

SECTION 7.0 STEGE SANITARY DISTRICT WASTEWATER SERVICE

7.1 Overview

The Stege Sanitary District (SSD) provides wastewater collection services for the City of El Cerrito, the unincorporated community of Kensington, and the Richmond Annex community within the southeastern portion of the City of Richmond. The wastewater is discharged into the East Bay Municipal Utility District (EBMUD) sewer interceptor system at the Point Isabel pump station for treatment at the EBMUD regional wastewater treatment plant in Oakland.

SSD is an independent district, formed in 1913 and reorganized in 1923 pursuant to the Sanitary District Act of 1923 (Health & Safety Code §6400 et seq.). SSD currently serves a service area of approximately 5.3 square miles with an estimated population of 28,244 residents. The District’s sphere of influence (SOI) is coterminous with the District’s boundaries. Adjacent service providers include the City of Richmond and the West County Wastewater District to the north; the Wildcat Canyon Regional Park lies to the east. The District serves approximately 97 homes outside the District boundaries by contract with the City of Richmond. The district began service to this area in 1982 at the Request of the City of Richmond. The sewer system in this area was damaged in a landslide and it was determined that it was in the public interest that Stege SD serve this area.

SSD’s wastewater collection system consists of 148 miles of mainline with two pump stations. The District is at the northern end of EBMUD’s wastewater service area and is served by the North Interceptor and the Point Isabel Wet Weather Facility. The District is implementing its Collection System Rehabilitation Program that was developed in 1996. This includes a system inventory, ongoing assessments, and repair and replacement projects. As of October 2005, the District had completed 997 repairs and replaced approximately 55,000 feet or 7 percent of the system. The District intends to use a pay-as-you-go approach to fund this program annually.

The District’s profile for wastewater service is shown in *Table 7.1* and a map of the District’s boundary and current SOI are shown in *Figure 7.1*.

Table 7.1
Stege Sanitary District
Wastewater Service Information

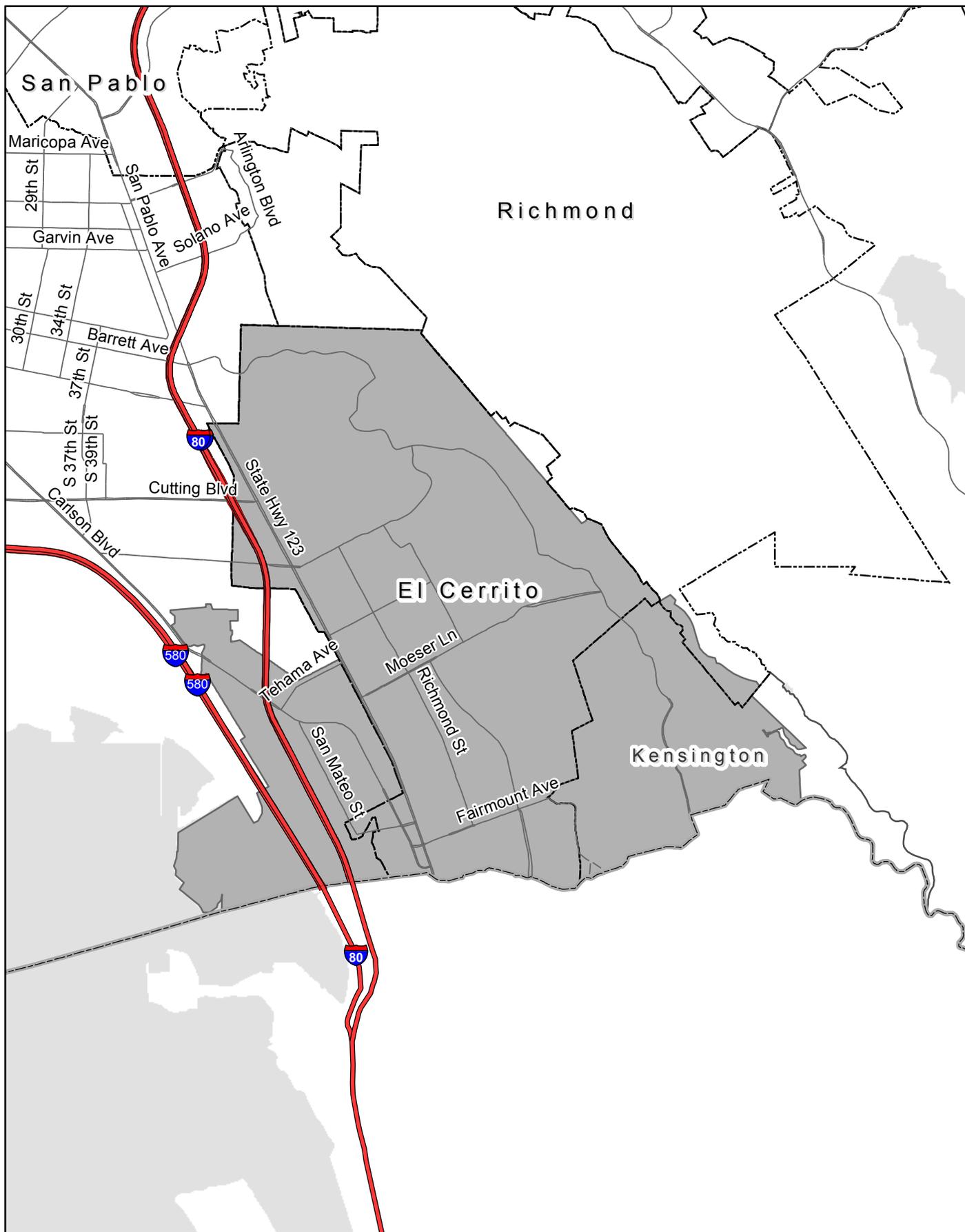
Service Area / Financial Summary	
District Office	7500 Schmidt Lane El Cerrito, CA 94530-0537 (510) 524-4668

**7.0 Stege Sanitary District
Wastewater Service**

**Table 7.1
Stege Sanitary District
Wastewater Service Information**

	www.stegesd.dst.ca.us
Service Area:	5.3 square miles
Population:	28,244 (Year 2007) / 33,613 (Year 2030) Average Annual Growth Rate = 0.8%
Operating Budget (FY 2007-2008):	Revenues / Expenditures: \$2,096,069 / \$2,096,069 Net Assets at June 30, 2006: \$18,882,635
Wastewater Service Data	
Services	Wastewater Collection
Number of Service Accounts	13,000
Miles of Sewer Main / Number of Pump Stations	148 miles / 2 pump stations
Average Age of Collection System	Approx. 55 years
Average Dry Weather Flow to Treatment Plant	3.0 mgd
Wastewater Treatment	EBMUD treatment plant - Oakland
RWQCB Region	Region 2 – San Francisco Bay
Orders	Order No. 2006-0003 – Statewide General Waste Discharge Requirements for Sanitary Sewer Systems

Stege Sanitary District



7.2 Growth and Population Projections

SSD's boundaries encompass the City of El Cerrito, the unincorporated community of Kensington, and the Richmond Annex community in the southeastern portion of the City of Richmond. The current estimated population for the District's 5.3 square mile service area is 28,244 residents. The population is expected to reach 33,613 by 2030 with an average annual growth rate of 0.8 percent.

The City of El Cerrito's 1999 General Plan indicates that the City has predominantly residential land uses. Nearly 50 percent of the area is used for residential purposes, 92 percent of which are single-family houses. Approximately 5 percent of the land area is used for commercial purposes, most of which is concentrated along the San Pablo Avenue corridor. Institutional land uses occupy approximately 5 percent of land area and approximately 16 percent of land is used for recreational/open space. Only 5 percent, or about 124 acres, of land in El Cerrito is vacant. The growth strategy emphasizes retail and office uses, mostly redevelopment in nature, and nearly all contained within the San Pablo Avenue corridor. The strategy also includes 775 new housing units anticipated within a 20-year planning period.

Land uses within the Richmond Annex area include industrial, residential mixed-use, commercial, and open space. The City of Richmond's General Plan (1998 update) encourages the development of multi-family housing within transit-oriented development areas, new opportunities for light industrial and commercial uses, and general business and economic development enhancement goals through increased business attraction and retention.

Special policies have been included for Kensington in the County's General Plan addressing new residential construction and impacts on existing conditions, indicating that Kensington is expected to add new residential units within the 20-year planning horizon. While residential impacts are primary among the considerations, there is language included in the policies that give equal consideration for non-residential development. There are no projections specific to Kensington to indicate the intensity of expected growth.

Although SSD's service area is mostly built out, growth will occur through infill and redevelopment, with increased demand on the wastewater collection system. The District conducted flow monitoring in 2005-06 and uses a flow modeling program to identify hydraulic deficiencies within the system. SSD has an older wastewater collection system, and it will be increasingly important for the District to continue to implement its Collection System Rehabilitation Plan in order to ensure adequate service levels for existing and new customers.

7.3 Infrastructure Needs or Deficiencies

SSD provides wastewater collection services for residential, commercial, and industrial customers within its service area. The infrastructure consists of approximately 148 miles of sewer main and two pump stations. The wastewater is discharged into the EBMUD North Interceptor at the Point Isabel pump station and conveyed to the EBMUD regional treatment facility in Oakland. SSD is within the jurisdictional boundaries of the San Francisco Bay Regional Water Quality Control Board (RWQCB) (Region 2). *Table 6.2* summarizes SSD’s wastewater system facilities:

Table 7.2
Stege Sanitary District
Wastewater System Overview

	Quantity
Sewer Service Connections	13,000
Sewer Mains	148 miles
Pump Stations	2
Average Age of Collection System	55 years
Average Dry Weather Flow:	3.0 mgd
Average Wet Weather Flow	Between 5-6 mgd

SSD’s sewer mains range in size from 4 to 60 inches, with some segments estimated to be 80 years old. The Canon lift station services 26 homes and the Burlingame lift station serves 135 holes and a commercial bottling plant. The District is in the process of evaluating the Burlingame lift station for improvements. The internal dry well in the Canon lift station was relined in 2003 and was evaluated in 2007. The internal evaluation determined that no improvements are required at this time.

The District is implementing its Collection System Rehabilitation Plan that was developed in 1996. The Plan includes a system inventory that is regularly updated based on maintenance reports, service calls, overflow reports, and video inspections. System assessments are performed through both video and visual inspections. Projects are prioritized based on a Damage Severity Index. The District also conducts flow modeling with a computer hydraulic model to identify deficiencies. The Plan has proven to be effective; the District has seen a reduction in the number of overflows related to broken or failed mainlines (from 18 in 2003 to 2 in 2005).

This program is also assisting the District in complying with the East Bay Inflow/Infiltration (I/I) Program Compliance Plan. Excessive I/I can force the interceptors to overflow. In 1985, the Regional Board issued a Cease and Desist Order (CDO) to EBMUD, SSD, and other East Bay

Communities that convey wastewater to the EBMUD Treatment Plant. The jurisdictions jointly developed a Compliance Plan to address sanitary sewer overflows and the CDO.

EBMUD has three wet weather treatment facilities to address excessive flows; SSD is served by the Point Isabel facility. Since implementation of the Plan began in 1987, all known cross connections between the sewer and storm drain systems within the EBMUD wastewater service area have been eliminated as well as nearly all of the sewer overflow points identified as high threats to public health. There is uncertainty on the outcome of studies being completed for the EBMUD wet weather facilities NPDES permit that was adopted in 2005, which could result in significant capital improvements in order to meet regulatory requirements. The permit requires studies in I/I reduction and possible lateral control programs, with reduction of I/I flow as the ultimate goal. The RWQCB expects that SSD will continue to rehabilitate its main lines.

The State Water Resources Control Board (SWRCB) maintains an online database, the California Integrated Water Quality System (CIWQS), where permit violations and sewer system overflows are reported. In 2006, the SWRCB adopted the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (WQO No. 2006-003-DWQ) and SSD (as part of the San Francisco Region) must now report all SSOs to the CIWQS. Between June and December, 2007, the District had 12 reported SSOs; only one exceeded 1,000 gallons. Most of the spills are caused by blockages, primarily from roots.

The District has completed its Sewer System Management Plan (SSMP) in accordance with the requirements of the SWRCB's General Waste Discharge Requirements for Sanitary Sewer Systems (Order No. 2006-0003-DWQ). The Plan includes an Emergency Response Plan and a Fats, Oils and Grease Control Program.

SSD participates in the EBMUD Joint Powers Authority (JPA) which was formed in 1978, and includes the six cities within EBMUD's Special District #1 and EBMUD. The JPA was formed to conduct studies and projects to control wet weather overflows and bypasses.

SSD's five year Capital Improvement Program (CIP) extends through FY 2010-11 and includes \$5.9 million in projects:

- \$166,000 for capital equipment, including a Hydro-vactor and vehicle replacement
- \$130,000 for manhole adjustment for municipal paving projects
- \$4.14 million for sewer rehabilitation (average of \$828,200 per year, replacing approximately 10,000 feet of line annually)
- \$1.75 million for a new administration building
- \$118,000 for support of the EBMUD JPA (\$25,000 annually)

SSD evaluated its Collection System Rehabilitation Plan in 2005-06 and incorporated recommendations for the next phase of implementation. Major recommendations include the following: continued implementation of the Plan, establish goals for the Plan, modify the video schedule, evaluate the effectiveness of the Plan, review financial considerations, transition to a pay-as-you go approach, lateral testing upon sale of property, continue use of root foaming contractors, and expand the use of video equipment. The District plans to replace approximately 10,000 feet of pipeline each year to ensure that weak points in the system are repaired at a rate that is consistent with the expected lifespan of the pipes, which are currently depreciated with a useful life of 75 years. The District is implementing all of the recommendations at this point. The District has completed the first two phases of the State required Sewer System Management Plan (SSMP) and will complete the third and final phase prior to the August 2008 deadline.

7.4 Financing Constraints and Opportunities

SSD's primary source of operating revenue is sewer service charges. The District also receives a portion of the one percent property tax. Additional revenue is derived from interest income on investments, connection fees, and permit and inspection fees. *Table 6.3* summarizes the financial history of the District.

Table 7.3
Stege Sanitary District
Financial Summary

	FY 2004/2005 Actual	FY 2005/2006 Actual	FY 2006/2007 Est. Final	FY 2007/2008 Budgeted
Operating Revenues	\$2,286,625	\$2,266,801	\$2,498,850	\$2,385,000
Operating Expenses	\$1,746,524	\$2,081,058	\$1,962,034	\$2,096,069
Net Non-operating Revenues / (Expenses)	\$302,804	\$260,459	\$591,681	
Connection Fees	\$30,852	\$41,883	\$22,763	\$15,000
Change in Net Assets	\$873,757	\$488,085	\$1,151,260	\$(1,773,469)
Net Assets, Beg of Year	\$17,520,793	\$18,394,550	\$18,882,635	\$20,033,895
Net Assets, End of Year	\$18,394,550	\$18,882,635	\$20,033,895	

SSD maintains reserves in three accounts. The target fund balances are as follows:

- Emergency Reserve Fund - \$2,398,000
- Equipment Replacement Reserve Fund - \$212,000
- System Rehabilitation Projects Reserve Fund - \$931,400
- Sewer Operations Fund - \$842,000

At June 30, 2007, the District had \$6,221,172 in reserves; all four reserves were fully funded.

SSD has long term debt associated with three State Revolving Fund (SRF) loans. The interest rates range from 2.6 to 3.1 percent, and the loans mature in 2013, 2014, and 2022. The outstanding principal balance at June 30, 2006 was \$2,211,699 with annual debt service of \$264,683. In FY 2006-07, the District received an additional SRF loan in the amount of \$706,004 with an interest rate of 2.4 percent. The funding was used for one of the District's annual sewer system rehabilitation projects.

SSD intends to use a pay-as-you-go approach for future capital needs. In 2006, the District approved an annual increase in the sewer service charge to ensure adequate revenues to provide for operational and capital needs, including continued implementation of the Collection System Rehabilitation Plan. The District has the financial resources to provide for operations and maintenance and capital needs of the wastewater system, as well as debt service obligations.

7.5 Cost Avoidance Opportunities

SSD controls costs for services through implementation of the Collection System Rehabilitation Program, which enables the District to prioritize repair and replacement projects based on the condition of each pipe segment and estimated flow. The District has analyzed the cost and results from various pipeline rehabilitation approaches and is implementing replacement projects where appropriate versus repairs in order to achieve greater long term results. This avoids costly overflows and penalties, and reduces inflow and infiltration which affects treatment capacity.

In addition, the District has adopted provisions to the District Ordinance Code requiring the testing and certification of laterals upon the sale of property to address issues in pipelines that are not owned by the District.

SSD operates with a staff of 10 full time employees. The District performs certain services in house, and contracts with professional firms where cost effective.

SSD participates on the EBMUD Technical Advisory Board to ensure that the interests of the District are represented. SSD is able to contract for certain services through EBMUD contracts established with field service contractors.

7.6 Opportunities for Rate Restructuring

In 2006, SSD revised its sewer service charges to provide adequate revenue for operations, capital, debt service and other needs as determined by the District. The District charges an annual service charge for residential customers based on a typical flow rate of 52,820 gallons per year. The current rate of \$119 per year will increase to \$123 in FY 2008-09; this represents a 7

percent increase over 2006-07 rates. A flat rate structure for residential sewer service is common. Although rates based on actual wastewater flows (or winter water usage) would ensure that the cost for service is borne by the user, the cost to implement and maintain this type of rate structure generally outweighs the benefits for residential accounts.

Non-residential customers pay an annual service charge based on average water use during the preceding winter period, determined from the annual report provided by EBMUD as the water service provider. The 2007-08 rate is \$2.25 per 1,000 gallons; this will increase to \$2.33 per 1,000 gallons in 2008-09.

The annual sewer service charges for both residential and non-residential customers are collected through the property tax roll.

In addition to SSD service charges, customers within the District also pay EBMUD for treatment and disposal services. EBMUD's maximum monthly charge for a single family residential account is \$14.93, which includes a \$4.92 service charge, \$0.17 SF Bay Residential Pollution Prevention Fee, \$4.72 Strength Charge, and \$5.12 maximum flow charge. Non-residential rates are based on wastewater loading and include a monthly service charge, Pollution Prevention Fee, and flow charge. The current top rate is \$8.56 per hundred cubic feet (ccf) and the lowest rate is \$0.60 per ccf. EBMUD also collects a Wet Weather Facilities Charge through the property tax roll to help pay for the Wet Weather Program mandated by the U.S. Environmental Protection Agency to improve EBMUD's capacity to collect and treat all sewer flows during rainy weather.

A portion of the one percent property tax within the EBMUD sanitary sewer service area (which includes SSD's service area) accrues to EBMUD. In addition, property owners are paying for a bond for the EBMUD sanitary sewer system through the property tax bill. The assessment rate is 0.0065 percent of the assessed value; the bond matures in 2014-15.

The current wastewater service rates are summarized in *Table 7.4*.

Table 7.4
Stege Sanitary District Service Area
2007 Wastewater Service Charge

Type	Rate
Single Family Residential	\$9.92/month (\$119/yr) – SSD \$14.93/month (\$179.16/yr) – EBMUD \$4.90/month (\$58.80/yr) – EBMUD Wet Weather Facilities Charge
Non-residential	\$2.25/1000 gal – SSD \$10.25/month (\$123/yr) – EBMUD + flow at \$0.60 - \$8.56 per ccf \$7.35/month (\$88.20/yr) – EBMUD Wet Weather Facilities Charge

SSD's connection fees were evaluated in 2003 and again in 2007. The current connection fee for a single family residence was raised to \$1,324 in 2007. The fee for non-residential accounts is based on the estimated volume of wastewater discharge measured in gallons per day. The current rate is \$8.70 per gallon per day.

EBMUD charges a capacity fee for each new or existing customer that increases demand for treatment processing, measured in wastewater volume and strength. The one-time charge is based on the maximum monthly wastewater volume and average strength. For single family residences, the capacity fee is \$1,125.

7.7 Opportunities for Shared Facilities

SSD shares facilities with other local sanitary agencies through the use of the regional EBMUD wastewater system, including interceptors, main treatment facility, and wet weather facilities. SSD accepts wastewater from the EBMUD water treatment plant located adjacent to the Sunset Cemetery. SSD shares facilities with the City of Richmond by serving the 97 homes by contract with the City, which avoids the need for additional infrastructure in that area.

As noted in *Section 6.3*, SSD participates in the EBMUD JPA .

7.8 Evaluation of Management Efficiencies

SSD operates under the direction of the General Manager and oversight of the elected Board of Directors. The District regularly evaluates its sewer system for maintenance and capital needs, and maintains a detailed database with historic records on each pipeline segment. The District uses its Collection System Rehabilitation Plan, a five-year CIP, strategic planning, and annual budgeting process to guide district operations.

7.9 Government Structure Options

SSD provides wastewater collection services for the City of El Cerrito, the unincorporated community of Kensington, and the Richmond Annex community within the southeastern portion of the City of Richmond. The District serves 97 homes outside its boundaries by contract with the City of Richmond. There will be an increased need for cost-effective wastewater services within the SSD service area given current urban land uses, an aging wastewater collection system, and increasingly stringent water quality standards. The District has planned for these service needs through its Collection System Rehabilitation Plan, CIP, and rate structure.

Although EBMUD provides wastewater conveyance, treatment and disposal services within the East Bay, it does not provide local wastewater collection services, and a reorganization between the two districts is not considered an option at this time. SSD shares its northern boundary

within the West County Wastewater District (WCWD); however, the two systems are designed to take advantage of gravity flow and they use separate treatment and disposal facilities. Therefore, a reorganization of SSD and WCWD is not considered an option at this time.

Two government structure options were identified:

- Maintain the status quo
- Annex the area being served outside the District boundaries

Maintain the status quo: SSD is currently providing wastewater collection services for residences and businesses within its boundaries. The District is providing adequate service, maintains its infrastructure, and is financially sound. The District is rehabilitating the aging collection system and has planned for future capital needs. The benefits of this option are continuation of service and economies that benefit ratepayers for wastewater service.

Annex the area being served outside the District boundaries The District is providing service to 97 homes outside its current boundaries by contract with the City of Richmond. These parcels are located along the northeast boundary of the District and the City of El Cerrito and are accessed via Rifle Range Road. The area is located along the base of the San Pablo Ridge which form the western boundaries of Wildcat Regional Park. The City of Richmond constructed an extensive conveyance system combining three lift stations and approximately 4 miles of sewer mains to provide service into this area. This area along the western slope of the hills is very prone to landslides, and it was a landslide in 1982 which severed the service mains providing service into this area. It was deemed that emergency service into this area would be best provided by Stege SD. On a paper map, it would seem very logical for Stege to take over service in this area, and in fact that may one day prove to be the case. The service providers and service issues within this area are larger than the scope of this MSR and will be discussed in detail within the upcoming West Regional MSR covering city municipal services. While the upcoming MSR will detail and discuss additional service concerns for this area, some aspects of service provision into this area by SDD will require additional study involving engineering aspects of service into this area which are outside of the scope of this current MSR. The District Manager for SSD has stated that because this area is prone to landslides and the potential liability the district would incur if it annexed this area, that the District has no interest in annexation of this area at this time. At this time, it is recommended that this area remain outside of the SOI of SDD pending additional study of this area.

7.10 Local Accountability and Governance

SSD operates under the oversight and guidance of a Board of Directors elected at large by voters within the district. The District updated its Board Governance Policy Manual in 2007. The District's governance is summarized in *Table 7.5* below.

Table 7.5
Stege Sanitary District Governance

Date Formed:	May 1913		
Statutory Authorization:	Sanitary District Act of 1923 (Health and Safety Code §6400 et seq.)		
Board Meetings:	District Office, 2 nd and 4 th Thursday each month at 7:00 pm		
Member	Title	Term Expires	Compensation*
Alan C. Miller	President	2010	\$190/mtg
Beatrice O'Keefe	Vice President	2008	
Graham Brand	Director	2010	
Jay Z. James	Director	2008	
Dwight Merrill	Director	2010	

* Directors do not receive any benefits.

Meeting notices and agendas are posted at least 72 hours in advance at the District office and on the District's website (www.stegesd.dst.ca.us). District meetings are open and accessible to the public. The District provides public information through its website, including meeting minutes, the Ordinance code, project information, and other service information. The District should consider including financial information as well, such as the operating budget and financial statements.

7.11 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.¹

SSD provides wastewater collection services for the City of El Cerrito, the unincorporated community of Kensington, and the Richmond Annex community within the southeastern portion of Richmond. There will be an increased need for cost-effective wastewater services within the SSD service area given current urban land uses, an aging wastewater collection system, and increasingly stringent water quality standards. The District has planned for service needs through its Collection System Rehabilitation Plan, five-year CIP, and fee structure.

The District's SOI is coterminous with its boundaries. The District is serving 97 homes outside the District boundaries by contract with the City of Richmond. SDD accepts the wastewater generated in this area and accepts it into its system. No maintenance or work is performed in this area.

¹ State of California Government Code Section 56425 et seq.

SOI Recommendation

It is not recommended that LAFCO expand the existing SOI for SSD to include the 97 homes currently being served within the City of Richmond. Service into this area is by contract and has taken place only because of an emergency need as the result of a landslide. Bringing this area into SDD SOI would normally be required for extra territorial service provision. However this service predates the statute requiring LAFCO approval and the circumstances surrounding the service contract with Richmond make placing this area within the SOI unnecessary. The specific statute, Code Section 56113, is vague regarding grandfathering prior services. Annexation of this area into SSD would also present a liability to SSD which the District does not want. It is possible that with the improvements slated for the Richmond wastewater collection system that this area may be served again by the City of Richmond. This area will be discussed in greater detail in the upcoming West Regional MSR. It remains unclear from an engineering standpoint how or who the best service provider would be for this area. At this time, the recommendation is for the area to not be added to SDD's SOI. No additional development is anticipated in this area and therefore no requirements for additional future service delivery. The District is maintaining its infrastructure and has the capacity to serve the existing areas within the SOI, given anticipated land uses.

The analysis of SOI issues is included in *Table 7.6* below.

Table 7.6
Stege Sanitary District
SOI Issue Analysis

Issue	Comments
SOI Update Recommendation	No changes to SSD SOI.
Services authorized to provide	Wastewater collection
Existing and Planned Land Uses and Policies	The District has no land use authority for the area where it provides wastewater collection services. County and city plans include land uses and population growth that will need increased wastewater services. County and city policies support the provision of adequate wastewater service for residents and businesses.
Potential effects on agricultural and open space lands	Although there some open space lands within the District's SOI and boundaries, wastewater services do not by themselves induce growth on open space lands. No Williamson Act contracts would be affected.
Opportunity for Infill Development rather than SOI expansion	The District has no land use authority and has no control over the location of infill development.
Projected Growth in the Affected Area	Population is expected to increase by 19% over the next 23 years to 33,613 residents. There will be an increased need for wastewater services.
Services to be Provided to any areas added to the SOI	Wastewater collection (these services are currently being provided by contract)

**Table 7.6
Stege Sanitary District
SOI Issue Analysis**

Issue	Comments
Service Capacity and Adequacy	The District is providing adequate service, is financially stable, and has the capacity to continue to provide services within its boundaries. The District has planned for capital needs based on the condition of the infrastructure and is implementing projects to extend the life of existing infrastructure.
Location of Facilities, Infrastructure and Natural Features like rivers and ridgelines	The District provides services within the City of El Cerrito, the unincorporated community of Kensington, and the Richmond Annex community. The District's offices are located in El Cerrito. The District discharges wastewater into the EBMUD system at Point Isabel.
Effects on Other Agencies	SSD coordinates with Richmond on service issues in areas adjacent to their shared boundaries.
Potential for Consolidations or other Reorganizations when Boundaries Divide communities	Although SSD current boundaries include a portion of Richmond, the boundaries do not divide the community and no potential consolidations were noted.
Social or economic communities of interest in the area	The District was formed in 1913. The District collects service charges from existing users and fees for new development; the District also receives a portion of the 1% property tax. Property owners within the area and ratepayers have an economic interest in receiving services from this investment.
Willingness to serve	The District wishes to continue to provide services within its boundaries.

7.12 Determinations

7.12.1 Growth and Population

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

SSD's boundaries encompass the City of El Cerrito, the unincorporated community of Kensington, and the Richmond Annex in the southeastern portion of the City of Richmond. The current estimated population for the District's 5.3 square mile service area is 28,244 residents. The population is expected to reach 33,613 by 2030 with an average annual growth rate of 0.8 percent.

Although SSD's service area is mostly built out, some growth will occur through infill and redevelopment. Growth will place increased demand on the wastewater collection system. SSD has an older wastewater collection system, and it will be increasingly important for the District to continue to implement its Collection System Rehabilitation Plan in order to ensure adequate service levels for existing and new customers.

7.12.2 Infrastructure Needs or Deficiencies

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

SSD provides wastewater collection services for residential, commercial, and industrial customers. The infrastructure consists of approximately 148 miles of sewer main and two pump stations. The wastewater is discharged into the EBMUD sanitary sewer interceptor at Point Isabel where it is conveyed to the EBMUD regional treatment facility in Oakland. The most significant infrastructure needs are associated with the older pipelines within the District's collection system. The District is implementing its Collection System Rehabilitation Plan with projects to retain capacity, minimize infiltration and inflow, and avoid costly blockages and overflows. The District has increased service rates in order to support a pay-as-you-go approach for capital projects, including annual funding for the Rehabilitation Plan.

7.12.3 Financing Constraints and Opportunities

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

SSD's primary source of revenue is sewer service charges. The District also receives some property tax revenue as well as interest income on investments.

The District intends to use a pay-as-you-go approach to fund capital projects. The District has increased rates to ensure that adequate financial resources are available to provide for operational, capital and debt service needs. The District is financially stable and has reserves.

7.12.4 Cost Avoidance Opportunities

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

SSD controls costs for services through implementation of the Collection System Rehabilitation Program, which enables the District to prioritize repair and replacement projects based on the condition of each pipe segment and flow. The District has analyzed the cost and results from various approaches and is implementing replacement projects versus repairs where appropriate in order to achieve greater long term results. This avoids costly overflows and penalties, and reduces inflow and infiltration which affects treatment capacity.

7.12.5 Opportunities for Rate Restructuring

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

SSD uses a flat rate structure for residential properties; non-residential properties pay rates based on estimated wastewater volume. The District intends to use a pay-as-you-go approach and has

incrementally increased rates over a three year period to fund implementation of the Collection System Rehabilitation Plan and other capital improvement projects.

7.12.6 Opportunities for Shared Facilities

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

SSD shares facilities with other local sanitary agencies through the use of the regional EBMUD wastewater system, including interceptors, main treatment facility, and wet weather facilities.

7.12.7 Evaluation of Management Efficiencies

Purpose: To evaluate management efficiencies of the jurisdiction.

SSD regularly evaluates its wastewater system and financial capacity for providing service and maintenance for the system.

7.12.8 Government Structure Options

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

SSD is providing wastewater collection services for the City of El Cerrito, the unincorporated community of Kensington, and the Richmond Annex community within the southeastern portion of the City of Richmond. Two government structure options were identified:

- Maintain the status quo
- Annex the area being served outside the District boundaries

Maintain the status quo: SSD is currently providing adequate wastewater collection services for residences and businesses within its boundaries. The District is rehabilitating the aging collection system and has planned for future capital needs. The benefits of this option are continuation of service and economies that benefit ratepayers for wastewater service.

Annex the area being served outside the District boundaries The District is providing service to 97 homes outside its current boundaries by contract with the City of Richmond. These parcels are located along the northeast boundary of the District and the City of El Cerrito and are accessed via Rifle Range Road. The area is located along the base of the San Pablo Ridge which form the western boundaries of Wildcat Regional Park. The City of Richmond constructed an expensive conveyance system combining three lift stations and approximately 4 miles of sewer mains to provide service into this area. This area along the western slope of the hills is very prone to landslides, and it was a landslide in 1982 which severed the service mains providing service into this area. It was deemed that emergency service into this area would be best provided by Stege SD. On a paper map, it would seem very logical for Stege to take over service

in this area, and in fact that may one day prove to be the case. The service providers and service issues within this area are larger than the scope of this MSR and will be discussed in detail within the upcoming West Regional MSR covering city municipal services. While the upcoming MSR will detail and discuss additional service concerns for this area, some aspects of service provision into this area by SDD will require additional study involving engineering aspects of service into this area which are outside of the scope of this current MSR. The District Manager for SSD has stated that because this area is prone to landslides and the potential liability the district would incur if it annexed this area, that the District has no interest in annexation of this area at this time. At this time, it is recommended that this area remain outside of the SOI of SDD pending additional study of this area.

7.12.9 Local Accountability and Governance

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

The Stege Sanitary District is governed by a five-member Board of Directors elected at large by voters within the District. District meetings are open to the public and information on the District is available on its website. The District should consider including financial information on its website.