

SECTION 3.0
CITY OF MARTINEZ
WATER SERVICES

3.1 Overview

The City of Martinez was incorporated in 1876 under the General Laws of the State of California. The City has an estimated current population of 36,179. The City provides retail water service to an area of approximately 15 square miles. The service area includes approximately 75 percent of the City’s corporate boundaries and includes unincorporated areas to the northeast, southeast, and southwest. Martinez also provides water service to some parcels within the northwest portion of the adjacent City of Pleasant Hill. The Martinez water service area is bounded to the north by the Carquinez Strait; to the east by the Contra Costa Canal and the Contra Costa Water District (CCWD) service area; to the south by the Briones Regional Park, southern city boundary, and East Bay Municipal Utility District (EBMUD) service area; and to the west by the Stonehurst development. The City also provides water service to Port Costa via an exchange agreement with CCWD.

Martinez provides water treatment and distribution services for residential, commercial, industrial, public and irrigation customers, as well as for fire protection uses. The City’s sole source of water supply is untreated water purchased from CCWD. The City takes delivery of the water from the Martinez Reservoir, a terminal reservoir for the Contra Costa Canal. The City’s water treatment facilities have a total filtration capacity of 14.7 million gallons per day (mgd). Average daily water use in 2006 was 5.2 mgd. The City’s water system includes eleven treated water storage reservoirs with a capacity of 9.6 million gallons (MG).

The City’s profile for water service is shown in *Table 3.1*. A map of the City’s boundary and current SOI are shown in *Figure 3.1*, and a map of the City’s water service area is shown in *Figure 3.2*.

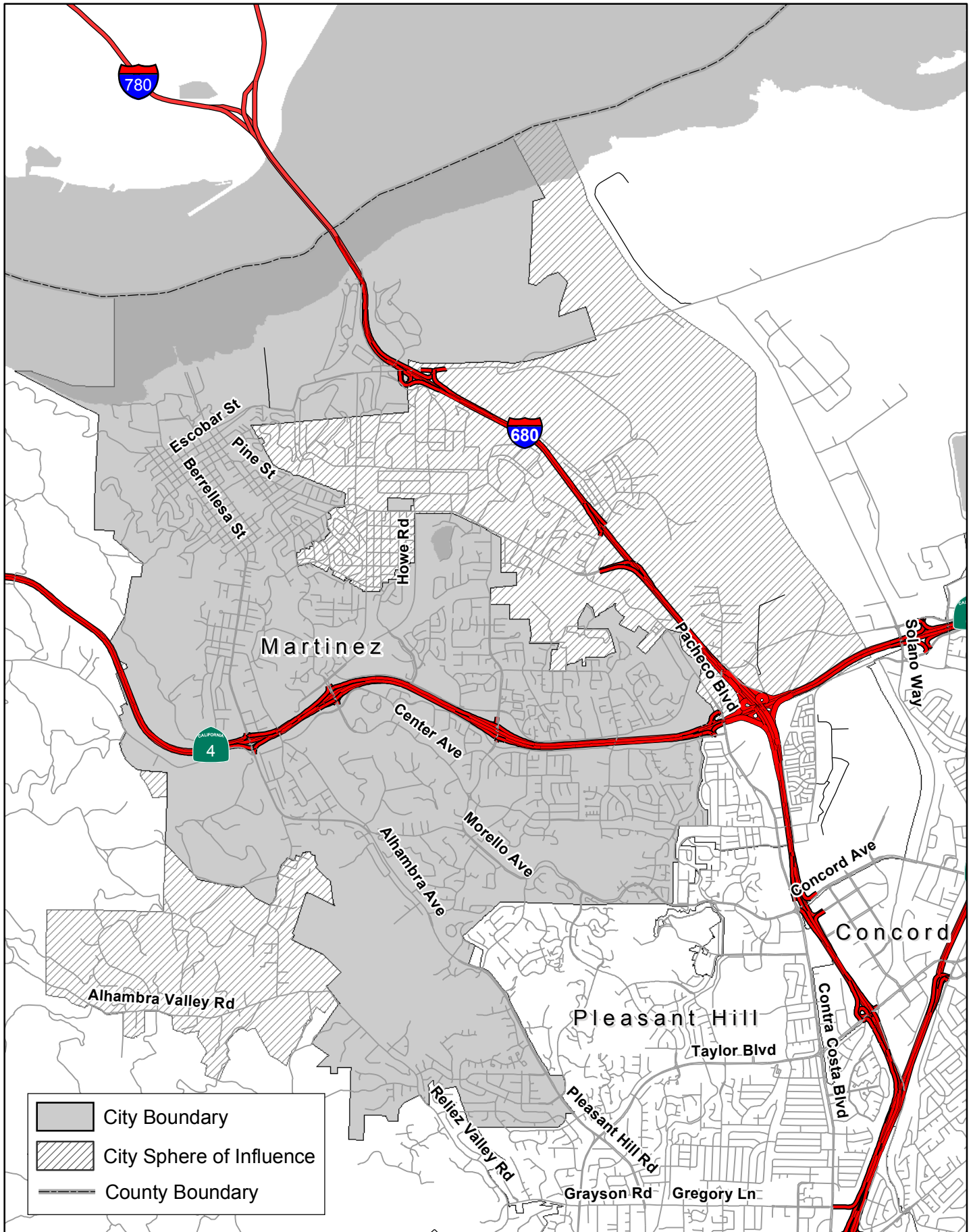
Table 3.1
City of Martinez
Water Service Information

Service Area / Financial Summary	
Public Works Department:	525 Henrietta Street Martinez, CA 94553 (925) 372-3587 www.cityofmartinez.org
Service Area:	15 square miles

**Table 3.1
City of Martinez
Water Service Information**

Population:	36,179 (Year 2007) / 42,100 (Year 2030) Average Annual Growth Rate = 0.7%
Operating Budget (FY 2007-2008): Water Enterprise Fund	Revenues / Expenditures: \$10,127,933 / \$11,627,393
Net Assets:	Water Fund Net Assets 06/30/2006: \$40,547,615
Water Service Data	
Services	Water Treatment and Distribution
Number of Service Connections	9,961 (1,499 outside city limits)
Water Main / Pump Stations	100 miles of pipeline / 6 pump stations
Average Age of Distribution System	Unknown, < 40 years
Treatment and Capacity	City of Martinez Water Treatment Plant / 14.7 mgd
Storage Capacity	11 distribution reservoirs / 9.6 mg
Average Day Demand / Maximum Day Demand	5.2 mgd / 9.6 mgd

City of Martinez Boundary and Sphere of Influence



	City Boundary
	City Sphere of Influence
	County Boundary

Map created 11/17/2007
by Contra Costa County Community Development, GIS Group
651 Pine Street, 4th Floor North Wing, Martinez, CA 94553-0095
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.

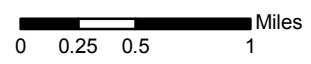
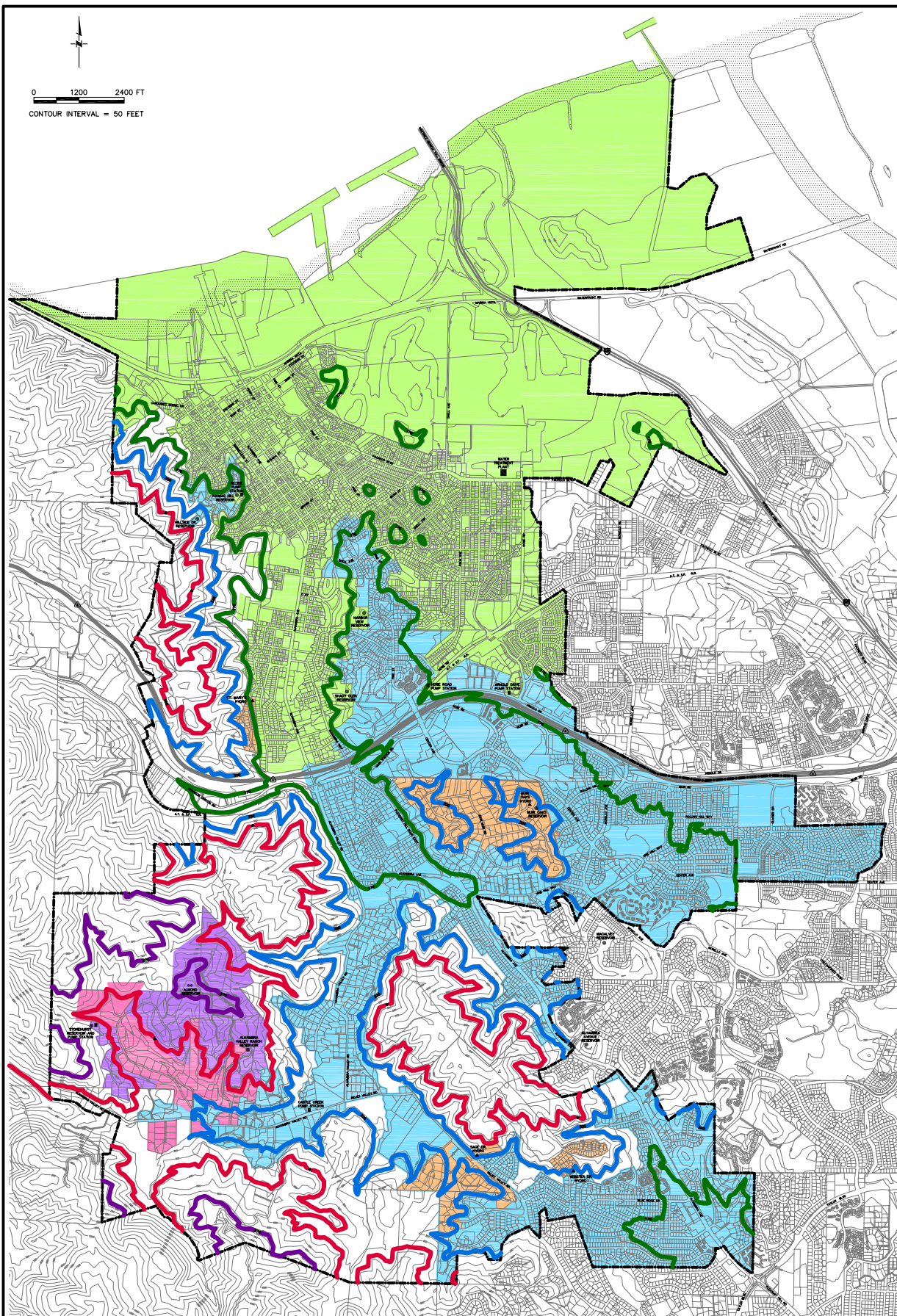


Figure 3.2



0 1200 2400 FT
 CONTOUR INTERVAL = 50 FEET

LEGEND:

- PROPERTIES SERVED BY ZONE 1
- PROPERTIES SERVED BY ZONE 2
- PROPERTIES SERVED BY ZONE 3
- PROPERTIES SERVED BY ZONE 4
- PROPERTIES SERVED BY HYDRO-PNEUMATIC SYSTEMS
- ZONE 1 MAXIMUM SERVICE ELEVATION
- ZONE 2 MAXIMUM SERVICE ELEVATION
- ZONE 3 MAXIMUM SERVICE ELEVATION
- ZONE 4 MAXIMUM SERVICE ELEVATION

NOTE:
 PROPERTY WATER SERVICE WAS ESTIMATED FOR PLANNING PURPOSES ONLY. INDIVIDUAL WATER SERVICE AVAILABILITY MUST BE CONFIRMED WITH CITY WATER DEPARTMENT.



**City of Martinez
 Water Master Plan Update**

**MAXIMUM SERVICE ELEVATIONS FOR
 WATER SYSTEM PRESSURE ZONES**

Figure No.
5-2
 4327.03

3.2 Growth and Population Projections

The City of Martinez has an estimated current population of 36,179 residents.¹ The Association of Bay Area Governments (ABAG) projects a population of 42,100 by 2030² with an average annual growth rate of 0.7 percent.

The City's water service area encompasses approximately 75 percent of the City of Martinez as well as areas outside city boundaries. The population projections used for the City's 2005 Urban Water Management Plan (UWMP) and 2006 Water System Master Plan are based on the current number of connections and ABAG growth projections. The UWMP projects a population for the water service area of 33,000 by 2030.

The countywide Urban Limit Line approved by the voters in 2006 will limit growth to the west of Martinez and to the northeast. The City is generally considered built out and most future growth will occur through infill and increased densities.

3.3 Infrastructure Needs or Deficiencies

3.3.1 Water Supply and Demand

Water Supply

Martinez obtains its untreated water supply from CCWD through the US Bureau of Reclamation (USBR) Central Valley Project (CVP). CCWD's untreated water service area includes Antioch, Bay Point, Oakley, Pittsburg, and portions of Brentwood and Martinez. The untreated water is conveyed to Martinez through the Contra Costa Canal. The City takes delivery of the water from the Martinez Reservoir (owned by USBR), which has an estimated storage capacity of 79.6 mg. Water quality in the reservoir is a concern due to algal blooms, and the City is working with CCWD to find a cost-effective solution.

CVP water includes regulated and unregulated flows from storage releases from Shasta, Folsom, and Clair Engle reservoirs into the Sacramento River. CCWD's long-term CVP contract was renewed in May 2005 for a 40-year term. The contract provides for a maximum delivery of 195,000 acre-feet per year (af/yr) with delivery reductions during water shortages due to regulatory restrictions and drought. The Municipal and Industrial Water Shortage Policy was developed by USBR to establish CVP water supply levels that would sustain urban areas during severe or continuing droughts. The Policy provides for a minimum allocation of 75 percent of adjusted historical use until irrigation allocations fall below 25 percent.

¹ California Department of Finance, Population Estimates for Cities, Counties and State, 2001-2007 (Table E-4)

² Association of Bay Area Governments, Projections 2007

In addition, CCWD has water rights for filling Los Vaqueros Reservoir, water rights at Mallard Slough, and a permanent entitlement to surplus irrigation water from the East Contra Costa Irrigation District (ECCID). The Los Vaqueros water rights are for water quality and emergency storage purposes and do not result in new supply. The Mallard right is for a maximum of 26,000 af/yr but is limited to an average of 3,100 af/yr due to water quality. The entitlement from ECCID is for a maximum of 8,200 af/yr with about 6,000 acre feet currently available for use. The agreement with ECCID also includes a dry year groundwater exchange option that provides up to 4,000 af when the CVP is in a shortage condition.

In 1996, CCWD completed the Future Water Supply Study (FWSS) to identify alternatives to ensure a reliable water supply for its wholesale and retail customers for the next 50 years, which provides drought management strategies that will be used such as enhanced conservation, water transfers, and increased use of local resources. The FWSS was updated in 2002. The FWSS, adopted by the CCWD Board of Directors, considers water demand, conservation, and existing and potential supplies for a range of service alternatives. Per CCWD's adopted 2005 Urban Water Management Plan, the District does not anticipate any supply deficits through 2030 for normal conditions or single dry years. Furthermore, CCWD will have adequate water supply in multiple dry years based on available supplies and reasonable levels of short-term water purchases or demand management of up to 15 percent.

The water supply projections in the City's 2005 UWMP are based on existing demand and population projections, and assume no water reductions from CCWD due to drought conditions. However, the City acknowledges that CCWD may reduce water supplies due to water supply conditions, consistent with the provisions in the FWSS. Therefore, Martinez assumes water supply reliability to be 100 percent in average years and single dry years, and a 5 percent water reduction in the second year of a multi-year dry period followed by a 15 percent reduction in the third year.

It should be noted that current water conditions within the State are unprecedented, with historic dry year conditions and issues within the Bay-Delta system that may impact how the Delta is managed in the future. This may ultimately affect how CCWD manages its water supplies, and Martinez would be subject to those terms and conditions. Martinez does not have any groundwater resources and has not developed other water supplies, such as desalination.

Water Demand

Approximately 91 percent of the City's water service accounts are residential, 4 percent are commercial, and the remainder are equally divided between industrial, institutional, and landscape. In terms of water use, residential accounts comprise an estimated 69 percent of water

demand; the lowest percentage is for industrial uses. All accounts are metered. The City participates in water conservation programs offered through CCWD.

Balancing Supply and Demand

The projected water supply and demand through 2030 for the Martinez water service area is shown below in *Table 3.2*:

Table 3.2
City of Martinez Projected Water Supply and Demand
(AF/Yr)

	2005	2010	2015	2020	2025	2030
Normal Conditions						
Supply:						
CCWD	5,105	6,016	6,152	6,292	6,435	6,581
Groundwater	0	0	0	0	0	0
Total Supply	5,105	6,016	6,152	6,292	6,435	6,581
Demand	5,105	6,016	6,152	6,292	6,435	6,581
Difference	0	0	0	0	0	0
Single Dry Year Conditions						
Supply	5,105	6,016	6,152	6,292	6,435	6,581
Demand	5,105	6,016	6,152	6,292	6,435	6,581
Difference	0	0	0	0	0	0

Source: Martinez 2005 Urban Water Management Plan

Per the City of Martinez adopted 2005 Urban Water Management Plan, the City should have adequate water supplies to meet normal, single and multiple dry year periods through 2030 based on available supplies, CCWD activities to provide for reliable water supplies, and local water conservation. In the third year of multiple dry year conditions, the City projects supply reductions of 15 percent that would be offset by demand reductions of the same amount. The City has an adopted Urban Water Shortage Contingency Plan that includes a four-stage reduction sequence, with water rationing up to the 50 percent level in extreme conditions.

3.3.2 Water System Infrastructure

The City’s water system infrastructure includes a water treatment plant, storage facilities, and the distribution system. *Table 3.3* summarizes the existing water system facilities:

Table 3.3
City of Martinez
Water System Overview

	Quantity
Water Mains / Booster Stations	~100 miles / 6 pump stations / 4 pressure zones
Storage Capacity	11 reservoirs / 9.6 mg
Average Age of Distribution System	Unknown, <40 years
Treatment / Capacity	City of Martinez Water Treatment Plant / 14.7 mgd
Average Day Demand / Maximum Day Demand	5.2 mgd/ 9.6 mgd

The City owns and operates the Martinez Water Treatment Plant located at 3003 Pacheco north of the city boundary. The treatment plant has a filtration capacity of 14.7 mgd. Portions of the plant are over 50 years old. Although some of the equipment and structures have been refurbished, the remaining life of some components is not known and replacement parts for older equipment can be difficult to acquire.

The water system has four pressure zones and approximately 100 miles of water mains. There are currently eleven treated water reservoirs with a combined capacity of 9.6 mg. There are two emergency interties that can deliver treated water from CCWD's system to the Martinez system. One of the interties is used to wheel treated water through the Martinez system to serve the Port Costa area. Instead of replacing an existing line that runs through Martinez to the Port Costa area, the City, County, and CCWD entered into an agreement whereby Port Costa would be served by a connection to the Martinez system and CCWD would deliver enough treated water into the Martinez system for this service. In 2004, the average day demand for Port Costa ranged from 0.5 mgd to 0.13 mgd.

In 2006, the City completed a Water System Master Plan, which uses a projected average day demand in 2020 of 5.9 mgd, with a maximum day demand of 11.8 mgd. The Plan recommends improvements totaling \$11.9 million, including the following:

- Raw Water Supply Line Replacement - \$1 million
- Water Treatment Plant Master Plan - \$200,000
- Arnold Drive Pump Station Replacement - \$1.7 million
- Other Pump Station Improvements - \$1.4 million
- Harbor View Reservoir Replacement (1.65 mg) - \$3.4 million
- Zone 2 Reservoir Construction (1.3 mg) - \$3 million
- Distribution system improvements - \$1.2 million

The Plan did not prioritize these improvements.

Martinez plans for capital needs through its Capital Improvement Program (CIP) that uses a five year planning horizon and is updated biannually with the budget. The current CIP extends through FY 2010/2011. The City approves funding for capital projects as part of the budget adoption. For the current two-year budget, the City has approved \$3.45 million in FY 2007/2008 – 2008/2009 for water system projects, including the replacement of the Harbor View Reservoir, replacement of the raw water line, preparation of the master plan for the water treatment plant, and upgrading the St. Mary’s pump station to provide adequate fire flow. The CIP also includes \$2.5 million in water system projects for FY 2009/2010-2010/2011, funded through water revenues and developer fees. The remaining projects identified in the Master Plan have not been scheduled.

The City’s water distribution system infrastructure is generally in good condition; however the treatment plant is aging. The 2006 Water System Master Plan identified system deficiencies and recommended improvements to maintain adequate service levels based on demand projections for 2020. The City is implementing the recommendations as funding is available.

3.4 Financing Constraints and Opportunities

The City of Martinez accounts for its water utility as an enterprise activity, with the cost of service recouped through service charges. The City uses a biennial budget; the current budget is for FY 2007/2008 – 2008/2009. For FY 2005/2006, total revenues for the City were \$35 million and total expenses were \$29.7 million. For the same period water operating revenues were \$9.4 million and operating expenses were \$9.4 million. *Table 3.4* summarizes the financial history of the water enterprise fund.

Table 3.4
City of Martinez
Water Utility Enterprise Fund Summary

	FY 2004/2005 Actual	FY 2005/2006 Actual	FY 2006/2007 Actual	FY 2007/2008 Budgeted
Operating Revenues	\$9,241,189	\$9,397,659	\$9,695,095	\$10,127,933
Operating Expenses	\$9,641,071	\$9,024,505	\$9,764,191	\$11,627,393
Net Non-operating Revenues / (Expenses)	(\$262,548)	(\$116,052)	\$60,979	
Contributions/Transfers	\$43,000	(\$163,815)	(\$138,832)	(\$56,675)
Change in Net Assets	(\$619,430)	\$93,287	(\$146,949)	
Beginning Balance	\$41,073,758	\$40,454,328		\$40,400,666
Net Assets, End of Year	\$40,454,328	\$40,547,615	\$40,400,666	

The Water Utility Enterprise Fund had an unrestricted net asset balance of \$6.6 million at June 30, 2007.

In 1999, the City issued \$6,040,000 in Certificates of Participation (COPs) to fund the construction of improvements to the City's water system. The COPS bear interest rates ranging from 4.2 to 5.375 percent and will be retired in 2026. In 2003, the City issued COPs for \$5,795,000 to refund and retire the 1993 Water System Improvements COPs. These COPs bear interest rates ranging from 2 to 4 percent and will be retired in 2018. At June 30, 2007 the outstanding debt for the water system was \$9,735,000; average annual debt service is approximately \$392,330 through 2012.

The City revised its water service rates in May 2007 to ensure that revenue is adequate to cover operations and maintenance expenses, capital needs, and debt service. The City has restricted some financial resources for debt service in accordance with the requirements of the COP issues. The City has the financial resources and fee structures in place to provide for infrastructure needs and improvements and to continue to maintain adequate service levels for water service.

3.5 Cost Avoidance Opportunities

Martinez is experiencing cost increases related to personnel, supplies and services, and the cost of raw water, and the City is leveraging opportunities to control costs where possible. The City encourages water conservation by promoting programs offered through CCWD and including information on the City's website. The City is replacing water meters with automatic read meters that improve efficiency and accuracy as well as reduce staff time necessary for meter reading. Water system staffing has not increased over the past five years.

3.6 Opportunities for Rate Restructuring

In February 2007, the City of Martinez reviewed its water service rates as the previous rate increase was adopted in 1994. The rate increase became effective May 1, 2007 and allows the City to increase water rates a maximum of five percent per year, beginning in 2010. The future rate increase is linked to increases in the cost of the raw water supply, not the Consumer Price Index.

The water rate structure includes a service charge plus consumption charge based on the pumping zone. The City has four service zones and service provided at higher elevations is charged a higher per-unit consumption charge due to pumping costs. The same rate structure applies to all customers. The current rates are shown in *Table 3.5* below:

Table 3.5
City of Martinez
2007 Water Rates – bi-monthly

Type	Residential
Water Service Charge – 5/8 inch meter	\$40.06
Water Consumption Fee based on service elevation mean sea level (msl)	Zone 1 (0-150 ft above msl) - \$2.82 per ccf Zone 2 (150-300 ft above msl) - \$2.99 per ccf Zone 3 (300-450 ft above msl) - \$3.11 per ccf Zone 4 (450-600 ft above msl) - \$3.30 per ccf

The City’s water connection fees were set in 1994, and included an annual \$200 increase beginning in August 1996 and ending in June 2001. The current fee for a single family residential home is \$5,300. Parcels within localized system improvement areas pay an additional fee or are required to install additional improvements to serve the localized area. There are five of these areas: Sage Drive Hydropneumatic Pump System Area, Franklin Hills area, Wanda Way/Sheridan Lane area, Muir Oaks Hydropneumatic Pump System area, and the Alhambra Valley Zone III system area. The City should review the connection fee schedule to ensure that charges are appropriate given the condition and capital needs of the water system.

3.7 Opportunities for Shared Facilities

The City of Martinez shares facilities through use of the Contra Costa Canal and Martinez Reservoir for untreated water supply. As described above in *Section 3.3*, Martinez is providing treated water to the Port Costa area on behalf of CCWD. CCWD is delivering treated water into the Martinez system for that use.

3.8 Evaluation of Management Efficiencies

The City’s water system is managed within the Public Works Department. The City uses the 2005 UWMP, 2006 Water System Master Plan, five year CIP, and biennial budget to ensure that utility services are delivered in an efficient, cost-effective manner. The City has an emergency response plan that was updated in March 2007.

As described above, the City’s water service area extends beyond the City’s boundaries. The City should review and update its adopted regulations for water service outside city boundaries to ensure compliance with Government Code §56133. On November 4, 1987 the Martinez City Council adopted Resolution No. 169-87 amending the regulations governing water service that were first adopted in October, 1969. The regulations affirm the boundary for a water service area that includes areas outside the corporate city boundaries. Properties outside but contiguous to the city boundary are required to complete annexation to the City prior to receiving water

service, and therefore would be reviewed and approved by LAFCO. However, Section 2.2.1(c) of the regulations requires that properties outside the city limits and not contiguous to the city boundary execute a deferred annexation agreement, with annexation to occur at a time determined by the City Council. The regulations do not require LAFCO approval of an out-of-agency service agreement as a required condition for extension of water service.

LAFCO is responsible for carrying out the State’s policy that encourages orderly growth and development through the logical formation and determination of local agency boundaries. Under Government Code §56000 et seq., LAFCO is given authority to establish boundaries and services for cities and special districts within the county. The Government Code requires local agencies to receive approval from LAFCO to extend municipal services outside their jurisdictional boundaries (Government Code §56133); this does not apply to an extended service that a city or district was providing on or before January 1, 2001. This section states that, “A city or district may provide new or extended service by contract or agreement outside of its jurisdictional boundaries only if it first requests and receives written approval from the Commission.” Further, the law provides that the Commission may authorize a city or district to provide new or extended services: a) outside its jurisdictional boundaries but within its sphere of influence (SOI) in anticipation of a later change of organization; or b) outside its jurisdictional boundaries and outside its SOI to respond to an existing or impending threat to public health or safety.

3.9 Government Structure Options

The City is providing adequate water utility services, with CCWD providing untreated water supplies. The City is providing water service to areas outside the corporate boundaries of Martinez but within the water service boundary affirmed by the City in October, 1987. In 1987, the City Council adopted Resolution No. 169-87, requiring properties contiguous to the City boundary to complete annexation prior to receiving water service. Those properties that are not contiguous must execute a deferred annexation agreement, with annexation to occur at a time determined by the City Council. The City serves an estimated 1,499 accounts that are outside the City’s corporate boundaries; the majority of these were established prior to 2001.

CCWD has historically provided water service to the Port Costa area; the City of Martinez now delivers water to Port Costa by contract with CCWD. CCWD delivers the treated water for Port Costa into the Martinez system and is responsible for the infrastructure within Port Costa. EBMUD is providing water service to the west of Port Costa in the Crockett area. The Port Costa water system is designed to distribute treated water from a delivery point to the east. Due to topography and system design, the option for EBMUD to serve the Port Costa area rather than Martinez delivering water through their system is not considered an option.

Three government structure options were identified for the City of Martinez with respect to water services:

- Maintain the status quo
- Annex unincorporated areas receiving service into the City
- Consolidate water service with CCWD

Maintain the Status Quo: The City is currently providing water service for its residents and businesses, as well as to some areas outside city boundaries. The City is not experiencing infrastructure or financial challenges that require another agency to take over this service. The advantages of this option are continuity of service and economies associated with internal coordination with other city projects for street and sidewalk repairs, etc. The disadvantage to this option is that it does not clean up boundary issues for areas where service has been extended.

Annex unincorporated areas receiving service into the City: The City is providing service to unincorporated areas to the northeast, southeast, and southwest of the current city boundaries. In order to clean up boundary issues associated with service areas, Martinez could annex unincorporated areas into the City where the parcels are now contiguous to the City boundary; this would fulfill the terms of the deferred annexation agreements that are recorded for each of these properties. However, the parcels would need to be evaluated to determine their location with respect to the adopted Urban Limit Line for the County to ensure there is no conflict.

Consolidate water service with CCWD: The City provides water treatment and distribution services. CCWD is providing the raw water supply, owns and operates the Martinez Reservoir, and is providing similar treated water services to the east of Martinez. The advantages of this option are potential economies of scale and other efficiencies that might be available due to the single-purpose focus of CCWD. However disadvantages such as administrative costs, increased costs to other services the City provides, political opposition, and loss of local control within the City could outweigh the benefits. Further study would be needed to determine the merits of this option and level of benefit versus costs which would affect ratepayers for both the City of Martinez and CCWD.

3.10 Local Accountability and Governance

The City of Martinez incorporated in 1876 as a General Law city. It operates under the oversight and guidance of the five-member City Council. Council members are elected at large. The Mayor is selected from among the Council Members, and serves a one-year term. The current City Council is identified in *Table 3.6*.

Table 3.6
Martinez City Council

Member	Title	Term Expires
Rob Shroder	Mayor	November 2010
Janet Kennedy	Vice Mayor	November 2008
Mark Ross	Council Member	November 2008
Lara DeLaney	Council Member	November 2010
Michael Menesini	Council Member	November 2010

The City Council meets the first and third Wednesday of the month at 5:30 PM at City Hall, located at 525 Henrietta Street, Martinez. The City’s water service is discussed at regular City Council meetings that are open and accessible to the public. Meeting notices, agendas, and supporting documentation are posted at least 72 hours in advance at City Hall and at the City Library. The City’s website (www.cityofmartinez.org) includes information about the water utility, including rates, financial information, capital projects, and conservation programs.

As noted above in *Section 3.8*, the City should review its policies, ordinances, and Municipal Code with respect to the water system and extension of service outside city boundaries to ensure the governing documents and procedures are in compliance with the State Government Code and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

3.11 Sphere of Influence Recommendations

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review and update the sphere of influence (SOI) for each of the special districts and cities within the county at least once every five years in order to promote logical and orderly development of areas within the sphere.³ The SOI recommendations for the City of Martinez are included in the *Central County Municipal Services Review* that considers the full range of services the City provides. Due to the urban development, there is a need within the City of Martinez for the water services the City provides.

The City is providing adequate service and has the financial resources and rate structure in place to continue to provide services and meet infrastructure needs for existing development. In addition, the City has considered future water service needs through the 2006 Water System Master Plan and 2005 Urban Water Management Plan. Nonetheless, the projected water demands for future annexations would need to be evaluated based on the type and location of development, water supply, existing system capacity, necessary infrastructure improvements to

³ Government Code Section 56425 et seq.

maintain acceptable levels of service, and the means to fund the improvements. A detailed Plan for Service would need to be submitted as part of an annexation application.

3.12 Determinations

3.12.1 Growth and Population

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

The City of Martinez has an estimated current population of 36,179 residents; this is projected to increase to 42,100 by 2030, with an average annual growth rate of 0.7 percent. The Martinez water service area encompasses approximately 75 percent of the City's corporate boundaries as well as areas outside city boundaries. The City is generally considered built out and most future growth will occur through infill and increased densities.

3.12.2 Infrastructure Needs or Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

The City provides water treatment and distribution services within its water service area. It obtains its untreated water supply from the Contra Costa Water District through the Central Valley Project (CVP). CCWD's contract for CVP water includes provisions for delivery reductions due to regulatory requirements or drought conditions. Per CCWD's adopted 2005 Urban Water Management Plan, the District does not anticipate any supply deficits through 2030 for normal conditions or single dry years. CCWD will have adequate water supply in multiple dry years based on available supplies and reasonable levels of short-term water purchases or demand management of up to 15 percent. Per the City of Martinez's adopted 2005 Urban Water Management Plan, the City should have adequate water supplies to meet normal, single-dry and the first year of multiple dry year periods through 2030 based on available supplies. The projected supply reductions in the second and third year of a multiple dry year period would be offset by demand reductions achieved through voluntary and mandatory conservation measures.

The City's water system infrastructure includes a water treatment plant and distribution system that includes storage facilities, pump stations, and water lines. The water treatment plant has a filtration capacity of 14.7 mgd. Current average day demand is 5.2 mgd; projected demand in 2020 is 5.9 mgd.

The City's water system infrastructure is generally in good condition. The 2006 Water System Master Plan identified system deficiencies and recommended improvements; the City is implementing the recommendations as funding is available.

3.12.3 Financing Constraints and Opportunities

Purpose: To evaluate a jurisdiction's capacity to finance needed improvements and services.

The City funds water services, including capital improvements and debt service, through service charges and connection fees. The City has existing outstanding debt related to its water system, and maintains reserves for debt service coverage in accordance with the requirements of the financing. With the adoption in 2007 of an updated rate structure, the water utility is expected to have adequate funding for operations and maintenance, debt service, and some capital needs.

3.12.4 Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

Martinez controls water service costs by encouraging water conservation and improving efficiency and accuracy for meter reading.

3.12.5 Opportunities for Rate Restructuring

Purpose: To identify opportunities to impact rates positively without decreasing service levels.

Martinez updated its water service rates in May 2007. The rate structure includes consumption charges based on service zone, so that the costs of pumping are appropriately allocated to the customers in higher elevations. The service fees are structured to cover the cost of providing service and to provide for continued maintenance of the existing system. Future rate increases will be linked to increased costs of the raw water supply. The connection fees were last updated in 2000. The City should consider reviewing the connection fees to ensure they are appropriate given the condition of the water system and infrastructure needs.

3.12.6 Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

The City of Martinez shares facilities through use of the Contra Costa Canal and Martinez Reservoir for untreated water supply. Martinez is providing treated water to the Port Costa area on behalf of CCWD, and CCWD is delivering treated water into the Martinez system for that use.

3.12.7 Evaluation of Management Efficiencies

Purpose: To evaluate management efficiencies of the jurisdiction.

The City should review and update its adopted regulations for water service outside city boundaries to ensure compliance with Government Code §56133.

3.12.8 Government Structure Options

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

The City is providing adequate water services within its water service area, with CCWD providing untreated water supplies. The City is providing water service to areas outside the corporate boundaries of Martinez but within the water service boundary affirmed by the City in October, 1987. The City serves an estimated 1,499 accounts that are outside the City's corporate boundaries; a majority of these were established prior to 2001. Three government structure options were identified for the City of Martinez with respect to water services:

- Maintain the status quo
- Annex unincorporated areas receiving service into the City
- Consolidate water service with CCWD

Maintain the Status Quo: The advantages of this option are continuity of service and economies associated with internal coordination with other city projects for street and sidewalk repairs, etc. The disadvantage to this option is that it does not clean up boundary issues for areas where service has been extended.

Annex unincorporated areas receiving service into the City: The City is providing service to unincorporated areas to the northeast, southeast, and southwest of the current city boundaries. Martinez could annex unincorporated areas into the City where the parcels are now contiguous to the City boundary. The advantages of this option are to clean up boundary issues associated with service areas. However, the parcels would need to be evaluated to determine their location with respect to the adopted Urban Limit Line for the County to ensure there is no conflict.

Consolidate water service with CCWD: The City provides water treatment and distribution services. CCWD is providing the raw water supply, owns and operates the Martinez Reservoir, and is providing similar treated water services to the east of Martinez. The advantages of this option are potential economies of scale and other efficiencies that might be available due to the single-purpose focus of CCWD. However disadvantages such as administrative costs, increased costs to other services the City provides, political opposition, and loss of local control within the city could outweigh the benefits. Further study would be needed to determine the merits of this

option and level of benefit versus costs which would affect ratepayers for both the City of Martinez Water Service and CCWD.

3.12.9 Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management process.

Water services provided by the City are addressed by the City Council. The City Council meetings are open and accessible to the public. Information on the City's water services, including facilities, capital improvements, financing, and service rates is available on the City's website.