



Lou Ann Texeira
Executive Officer

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Mary N. Piepho <i>County Member</i>
Don Tatzin <i>City Member</i>

May 14, 2008 (Agenda)

Local Agency Formation Commission
 651 Pine Street, Sixth Floor
 Martinez, CA 94553

**Spheres of Influence – Central Contra Costa Sanitary District,
 Contra Costa Water District and Delta Diablo Sanitation District**

Dear Members of the Commission:

BACKGROUND

The Cortese-Knox-Hertzberg Act Local Government Reorganization Act of 2000 (CKH) empowers LAFCO with the responsibility for determining the sphere of influence (SOI) of each local agency within the county, and for enacting policies designed to promote the logical and orderly development of areas within the spheres.

An SOI is defined as *a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO*. The intent of an SOI is to identify the most appropriate areas for an agency’s extension of services in the foreseeable future (e.g., 10-20 year horizon). Accordingly, territory included in an agency’s sphere is an indication that the probable need for service has been established, and that the subject agency has been determined by LAFCO to be the most logical service provider for the area.

The CKH provides that not less than every five years LAFCO, as necessary, review and update the SOIs for each local agency. The statute also provides that in order to prepare and update SOIs, LAFCO shall conduct corresponding municipal service reviews (MSRs) and prepare written determinations with respect to various factors (Government Code §§56425 and 56430).

Contra Costa LAFCO adopted an MSR/SOI Update Program which provides for a combination of countywide and sub-regional MSRs, as prepared by consultants and LAFCO staff. The MSRs provide an overview and analysis of municipal services, highlight key issues relating to service providers, and provide a summary of government structure and SOI options and recommendations for Commission consideration. To date, a number of MSRs have been completed, including those covering healthcare services, and water/wastewater services for East and Central County.

In December 2007, the Commission adopted the MSR and required determinations for the East County water and wastewater services providers. The *East County Water/Wastewater MSR* covers the following

agencies: cities of Antioch, Brentwood and Pittsburg, County Service Area (CSA) M-28, Delta Diablo Sanitation District (DDSD), Diablo Water District (DWD), East Contra Costa Irrigation District (ECCID) and Ironhouse Sanitary District (ISD). In conjunction with the *East County Water/Wastewater MSR*, the Commission also updated the SOIs for CSA M-28, DWD, ECCID and ISD.

In April 2008, the Commission adopted the MSR and required determinations for the Central County water and wastewater services providers. The *Central County Water/Wastewater MSR* covers the following agencies: cities of Concord and Martinez, Contra Costa Water District (CCWD), Central Contra Costa Sanitary District (CCCSD), County Sanitation District No. 6 (SD No. 6), and Mt. View Sanitary District (MVSD). In conjunction with the *Central County Water/Wastewater MSR*, the Commission updated SOIs for SD No. 6 and MVSD.

The SOI options and recommendations for CCCSD, CCWD and DDSD are summarized on the attached table. Further, the SOI options and recommendations for those cities covered in the water/wastewater MSRs will be included in the general service sub-regional reviews, scheduled for completion later this year.

With regard to the SOI updates for CCCSD, CCWD and DDSD, the Commission has deferred action pending additional staff research and subsequent discussion regarding the relationship between SOI actions and environmental review pursuant to the California Environmental Quality Act (CEQA).

The discussion below provides additional information relevant to updating SOIs for CCCSD, CCWD and DDSD.

DISCUSSION

The MSRs include detailed analysis of services, along with government structure and SOI options and recommendations. With regard to CCCSD, CCWD and DDSD, the MSRs included options to expand the districts' SOIs to correspond to voter approved Urban Limit Lines as depicted on the attached maps.

The MSR consultant qualifies these options/recommendations to expand district SOIs indicating that although the adopted ULLs identify limits to areas where urban development is to occur, no analysis has been prepared on the potential service demands within those areas not currently served. Furthermore, there is no analysis as to whether those areas as a whole would or could be served by these districts given current and planned resources (e.g., water supply, wastewater capacity, etc.).

The consultant notes that no environmental review has been prepared, either for the establishment of the ULLs or for future development within these areas, which evaluates the impact of expanding district SOIs and the potential extension utility services into these areas. A comprehensive analysis would be required to ensure that the affected districts could serve these areas with no impact to existing customers or the District's policies regarding service reliability.

SOI expansions and boundary changes should be considered on a case by case basis in conjunction with annexations to cities, accompanied by the appropriate environmental and CKH analysis and the district's concurrence that it can serve the additional area in accordance with district resources and policies.

The Commission previously discussed such SOI expansions in the context of CEQA; and specifically, whether such SOI expansions would constitute a "project" under CEQA and be subject to environmental review.

In March 2008, the Commission requested a legal opinion to clarify the issue. In April 2008, the Commission received and accepted a legal opinion provided by LAFCO Legal Counsel which concluded that the proposed SOI expansions before the Commission constitute a project under CEQA, and are probably not exempt from its requirements. Further, an Initial Study would need to be conducted prior to expanding the SOIs to determine the appropriate environmental review. There was also discussion regarding the cost of the CEQA review and who would fund such costs – LAFCO or the affected agencies.

Accordingly, the Commission directed LAFCO staff to discuss the potential SOI expansions with all affected agencies, including the cities of Antioch and Pittsburg, and the three districts (CCCSO, CCWD and DDSO). Further, the Commission directed staff to obtain information relating to the scope/cost of the required CEQA work and cost sharing options.

Discussions with Agency Staff

LAFCO staff discussed the potential SOI expansions with the city and district staff. Based on these discussions and meetings, the cities of Antioch and Pittsburg indicate that city staff is not opposed to the possible SOI expansions; however, neither city is able to share in the cost of the necessary analysis.

With regard to the districts, CCCSO does not support such SOI expansions for the District for various reasons detailed in District's letter (attached). In sum, the District indicates that it is not in the best interest of CCCSO's ratepayers to fund CEQA review for an expansion of the District's SOI. As indicated in their letter, many of the areas identified on the SOI expansion map are not likely to generate wastewater demand in the future. For those areas with development potential, typically CCCSO does not proactively seek SOI expansions; rather, the District responds to requests from property owners/developers so such SOI and boundary changes. Such applicants provide CCCSO with the appropriate CEQA documents to then be submitted to LAFCO with a boundary change proposal. CCCSO adds that the District is not a land use planning agency, and does not typically place itself in the position of taking actions that may be perceived as growth inducing.

CCWD does not support such SOI expansions for the District for various reasons detailed in the District's letter (attached). In sum, CCWD indicates that the District is not a land use agency and believes that changes to the District's SOI to incorporate new areas of potential urban development should be initiated by the responsible land use agency. As indicated in their letter, CCWD's water supply planning for wholesale and retail is based on a number of factors and should follow the land use agencies planning, as should determination of the District's SOI. CCWD does not support linking its SOI to the ULLs for a number of reasons including specifically that the areas CCWD is able to serve under its enabling statutes, as well as the Central Valley Project (CVP) water supply contract, are not restricted to urban uses, and include other uses (e.g., agricultural, industrial, irrigation, fire service, etc.).

DDSO staff supports SOI expansions for their district, and indicates that the district would prefer to follow the cities in terms of boundary/SOI adjustments.

LAFCO staff also discussed funding the CEQA work and the potential for cost sharing. Of the five agencies contacted, only DDSO expressed a willingness to share in the costs associated with preparing the Initial Study for their district. Given the costs/benefits, fiscal constraints, and/or interest in the proposed project, the other agencies cannot share in the costs.

CEQA Work

Per the Commission's direction, LAFCO staff obtained informal estimates from three planning firms regarding the CEQA work.

According to the planning firms, the cost/scope of work is primarily dependent on the number of districts to be reviewed, and somewhat dependent on whether the review would include areas both inside and outside existing city SOIs.

Including areas in district SOIs which are outside existing city SOIs presents a number of challenges. From a planning perspective, it is logical to include areas that already have land use designations, as would be the case for land within a city jurisdiction or SOI. LAFCO would, in essence, be placing the districts “in front” of the land use agency in terms of planning; and would be making assumptions regarding potential land uses and probable need for services. Absent land use designations, it may be difficult to define the “Project” under CEQA and prepare an appropriate environmental review.

On the average, the cost associated with preparing an Initial Study for one district (e.g., DDS D) would range between \$20,000 and \$30,000. Given that the SOI expansion areas for CCWD are nearly the same as those for DDS D, the addition of CCWD to the scope of work would increase the cost incrementally by \$5,000 - \$10,000. The potential SOI expansion areas identified for CCCSD are separate and unique from the CCWD and DDS D areas; thus, a separate Initial Study would likely be needed. Again, the cost for this separate Initial Study would range between \$20,000 and \$30,000.

FINANCING

Depending upon the option selected, a budget adjustment may be needed. Should the Commission choose to prepare an Initial Study relating only to the DDS D SOI expansion, as recommended by DDS D staff (i.e., covering areas within existing city SOIs), then DDS D will agree to fund their Initial Study.

Should the Commission choose to prepare an Initial Study(ies) for CCCSD and/or CCWD, and/or one for DDS D that includes areas outside existing Antioch and Pittsburg SOIs, then the Commission will have to appropriate the funds. Should the Commission wish to initiate such work in FY 2007-08, an appropriation from the contingency reserve will be necessary. Should the Commission choose to initiate such work in FY 2008-09, the Commission should direct staff to include the funding in the final budget, which will be presented to the Commission on May 14.

OPTIONS FOR CONSIDERATION

Option I

Based on discussions with agency staff, costs associated with preparing the environmental review(s), and availability of funding, it is recommended that the Commission

- a. Proceed with an Initial Study to review those SOI expansion areas for DDS D which are within an existing city SOI (i.e., Antioch and Pittsburg);
- b. Direct LAFCO staff to work with DDS D staff and one of the available planning firms to develop the scope of work and service and fee agreements; and
- c. Authorize LAFCO staff to execute the service agreement.
- d. Determine LAFCO appropriation, if any.

Option II

Should the Commission choose to prepare an Initial Study(ies) for CCCSD and/or CCWD, and/or one for DDS D that includes areas outside existing Antioch and Pittsburg SOIs, please provide appropriate direction to LAFCO staff in terms of the 1) agency(ies) affected, 2) SOI expansion areas to be studied, and 3) timing and appropriations.

Option III

If the Commission needs more information, it should CONTINUE this matter to a future meeting.

RECOMMENDED ACTION:

Approve Option 1.

Sincerely,

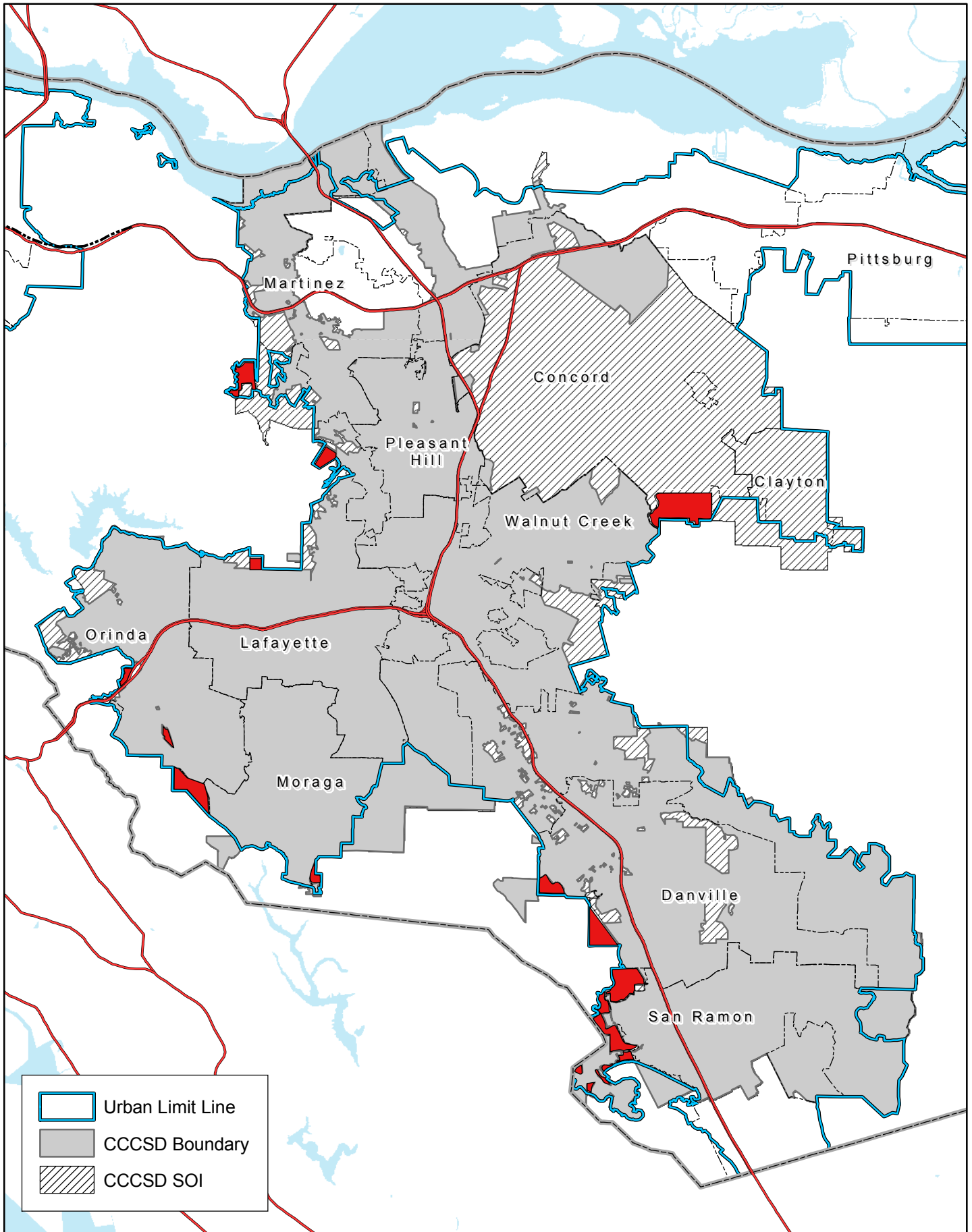
LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachments:

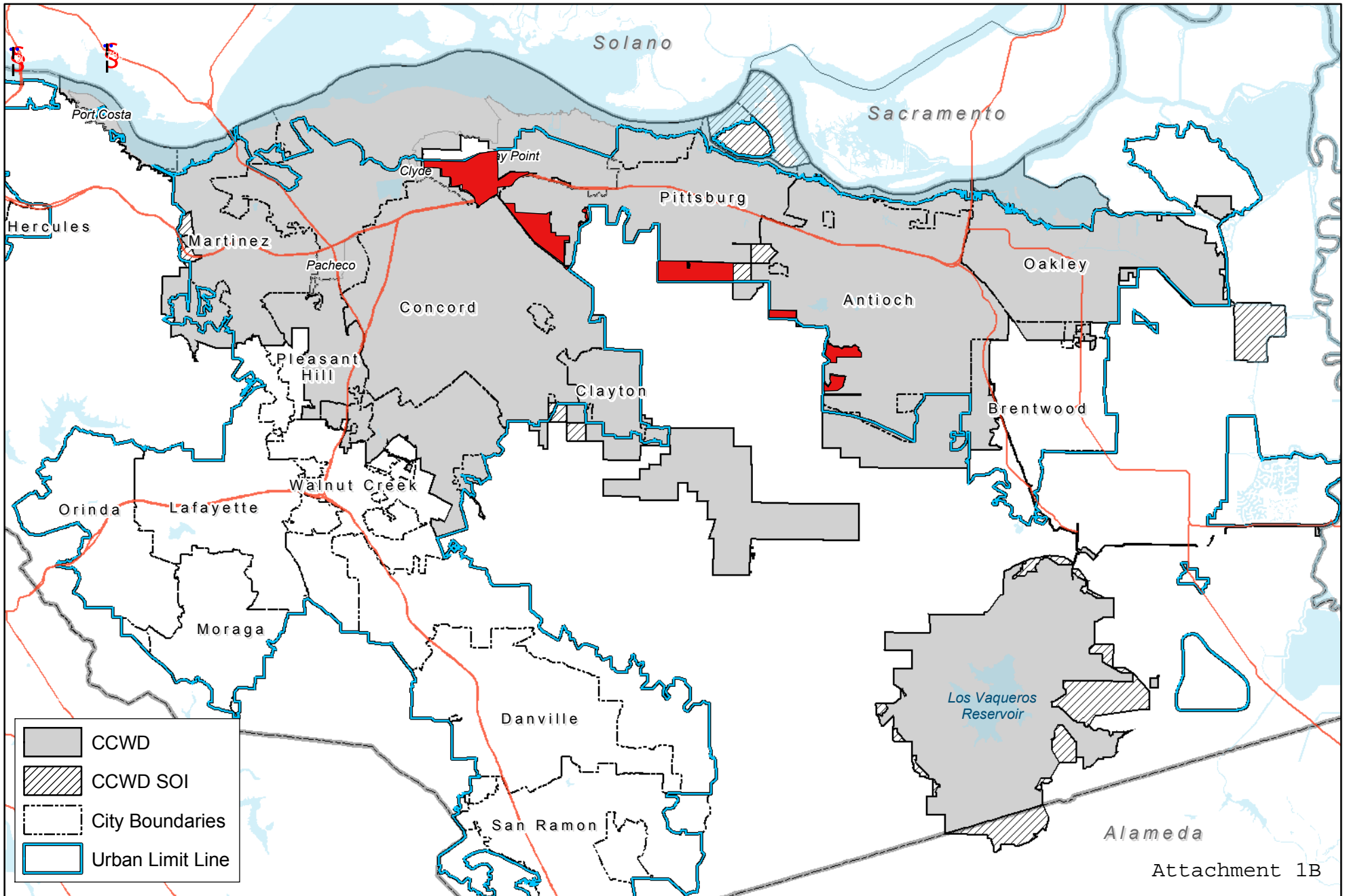
- 1A, 1B, 1C - Maps Depicting Potential SOI Expansion Areas (CCCSD, CCWD, DDS)
- 2- SOI Options/Recommendations Table
- 3- Communication from CCWD
- 4- Communication from CCCSD

c: Distribution

Central Contra Costa Sanitary District and Sphere of Influence



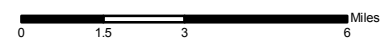
Contra Costa Water District and Sphere of Influence



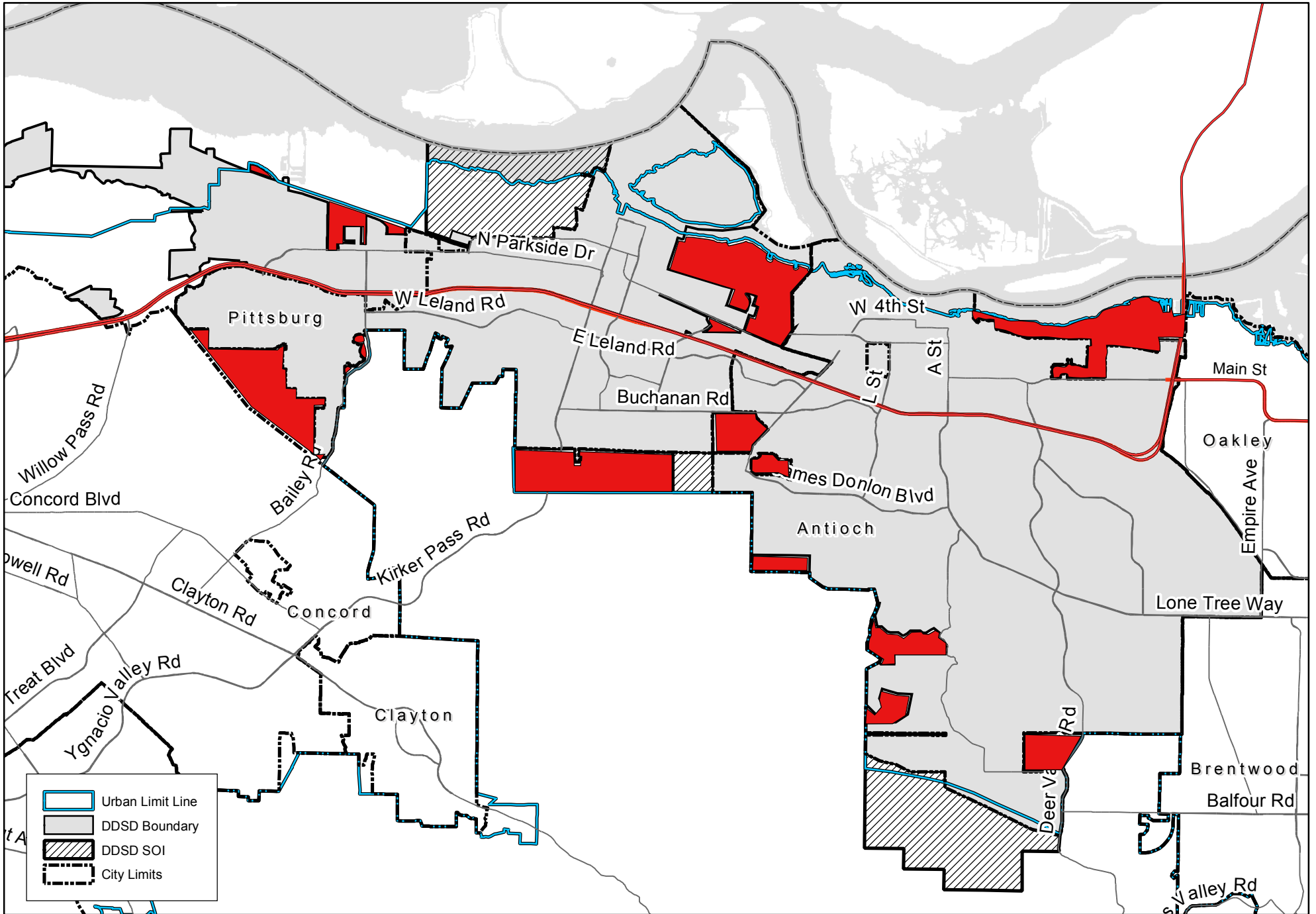
Attachment 1B

Map created 11/28/2007
 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.

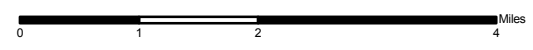


Delta Diablo Sanitation District and Sphere of Influence



Map created 4/20/2008
 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.



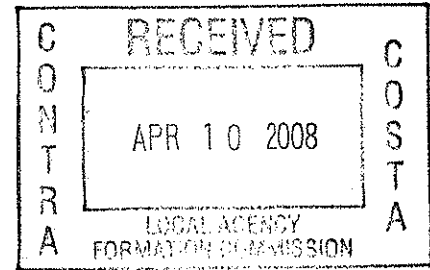
SPHERE OF INFLUENCE OPTIONS AND RECOMMENDATIONS

Agency	SOI Options	Consultant Recommendations	LAFCO Staff Recommendations
Central Contra Costa Sanitary District (CCCSD)	<ul style="list-style-type: none"> • Retain existing SOI • Adjust the SOI to be consistent with local agency adopted Urban Limit Lines (ULLs) within central Contra Costa County • Expand District's SOI to include areas within the ULLs that are not currently within CCCSD's SOI, and remove from the District's SOI undeveloped areas outside the local agency adopted ULLs 	<ul style="list-style-type: none"> • Adjust CCCSD's SOI to include those areas within the ULLs that are not currently within its SOI (excluding the area served by DSRSD), and to reduce the District's SOI outside the ULLs to exclude undeveloped areas 	<ul style="list-style-type: none"> • Remove from CCCSD's SOI undeveloped areas outside the local agency adopted ULLs
Contra Costa Water District (CCWD)	<ul style="list-style-type: none"> • Retain existing SOI • Remove Veale Tract • Expand the SOI to be consistent with local agency adopted Urban Limit Lines (ULLs) within central Contra Costa County 	<ul style="list-style-type: none"> • Remove Veale Tract 	<ul style="list-style-type: none"> • Remove Veale Tract
Delta Diablo Sanitation District (DDSD)	<ul style="list-style-type: none"> • Retain the existing SOI • Adjust SOI to be consistent with the voter approved Urban Limit Lines for Antioch and Pittsburg 	<ul style="list-style-type: none"> • Adjust DDSD's SOI to be consistent with the voter approved Urban Limit Lines for the cities of Antioch and Pittsburg 	<ul style="list-style-type: none"> • Retain the existing SOI


**CONTRA COSTA
WATER DISTRICT**

1331 Concord Avenue
P.O. Box H20
Concord, CA 94524
(925) 688-8000 FAX (925) 688-8122

April 8, 2008


Directors

Joseph L. Campbell
President

Elizabeth R. Anello
Vice President

Bette Boatman
John A. Burgh
Karl L. Wandry

Walter J. Bishop
General Manager

Ms. Lou Ann Texeira
Executive Officer
Contra Costa County Local Agency Formation Commission
651 Pine Street, 6th Floor
Martinez, CA 94553

Subject: Municipal Service Review and Sphere of Influence Adjustments

Dear Ms. Texeira:

Contra Costa Water District has reviewed the staff reports for the April 9 LAFCO meeting regarding the Municipal Service Review (MSR) and the Sphere of Influence (SOI) adjustments and would like to make sure CCWD's view on the issues is clear.

CCWD concurs with the staff recommendation of leaving its SOI as is at this time however, CCWD believes the action is supported by different reasons than those expressed by the LAFCO staff and are as follows:

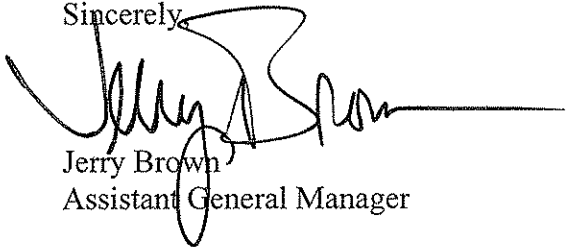
- CCWD is not a land use agency and believes changes in its SOI to incorporate new areas of potential urban development should be initiated by the responsible land use agency. If through the LAFCO MSR/SOI review process, LAFCO proposes to adjust the SOIs of CCWD's customer cities, CCWD's SOI should be considered at that time, not prior to. CCWD does not object to removal of the Veale Tract because CCWD is unaware of any plans for any kind of water service from CCWD within Veale Tract and does not provide any service to this area at the present time.
- CCWD's water supply planning in the wholesale municipal area is based on the planning areas of its municipal customers. When CCWD's plans are updated, the latest land use and demand information from the municipal customers is gathered and evaluated. CCWD's planning for wholesale municipal water service follows the land use agencies' planning - and so should determination of the SOI.
- CCWD's water supply planning for retail water service is based upon the planning of the cities in its service area and Contra Costa County. Retail water service includes, but is not limited to, retail treated water service in both incorporated and un-incorporated areas, retail treated and untreated water service to industrial customers, and retail irrigation water service to agricultural customers and other rural water service.

Ms. Lou Ann Texeira
Contra Costa County Local Agency Formation Commission
April 8, 2008
Page 2

- CCWD does not support linking its SOI to the ULL for numerous reasons including specifically that the areas CCWD is able to serve under its enabling statutes as well as its Central Valley Project (CVP) water service contract are not restricted to urban uses, and include agriculture, industrial, irrigation, fire protection service and other uses. In fact, CCWD currently serves, and has served for decades, industrial, irrigation and other customers that are outside the ULL.
- CCWD's CVP water service contract is not tied in any way to the SOI. The CVP contract does require that newly annexed areas must be approved for CVP water by the Contracting Officer before service can begin, but whether a particular parcel is in or not in the SOI does not affect that approval process. There is no link between water availability under the contract and the SOI.

CCWD recognizes that the MSR/SOI review has been a long and complicated process and appreciates your ongoing efforts to coordinate with CCWD staff. If you have any questions, please do not hesitate to contact me at (925) 688-8172 or Fran Garland, Principal Planner at (925) 688-8312.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Brown", with a long horizontal line extending to the right.

Jerry Brown
Assistant General Manager

JDB/FG:mc

cc: Marc Grisham, City of Pittsburg



Central Contra Costa Sanitary District

5019 Imhoff Place, Martinez, CA 94553-4392

(925) 228-9500 • www.centrcsan.org

May 5, 2008

Lou Ann Texeira, Executive Officer
 Contra Costa Local Agency Formation Commission
 651 Pine Street, Sixth Floor
 Martinez, CA 94553

C O N T R A	RECEIVED	FAX: (925) 228-4624
	MAY - 7 2008	JAMES M. KELLY General Manager
	LOCAL AGENCY FORMATION COMMISSION	KENTON L. ALM Counsel for the District (510) 808-2000
		A ELAINE R. BOEHME Secretary of the District

Dear Ms. Texeira:

CENTRAL COUNTY WATER AND WASTEWATER SERVICES – SPHERE OF INFLUENCE UPDATES

I was in attendance at the April 9, 2008 regular meeting of LAFCO where the wastewater municipal service area review and sphere of influence (SOI) for Central Contra Costa Sanitary District was discussed. We have worked closely with you and your staff and consultants on this review. We were therefore surprised when the Commission voted to continue the sphere of influence discussion to a future meeting due to their interest in expanding our SOI such that it would be contiguous with the County urban limit line (ULL). In addition, the Commission requested that you determine if CCCSD would be interested in funding the CEQA process for such an expansion of our sphere of influence.

On May 1, 2008, at our regularly scheduled Board meeting, we discussed this matter with our Board of Directors. The Board of Directors concurred with staff's recommendation that it is not in the best interest of our rate payers to fund CEQA for an expansion of our SOI. Many of the areas identified on your map as being between CCCSD's SOI and the ULL are not likely to generate wastewater service demand in the future. For the areas with development potential, typically CCCSD does not proactively seek expansion of its SOI. Rather, we wait for property owners/developers to come to us with requests to expand the SOI in combination with an annexation request. At that time, these applicants provide CCCSD with the appropriate CEQA documentation to be submitted to LAFCO. CCCSD is not a land use planning agency, and by following the above process, CCCSD avoids putting itself in the position of taking actions that may be perceived as growth inducing.

If you would like to discuss this matter further, please call me at 925-229-7302.

Sincerely,

Ann E. Farrell
 Director of Engineering

AEF/mvp

cc: James Kelly, Curt Swanson, Russ Leavitt
 Board of Directors

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