

Contra Costa County Water and Wastewater Agencies

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

Contra Costa LAFCO
April 9, 2014

What We'll Cover:

- * Municipal Service Review (MSR) requirements
- * Agencies Reviewed
- * Opportunities for Public Comment
- * What We Found
- * Other Issues: DUC's, Mutual Water Companies
- * Comments Received
- * Next Steps
- * Questions/Comments

Municipal Service Reviews:

- * Required (Gov't. Code §56430) for all cities and special districts
- * Purpose: evaluate current services and potential impacts on those services from projected future growth
- * Identify opportunities to improve services
- * Must be completed prior to, or concurrent with, Sphere of Influence updates

Agencies Reviewed:

- * 29 Water and Wastewater Agencies
 - * 8 Cities
 - * 20 Special Districts
 - * 1 Private Water Company

Agencies Reviewed:

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

Multi-County Agencies Reviewed:

- * **Byron Bethany Irrigation District**
 - * Serves Alameda, Contra Costa and San Joaquin Counties
 - * “Principal LAFCO: San Joaquin
- * **Dublin San Ramon Sanitary District**
 - * Serves Contra Costa and Alameda Counties
 - * “Principal” LAFCO: Alameda
- * **East Bay Municipal Utilities District**
 - * Serves Contra Costa and Alameda Counties
 - * “Principal” LAFCO: Alameda
- * **Golden State Water Company**
 - * Private, investor-owned water company
 - * Operates 38 systems throughout California
 - * PUC regulated; not under the purview of LAFCO

MSR Organization:

One MSR with “stand alone” chapters for each agency, including:

- * Background/history
- * Statistical profile of agency services, infrastructure and budget
- * Boundary map with SOI overlay
- * Detailed discussion of agency operations/finances
- * Recommended MSR determinations
- * Recommended SOI determinations (special districts)

Opportunities for Agency Comment:

- * Nov/Dec 2013 – Draft agency profiles released
- * February 2014 – Draft agency MSR chapters released
- * March 2014 – Public Review Draft of MSR released
- * April 2014 – LAFCO public hearing

What We Found: Cities

<i>Agency</i>	<i>Adequate Infrastructure</i>	<i>Adequate Plans for Future Needs</i>	<i>Stable Budget</i>	<i>Alternative Structure Options Identified</i>	<i>Comments</i>
City of Antioch	✓	✓	✓	✓	Prioritize annexation of small islands; City should undertake a study evaluating potential consolidation with DD.
City of Brentwood	✓	✓	✓	✓	City has an aggressive CIP program for water and wastewater system upgrades; annexation of two parcels served extraterritorially should be a priority.
City of Concord		✓	✓	✓	\$10.1 million in CIP upgrades budgeted through 2023 for system upgrades; annexation of properties served extraterritorially (e.g., Ayers Ranch).should be high priority.
City of Hercules	✓	✓	✓	✓	Hercules is projected to be one of the fastest growing cities within Contra Costa County over the next 20 years; plans are in place for WWTP upgrades between 2015-2017 to meet State Resources Water Quality Control Board requirements to meet expected growth.
City of Martinez		✓	✓	✓	Annexation of parcels served outside the City should be high priority; City has developed a long-term strategy to address outside properties; consolidation with CCWD should be evaluated. Recommend annual progress reports.
City of Pinole	✓	✓	✓	✓	City has implemented a phased increase in wastewater user fees to finance capital improvements; replacement of problem sewer mains and laterals to reduce infiltration is a major priority of the City's CIP.
City of Pittsburg	✓	✓	✓	✓	City's 5-year CIP reflects \$46 million in water/wastewater improvements; evaluation of consolidation with DD should be pursued.
City of Richmond		✓	✓	✓	City has aging sewer collection system; 2 studies have identified system replacements which City is pursuing.

What We Found: *Special Districts with Minor Issues*

<i>Agency</i>	<i>Adequate Infrastructure</i>	<i>Adequate Plans for Future Needs</i>	<i>Stable Budget</i>	<i>Alternative Structure Options Identified</i>	<i>Recommended SOI Change</i>	<i>Comments</i>
Byron Sanitary District	✓	✓	✓	✓	✓	SOI should be expanded to include Orrin Allen Youth Detention Facility; agency lacks website.
Central Contra Costa Sanitary District	✓	✓	✓	✓		District has aging sewer collection system; \$15 million per year allocated to sewer main replacement program; CCCSD has established successful program to clean up boundary issues and expedite annexation backlog.
Contra Costa Water District	✓	✓	✓	✓	✓	District has 10-year \$300.1 million CIP; \$370 million in infrastructure projects completed in last 5 years; removal of the Veale Tract from the District's SOI should be pursued.
Crockett Community Services District	✓	✓	✓	✓	✓	CCSD serves two distinct communities: Crockett and Port Costa; expansion of the District's SOI to include property served through out-of-agency agreement should be pursued.
Delta Diablo	✓	✓	✓	✓		DD is a dependent special district; agency has implemented an aggressive hazardous materials collection program; consolidation of operations with Cities of Antioch and Pittsburg should be studied.

What We Found: *Special Districts with Minor Issues*

Agency	Adequate Infrastructure	Adequate Plans for Future Needs	Stable Budget	Alternative Structure Options Identified	Recommended SOI Change	Comments
Dublin San Ramon Services District	✓	✓	✓	✓		DSRSD is a multi-county district serving both Contra Costa and Alameda counties; Alameda LAFCO is the “principal” county; agency’s boundary overlaps with EBMUD & CCCSD; further study by DSRSD, EBMUD and CCCSD to simplify water and wastewater delivery in overlap area is warranted.
East Bay Municipal Utility District	✓	✓	✓	✓		EBMUD is a multi-county district serving both Contra Costa and Alameda counties; Alameda LAFCO is the “principal” county; overlap with DSRSD and CCCSD should be resolved.
East Contra Costa Irrigation District	✓	✓	✓	✓		District primarily provides irrigation water for agricultural and landscaping uses; consolidation with BBID should be studied; agency has no website.
Golden State Water Company	✓	✓	✓	✓		Private water company; serves the unincorporated Bay Point community within Contra Costa County; not under LAFCO’s purview.
Ironhouse Sanitary District	✓	✓	✓	✓	✓	District recently completed construction of Phase I of a \$55 million WRF; expansion of agency’s SOI to include Liberty Union High School site should be pursued.

What We Found: *Special Districts with Minor Issues*

<i>Agency</i>	<i>Adequate Infrastructure</i>	<i>Adequate Plans for Future Needs</i>	<i>Stable Budget</i>	<i>Alternative Structure Options Identified</i>	<i>Recommended SOI Change</i>	<i>Comments</i>
Mt. View Sanitary District	✓	✓	✓	✓		The five-year CIP was revised in 2011 to reflect lower flows and improved preventive maintenance following an update of the MVSD's SSMP. In May 2013, MVSD entered into a contract with a media and website consultant to update its website.
Rodeo Sanitary District	✓	✓	✓	✓		RSD is a small operating agency with 7 employees; recent SOI amendments and annexations will resolve outstanding district boundary issues.
Steger Sanitary District	✓	✓	✓	✓		SSD has an aged sewer collection system; an aggressive sewer main replacement program has been implemented.
West County Wastewater District	✓	✓	✓			WCWD is planning a major upgrade of its WWTP (\$18.6 million) in 2014; district is encouraged to annex properties served extraterritorially.

What We Found: *Special Districts with Significant Issues*

<i>Agency</i>	<i>Adequate Infrastructure</i>	<i>Adequate Plans for Future Needs</i>	<i>Stable Budget</i>	<i>Alternative Structure Options Identified</i>	<i>Recommended SOI Change</i>	<i>Comments</i>
Byron Bethany Irrigation District	✓	✓	✓	✓		Multi-county district serving Alameda, Contra Costa, and San Joaquin counties; San Joaquin LAFCO is the “principal”; District shares administrative operations with BSD; District boundary overlaps with TODBCSD; potential consolidation with BSD should be explored.
Castle Rock County Water District			✓	✓	✓	LAFCO recently learned District is under LAFCO’s purview; District purchases untreated water from CCWD for landscaping, agricultural and residential use; 55 connections; approximately 20% of District’s customers use water in homes and are responsible for self treatment; District has no water testing program; CCWD provides treated, potable water service to some residents of Castle Rock; consolidation with CCWD should be explored; recommend establishment of a coterminous SOI.
County Sanitation District No. 6				✓		SD No. 6 is a dependent district governed by the Contra Costa Board of Supervisors; the District serves 47 parcels in the Stonehurst subdivision through a septic tank/community disposal system; SD No. 6 is under order from the RWQCB to connect to an adjacent agency for sanitary sewer service when available; recommend reaffirming zero SOI; annual progress reports recommended.

What We Found: *Special Districts with Significant Issues*

Agency	Adequate Infrastructure	Adequate Plans for Future Needs	Stable Budget	Alternative Structure Options Identified	Recommended SOI Change	Comments
County Service Area M-28				✓		Dependent special district providing water service to a 172-unit mobile home park; infrastructure requires significant upgrades; funding problematic; County in process of transferring responsibility to mobile home park owner; recommend reaffirming zero SOI; annual progress reports recommended.
Diablo Water District	✓	✓	✓	✓	✓	Recommend SOI expansion to include the Liberty Union High School site; for long-term planning purposes, consideration should be given to expanding DWD's SOI to include all of Bethel Island.
Knightsen Town Community Services District				✓	✓	Lack of funding impedes District from moving forward with any notable accomplishments; no progress has been made toward District's original purpose; recommend adopting zero SOI and requiring 6-month updates to the Commission on District progress.
Town of Discovery Bay Community Services District	✓	✓	✓	✓		Significant progress achieved in addressing major sewer issues since 2006 MSR; TODBCSD boundary overlaps with BBID; recommend further review of overlap and potential boundary adjustment.

What We Found: *Agency Finances*

* Review Criteria

- Three Year Revenue/Expenditure Budget Trend
- Ratios of Revenue Sources
- Ratio of Reserve/Fund Balance to Annual Expenditures
- Ratio of Annual Debt Service Expenditure to Total Expenditures
- Capital Improvement Program Budget
- Rate Structure
- Redevelopment Agency Dissolution Impact (Cities Only)

What We Found: *Agency Finances*

* Generally Stable Position

- Enterprise activities less susceptible to economic downturn.
- Service Fee revenues versus Tax revenues.
- Some planned deficit spending for some agencies- generally to support capital improvement projects.

* Reserve/Fund Balances are Adequate

- 10-20% of annual expenditures considered minimal.
- Most agencies exceed these levels, some considerably.

* Capital Improvement Programs

- Most agencies have strong programs, some are pay as you go based on annual revenue.
- Significant infrastructure upgrade expenditures completed, in progress and planned.

What We Found: *Agency Finances*

* Debt/Debt Service

- Total debt and debt service requirements generally reasonable and supported.
- Several agencies have no debt.

* Rate Structures

- Rates reflect cost recovery; 10-20% of annual expenditures considered minimal.
- Most agencies exceed these levels, some considerably.
- Annual rate reviews and planned future rate increases.
- Minimal use of tiered rates- should be a consideration for future rate restructuring.
- Sustainability of annual rate increases- agencies should monitor closely.

* Redevelopment Dissolution Impacts (Cities)

- Minimal to no impact.

Other Issues:

Disadvantaged Unincorporated Communities

- * DUCs are inhabited (12 or more registered voters) unincorporated areas with an annual median household income (MHI) of less than 80 percent of the statewide MHI.
- * Gov't Code Section 56375(a)(8)(A) prohibits LAFCOs from approving a city annexation of more than 10 acres if a DUC is contiguous to annexation territory unless an application to annex the DUC has been filed with LAFCO.
- * Legislative intent: avoid “cherry picking” of agencies’ tax generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies (e.g., water, sewer and fire protection).
- * Agencies impacted by DUCs: City of Concord, Contra Costa Water District, County Service Area M-28, Crockett Community Services District, Diablo Water District, Mt. View Sanitary District, Rodeo Sanitary District, and West County Wastewater District.

Other Issues:

Mutual Water Companies

- * Mutual Water Companies (MWCs) – privately owned (or shared) wells that provide water service in lieu of a public agency or PUC-regulated utility.
- * AB 54 imposes new reporting requirements for MWCs.
- * 28 MWCs meet the AB 54 reporting threshold (Table V-1 in Report).
- * Not all MWCs are in compliance with reporting requirements.

Comments Received:

Agency	Public Review Draft Comments
City of Antioch	Update boundary map to reflect recent annexations; remove recommendation to annex islands within City boundary; clarify that East Bay Regional Park District's purchase of Roddy Ranch is incomplete.
City of Concord	Indicate in MSR that the City's Sewer System Management Plan will be updated in April 2014.
City of Martinez	Correct phone number on Page 68.
Contra Costa County Public Works Department	Does not support option to transfer Knightsen CSD to County; supports status quo for Knightsen CSD.
Contra Costa Resource Conservation District	Change references in MSR from "Contra Costa Conservation District" to "Contra Costa Resource Conservation District;" District does not support dissolution of Knightsen CSD.
Delta Diablo	Change name references in MSR to "Delta Diablo;" update boundary and SOI maps to reflect Northeast Antioch annexations; areas designated as permanent open space and outside the ULL should be removed from the District's SOI; clarify DUC discussion and DUC map. Make other minor corrections.

Comments Received:

Agency	Public Review Draft Comments
Diablo Water District	Include Liberty Union High School site within District's SOI; various technical corrections/clarifications throughout chapter.
Ironhouse Sanitary District	Minor corrections identified and District notes that there are 3 DUCs within the service area that should be included in the MSR.
Knightsen Community Services District	Updates actions taken as an agency including coordination and collaboration with other agencies/organizations.
Mt. View Sanitary District	Technical corrections to agency profile and infrastructure description.
Town of Discovery Bay Community Services District	Use the acronym "TODBCSD" instead of "DSCSD"; Discovery Bay CSD was legally changed in 1999 to Town of Discovery Bay (TODB); TODBCSD and TODB can be used interchangeably. Change flow from 2.1 to 2.35 MGD. Clarifications to NPDES Permit renewal and RWQCB fines/orders
Contra Costa LAFCO (Staff)	Diablo Water District - SOI needs to be expanded for the Liberty Union High School site; reference Tri-Valley Utilities Coordination and Integration Study (six agencies including DSRSD) in the MSR. BBID/TODBCSD overlap needs to be added for brief discussion with maps.

Next Steps:

- * Incorporate Commission/public/agency comments into Draft MSR document
- * Schedule Final MSR for LAFCO public hearing on May 14, 2014
- * Consider MSR and SOI adoptions on May 14, 2014