program with the Solano Community College to train and develop potential new candidates for the water and wastewater industry. RSD also utilizes an intern program to bring in candidates to prepare for future position openings. Other joint training programs and the FOG program are supported with area agencies.

Cost Avoidance Opportunities

RSD has applied for and is on the list to receive a State Revolving Fund Low Interest Loan to partially fund WWTP and collection system upgrades. This will reduce long-term costs. As the WWTP is upgraded, it is expected to level off or reduce operating costs, including flow monitoring and after-hour call outs with overtime. In the 2008 MSR, cooperative programs on treatment were proposed with the Cities of Hercules and Pinole, but those were not implemented due to resistance from the other agencies.

DISTRICT FINANCIAL OVERVIEW

RSD operates as an enterprise type activity, with its primary revenue source being service charges and fees. Overall, RSD's financial status is stable as operations expenditures are fully met by revenues received. However, RSD does not currently maintain a large reserve and anticipates that much of this

reserve will be consumed by the Rodeo Creek Force Main Realignment Project. Any negative impact to revenues will need to be carefully monitored and addressed in order to ensure operational requirements are met. RSD's debt service to annual expenditure ratio is very good; however RSD is planning to obtain a State Revolving Fund Loan to fund capital projects which will impact that ratio.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of RSD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

RSD overall has been experiencing balanced budgets with annual surpluses. Overall, sufficient revenue is collected to support operational and maintenance expenditures. Rate increases have been implemented over the last several years to ensure revenues are sufficient to meet operational and capital project expenditures.

Ratios of Revenue Sources

RSD receives approximately 90% of its revenues from charges and fees for services, 7% of revenue from property taxes, and 3% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax. As RSD receives a small portion of its revenue from property tax, any impact on this revenue due to any future economic downturn would not have a significant impact on RSD.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. RSD currently reflects an overall fund balance ratio for all funds of approximately 28% of annual expenditures, an acceptable but marginal ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of RSD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. RSD's annual debt service ratio to total expenditures is approximately 2%, a very good ratio. RSD reports that in 2013, it retired a \$1.5 million loan, and the only remaining debt is a \$0.56 million loan scheduled to retire in 2016.

Capital Improvement Program

RSD's current 20-year CIP identifies approximately \$37.2 million in capital improvement expenditures. The RSD budget for FY 13/14 includes approximately \$632,000 in capital project expenditures. RSD reports that it has made numerous upgrades to its treatment plant, including a new chemical analyzer building, new secondary clarifier sludge collectors, valve and pump replacements, upgrading the digester mixing system, and energy efficiency upgrades. The most significant project scheduled which RSD anticipates will consume most of its reserves will be the Rodeo Creek Force Main Realignment project.

Rate Structure

RSD's service rate structure reflects fixed rate consumption based for its customers. Rates have remained relatively stable over the last several years; however, rate increases have been authorized

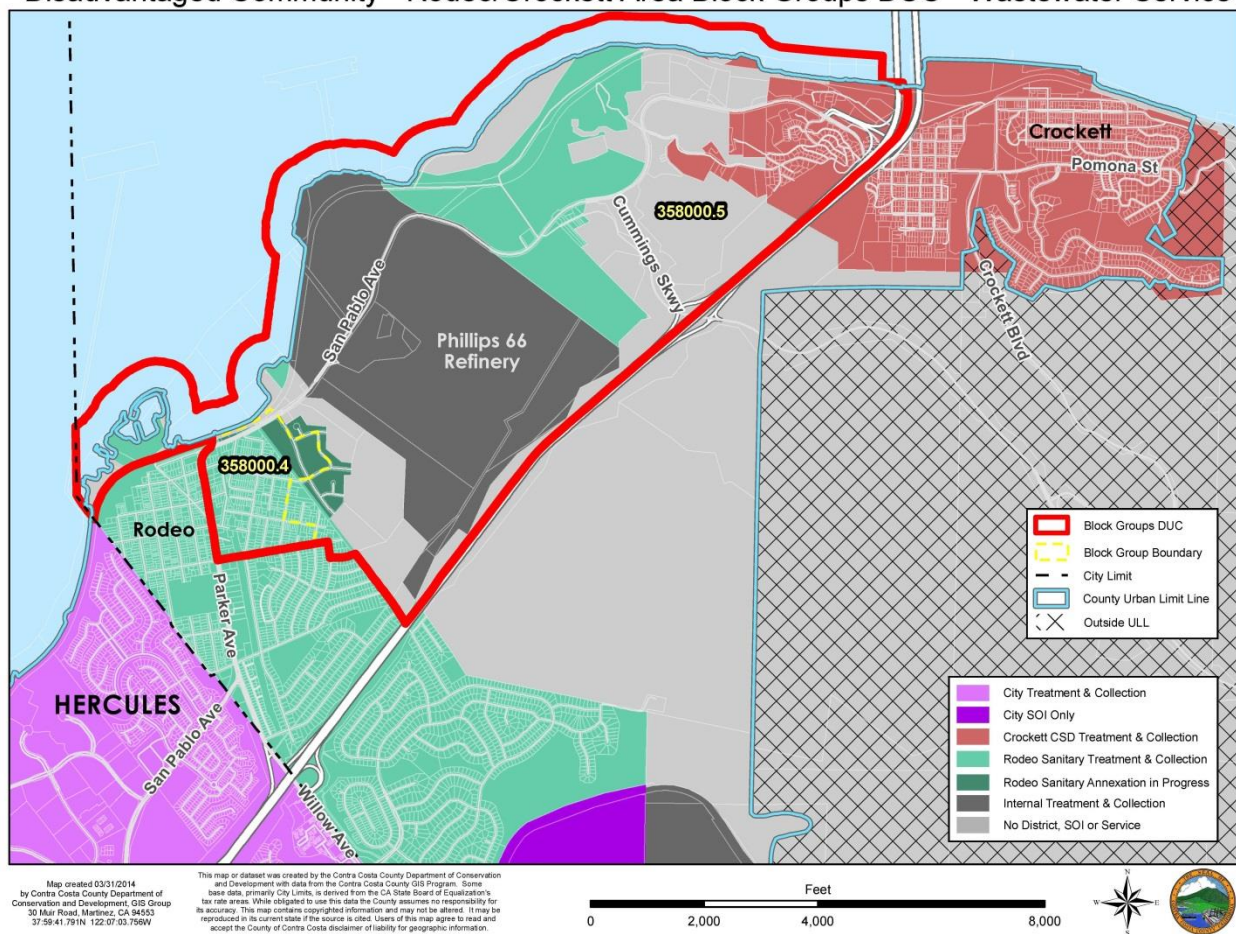
totaling approximately 34.4% for FY 13/14 through FY 15/16. These increases are scheduled to fund new debt service requirements for a loan from the State Revolving Fund for \$15 million in capital projects. RSD reports that it has looked into rate restructuring to a tiered system, however the District does not anticipate the need to implement such a structure at this time.

DISADVANTAGED UNINCORPORATED COMMUNITIES

A disadvantaged unincorporated community (DUC) has been identified in the area adjoining the current RSD SOI and service area. The DUC is located south of San Pablo Avenue as shown in **Figure IV-26A** below. Future annexation of this area by RSD or expansion of RSD's SOI contiguous to this DUC would first require a detailed evaluation of RSD's capability to adequately serve these communities.

Figure IV-26A, DUC Map – Rodeo/Crockett Area Block Group – Wastewater Service

Disadvantaged Community - Rodeo/Crockett Area Block Groups DUC - Wastewater Service



STATUS OF ISSUES IDENTIFIED IN 2008 MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to RSD. The section below provides an update, based on information provided by RSD, identifying how those issues have been addressed since 2008 MSR.

- *Status of in-house intensive smoke testing of two main sections of the collection system.*

During the development of the CWWMP, RSD performed several supporting tasks to identify worst condition areas with the highest inflow and infiltration, including: collection system flow monitoring during winter 2011-2012; hydraulic flow model of the collection system; and limited smoke testing.

- *Status of multi-phased collection system rehabilitation program.*

The recently adopted CWWMP has identified district-wide treatment and collection needs for the next 20 years. Issues identified in the 2008 MSR have been addressed including several projects at the WWTP. Improvements as part of the CWWMP will assist RSD in operating safely and more efficiently. Replacement projects for high maintenance sewer mains will continue as funds are received for capital projects.

- *Status of corrosivity analysis and access vault installation.*

RSD conducted a force main condition assessment in 2008, evaluating the corrosivity of the soil around the pipe. The study determined the soil was mildly corrosive and the internal condition of the pipe was excellent. RSD has been required by the Contra Costa County Public Works Department to replace the force main section across San Pablo Avenue at Rodeo Creek. This project is expected to be completed by 2014 and will provide an opportunity to study the removed sections of pipe for condition assessment. Due to budget constraints, RSD did not install the access vault.

- *Status of Sewer System Master Plan.*

The SSMP was completed originally in 2010 with multiple updates, most recently in March 2013.

- *Number of sewer system overflows since 2008.*

RSD has had approximately 45 SSO's over the past five years. The majority have been related to wet weather flow.

- *Status of District's treatment facility improvements.*

RSD has a basic SCADA system, with the majority of the systems at the treatment plant under Programmable Logic Control (PLC). The systems information is fed to RSD's SCADA computer in the operations building. This data is used for data tracking and monitoring. The system is monitored 24 hours per day. Over the past five years, RSD has made numerous upgrades to the treatment plant, including: installation of a new analyzer building to enhance chemical delivery; replacement of the secondary clarifier sludge collection mechanisms; installation of new recycled water system for wash down hose and water process; numerous valve and pump replacements; anaerobic digest mixing system upgrade, improved fencing and building security; and energy efficient projects including LED lights, new blowers and air line repairs.

- *Other programs to meet new regulations and/or improve the District's systems and facilities.*

RSD has installed a computer-based preventative maintenance program (PM). The PM program, in use for over five years now, issues work orders monthly and are tracked for completion. RSD is also a member of the BACWWE. The program works with the Solano Community College to use BACWWE members to teach college level courses related to water and wastewater fields. The Program, specifically at RSD, also provides on-the-job training through student internships.

- *Status of District's current reserve funds.*

Currently RSD has an operations reserve of approximately \$500,000 and a capital reserve of \$200,000. However, it is anticipated these reserves will be consumed by the Rodeo Creek Force Main Realignment Project.

- *Status of District fee structure.*

RSD supports the existing system for setting sewer service fees and collection rates.

- *Status of any partnership with the Cities of Hercules and Pinole to provide regional collection and treatment of sewage.*

The proposal was met with resistance from both cities and has not been pursued or studies.

- *Status of correcting RSD boundary discrepancies (i.e., Bayo Vista and homes along Viewpoint Avenue).*

LAFCO recently approved an SOI expansion to include the Bayo Vista, Viewpoint and Rodeo Marina areas. Annexation of the Rodeo Marina area was approved by LAFCO in January 2014; the Bayo Vista annexation is currently pending.

- *Status of District's website.*

RSD's website is up and operating.

GOVERNMENT STRUCTURE ALTERNATIVES

RSD is currently providing wastewater collection, treatment and disposal services for residences and businesses within its boundaries. RSD is providing adequate service, maintains its infrastructure, and is financially stable. RSD is rehabilitating its infrastructure and is implementing programs and practices that improve cost efficiency. With the recent SOI amendments and annexations to RSD to rectify outstanding boundary issues, no additional government structure options have been identified at this time.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

<p><i>Growth and Population for the affected area.</i></p>	<p>The population within the RSD service area is expected to increase by 15 percent within the 20-year planning period of RSD’s Comprehensive Wastewater Management Plan which was adopted in June 2013. RSD’s 2035 population is projected to be 7,990.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>A DUC has been identified in the area adjoining the current RSD SOI and service area. The DUC is located south of San Pablo Avenue. Future annexation of this area by RSD or expansion of RSD’s SOI contiguous to the DUC would first require a detailed evaluation of RSD’s capability to adequately serve these communities.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>The recently adopted CWWMP has identified district-wide treatment and collection needs for the next 20 years. Issues identified in the 2008 MSR have been addressed including several projects at the WWTP. Improvements as part of the CWWMP will assist RSD in operating safely and more efficiently. Replacement projects for high maintenance sewer mains will continue as funds are received for capital projects.</p> <p>A DUC has been identified in the area adjoining the current RSD SOI and service area. The DUC is located south of San Pablo Avenue. Future annexation of this area by RSD or expansion of RSD’s SOI contiguous to the DUC would first require a detailed evaluation of RSD’s capability to adequately serve these communities.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>Overall, RSD’s financial status is stable as operations expenditures are fully met by revenues received. However, RSD does not currently maintain a large reserve and anticipates that much of this reserve will be consumed by the Rodeo Creek Force Main Realignment Project. Any negative impact to revenues will need to be carefully monitored and addressed in order to ensure operational requirements are met. RSD’s debt service to annual expenditure ratio is very good; however RSD is planning to obtain a State Revolving Fund loan to fund capital projects which will impact that ratio.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>RSD is a very small operating agency with only seven employees. RSD is a member of the BACWWE that supports and funds a technical studies program with the Solano Community</p>

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	College to train and develop potential new candidates for the industry. RSD also utilizes an intern program to bring in candidates to prepare for future position openings. Other joint training programs and the FOG program are supported with area agencies.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	RSD's website provides the public with internet access to Board agendas and minutes, public notices, district budgets and audits. No additional government structure alternatives have been identified.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

Recommended Sphere of Influence: Reconfirm current determinations and current coterminous RSD SOI.

STEGE SANITARY DISTRICT – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The Stege Sanitary District (SSD) was originally organized in 1913 to provide for the collection, treatment and disposal of wastewater from the developed area in the southwest portion of the County. The area remained relatively rural until significant residential growth occurred in the late 1920s and 1930s. Extensive development took place following the end of World War II. The original SSD boundaries were similar to those of today, but service within the boundaries has expanded significantly. The present service area of SSD comprises 5.7 square miles and includes the communities of El Cerrito, Kensington, and the portion of the Richmond Annex west of El Cerrito and south of Potrero Avenue. SSD's sphere of influence is coterminous with the agency boundary. A map of SSD's current boundary and sphere of influence (SOI) is shown in **Figure IV-27** on Page 276.

SSD also serves approximately 101 homes outside SSD's boundaries by contract with the City of Richmond. SSD began service to this area in 1982 at the request of the City of Richmond. The sewer system in this area was badly damaged in a landslide, and it was determined that it was in the public interest that SSD serve the area.

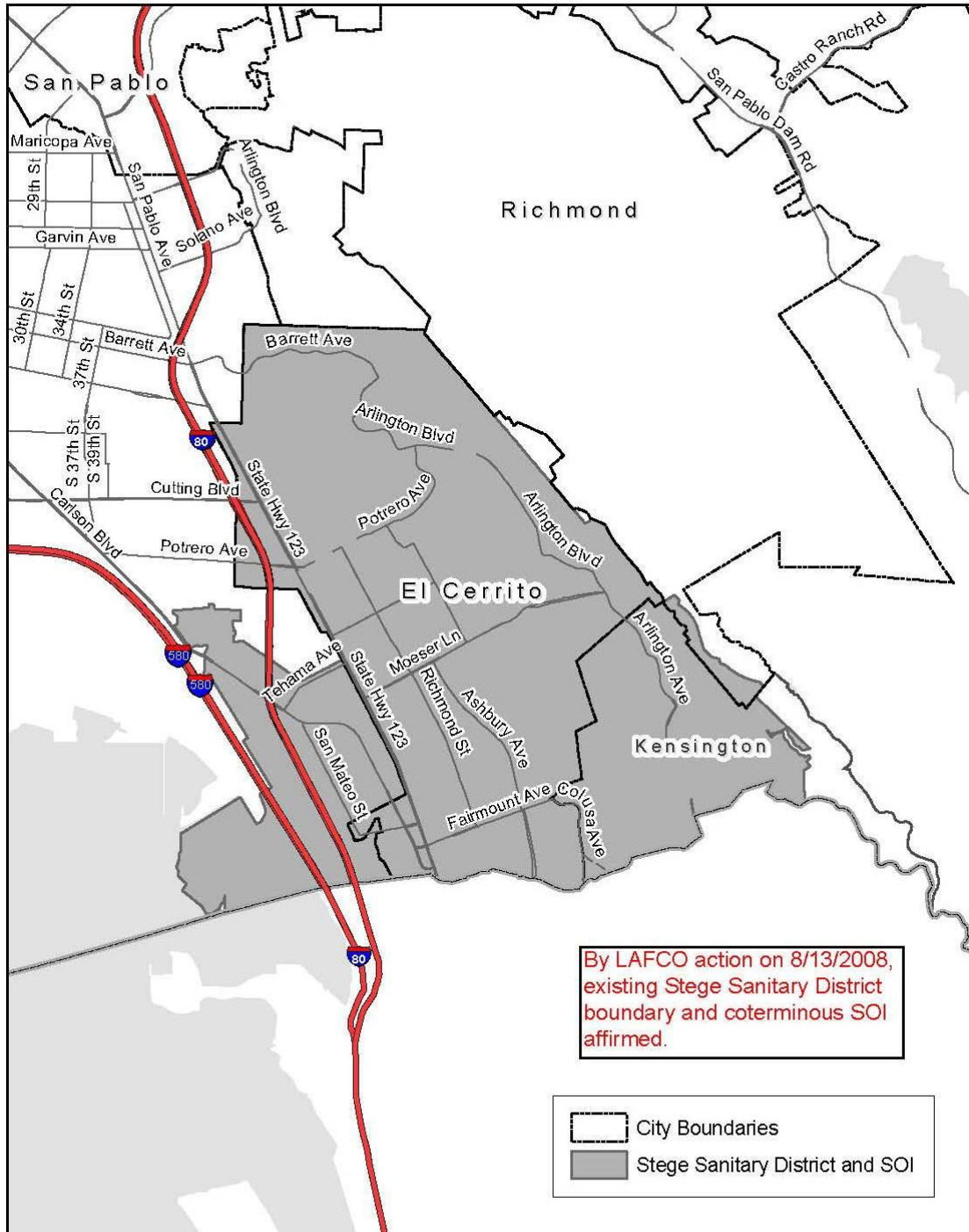
Today, SSD provides wastewater collection services for approximately 33,000 people with a total of about 13,000 sewer connections. Wastewater collected in the district system flows to Special District #1 Interceptor sewer and is then conveyed to the East Bay Municipal Utility District (EBMUD) Wastewater Treatment Facility in Oakland for treatment. The service area is largely built out, with growth limited to a few remaining vacant parcels and revitalization/intensification of existing commercial areas. SSD's Agency Profile is included as **Table IV-27** on Page 275.

Table IV-27, Agency Profile – Stege Sanitary District

General Information			
Agency Type	Independent Special District		
Principal Act	Health and Safety Code Section 2200 et seq.		
Date Formed	1913		
Services	Wastewater collection		
Service Area			
Location	City of El Cerrito, unincorporated community of Kensington, portion of the Richmond Annex community		
Sq. Miles/Acres	5.7 square miles/3,619		
Land Uses	Residential, commercial, industrial, open space		
Population Served	33,000		
Last SOI Update	8/13/2008		
Infrastructure/Capacity			
Facilities	148 miles of sewer main, 2 pump stations		
Connections	13,000		
Treatment Plant Capacity (MGD)	EBMUD treatment plant – Oakland 320 MGD (maximum)		
Primary Disposal Method	EBMUD treatment plant - Oakland		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$2,800,531	\$2,395,531	\$405,000
Combined Other Funds	\$1,425,469	\$1,975,046	(\$549,577)
All Funds	\$4,226,000	\$4,370,577	(\$144,577)
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$1,975,045	Determined annually based on SSMP	
Net Assets	\$2,682,117	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Rex Delizo, (510) 524-4668		
Notes			
Population, district size, and service connection estimates from 2012 SSMP. Net Assets do not include Capital Assets			

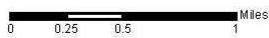
Figure IV-27, Boundary/SOI Map – Stege Sanitary District

Stege Sanitary District and coterminous Sphere of Influence



Map created 8/6/08
 by Contra Costa County Community Development GIS Group
 651 Park Street, 4th Floor North Wing, Hayward, CA 94542-4226
 37.5548455N 122.0635354W

This map was created by the Contra Costa County Community Development Department using data from the Contra Costa County GIS Program. Some basic data, primarily City limits, is derived from the CA State Board of Geographic Names. While we endeavor to use the data the County has the responsibility for its accuracy. This map does not constitute a warranty and is not intended to be used as a legal document. Users of this map agree to hold and accept the County of Contra Costa harmless of liability for geographic information.



DISTRICT OPERATIONS

SSD collects sewage and conveys it through 148 miles of sewer main line for treatment by EBMUD. SSD has implemented an aggressive sewer main maintenance and replacement program since 2007 and replaced approximately 21 percent of its sewer main pipelines. One pump station is also planned to be rebuilt to improve reliability.

SSD participates in several cooperative programs to operate effectively and educate customers in proper use of the sewer system. Through these efforts, sewer spills have been held to a relative minimum of number and volume (all less than 600 gallons). SSD implemented several key capital projects including construction of a new administration and operations building, purchase of a new hydro-vector, and design planning for a pump station rehabilitation project. Funding for system rehabilitation projects has been increased by about 60 percent from \$900,000 to \$1,452,000 per year. SSD also participates in two system maintenance and operations programs with other local sewer agencies described below.

Infrastructure Needs

As noted above, SSD has an aged sewer collection system. As a result of agreements with regional agencies and good operations practices, SSD has begun a sewer main replacement program resulting in over 21 percent of sewer main replacement to date and trouble locations being maintained more aggressively. A major pump station is scheduled for rehabilitation later this year. Funding has been increased by over 60 percent on these programs. The Sewer System Master Plan was also updated and adopted in 2012.

Cooperative Programs

SSD contracts with EBMUD for wastewater treatment. SSD is also a member of the EBMUD Joint Powers Authority that conducts studies and projects to control wet weather overflows and implements the East Bay Regional Fats, Oils and Grease (FOG) control program with six cities. Another program identifying Regional Private Sewer Lateral deficiencies is being implemented with local cities through EBMUD.

Cost Avoidance Opportunities

The District participates in several regional programs including those with EBMUD and local cities that help to reduce costs. Joint maintenance programs and training reduce repair costs and liability claims.

DISTRICT FINANCIAL OVERVIEW

SSD operates as an enterprise type activity, with its primary revenue source being service charges and fees. Overall, SSD's financial status is stable as operations expenditures are fully met by revenues received. SSD does not maintain a capital improvement program. Any capital maintenance expenditures necessary are determined annually and funded from revenues and the reserve fund balance. SSD does maintain a Collection System Rehabilitation Plan and has increased funding for rehabilitation projects significantly since 2009. SSD maintains a good reserve fund balance providing good capability to absorb short term impacts, and its debt service to annual expenditure ratio is very good.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of SSD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

SSD overall has been experiencing balanced budgets. Sufficient revenue is collected to support operational and maintenance expenditures. Rate increases have been implemented over the last several years to ensure revenues are sufficient to meet operational and capital project expenditures.

Ratios of Revenue Sources

SSD receives approximately 88% of its revenues from charges and fees for services, 8% of revenue from property taxes, and 4% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax. As SSD receives a small portion of its revenue from property tax, any impact on this revenue due to any future economic downturn would have an insignificant impact on SSD.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. SSD currently reflects an overall fund balance ratio for all funds of approximately 61% of annual expenditures, a good ratio. In 2010, SSD revised its reserve policy establishing targets for the Operating Fund and the Capital Fund. The reserve target for the Capital Fund is \$1,500,000, \$1,000,000 available for emergency capital costs and \$500,000 for other capital costs. The Operating Fund maintains a reserve target consisting of 60% of annual O&M costs.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of SSD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. SSD's annual debt service ratio to total expenditures is approximately 5%, a very good ratio.

Capital Improvement Program

SSD does not maintain a capital improvement program. Any capital maintenance expenditures necessary are determined annually and funded from revenues and reserve fund balance. SSD does maintain a Collection System Rehabilitation Plan and has increased its system rehabilitation funding from \$900,000 in 2009 to \$1,452,000 in 2014. SSD reports that as of July of 2013, it has replaced 165,000 feet of sewer main lines which is 21 percent of the total system. The district budget for FY 13/14 includes approximately \$1,727,000 in capital project expenditures.

Rate Structure

SSD's service rate structure reflects fixed rate fees for its residential customers. The current rate is \$195 per year. Commercial rates are a fixed rate fee applied to annual water consumption. The current annual commercial fee is \$4.01 per each 1,000 gallons of water consumption. SSD has raised fees each year for the last several years. In 2013, connection fees were evaluated and increased from the previous rate of \$1,324 to the current rate of \$1,790 per new connection. SSD reports that it does not anticipate adjusting the current rate structure at this time.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the SSD sphere of influence.

STATUS OF ISSUES IDENTIFIED IN 2008 MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to SSD. The section below provides an update, based on information provided by SSD, identifying how those issues have been addressed since 2008 MSR.

- *Efforts to implement the District's Collection Rehabilitation Plan since 2008.*

In order to continue to provide a high level of service for its customers, SSD has increased its System Rehabilitation funding from \$900,000 in 2009 to \$1,452,000 in 2014 and plans to continue to increase its funding to keep pace with inflation going forward.

- *Number of sewer system overflows since the 2008 MSR.*

In 2012, SSD reported 15 overflows. 12 were less than 50 gallons of size, and none exceeded 600 gallons.

- *Status of capital improvement projects cited in the 2008 MSR.*

A new administration building was built in 2010, and a new hydro-vector was purchased in 2013. For FY 13/14, \$220,000 is budgeted for a pump station rehabilitation project. Sewer rehabilitation and manhole adjustments continue to be funded annually.

- *Status of District reserves.*

In June 2010, SSD's reserve policy was modified as part of its rate planning process and targets were established for two funds: the Operating Fund and the Capital Fund. The reserve target for the Capital Fund is \$1,500,000 which allows SSD to have \$1,000,000 available for emergency capital costs and \$500,000 for other capital costs. For the Operating Fund, SSD maintains a reserve target consisting of 60 percent of annual O&M costs. For FY 13/14, the reserve target for the Operating Fund is \$1,437,319 and the total reserve target for both the Operating and the Capital Fund is \$2,937,319. As of July 1, 2013, cash on hand is \$2,837,092 which equates to 97% of the total reserve target.

- *Status of revising SSD's flat rate structure.*

Since most of SSD's costs, including equipment, sewer repairs/replacements and salaries/benefits, are fixed and not based on the amount of actual wastewater flow or water usage, SSD does not anticipate changing the flat rate structure for residential sewer service at this time.

- *Efforts in program or facility sharing with other agencies since the 2008 MSR.*

SSD currently participates in the East Bay Regional Fats, Oils and Grease (FOG) Control Program with EBMUD and six cities (Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont). Additionally, SSD participates in the East Bay Regional Private Sewer Lateral (PSL) Program with EBMUD and the Cities of Albany, Emeryville, Oakland and Piedmont to regionally address aged private sewer laterals.

- *Status of efforts to annex area (101 homes within the City of Richmond) currently served by SSD but outside the District’s boundaries.*

Due to various engineering and liability issues, SSD has no plans to pursue annexation of this area in the future.

GOVERNMENT STRUCTURE ALTERNATIVES

Two government structure options have been identified for SSD:

Maintain the status quo

SSD is currently providing adequate wastewater collection services for residences and businesses within its boundaries. SSD is rehabilitating its collection system and has planned for future capital needs. Since 2008, funding for system rehabilitation projects has been increased by about 60 percent from \$900,000 to \$1,452,000 per year. In addition, SSD’s financial situation is stable with a healthy reserve fund balance providing good capability to absorb short term impacts

Annex the area being served outside the SSD boundaries

SSD currently provides service to 101 homes outside its current boundaries by contract with the City of Richmond. Located along the base of the San Pablo Ridge, these parcels are located along the northeast boundary of SSD and the City of El Cerrito and are accessed via Rifle Range Road. This area is prone to landslide activity. The City of Richmond constructed a costly conveyance system using three lift stations and approximately four miles of sewer mains to provide service to this area. In 1982, a landslide severed the service mains providing service to this area. At that time, it was determined that emergency service into the area could best be provided by SSD. Due to various engineering and liability issues associated with annexation of these parcels to SSD (and which are outside the scope of this MSR), SSD has stated there are no plans to annex this area in the near future.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	SSD provides wastewater collection services for approximately 33,000 people with a total of about 13,000 sewer connections. The service area is largely built out, with growth limited to a few remaining vacant parcels and revitalization of existing commercial areas.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no DUCs located within, or contiguous to, the SSD sphere of influence.

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>SSD has an aged sewer collection system. As a result of agreements with regional agencies and good operations practices, SSD has begun a sewer main replacement program resulting in over 21 percent of sewer main replacement to date, and trouble locations are being maintained more aggressively. A major pump station is scheduled for rehabilitation later this year. Funding has been increased by over 60 percent on these programs. The Sewer System Master Plan was also updated and adopted in 2012. There are no DUCs located within, or contiguous to, the SSD SOI.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>Overall, SSD’s financial status is stable as operations expenditures are fully met by revenues received. SSD does not maintain a capital improvement program. Any capital maintenance expenditures necessary are determined annually and funded from revenues and the reserve fund balance. SSD does maintain a Collection System Rehabilitation Plan and has increased funding for rehabilitation projects significantly since 2009. SSD maintains a good reserve fund balance providing good capability to absorb short term impacts, and its debt service to annual expenditure ratio is very good.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>SSD contracts with EBMUD for wastewater treatment. SSD is also a member of the EBMUD Joint Powers Authority that conducts studies and projects to control wet weather overflows and implements the East Bay Regional Fats, Oils and Grease (FOG) control program with six cities. Another program identifying private sewer lateral deficiencies on a regional basis is being implemented through SSD, local cities and EBMUD.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>SSD’s website provides the public with internet access to Board agendas and minutes, public notices, district budgets and audits. “The Endeavor” newsletter is published biannually and provides the public with updates on SSD activities and projects. Annexation of territory currently served by SSD but located outside of the service boundary is problematic due to engineering and liability issues.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

Recommended Sphere of Influence: Reconfirm current determinations and coterminous SSD SOI.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT – WATER/WASTEWATER SERVICES

OVERVIEW/BACKGROUND

The Town of Discovery Bay Community Services District (TODBCSD) is located in the eastern portion of the County, north of Highway 4, approximately one mile east of the Byron Highway. The service area encompasses the developed and developing unincorporated community of Discovery Bay of approximately 5,760 acres. Discovery Bay was originally established in the 1970s as a weekend and summer resort community.

Today, Discovery Bay has evolved into a year-round home for over 13,500 residents. TODBCSD was formed in 1998 as an independent district pursuant to the Community Services District Act (Government Code Section 61000 et seq.). TODBCSD is authorized to provide water and wastewater services, parks and park maintenance services, landscaping and recreation services. TODBCSD also provides flood control in specified areas. This report will focus on the TODBCSD's water and wastewater services which is TODBCSD's primary function. A map of TODBCSD's current boundary and sphere of influence (SOI) is shown in **Figure IV-28** on Page 284.

Two new residential development projects, Newport Pointe and Pantages Bay, were recently approved by the Contra Costa Board of Supervisors and will ultimately require TODBCSD services in the future:

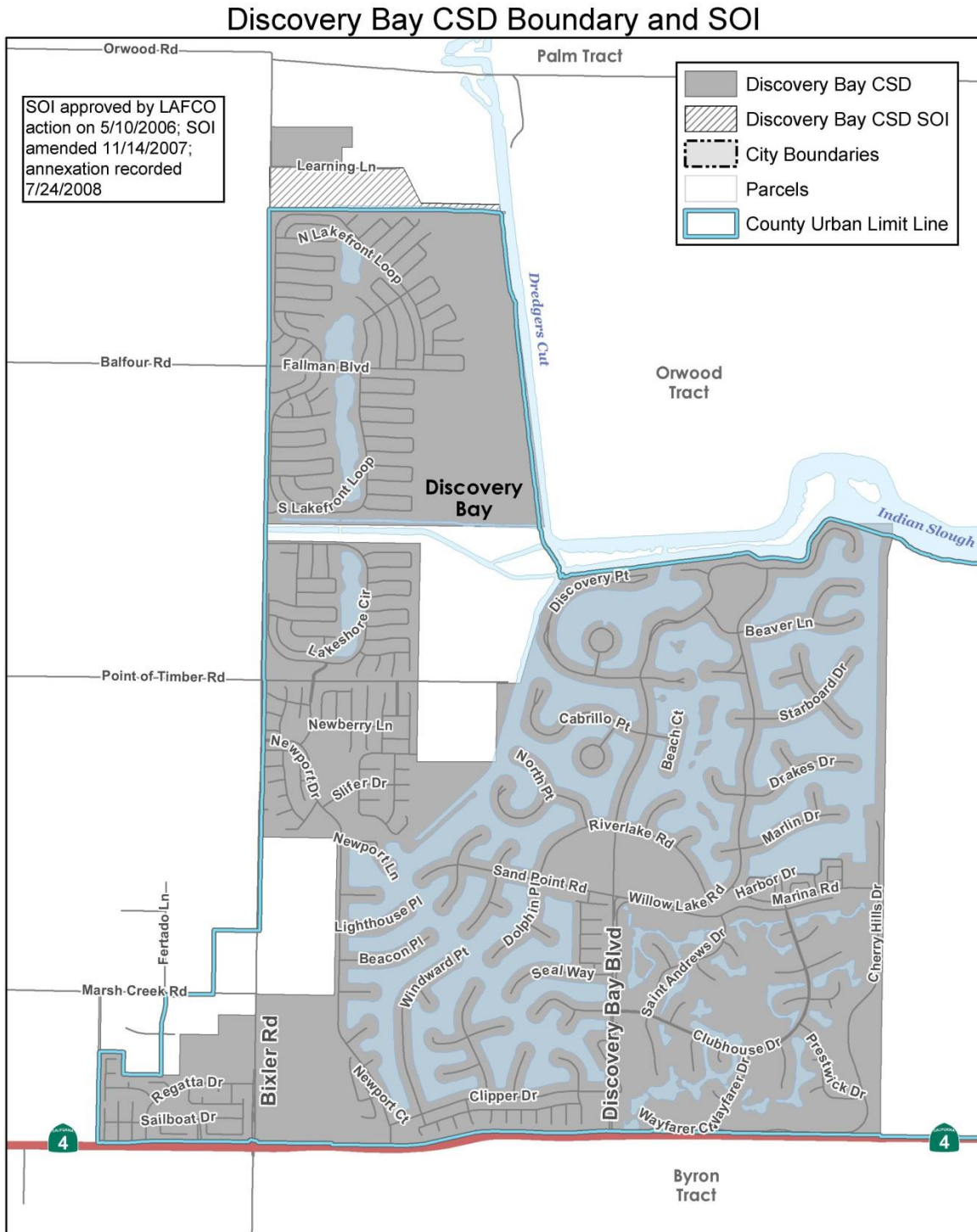
- The Newport Pointe development will result in 67 single family homes on 20 acres of undeveloped property (and approximately six acres of wetlands) in the Discovery Bay West area. The property is located outside the current TODBCSD SOI and service boundary. In July 2010, the landowner submitted applications to CC LAFCO to modify TODBCSD's SOI and boundary to include this property. The CC LAFCO applications are currently incomplete.
- The Pantages Bay development proposes 292 residential units (116 of which will have boat docks), creation of 47 acres of bays and covers, wetlands/emergent marsh preservation, trails and other project-related improvements, and a Sheriff's Marine Patrol Station. Most of the project territory is located outside the TDBRSD SOI and service boundary. A landowner application to CC LAFCO to remedy these outstanding boundary issues will be required.

These projects, as well as the continued built-out of entitled units in Discovery Bay West and Villages IV and V, will result in future growth for TODBCSD. According to the 2012 Wastewater Master Plan, at build out, the Town of Discovery Bay will add an additional 1,123 residential units, 90 acres of office and business park development and 10 acres of commercial land use. In 2012, TODBCSD adopted 10-Year Master Plans for both water and wastewater services along with long-term Capital Improvement Programs to meet Discovery Bay's future growth and capacity needs at build out, including both the proposed Newport Pointe and Pantages Bay developments. The TODBCSD's Agency Profile is included as **Table IV-28** on Page 283.

Table IV-28, Agency Profile – Town of Discovery Bay Community Services District

General Information			
Agency Type	Community Services District		
Principal Act	Community Services District Laws, Government Code Section 61000 et seq. and SB 135, Community Services District Law		
Date Formed	1998		
Services	Water, sewage collection and disposal, levee maintenance, parks and park maintenance, landscaping and recreation		
Service Area			
Location	Unincorporated community of Discovery Bay		
Square Miles/Acres	9 square miles/5,760 acres		
Land Uses	Predominantly residential with some commercial and irrigation uses		
Water Connections	5,523 service connections (residential, commercial, irrigation)		
Population Served	13,500 (2010 Census)		
Last SOI Update	11/14/2007		
Water Infrastructure/Capacity			
Facilities	2 water treatment plants, 4 water storage tanks, booster pumps, 46 miles of mainland pipe		
Storage Capacity	Willow Lake Water Treatment Plant – 1.5 MG Newport Water Treatment Plant – 1.0 MG		
Primary Source of Supply	5 active groundwater supply wells; 6 th well to be online by late spring/early summer 2014		
Sewer Infrastructure/Capacity			
Facilities	2 wastewater treatment plants, 15 lift stations		
Treatment Plant Capacity (MGD)	Average Annual Flow – 1.80 MGD Permitted Flow – 2.1 MGD Peak Day Flow – 3.60 MGD		
Primary Disposal Method	Secondary treatment, UV disinfection and discharge into Old River		
Budget Information- FY 2013-2014 (All Services- Water/Wastewater/Parks/Recreation/Landscape)			
	Revenues	Expenditures	Net Surplus/(Deficit)
General/Operating Fund	\$13,276,006	\$6,165,337	\$7,110,669
Combined Other Funds	Included Above	\$7,110,669	(\$7,110,669)
All Funds	\$13,276,006	\$13,276,006	\$0
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$7,110,669	\$25,244,439- 5 Year Projection	
Net Assets (Reserves)	\$7,564,216	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Rick Howard, (925) 634-1131		
Notes			
Net Assets do not include Capital Assets			

Figure IV-28, Boundary/SOI Map – Town of Discovery Bay Community Services District



Map created 05/13/2013
 by Contra Costa County Department of
 Conservation and Development, GIS Group
 30 Muir Road, Martinez, CA 94553
 37.59.41.791N 122.07.03.756W

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DISTRICT OPERATIONS

TODBCSD provides a variety of services including water and wastewater for the community of nine square miles. The water operations function provides: potable treatment capacity of approximately 2 million gallons per day (MGD); storage in 4 reservoirs; and distribution through several booster pumps and 46 miles of pipeline. TODBCSD operates 5 active wells for pumping groundwater to provide for treatment. A sixth well is under construction with a planned operational date in the summer of 2014. TODBCSD contracted to develop and approved a 10-Year Water Master Plan in 2012 that provides a framework for accommodating future development and a long range CIP including major infrastructure replacement as needed over time.

Wastewater operations functions include two relatively small but environmentally sensitive wastewater treatment plants (WWTP's) with capacity of 2.1 MGD and average flow of 1.8 MGD. A system of 15 pump stations takes collected effluent to the WWTP for treatment and disposal. TODBCSD currently contracts operation of the WWTP with Veolia Water since 2009 and has experienced reduced operational problems and environmental and permit issues.

As referenced in the 2006 MSR, TODBCSD experienced several permit violations and has since resolved those issues and received a new NPDES permit in 2008. A new expanded permit is expected in mid-2014. Issues of constituent discharges exceeding limits and Regional Water Quality Control Board (RWQCB) fines have been an ongoing concern. TODBCSD appears to have addressed these issues through the change of contract operators and oversight by management and engineering support. While it is realistic to expect occasional problems with a wastewater system, the challenge is to address issues and solve them for future operations. Close monitoring of this situation will be important for the next MSR cycle. TODBCSD has issued debt financing to fund capital improvement projects and has approximately \$7.1 million budgeted in 2013-14 including, among other upgrades, a new well, WWTP upgrades, and pipeline replacement.

Infrastructure Needs

TODBCSD has applied for a new NPDES permit for the WWTP with a capacity increase from 2.1 MGD to 2.35 MGD. Operation of the WWTP and upgrades to the inflow control, pump and UV system are expected to aid in operation. The Water and Wastewater Master Plans have identified potential rehabilitation projects for the next ten years as well as possible upgrades if new development is approved.

Cooperative Programs

TODBCSD has joined the Bay Area Chemical Consortium to purchase bulk chemicals for water and wastewater treatment, saving about \$50,000 per year. A Joint Powers Authority (JPA) agreement with the Byron Bethany Irrigation District (BBID) formed the Discovery Bay Financing Authority to finance bonds for long-term capital projects. TODBCSD is studying several possible cooperative programs for operations of its recreation programs.

Cost Avoidance Opportunities

The comprehensive review of the water and wastewater facilities and Master Plans have provided the ability to better phase major rehabilitation projects and reduce debt financing costs. Low energy lighting is being installed at facilities to reduce energy costs. TODBCSD's management has set cost containment or reduction as a major strategic goal for TODBCSD.

DISTRICT FINANCIAL OVERVIEW

TODBCSD provides water, wastewater, parks and parks maintenance, and recreation and landscape maintenance services to the Discovery Bay area. TODBCSD operates its water and wastewater services as enterprise type activities, with a significant portion of its overall revenue from charges for services listed as property taxes in TODBCSD's budget. Overall, TODBCSD's financial status is stable. TODBCSD maintains a good long-term CIP and maintains sufficient revenue generation for funding projects. TODBCSD maintains a good reserve fund balance providing adequate capability to absorb short-term impacts and its debt service to annual expenditure ratio is low. TODBCSD reports that in 2013, it began a new four-year Water and Wastewater Rate Study for future operational and capital requirements, and the anticipated rate adjustments that may be required to support future needs.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of TODBCSD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

TODBCSD overall has been experiencing balanced budgets over the last few years. TODBCSD maintains adequate amounts of reserve fund balance and has established several infrastructure reserve funds for future capital improvements, with annual contributions to those funds.

Ratios of Revenue Sources

TODBCSD overall receives approximately 55% of its revenues from charges and fees for services, most of which are identified as property taxes in TODBCSD's budget, 41% from financing proceeds and 4% from miscellaneous other sources. The financing proceeds are designated for capital improvement projects. Overall, sufficient revenue is collected to support operational and maintenance expenditures, with sufficient reserves to absorb for short term impacts.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. TODBCSD currently reflects an overall fund balance ratio for all funds of approximately 57% of annual expenditures, a good ratio. TODBCSD reports that it maintains a base reserve of \$3 million, and has instituted annual contributions to several capital reserve funds for future capital, facilities, equipment and vehicle replacement requirements. TODBCSD reports that for FY 12/13, the combined reserve fund balance for these capital reserve funds was \$820,000, and that the combined annual contribution rate to the reserve funds is \$500,000.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of TODBCSD's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. TODBCSD's annual debt service ratio to total expenditures is approximately 6%, a good ratio. TODBCSD reports that it has retired its previous debt of approximately \$1.8 million, and has recently incurred new debt of approximately \$14.1 million via the Discovery Bay Public Financing Authority. This debt is in the form of enterprise revenue bonds and designated for capital improvement projects identified in TODBCSD's Master Plans.

Capital Improvement Program

TODBCSD has developed and implemented a comprehensive CIP for its water and wastewater infrastructure improvements. Its current 5-Year CIP identifies approximately \$25.2 million in capital improvement expenditures. TODBCSD budget for FY 13/14 includes approximately \$7.1 million in capital project expenditures. TODBCSD reports that it has completed several capital improvements in the last several years, including the construction of a new domestic water well and upgrades to the wastewater treatment facility.

Rate Structure

TODBCSD's rate structure for water is an annual fixed charge for unmetered service and consumption based for metered service. New rates for FY 11/12 and FY 12/13 were established by a rate study conducted in 2011. For FY 12/13, fixed charge annual rates ranged from \$232.44 to \$542.88 dependent on size of the parcel served. Metered service monthly charges per ccf range from \$ 8.66-\$25.03 for domestic water dependent on meter size, and \$2.57-\$18.94 for irrigation water dependent on meter size.

Wastewater charges for residential connections for FY 12/13 are annual fixed charges at \$669.24 per unit for single family homes, and \$501.96 per unit for multi-family developments. Commercial rates are consumption based with monthly rates ranging from \$3.49-\$11.34 per ccf dependent on type of commercial activity. TODBCSD reports that in 2013, a new four-year Water and Wastewater Rate Study was completed for future operational and capital requirements.

DISADVANTAGED UNINCORPORATED COMMUNITIES

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the TODBCSD SOI.

STATUS OF ISSUES IDENTIFIED IN PREVIOUS MSR

The 2006 CC LAFCO MSR identified a number of issues and recommendations with respect to TODBCSD. The section below provides an update, based on information provided by TODBCSD, identifying how those issues have been addressed since 2006 MSR.

- *Provisions made since 2006 to accommodate growth for the Discovery Bay area.*

In order to identify TODBCSD's ability to provide water and wastewater service to planned projects within TODBCSD, several key actions were taken: in 2012, DBCSD completed a 10-Year Wastewater Master Plan which included a comprehensive review of TODBCSD's wastewater infrastructure, potential impacts of future development, and long-range CIP based upon build out of future development; and, in 2012, DBCSD also completed a 10-Year Water Master Plan identifying a long-range capital improvement program to address community build out of identified future development. TODBCSD has also completed a review of the Town's water and wastewater rate structure, established the Discovery Bay Public Financing Authority, a JPA with Byron Bethany Financing Authority, completed a Capacity Fee Study, and completed a four-year water and wastewater rate study.

- *Status of NPDES Permit.*

TODBCSD's NPDES permit was renewed in 2008. Because the permits are on a five-year renewal cycle, the permit was scheduled for renewal in November 2013. TODBCSD contracted with Stantec Engineering to perform the necessary steps required by RWQCB, and TODBCSD submitted the necessary paperwork to renew the NPDES permit within the RWQCB time guidelines. The current permit has been extended as confirmed by the RWQCB and it is anticipated the permit will be renewed in 2014. The RWQCB issued an extension to the 2008 permit until the new NPDES permit is in place. It is expected that the new five-year NPDES permit will be effective mid-2014. The Draft permit is presently in a 30 day public review cycle.

- *Corrective actions taken to address home plumbing systems exceeding permit standards for copper.*

The Town of Discovery Bay has been working with the RWQCB for exceeding permit standards for copper in wastewater since 2000. Copper levels in the water are comparable to other communities. However, there was an interpretation of environmental impact made in 2000 by the RWQCB that created an artificially low copper standard for the Town of Discovery Bay. TODBCSD has since provided information to the RWQCB showing that copper levels in the discharge from TODBCSD are not harmful to aquatic life at the concentrations normally discharged by TODBCSD. RWQCB has concurred with these findings and has modified the discharge permit to adjust the copper levels to accurately reflect the actual impact.

- *Outstanding RWQCB (or other State) fines or orders.*

RWQCB issued a series of orders and fines including a Notice of Violation (issued February 13, 2013) for minimum penalties concerning Coliform violations on January 25-26, 2011, February 2, 2011, June 16-17, 2011, June 21-22, 2011, June 24, 2011 and May 9, 2012. TODBCSD reports that these fines have been resolved through an agreement between the TODBCSD and the RWQCB. On July 3, 2013 the Town of Discovery Bay Board of Directors authorized a Supplemental Environmental Program (SEP) as proposed to the RWQCB. On August 7, 2013, the Central Valley Regional Water Quality Control Board authorized the SEP program as submitted by the TODBCSD. The SEP, as presented, provides a Grant to the University of California, Berkeley in the amount of \$34,500 to continue to fund the wetlands demonstration project presently taking place at Wastewater Treatment Plant I. The funds will support a graduate student and purchase of instruments to continuing work on pharmaceutical removal with the wetlands for one year. The SEP was approved by the TODBCSD and the RWQCB in September, 2013.

TODBCSD also exceeded its annual average electrical conductivity. The annual electrical conductivity limit is a result of new salinity limits added to the 2008 NPDES permit which was modified in 2011.

- *Other RWQCB (or other State) fines or orders since the completion of the 2006 MSR.*

Since 2006, TODBCSD has been subject to fines, notices of violation and orders from the RWQCB related to violations of the Town's NPDWS permit and other state regulations. These incidents include a number of SSO violations in 2008. TODBCSD changed operators after these events and the fines were paid. In 2009 and 2010 there were notices of violation relating to discrepancies

in the newly implemented electronic self-monitoring reports by the RWQCB. These discrepancies were resolved by modifying the report format and no fines were assessed.

- *Update on Community Center.*

The TODBCSD has purchased a 7.25 acre site for the Town's Community Center. On January 1, 2014, the TODBCSD began offering recreations programming to the community.

- *Steps taken to prevent spills like the 2008 raw sewage spill (94,000 gallons) into a lake.*

It was determined the primary cause of the Lakeshore Sanitary Sewer Overflow was operator error and overall lack of attention to the sanitary system. In response, TODBCSD ended its contract with its operator and contracted with Veolia Water N. A. to manage and oversee the system's operation. TODBCSD reports that the prior contract firm, Southwest Water Services (SWWS), was held 100% liable for the 2008 SSO that occurred at the "Lakes" residential development and that SWWS was ultimately responsible for the entire fine to the RWQCB. This was only after the TODBCSD brought action against SWWS and the TODBCSD prevailed in a mediated civil litigation.

- *Status of 2010 Urban Water Management Plan.*

The TODBCSD has not submitted its 2010 Urban Water Management Plan. TODBCSD is currently obtaining proposals to prepare the UWMP utilizing the data in the 2012 Water Master Plan. CC LAFCO will be unable to consider any future SOI/boundary changes until the TODBCSD completes this update.

- *Actions taken to ensure operating revenues/reserves are sufficient to operate major capital projects.*

TODBCSD has made a number of site and facility upgrades since 2006, including, among others: construction of domestic water production Well #6; the addition of a Trojan 3000Plus UV upgrade to the wastewater treatment process; and the addition of two solids handling belt presses and solar drying sheds. TODBCSD has conducted rate studies, issued long-term debt, and completed a capacity fee study ensuring that all financial obligations are met and assets of TODBCSD are properly maintained, repaired, serviced or constructed pursuant to the long-term Master Plan recommendations.

- *Status of long-term debt.*

In August 2010, TODBCSD issued \$14.1 million in Discovery Bay Public Financing Authority 2012 Enterprise Revenue Bonds to provide the necessary long-term funding for a series of capital improvement projects that were recommended as part of the Master Plans.

- *Actions taken to address operating costs/revenues of the community center, park and recreation-related activities.*

Ongoing operational funding is derived from service fees and Landscape Zone 8 funds which provide for parks, landscaping and recreation.

- *District cost avoidance and/or resource sharing endeavors.*

TODBCSD outsources services (i.e., maintenance and operations of water and wastewater facilities) and contracts with a private company for park and landscape maintenance; uses efficient facility design to reduce costs; participates in the Water/Wastewater Response Network, a voluntary program of public utility agencies to share equipment and staff during emergencies. The largest cost at TODBCSD other than the Veolia Water Contract is PG&E at approximately \$700,000 annually. TODBCSD makes every effort to maximize efficiencies and minimize costs.

- *Status of discussion with other agencies regarding a regional approach to wastewater services in East Contra Costa County.*

The TODBCSD has not been a party to any further discussions on regionalization of services since August 2006.

- *Current rates for water and wastewater services.*

TODBCSD's rate structure for water is an annual fixed charge for unmetered service and consumption based for metered service. New rates for FY 11/12 and FY 12/13 were established by a rate study conducted in 2011. For FY 12/13, fixed charge annual rates ranged from \$232.44 to \$542.88 dependent on size of the parcel served. Metered service monthly charges per ccf range from \$ 8.66-\$25.03 for domestic water dependent on meter size, and \$2.57-\$18.94 for irrigation water dependent on meter size.

Wastewater charges for residential connections for FY 12/13 are annual fixed charges at \$669.24 per unit for single family homes, and \$501.96 per unit for multi-family developments. Commercial rates are consumption based with monthly rates ranging from \$3.49-\$11.34 per ccf dependent on type of commercial activity. TODBCSD reports that in August 2013, a new four-year Water and Wastewater Rate Study was adopted pursuant to a Proposition 218 hearing for future operational and capital requirements, and the anticipated rate adjustments that are required to support future operational and capital requirements.

- *Status of Consumer Confidence Report (CCR) and other methods to enhance local accountability and transparency.*

Pursuant to State law, TODBCSD produces a CCR. Additionally, TODBCSD launched a new website in 2010.

- *Comments on two governance options identified in the 2006 MSR: (1) dissolution of Byron Sanitary District and annexation of its service area to TODBCSD; and (2) a service agreement between Byron Sanitary District and TODBCSD to treat and dispose of sewage from the Byron Sanitary District.*

These issues have been considered. Byron Sanitary District has contracted with BBID to perform essential functions. The TODBCSD indicates that it is not necessary to further that discussion at this time.

- *Timetable to annex two properties currently receiving service outside of TODBCSD.*

There is no timetable for annexation of the two properties within TODBCSD. In 2012, CC LAFCO approved an out of agency service request to extend sewer service to a 15.38± acre parcel located at 14021 Highway 4 in unincorporated Byron. The property houses a single family residential unit and is located outside the Urban Limit Line.

- *Comments on other potential SOI/boundary changes to TODBCSD.*

Two boundary changes are contemplated for Discovery Bay: (1) the Pantages Bay residential project which is primarily located outside TODBCSD and will require annexation, and (2) the Newport Pointe residential project which is located completely outside TODBCSD and will also require annexation.

- *Additional TODBCSD services planned in the next five years.*

None anticipated at this time.

- *Interest in forming a Municipal Advisory Council (MAC).*

Not at this time. When TODBCSD, an Independent Special District, was formed in December 1998 by CC LAFCO, the Discovery Bay MAC was dissolved. Only its advisory functions were assumed by the Town of Discovery Bay Board of Directors.

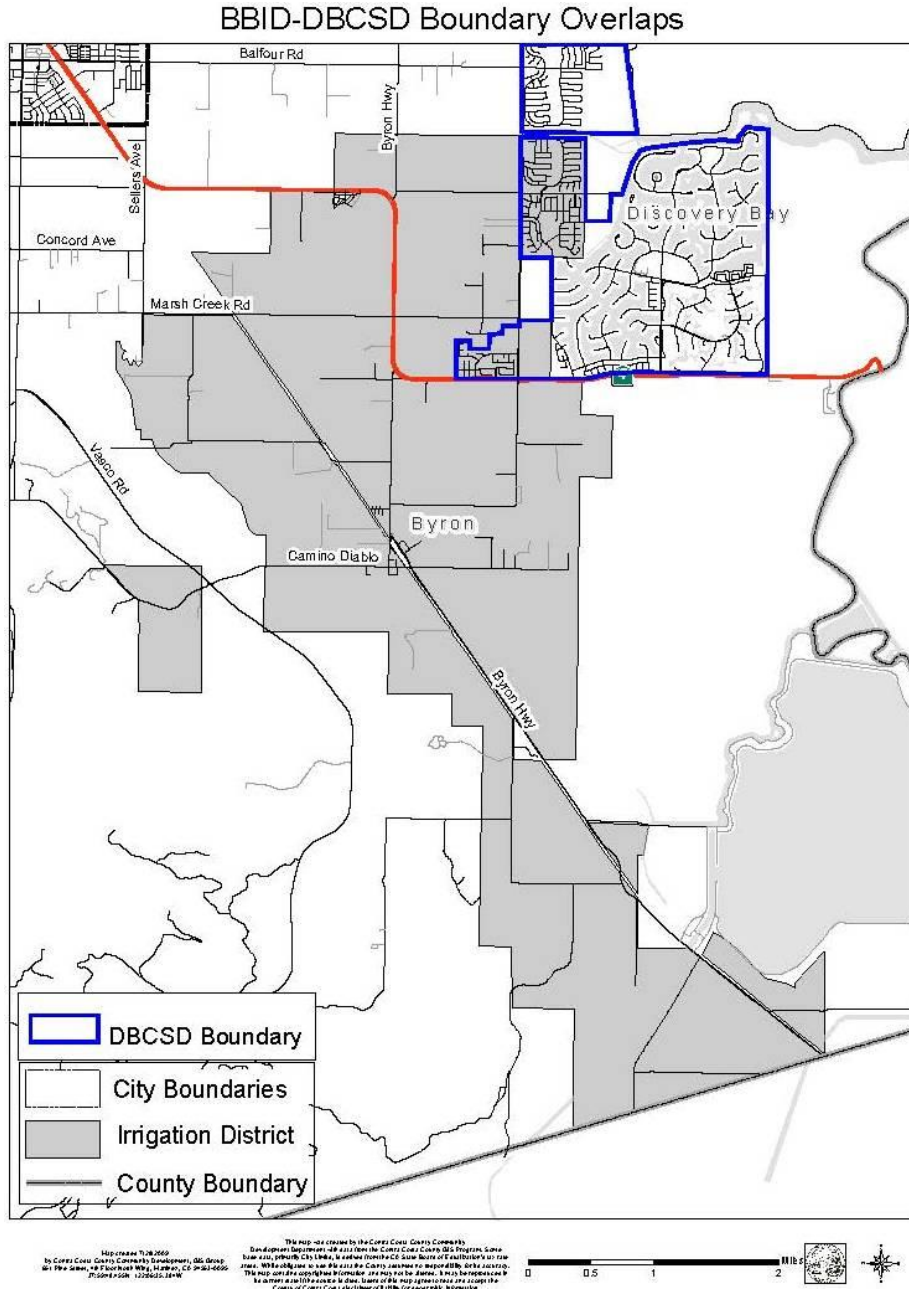
GOVERNMENT STRUCTURE ALTERNATIVES

There are two residential development proposals, Pantages Bay and Newport Pointe, which have been approved by the Contra Costa County Board of Supervisors and will require future water and wastewater services from TODBCSD. The majority of the Pantages Bay property is located outside TODBCSD's boundary and SOI. The entire Newport Pointe project is located outside TODBCSD's boundary and SOI.

In July 2010, the landowner of Newport Pointe filed an application to amend TODBCSD's SOI and concurrently annex the property to TODBCSD. The applications are currently incomplete. For the Pantages Bay property, the landowner will be required to annex to TODBCSD but, to date, has not filed an application with CC LAFCO. In 2012, TODBCSD adopted 10-Year Master Plans for both water and wastewater services along with long-term CIP to meet Discovery Bay's future growth and capacity needs at build out, incorporating both the proposed Newport Pointe and Pantages Bay developments.

It should be noted that TODBCSD and BBID have overlapping boundaries as identified in **Figure IV-28A** on Page 292. The overlap results in some residents of Discovery Bay having a portion of their one percent Ad Velorum property tax allocated to both BBID and TODBCSD. Because the two districts utilize different treatment processes (TODBCSD uses well water and BBID relies on Central Valley Project surface water), it is unlikely that Discovery Bay residents will use BBID water. As discussed in the BBID chapter of this report, consideration should be given to reducing BBID's SOI in the overlap area. San Joaquin LAFCO is the principal LAFCO for BBID and therefore would be required to initiate any SOI or boundary revision.

Figure IV-28A, Overlapping Boundary – BBID & TODBCSD



One government structure option has been identified for TODBCSD:

Maintain the Status Quo:

TODBCSD is currently providing adequate water and wastewater services for its residents and businesses in Discovery Bay. TODBCSD maintains its infrastructure, is planning for the future through appropriated infrastructure planning and investment and is financially sound.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<p><i>Growth and Population for the affected area.</i></p>	<p>According to recent Census data, the population of the Town of Discovery Bay is currently 13,500. Two new residential development projects, Newport Pointe and Pantages Bay, were recently approved by the Contra Costa County Board of Supervisors and will impact the TODBCSD. These projects, as well as the continued built-out of entitled units in Discovery Bay West and Villages IV and V, will result in substantial future growth for TODBCSD. According to the 2012 Wastewater Master Plan, at build out, the Town of Discovery Bay will add 1,123 residential units, 90 acres of office and business park development and 10 acres of commercial land uses.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no DUCs located within, or contiguous to, the TODBCSD SOI.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>TODBCSD contracted to develop and approved a 10-Year Water Master Plan in 2012 that provides a framework for accommodating future development and a long range capital improvement program including major infrastructure replacement as needed over time. Wastewater operations functions include two relatively small but environmentally sensitive WWTP’s with capacity of 2.1 MGD and average flow of 1.8 MGD. A system of 15 pump stations takes collected effluent to the WWTP for treatment and disposal. TODBCSD currently contracts operation of the WWTP with Veolia Water North America since 2009 and has experienced reduced operational problems and environmental and permit issues.</p> <p>TODBCSD has applied for a new NPDES permit for the WWTP increasing its capacity from 2.1 MGD to 2.35 MGD. It is anticipated that the revised permit will be issued in late 2014. In the meantime, the RWQCB has extended the current TODBCSD NPDES permit until such time as the new permit is adopted. Operation of the WWTP and upgrades to the inflow control, pump and UV system are expected to aid in operation. The Water and</p>

WATER AND WASTEWATER DISTRICTS MSR-SOI STUDY (2nd Round)
CONTRA COSTA LAFCO

	<p>Wastewater Master Plans have identified potential rehabilitation projects for the next ten years as well as possible upgrades if new development is approved.</p> <p>The TODBCSD has not completed its UWMP, therefore CC LAFCO will be unable to consider any SOI or boundary changes until the UWMP is complete.</p> <p>There are no DUCs located within, or contiguous to, the TODBCSD SOI.</p>
<i>Financial ability of agencies to provide services.</i>	<p>Overall, TODBCSD’s financial status is stable. TODBCSD maintains a good long-term capital improvement program and maintains sufficient revenue generation for funding projects. TODBCSD maintains a good reserve fund balance providing adequate capability to absorb short-term impacts and its debt service to annual expenditure ratio is low. TODBCSD reports that in 2013, it began a new four-year Water and Wastewater Rate Study for future operational and capital requirements, and the anticipated rate adjustments that may be required to support future needs.</p>
<i>Status of, and opportunities for, shared facilities.</i>	<p>TODBCSD has joined the Bay Area Chemical Consortium to purchase bulk chemicals for water and wastewater treatment, saving about \$50,000 per year. A Joint Powers Authority agreement with the Byron Bethany Irrigation District formed the Discovery Bay Financing Authority to finance bonds for long- term capital projects. TODBCSD is studying several possible cooperative programs for operations of its recreation programs.</p>
<i>Accountability for community service needs, including government structure and operational facilities.</i>	<p>TODBCSD is an Independent Special District governed by a five-member Board of Directors elected at large. TODBCSD meetings are open to the public, and Board agendas and meeting minutes are available on its website. TODBCSD’s website also includes district financial information, master planning documents, rate studies, employee compensation, and community events announcements.</p> <p>One government structure option was identified: (1) maintain the status quo.</p>
<i>Any other matter related to effective or efficient</i>	<p>No additional issues have been identified.</p>

<i>service delivery, as required by commission policy.</i>	
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Recommended Sphere of Influence: Reaffirm TODBCSD’s existing sphere of influence determinations, and reaffirm TODBCSD’s current sphere of influence.

It is noted that the TODBCSD’s Waste Water Treatment Plant is located outside TODBCSD’s boundary and SOI. The TODBCSD may wish to review the feasibility of annexing that facility into the TODBCSD’s boundaries.

WEST COUNTY WASTEWATER DISTRICT – WASTEWATER SERVICES

OVERVIEW/BACKGROUND

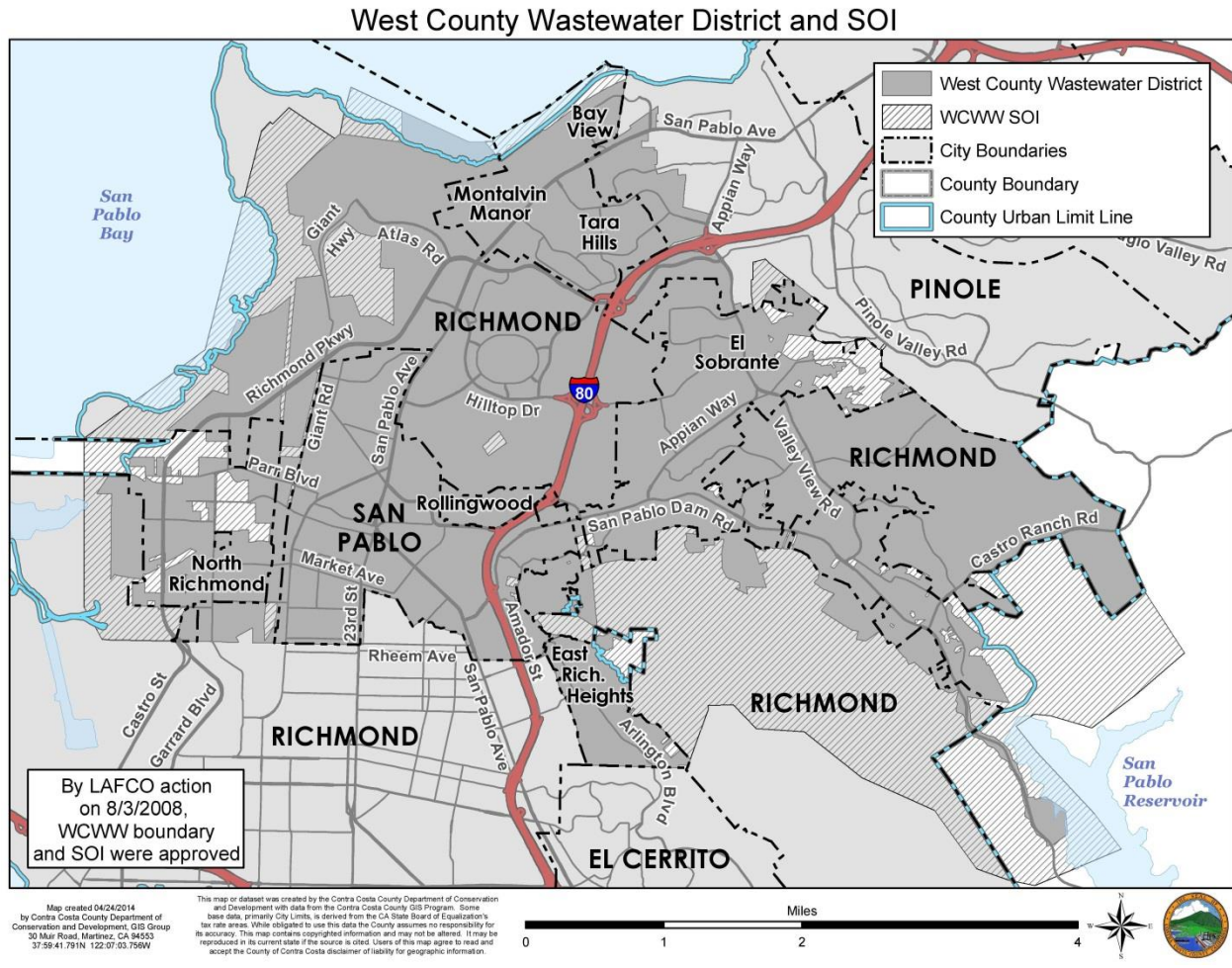
The West County Wastewater District (WCWD) provides wastewater collection, treatment and disposal services for a 16.9 square mile service area within the City of Richmond (40% of District), the City of San Pablo (15% of District), the City of Pinole (2% of the District) and other unincorporated areas within Contra Costa County (43% of the District). WCWD serves approximately 93,000 customers. Adjacent wastewater service providers include the City of Richmond Municipal District and the Stege Sanitary District to the south and the City of Pinole to the northeast. The Wildcat Canyon Regional Park and the San Pablo Reservoir lie to the southeast. The WCWD's Agency Profile is included as **Table IV-29** on Page 297.

WCWD was organized in 1921 as the San Pablo Sanitary District. In 1978, WCWD changed its name to West Contra Costa County Sanitary District, and in 1992, changed its name again to West County Wastewater District. WCWD also provides contract services to neighboring communities to maintain various local government facilities. Since February 1977, WCWD has participated in the West County Agency (WCA), a joint power authority, with the City of Richmond's Municipal Sanitary Sewer District, for the purpose of constructing and maintaining effluent and sludge disposal facilities. WCWD's 20-Year District Wide Master Plan (DMP) projects the service area population to increase from 93,000 to 113,000 by year 2030, an increase of almost 20%. A map of WCWD's current boundary and sphere of influence (SOI) is shown in **Figure IV-29** on Page 298.

Table IV-29, Agency Profile – West County Wastewater District

General Information			
Agency Type	Independent Special District		
Principal Act	Sanitation District Act of 1923, Health & Safety Code Section 6400 et seq.		
Date Formed	1921		
Services	Wastewater collection, treatment and disposal		
Service Area			
Location	City of San Pablo, City of Richmond (portion), City of Pinole (portion), other unincorporated areas within Contra Costa County		
Sq. Miles/Acres	16.9 square miles/10,816 acres		
Land Uses	Residential, commercial, industrial, public use		
Population Served	92,976 (2013)		
Last SOI Update	8/13/2008		
Infrastructure/Capacity			
Facilities	Water Pollution Control Plant, 249 miles of sewer pipeline, 17 pump stations		
Treatment Plant Capacity (MGD)	12.5 MGD (dry weather) 21 MGD (wet weather)		
Primary Disposal Method	Approximately 3 MGD of secondary effluent conveyed to EBMUD’s North Richmond Water Reclamation Plant to produce tertiary treated recycled water for use in the Chevron Refinery cooling towers; approximately 3 MGD is used by EBMUD’s Richmond Advance Recycled Expansion (RARE) facility at Chevron refinery for use as boiler feed water; the remaining secondary effluent conveyed to Richmond Water Pollution Control Plant, dechlorinated, and discharged into San Francisco Bay through a deep water outfall		
Budget Information- FY 2013-2014			
	Revenues	Expenditures	Net Surplus/(Deficit)
Operating/General Fund	\$14,473,086	\$13,039,598	\$1,433,488
Combined Other Funds	Included Above	Included Above	N/A
All Funds	\$14,473,086	\$13,039,598	\$1,433,488
	FY 2013-2014	Long Term Planned Expenditures	
Capital Expenditures	\$6,949,780	\$91,932,292- 5 Year Projection	
Net Assets (Reserves)	\$16,104,511	June 30, 2012 Financial Statement- Restricted & Unrestricted	
Governance			
Governing Body	Board of Directors (5 members)		
Agency Contact	Ken Cook, Engineering Services Manager, (510) 222-6700		
Notes			
<p>District participates in the West County Agency (WCA), a joint powers authority, with the City of Richmond’s Municipal Sanitary Sewer District for the purpose of constructing and maintaining effluent and sludge disposal facilities.</p> <p>Net Assets do not include Capital Assets</p>			

Figure IV-29, Boundary/SOI Map – West County Wastewater District



DISTRICT OPERATIONS

The WCWD collects sewage and conveys it through 249 miles of sewer main line and 17 pump stations for treatment at their regional wastewater treatment plant (WWTP). Much of the collection system is at or older than 50 years of use. The WWTP has capacity of 12.5 MGD dry weather and 21 MGD wet weather treatment. WCWD has implemented an aggressive sewer main maintenance and replacement program since 2007 and replaces sewer main pipelines as part of the CIP. Additionally, a lateral replacement grant program has been underway since 2008 averaging contributions to cooperating customers of \$164,000 - \$256,000 per year. This is intended to reduce infiltration and system overflows.

WCWD participates in several cooperative programs to educate customers in the proper use of the sewer system. Through these efforts, sewer spills have been reduced in number and volume from 19 in 2009 to 12 in 2012. WCWD completed a 20-year DMP in January, 2013, that identifies approximately \$93 million in several key capital projects during the first five years. This includes the construction of an additional recycled water system for 4 million gallons per day (MGD) of reuse and design planning for several pump station rehabilitation projects. In the next four years, WCWD will make WWTP improvements to address regulatory and treatment process needs at budgeted cost of \$18.6 million.

In February 2014, the District began preparation of a district-wide Master Plan Environmental Impact Report for its district-wide Master Plan Program. The proposed Master Plan Program includes projects for: repair and replacement of infrastructure; new facilities to meet existing and developing regulatory requirements and improvements; improvements to address wet weather capacity in the collection system and reduce infiltration and inflow; and, improvements to district facilities to enhance staff efficiency and communication.

Infrastructure Needs

As noted above, WCWD has an aged sewer collection system. As a result of agreements with regional agencies and good operations practices, the WCWD has begun a sewer main and lateral replacement program resulting in trouble locations being maintained more aggressively. A major upgrade of the WWTP is planned at a cost of \$18.6 million and several pump stations are scheduled for rehabilitation this year. Funding has been increased for many of these maintenance programs. The Sewer System Master Plan was also updated and adopted in 2013.

Cooperative Programs

WCWD participates with the City of Richmond's Municipal Sanitary Sewer District in the WCA, a JPA that constructs and maintains effluent disposal and sludge disposal facilities. WCWD studied the possibility of a joint treatment agreement with the Cities of Hercules or Pinole but those agencies decided to upgrade their own WWTP.

Cost Avoidance Opportunities

WCWD has installed a solar electricity generating facility at the WWTP and has significantly reduced energy costs, averaging about a 1/3 overall cost reduction. The lateral replacement grant program has reduced spills and peak infiltration flows to the WWTP.

DISTRICT FINANCIAL OVERVIEW

WCWD operates as an enterprise type activity, with its primary revenue source being service charges and fees. Overall, WCWD's financial status is stable as operations expenditures are fully met by revenues received. WCWD currently has no debt, however anticipates encumbering significant debt in the form of a \$75 million loan from the State Revolving Fund to provide financing for WCWD's capital improvement program. WCWD maintains a very good reserve fund balance providing good capability to absorb short term impacts.

There are five primary areas of criteria that have been utilized to assess the present and future financial condition of WCWD's wastewater service operations as discussed below:

3 Year Revenue/Expenditure Budget Trends

WCWD overall has been experiencing balanced budgets with annual surpluses. Overall, sufficient revenue is collected to support operational and maintenance expenditures. Rate increases have been approved and implemented for five years, beginning with FY 2013-2014, to fund WCWD's planned debt service obligations to be encumbered for the loan it seeks for its capital improvement program projects. WCWD projects these rate increases will be sufficient to meet obligations.

Ratios of Revenue Sources

WCWD receives approximately 96% of its revenues from charges and fees for services, less than 1% from property taxes, and 3% from miscellaneous other sources. This ratio reflects an appropriate balance for a typical enterprise type service, and minimizes the impact that negative economic factors will have on more elastic revenues such as property tax.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. WCWD currently reflects an overall fund balance ratio for all funds of approximately 124% of annual expenditures, a very good ratio.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. WCWD has no bond debt; therefore there is no ratio to assess. WCWD relies solely on service charges and fees, and property tax, to fund capital improvements and all operational expenditures. However, WCWD reports that it intends to seek a \$75 million loan from the State Revolving Fund to finance its capital improvement program.

Capital Improvement Program

WCWD's current 5-Year capital Improvement Program (CIP) identifies approximately \$93 million in capital improvement expenditures. WCWD budget for FY 13/14 includes approximately \$7 million in capital project expenditures. WCWD reports that it intends to seek a \$75 million loan from the State Revolving Fund to finance most of its 5-Year CIP, contributing \$18 million of WCWD funds for the balance. Projects include various facilities upgrades, collection system upgrades, treatment plant upgrades and various engineering related expenditures.

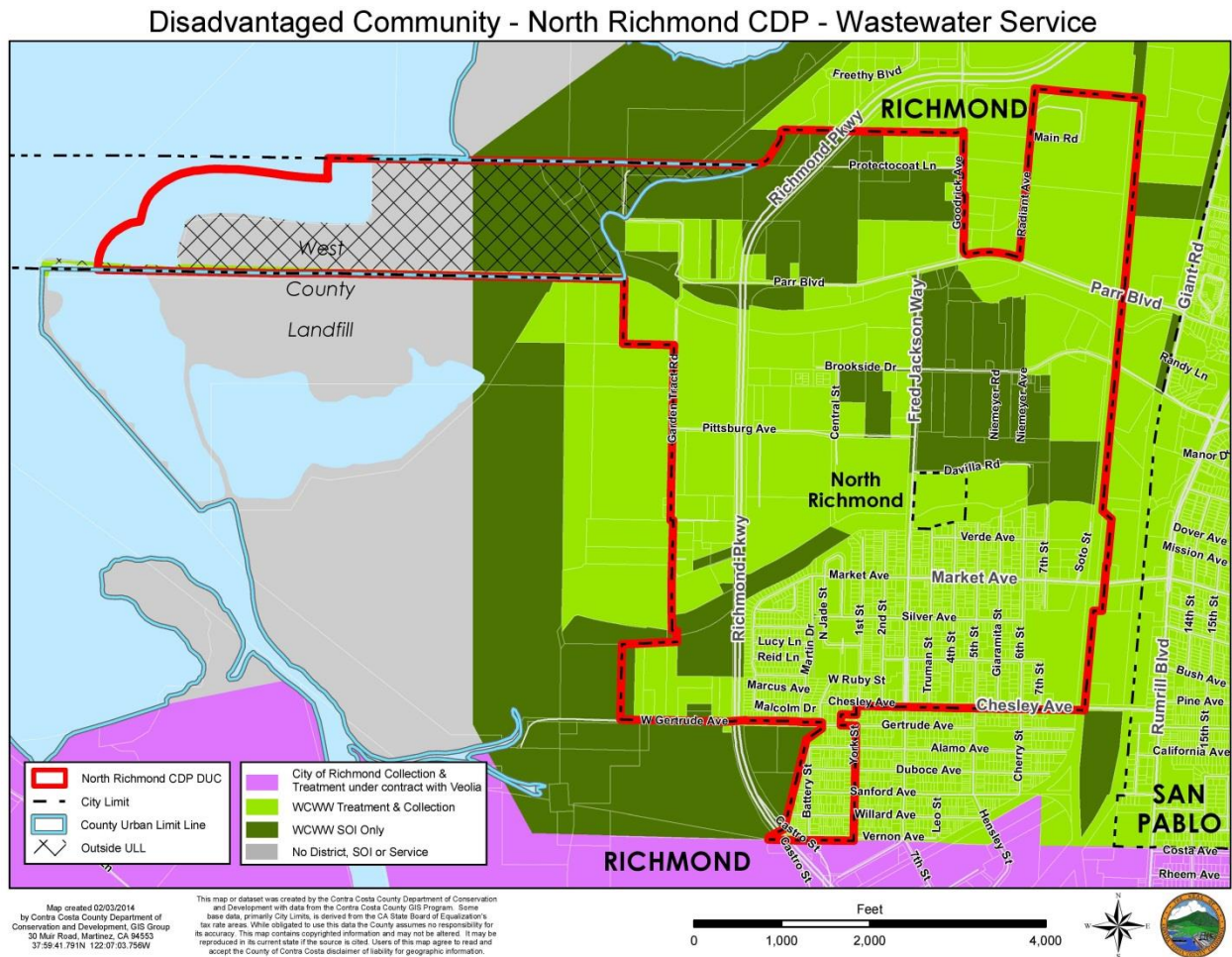
Rate Structure

WCWD's service rate structure reflects fixed rates for its residential customers and a combination of fixed rate and consumption based rates for commercial customers. Rates have remained relatively stable over the last several years, however, in order to fund the debt service for the anticipated \$75 million State Revolving Fund loan for capital improvements, rate increases have been authorized for FY 13/14 through FY 17/18. Rates are scheduled to increase for single family residential customers from \$347 annually to \$465 annually over the five year period. Commercial rates are scheduled to increase at different levels dependent on the type of service. For commercial domestic service, the rates are scheduled from a \$347 fixed charge plus \$3.72 per 1,000 gallons of water consumption to a \$435 fixed charge plus \$4.66 per 1,000 gals of water consumption.

DISADVANTAGED UNINCORPORATED COMMUNITIES

Several disadvantaged unincorporated communities (DUCs) are located in WCWD's SOI. Consideration of future changes to WCWD's SOI or service boundary would first require a detailed analysis of WCWD's ability to serve these areas (see **Figure IV-29A** on Page 301).

Figure IV-29A, DUC Map – North Richmond CDP – Wastewater Services



STATUS OF ISSUES IDENTIFIED IN 2008 MSR

The 2008 CC LAFCO MSR identified a number of issues and recommendations with respect to WCWD. The section below provides an update, based on information provided by WCWD, identifying how those issues have been addressed since 2008 MSR.

- *Growth and population estimates.*

Based upon projections from the General Plans for areas within WCWD's service area, and WCWD's 20-Year District Wide Master Plan, WCWD's population is expected to grow from the current 93,000 to 113,000 residents in 2030, an increase of almost 20 percent.

- *Number of SSOs since 2008.*

WCWD has had 60 SSOs since 2008, with the number of SSO's steadily dropping per year. WCWD has a computer-generated schedule for cleaning and closed circuit televising (CCTVing) the collection system. Deficiencies that are discovered during CCTVing are scheduled for repair or replacement by WCWD construction crews or local contractors.

- *Consideration of accepting wastewater from the Cities of Hercules and/or Pinole for treatment at WCWD's treatment plant.*

The Cities of Hercules and Pinole are upgrading their shared treatment plan over the next four years instead of sending wastewater to WCWD.

- *Status of treatment plant upgrades.*

The 20-Year District Wide Master Plan evaluated the process improvements that will be necessary to meet new State standards as well as possible future regulations. Over the next five years, there are approximately \$18.6 million in treatment plant regulatory and process improvements planned.

- *Status of District's fund balance.*

WCWD's fund balance as of June 30, 2013 was \$15.05 million. As mentioned earlier, the 5-Year CIP includes approximately \$93 million in capital projects. WCWD plans to finance \$75 million through the State Revolving Fund. In order to demonstrate WCWD's ability to pay back the loans, as well as to pay for the \$18 million in projects above the loan amount, WCWD raised its rates in each of the next five years.

- *Other programs to meet new regulations and/or improve WCWD's systems and facilities.*

The solar electricity generating facility at the treatment plant is supplying approximately 1/3 of the electricity used at the treatment plant. The Richmond Advance Recycled Expansion (RARE) Water Project was completed in March 2011. On average, the RARE facility has been able to reuse 4 MGD of the WCWD effluent that previously would have been discharged within the City of Richmond's effluent to a shared outfall in San Francisco Bay. WCWD's Pretreatment Program is officially functioning under the San Francisco Bay Regional Water Board oversight, with biennial inspections by their contractors. WCWD's Lateral Replacement Grant Program has given out over \$1 million over the last five fiscal years.

- *Governance and SOI Options.*

WCWD's preference is to maintain the status quo.

GOVERNMENT STRUCTURE ALTERNATIVES

WCWD provides adequate wastewater collection, treatment and disposal services for the City of San Pablo, the northern portion of the City of Richmond, the Crestview portion of the City of Pinole and other unincorporated communities (El Sobrante, Tara Hills, Rollingwood and Bayview) and areas within Contra Costa County. WCWD maintains its infrastructure and is financially sound. WCWD is rehabilitating its collection system and implementing programs and practices that improve cost efficiency, including providing secondary effluent for recycled water treatment and use. No other government structure options for this District were identified.

It should be noted that the 2008 MSR indicated WCWD is providing service to an estimated 45 parcels outside the WCWD boundaries and current SOI. These parcels are located in East Richmond Heights, with service extended into the area in 1958 under an agreement with the City of Richmond. There may be other parcels receiving out of area services.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration:

<i>Growth and Population for the affected area.</i>	WCWD’s 20-Year Master Plan projects the service area population to increase from 93,000 to 113,000 by year 2030, an increase of approximately 20%.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	Several DUCs are located in WCWD’s SOI. Consideration of future changes to WCWD’s SOI or service boundary would first require a detailed analysis of WCWD’s ability to serve these areas.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	<p>WCWD has an aged sewer collection system. As a result of agreements with regional agencies and good operations practices, WCWD has begun a sewer main and lateral replacement program resulting in trouble locations being maintained more aggressively. A major upgrade of the WWTP is planned at a cost of \$18.6 million and several pump stations are scheduled for rehabilitation this year. Funding has been increased for many of these maintenance programs. The Sewer System Master Plan was also updated and adopted in 2013.</p> <p>Several DUCs are located in WCWD’s SOI. Consideration of future changes to WCWD’s SOI or service boundary would first require a detailed analysis of WCWD’s ability to serve these areas.</p>
<i>Financial ability of agencies to provide services.</i>	Overall, WCWD’s financial status is stable as operations expenditures are fully met by revenues received. WCWD currently has no debt, however anticipates encumbering significant debt in the form of a \$75 million loan from the State Revolving Fund to provide financing for WCWD’s capital improvement program. WCWD maintains a very good reserve fund balance providing good capability to absorb short term impacts.
<i>Status of, and opportunities for, shared facilities.</i>	WCWD participates with the City of Richmond’s Municipal Sanitary Sewer District in the WCA, a

	JPA that constructs and maintains effluent disposal and sludge disposal facilities. WCWD studied the possibility of a joint treatment agreement with the Cities of Hercules or Pinole but those agencies decided to upgrade their own WWTP.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	WCWD is governed by a five-member Board of Directors elected at large by voters within WCWD. District meetings are open to the public and information on WCWD is available on its website. The website also includes WCWD financial information and master planning documents. WCWD provides extensive public education programs that focus on student outreach, community events and other communication opportunities. No alternative government structure options have been identified.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

Recommended Sphere of Influence: Reconfirm WCWD’s existing determinations and reconfirm WCWD’s existing SOI.

WCWD is encouraged to review for potential annexation of all properties receiving services outside WCWD’s boundaries and SOI.

V. MUTUAL WATER COMPANIES

Within the County there are a number of mutual water companies (MWCs). These small systems – some private and some shared wells – provide water service in lieu of a public agency or Public Utilities Commission regulated utility. These facilities are privately owned, are providing water service to the County’s residents from surface and groundwater resources, and are impacted by the same concerns for supply reliability, water quality and costs as the public sector providers.

Assembly Bill 54 (AB 54), enacted in 2012, has imposed new requirements on LAFCOs and MWCs that own and operate public water systems. The requirements are intended to improve access to information about the location of MWCs and the quality of water they provide. CC LAFCO has identified 28 MWCs that meet the requirements for reporting to LAFCO certain information regarding their service area, including maps, infrastructure, water quality and rate information.

Table V-1 on Page 306 identifies the 28 MWCs CC LAFCO has identified as meeting the AB 54 threshold. As noted in Table V-1, several MWCs did not report or respond to multiple requests for information regarding their facilities and operations, which places them in non-compliance with AB 54. CC LAFCO may want to consider what remedies, if any, are available to achieve compliance from the MWCs not meeting the AB 54 reporting requirements.

Table V-1, Mutual Water Companies

Mutual Water Company	Site Address	Address Location	Year Formed	Population Served	Service Connections	Fees	Infrastructure
ANGLER'S RANCH #3 - SWS	2118 TAYLOR RD	BETHEL ISLAND	1946	100	42	\$21-\$40/Mo	1/2 mi pipeline
ANGLER'S SUBDIVISION #4	1850 TAYLOR RD	BETHEL ISLAND	1948	168	104	\$21-\$40/Mo	6,000 ft of pipeline
BELLA VISTA WATER SYSTEM	1570 WILLOW PASS RD	PITTSBURG	Not Provided	93	33	Not Provided	Not Provided
BETHEL ISLAND MUTUAL WATER CO	3100 STONE RD	BETHEL ISLAND	1937	56	38	\$21-\$40/Mo	1 mi pipeline
CAMINO MOBILEHOME	14530 BYRON HWY	BYRON	Not Provided	210	75	Not Provided	Not Provided
CASA MEDANOS WATER SYSTEM	2727 PITTSBURG ANTIOCH HWY	PITTSBURG	1940s	55	17	\$20/Mo	1 mi pipeline, pump/purification system
CLAYTON REGENCY WATER SYSTEM	16711 MARSH CREEK RD	CLAYTON	Not Provided	287	119	Not Provided	Not Provided
COLONIA SANTA MARIA	3700 CONCORD AVE	BRENTWOOD	Not Provided	50	8	Not Provided	Not Provided
DELTA MUTUAL WATER COMPANY	5305 SANDMOUND BLVD	BETHEL ISLAND	1949	180	116	\$21-\$40/Mo	1 mi pipeline
DOUBLETREE RANCH WATER SYSTEM	MORGAN TERRITORY RD	UNKNOWN	1975	49	20	\$81-\$100/Mo	2 mi pipeline/arsenic removal system
DUTCH SLOUGH WATER WORKS	2368 DUTCH SLOUGH RD	BETHEL ISLAND	Not Provided	49	18	Not Provided	Not Provided
FARRAR PARK WATER SYSTEM	2566 TAYLOR RD	BETHEL ISLAND	1947	140	73	\$20/Mo	1 mi pipeline
FLAMINGO MOBILE MANOR SWS	4400 GATEWAY RD	BETHEL ISLAND	1976	200	62	\$20/Mo	1 mi pipeline
FRANK'S MARINA	7050 RIVERVIEW DR	BETHEL ISLAND	1972	290	64	\$20/Mo	1 mi pipeline
HERTZ WATER SYSTEM	83 SOLANO AVE	PITTSBURG	Not Provided	35	16	Not Provided	Not Provided
MARINA MOBILE MANOR SWS	3255 WELLS RD	BETHEL ISLAND	Not Provided	75	24	Not Provided	Not Provided
MC COSKER RANCH SWS	MC COSKER RANCH RD	CANYON	Not Provided	90	22	Not Provided	Not Provided
MORAGA HEIGHTS MUTUAL WATER	PINEHURST RD	CANYON	1929	60	20	\$81-\$100/Mo	water purification/storage systems
OAKLEY MUTUAL WATER COMPANY	4508 SANDMOUND BLVD	OAKLEY	1963	170	54	\$20/Mo	.6 mi pipeline
ORWOOD RESORT	4451 ORWOOD RD	BRENTWOOD	Unknown	350	15	\$20/Mo	waste treatment plant
PLEASANTTIMES MUTUAL WATER CO	GATEWAY RD	BETHEL ISLAND	1983	380	190	\$21-\$40/Mo	3 mi pipeline/3 wells
RIVERVIEW MOBILE HOMES	1526 WILLOW PASS RD	PITTSBURG	1985	216	46	No Charge	2,000 ft pipeline, liquid chlorination unit
RIVERVIEW WATER ASSOCIATION	3753 WILLOW RD	BETHEL ISLAND	1948	230	89	\$20/Mo	1 mi pipeline
RUSSO'S MOBILE PARK	3995 WILLOW RD	BETHEL ISLAND	Not Provided	110	35	Not Provided	Not Provided
SANDMOUND MUTUAL	3330 STONE RD	BETHEL ISLAND	1947	160	107	\$21-\$40/Mo	2 mi pipeline
SANDY POINT MOBILE HOME PARK	5625 SANDMOUND RD	BETHEL ISLAND	Not Provided	94	28	Not Provided	Not Provided
VALLEY ORCHARD WATER SYSTEM	85 ORCHARD ESTATES DR	WALNUT CREEK	1954	26	10	\$100/Mo	1,300 ft pipeline, 1 storage tank, pressurized tanks, booster pumps electrical control panel, chlorinator fence
VILLA DE GUADALUPE SWS	1910 WALNUT BLVD	BRENTWOOD	Not Provided	26	7	Not Provided	Not Provided

ACRONYMS

ABAG	Association of Bay Area Governments
BACWWE	Bay Area Consortium of Water and Wastewater Education
BBID	Byron Bethany Irrigation District
BSD	Byron Sanitary District
CCCSD	Central Contra Costa Sanitary District
CCSD	Crockett Community Services District
CCWD	Contra Costa Water District
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CPUC	California Public Utilities Commission
CIP	Capital Improvement Program
CKH	Cortese-Knox-Hertzberg Reorganization Act of 2000
CNWS	Concord Naval Weapons Station
CRWD	Castle Rock County Water District
CSA	County Service Area
CVP	Central Valley Project
DBCSD	Discovery Bay Community Services District
DD	Delta Diablo
DSRSD	Dublin San Ramon Services District
DUC	Disadvantaged Unincorporated Community
DWD	Diablo Water District
DWR	Department of Water Resources
EBMUD	East Bay Municipal Utilities District
ECCID	East Contra Costa Irrigation District
ECCIRWMP	East Contra Costa County Integrated Regional Water Management Plan
ENR	Engineering News Record
GSWC	Golden State Water Company
IRWMP	Integrated Regional Water Management Plan
ISD	Ironhouse Sanitary District
KCSD	Knightesen Town Community Services District
LAFCO	Local Agency Formation Commission
LAVWMA	Livermore-Amador Valley Water Management Agency
MGD	Million Gallons per Day
MSR	Municipal Services Review
MVSD	Mountain View Sanitary District
RSD	Rodeo Sanitary District
SCADA	Supervisory Control and Data Acquisition
SOI	Sphere of Influence

SSD	Stege Sanitary District
SSMP	Sewer System Master Plan
TODBCSD	Town of Discovery Bay Community Services District
UWMP	Urban Water Management Plan
WCWD	West County Wastewater District
WMP	Water Master Plan
WPCP	Water Pollution Control Plant
WRF	Water Recycling Facility
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant