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June 11, 2008 (Agenda)

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

**Preliminary Draft Municipal Services Review/Sphere of Influence Updates  
Water/Wastewater Services – West County**

Dear Members of the Commission:

BACKGROUND

**What are Municipal Service Reviews**

The Municipal Service Review (MSR) process provides an assessment of the ability of local government agencies (i.e., county, cities, special districts) to effectively and efficiently provide services to residents and users. The form and content of the MSR is provided for in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act).

The purpose of the MSR is to provide information to the Commission to use in updating the sphere of influence (SOI) and considering future boundary changes for each local agency. LAFCO is not required to initiate boundary or sphere changes as part of service reviews. LAFCO, local agencies or the public may subsequently use the service reviews together with additional studies, where necessary, to pursue changes in jurisdictional boundaries, including annexations, reorganizations, district formations, etc. LAFCO may also use the information in this report in reviewing future proposals related to changes of organization or reorganizations.

Government Code §56375(a) gives LAFCO the power to initiate certain types of boundary changes consistent with service reviews and SOI studies. These boundary changes include:

- Consolidation of districts (joining two or more districts into a single successor district)
- Dissolution (termination of a district and its corporate powers)
- Merger (termination of a district by merging that district with a city)
- Establishment of a subsidiary district (where a city council becomes the board of directors of a district)
- Formation of a new districts or districts
- A reorganization that includes any of the above

LAFCO may also use the information presented in the MSR to review proposals for extension of service beyond an agency's jurisdictional boundaries, or for other boundary changes.

### **State Law Requirements**

The CKH Act requires LAFCO to update the SOI for each local agency under its jurisdiction every five years. The CKH Act further requires that a service review be conducted prior to or in conjunction with the SOI update.

Government Code §56430 requires that service reviews include an analysis and written statement of determinations with respect to various factors, including growth and population; present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies; financial ability of agencies to provide services, opportunities for shared facilities, government and operational efficiencies, and other factors related to service delivery.

### **MSRs/SOI Updates in Contra Costa County**

In February 2006, the Commission approved an MSR/SOI workplan and timeline. The workplan and timeline provide for a two-tiered approach to complete the MSRs/SOI updates for the 19 cities and approximately 30 special districts.

The approach involves conducting *countywide* MSRs/SOI updates for water, wastewater and health care services, and *sub-regional* reviews (East, West and Central County) for the city general services and a number of special districts; and using a combination of outside consultants and LAFCO staff to conduct the reviews.

In July 2006, the Commission approved a contract with Dudek, an outside consulting firm, to assist in preparing the countywide health care, water and wastewater MSRs/SOI updates. The health care MSR and SOI updates were approved by the Commission in August 2007.

The water/wastewater review covers 23 agencies (i.e., county, cities, special districts). Due to the complexity and magnitude of this review, the project team is presenting the MSR in three parts – East County, West County and Central County.

In December 2007, the Commission accepted the East County Water/Wastewater MSR and subsequently updated several district SOIs; and in April 2008, the Commission accepted the Central County Water/Wastewater MSR and updated a number of district SOIs.

At this time, Dudek has completed a preliminary draft of the water/wastewater MSR for the West County agencies. This report has been reviewed by LAFCO staff and County, city and district staff. A copy of the preliminary report was provided to the Commission for review.

### **DISCUSSION**

The West County water/wastewater MSR focuses on the services provided by agencies under LAFCO's purview, including the following: cities of Hercules, Pinole and Richmond, Crockett Community Services District, Rodeo Sanitary District, Stege Sanitary District and West County Wastewater District. The report also references other local, regional service and private service providers in order to provide a comprehensive view of water and wastewater services in Contra Costa County.

The report focuses on the local agencies and their ability to provide services, ranging from water supply, treatment, distribution and irrigation, to wastewater collection, treatment and disposal. Preliminary conclusions are grouped in accordance with the State-required determinations. The report also provides some preliminary SOI recommendations for the single-purpose agencies (i.e., districts). The SOI recommendations for the multi-purpose agencies (i.e., cities) will be presented following completion of the sub-regional reviews that assess all other city services.

At the workshop on June 11, the consultant will present an overview of the preliminary determinations and pertinent SOI recommendations.

The Commission is requested to review the report and provide direction to the consultant and staff at the workshop. The consultant will make appropriate modifications to the draft report based on Commissioner comments, and prepare the Public Review Draft report for circulation and final consideration by the Commission in August 2008.

#### RECOMMENDATIONS

1. Receive the preliminary water/wastewater services MSR (West County) and staff report,
2. Provide comments to the consultant and staff,
3. Direct the consultant and staff to prepare and circulate the Public Review Draft, and
4. Schedule a public hearing for August 13, 2008 to consider the Public Review Draft MSR/SOI Update for Water/Wastewater Services – West County.

Respectfully submitted,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

c: Distribution