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April 9, 2014 (Agenda)

April 9, 2014
 Agenda Item 7

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

**Countywide Water/Wastewater Municipal Service Review and
 Sphere of Influence Updates (2nd Round) – Public Review Draft**

Dear Commissioners:

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that not less than every five years, LAFCO prepare municipal service reviews (MSRs) prior to or in conjunction with sphere of influence (SOI) updates.

MSRs provide an assessment of the range and adequacy of municipal services provided in the County, and serve as an important tool for LAFCO in fulfilling its legislative mandate to coordinate the efficient and logical development of local government agencies and services. The MSR serves as a basis for SOI updates and future boundary changes.

In April 2013, Contra Costa LAFCO completed its inaugural MSRs/SOI updates covering 19 cities and 74 special districts. The first round MSRs included a combination of service-specific (countywide), sub-regional, and agency-specific reviews.

In August 2013, LAFCO embarked on its second round MSR covering water and wastewater services as discussed below.

SUMMARY

The second round, countywide water/wastewater MSR covers eight cities, 20 special districts, and one private water company. This MSR also includes a review of three multi-county districts (Alameda and San Joaquin LAFCOs are the principal LAFCOs) and a discussion of private mutual water companies based on newly enacted legislation.

GST Consulting (Gary Thompson, Bob Aldrich, Harry Ehrlich) was hired to prepare the MSR report. The MSR process involved distribution of an initial Request for Information (RFI) by LAFCO staff which focused on significant changes (e.g., fiscal, regulatory, etc.) since the last MSRs in 2007-08, along with requests for updates on issues identified in the inaugural MSRs.

Following the initial RFI, the project team coordinated with the local agencies to verify information and provide each agency with preliminary findings and individual draft agency reports to facilitate an inclusive and cooperative process.

On March 5th, the Public Review Draft MSR report was released. The report was posted on the LAFCO website (www.contracostalafco.org), and agencies and interested parties were notified of the availability of the report and comment period, which ended on March 26. A number of agencies responded. A summary of the comments received and responses to comments will be presented at the April 9th LAFCO meeting.

At the LAFCO meeting on April 9th, the consultants will provide an overview of the MSR report and findings, share comments received to date, and receive additional comments from the public and the Commission. The consultants have grouped the agencies into three categories: cities, special districts with minor issues, and special districts with significant issues. The presentation will also cover agency finances, disadvantaged unincorporated communities (DUCs), mutual water companies and other issues.

The Commission will be asked to set a public hearing for May 14, at which time the Commission will consider accepting the Final MSR report, adopting the required determinations, and updating the SOIs for a number of the special districts covered in the MSR.

DISCUSSION

Municipal Service Review - The countywide water/wastewater MSR (2nd round) covers 29 agencies, and focuses on significant changes since the last MSRs in 2007-08, along with updates on issues identified in the inaugural MSR.

In accordance with the MSR, LAFCO must prepare written determinations relating to various factors including the following:

- Growth and population projections
- The location and characteristics of any DUCs within or contiguous to the sphere of influence
- Present and planned capacity of public facilities, adequacy of public services and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the sphere of influence
- Financial ability of agencies to provide services
- Status of and opportunities for shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy

The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of service. However, as a result of the MSR, LAFCO may update/amend an SOI and/or initiate a change of organization or reorganization. The MSR report provides governance and SOI/boundary options, which may be used to support future changes of organization by the Commission.

Sphere of Influence Updates – The MSR serves as a basis for SOI updates and future boundary changes. On April 9th, the consultants will review major findings and significant issues, along with governance options and SOI recommendations.

SOI recommendations for the eight cities are not included in this MSR. Further, the MSR does not include SOI recommendations for the three multi-county districts (Byron Bethany Irrigation

District, Dublin San Ramon Services District, East Bay Municipal Utility District), as Contra Costa LAFCO is not the principal LAFCO for these districts.

The consultants will review the SOI recommendations at the April 9th LAFCO meeting. A full discussion of governance and SOI options is included in the MSR report. LAFCO staff will provide its recommendations to the Commission in May, at which time the Commission will be asked to accept the Final MSR report, make the required determinations, and update the SOIs.

Agency Overview

The following is a brief description of the agencies covered in the MSR report. The consultants will provide additional information at the LAFCO meeting on April 9th. For a full discussion, please refer to the MSR report, which can be found on the LAFCO website (http://www.contracostalafco.org/municipal_service_reviews.htm).

City of Antioch – The City provides retail water service. The City’s primary sources of water include the Sacramento/San Joaquin River Delta and Contra Costa Canal via Contra Costa Water District (CCWD) facilities. The City also provides wastewater collection and conveyance services; Delta Diablo (DD) provides wastewater treatment and disposal. The City’s service area is the City of Antioch and a few areas outside the City limits. The MSR provides several recommendations, including annexing small islands (i.e., County fairgrounds and landfill), and studying potential consolidation with Delta Diablo.

City of Brentwood – The City provides retail and wholesale water service. The City’s primary sources of water include the San Joaquin Basin and San Joaquin River Delta through agreement with East Contra Costa Irrigation District. Brentwood also has an option to purchase treated water from CCWD. The City also provides wastewater collection, conveyance, treatment and disposal services. The City’s service area is the City of Brentwood and two parcels outside the City limits. It is recommended that the City annex these parcels.

City of Concord - The City provides wastewater collection and conveyance services; Central Contra Costa Sanitary District (CCCSD) provides wastewater treatment and disposal. The City’s service area includes the cities of Concord and Clayton and some areas outside the City limits including the Ayers Ranch island. It is recommended that the City annex the Ayers Ranch area.

City of Hercules – The City provides wastewater collection and conveyance services within the City’s boundary. Treatment is provided at the Pinole-Hercules Wastewater Treatment Plant (WWTP). The cities of Hercules and Pinole each have a 50% ownership in the WWTP; Pinole is the designated operator.

City of Martinez – The City provides retail water service and purchases its water from CCWD. The City’s service area includes about 75% of the City’s corporate boundaries, unincorporated areas to the northeast, southeast and southwest, and some parcels within the northwest portion of the City of Pleasant Hill. The MSR provides several recommendations, including annexing areas receiving water service, and studying potential consolidation with Contra Costa Water District.

City of Pinole – The City provides wastewater collection and conveyance services within the City boundary. Treatment is provided at the Pinole-Hercules Wastewater Treatment Plant (WWTP). The cities of Hercules and Pinole each have a 50% ownership in the WWTP; Pinole is the designated operator.

City of Pittsburg – The City provides water treatment and distribution; untreated water is purchased from CCWD and treated at the City’s Water Treatment Plant. Water supplies are supplemented by locally produced groundwater. The City also provides wastewater collection services. Wastewater is discharged into DD’s system for treatment and disposal. The City is providing service to one customer outside the City limits. The MSR recommends that the City study potential consolidation with DD.

City of Richmond - The City provides wastewater service to a majority of the City’s residents (65% or 68,000) within Richmond. Abutting the City’s service area, West County Wastewater District (WCWD) provides sewer collection service to a small portion of the City on the northern border of the City, adjacent to the City of San Pablo; and Stege Sanitary District (SSD) collects wastewater for a portion of the City in the eastern hills, adjacent to the City of El Cerrito.

Byron Bethany Irrigation District (BBID) – BBID provides agricultural water service in addition to delivering raw untreated water to the Mountain House community and the City of Tracy. BBID is a multi-county district serving portions of Alameda, Contra Costa and San Joaquin counties. San Joaquin is the principal county for LAFCO proceedings.

This is the first MSR prepared by any of the three LAFCOs for BBID. An overlap in service boundaries between BBID and the Town of Discovery Bay Community Services District was identified as part of this MSR. While Contra Costa LAFCO is not the principal LAFCO, this is an important issue which should be addressed. The MSR also suggests potential consolidations with East Contra Costa Irrigation District and/or BSD be studied.

Byron Sanitary District (BSD) - BSD provides wastewater collection, treatment and disposal services. BSD services 173 connections and serves a population of 995. BSD also provides service to the Orrin Allen Youth Rehabilitation Facility, which is outside the BSD boundary. The MSR recommends expanding the District’s SOI to include this area.

Castle Rock County Water District (CRCWD) – CRCWD is a small, independent water district serving a rural unincorporated community near the City of Walnut Creek. The District has 55 connections providing untreated water for landscape irrigation, some commercial uses and four commercial stables. CRCWD purchases untreated water from CCWD pumped from an open canal. Approximately 20% of CRCWD’s customers use the water in their own homes and are responsible for all water treatment. CRCWD’s service area is 150± acres. As part of this MSR, we learned that CRCWD is a special district under LAFCO’s jurisdiction.

Central Contra Costa Sanitary District (CCCSD) – CCCSD provides wastewater collection and treatment to over 467,500 residents and 3,000 businesses, covering a 144-square mile area. Cities and communities served by CCCSD include Danville, Lafayette, Moraga, Orinda, Pleasant Hill and Walnut Creek, portions of Martinez and San Ramon, and other unincorporated areas within the central portion of the County. CCCSD also receives and treats wastewater from the collection systems of the City of Concord and the City of Clayton. Since the 2008 MSR, CCCSD has made significant progress and is nearing completion of its out of agency service and boundary clean-up.

Contra Costa Water District (CCWD) – CCWD provides whole and retail water to most of central and northeastern Contra Costa County, and serves over 500,000 people. The District’s untreated water service area includes Antioch, Bay Point, Oakley, Pittsburg and portions of

Brentwood and Martinez; the treated water service area includes Clayton, Clyde, Concord, Pacheco, Port Costa, and parts of Martinez, Pleasant Hill and Walnut Creek. CCWD also provides wholesale treated water to Brentwood, Golden State Water Company (Bay Point), Diablo Water District (Oakley), and Antioch. The District's primary source of water is the U.S. Bureau of Reclamation's Central Valley Project (CVP). The MSR recommends removing the Veale Tract from the District's SOI.

County Sanitation District No. 6 (SD No. 6) – SD No. 6 is a dependent special district that was formed in 1992 to provide wastewater service to the Stonehurst subdivision, now located within the City of Martinez. Stonehurst consists of 47 parcels and was primarily developed during the 1980s. Approximately 100 residents live within the community. SD No. 6's boundaries comprise 115± acres. As part of its 2008 MSR, LAFCO designated a zero SOI for SD No. 6 signifying future dissolution and consolidation with a municipal sewer service provider (e.g., CCCSD). The on-site septic system is considered temporary. Maintaining the existing system of septic tanks/on-site treatment and disposal is not a viable, long-term option. SD No. 6 is ordered by the State to connect to a municipal wastewater service provider when service is available. It is recommended that SD No. 6 provide LAFCO with regular status reports.

County Service Area M-28 (CSA M-28) – CSA M-28 provides water service (well with reverse osmosis) to the Willow Mobile Home Park located on the eastern edge of Bethel Island. The service area is 23± acres. The mobile home park, containing 172 mobile homes and about 275 residents, is considered fully developed. The area is considered a DUC. The water system is in need of significant upgrades. Following the MSR in 2007, LAFCO assigned a zero SOI for CSA M-28 signifying future dissolution and consolidation with an alternative service provider. Since 2007, the County has pursued various governance and service options, including consolidating CSA M-28 with DWD, transfer of the system to the property owner, grant opportunities and service options. It is recommended that CSA M-28 provide LAFCO with regular status reports.

Crockett Community Services District (CCSD) – CCSD was formed in 2006 through the reorganization of three agencies: Crockett-Valona Sanitary District, County Sanitation District No. 5 (Port Costa) and County Service Area P-1. CCSD serves two separate and distinct communities – Crockett and Port Costa – and is authorized to provide wastewater collection, treatment and disposal; community recreation services; street lighting; landscape maintenance; and, graffiti abatement. The MSR recommends expanding CCSD's SOI to include one parcel that is currently being served outside CCSD's boundary, and that annexation should be pursued.

Delta Diablo (Sanitation District) (DD) – DD provides wastewater collection services for the unincorporated community of Bay Point and the cities of Antioch and Pittsburg. DD serves a population of 190,567 residents in a service area of 52± square miles. The MSR suggests that consolidation of DD and the cities of Antioch and Pittsburg should be studied.

Diablo Water District (DWD) – DWD collects, treats and supplies water for customers and the parks, schools and businesses throughout a 21-square mile service area. DWD currently serves 40,893 residents, including the City of Oakley and other unincorporated areas including portions of Knightsen. The District's primary sources of water include CVP (purchased from CCWD) and groundwater extracted from San Joaquin Valley Basin. The MSR recommends expanding the District's SOI to include the Liberty Union High School site and all of Bethel Island.

Dublin San Ramon Services District (DSRSD) – DSRSD is a multi-county district serving Alameda and Contra Costa counties, including Dublin, the Dougherty Valley, U.S. Army Reserve Forces Training Area (Camp Parks), Federal Correctional Institution at Dublin, and Alameda County's Santa Rita Jail. The District provides water supply, recycling, sewer collection, treatment and disposal services. Within Contra Costa County, DSRSD provides wastewater collection/treatment to the southern portion of San Ramon and water/recycled water services to the Dougherty Valley area. Alameda is the principal county for LAFCO proceedings.

East Bay Municipal Utility District (EBMUD) – EBMUD provides wholesale water, retail water, wastewater collection and wastewater treatment services for an area of 331± square miles in Alameda and Contra Costa counties. EBMUD provides potable water to approximately 1.3 million people within the two-county service area, and wastewater treatment to an estimated 650,000 residential customers and 20,000 businesses and industrial users. The District's primary source of water is the Mokelumne River watershed. Within Contra Costa County, EBMUD provides water service in a 146±-square mile service area to 477,212 residents. In 1944, EBMUD added wastewater collection to its services with the formation of Special District No. 1 (SD-1). SD-1 provides service within Alameda and Contra Costa counties to an area of 88± square miles. Within Contra Costa County, EBMUD provides wastewater service to 28,107 customers located in the City of El Cerrito, the unincorporated community of Kensington and a portion of the City of Richmond. Alameda is the principal county for LAFCO proceedings.

East Contra Costa Irrigation District (ECCID) – ECCID supplies irrigation water for agricultural, landscape and recreational uses, as well as raw water for treatment and delivery to urban areas. ECCID's boundary includes the City of Brentwood, portions of the cities of Oakley and Antioch, unincorporated areas south and east of Brentwood, and the unincorporated community of Knightsen. ECCID's service area is 40± square miles. Regarding water supply, the District diverts water from Indian Slough on Old River. The MSR suggests that consolidation with BBID be studied.

Golden State Water Company (GSWC) – GSWC is included in the MSR for informational purposes, as LAFCO has no jurisdiction over this agency. GSWC is an investor-owned, public utility company regulated by the California Public Utilities Commission (CPUC). GSWC owns and operates 38 water systems throughout 75 cities and 10 counties in California. GSWC serves the unincorporated community of Bay Point, with a current population of 23,276, and a service area of 7.4 square miles. Bay Point is characterized by a mixture of residential and commercial land uses. Water sources include local groundwater (6- 8% of supply) and water purchased from CCWD (92-94% of supply).

Ironhouse Sanitary District (ISD) – ISD provides sewage collection, treatment and disposal services to the City of Oakley, Bethel Island, and other unincorporated areas of the County. ISD serves nearly 40,000 customers in a service area of 37± square miles. The MSR recommends expanding the District's SOI to include the Liberty Union High School site.

Knightsen Town Community Services District (KCSD) – KCSD was formed in 2005 to provide flood control and water quality (drainage services) for the unincorporated community of Knightsen, which is an area of low elevation that receives runoff flow from nearby areas. The area is largely agricultural, with an estimated population of 1,568 residents. The area is in need of detention basins and facilities to treat storm water runoff. The 2008 MSR identified concerns

with the District and lack of services/programs. KCSO does not currently provide any physical services related to its original purpose due to a lack of funds to construct the facilities. KCSO owns no physical assets or improvements. KCSO continues to seek funding and recently partnered with a habitat conservancy group to apply for grant funding opportunities. The MSR recommends adopting a zero SOI and consideration of an alternative governance option, including dissolution and transfer of service responsibilities to another local agency (e.g., Contra Costa Resource Conservation District, the County, a CSA). The MSR also recommends that the District provide progress reports to LAFCO every six months.

Mt. View Sanitary District (MVSD) – MVSD provides wastewater collection, treatment, and disposal services for the northeasterly portion of the City of Martinez and adjacent unincorporated areas to the northeast. MVSD collaborates with CCCSD to provide a permanent Household Hazardous Waste Collection facility and disposal services for the central portion of the County. MVSD serves 18,253 residents in a service area of 4.73± square miles.

Rodeo Sanitary District (RSD) – RSD provides wastewater collection, treatment, and disposal to the unincorporated communities of Rodeo and Tormey. RSD's boundary includes 1.4± square miles; the District serves 2,500 residential and commercial customers, and an estimated population of 8,000. RSD has made significant progress in addressing the SOI and boundary issues in the 2008 MSR. The Rodeo marina area was annexed to the District, and the Bayo Vista Housing Authority annexation is currently pending.

Stege Sanitary District (SSD) – SSD provides collection, treatment and disposal of wastewater to an area of 5.7± square miles, including the communities of El Cerrito, Kensington, and a portion of the Richmond Annex community. The District provides service to about 33,000 people with approximately 13,000 sewer connections. SSD also serves 101 homes outside the District's boundary by contract with the City of Richmond.

Town of Discovery Bay Community Services District (TODBCSD) – TODBCSD is authorized to provide water and wastewater services, parks and park maintenance services, landscaping and recreation services. TODBCSD also provides flood control in specified areas. The service area is 5,760± acres. The District has 5,523 connections (residential, commercial, irrigation) and serves an estimated population of 13,500. Two new residential development projects, Newport Point (67 homes) and Pantages Bay (292 homes), were recently approved by the County and will ultimately need TODBCSD services and LAFCO approval (SOI amendments and annexations). An overlap in service boundaries between BBID and TODBCSD was identified as part of this MSR. While Contra Costa LAFCO is not the principal LAFCO, this is an important issue that should be addressed.

West County Wastewater District (WCWD) – WCWD provides wastewater collection, treatment and disposal services to a 16.9-square mile service area, including the City of San Pablo, portions of cities of Richmond and Pinole, and surrounding unincorporated areas. WCWD serves approximately 93,000 customers with 34,275 connections (residential, commercial, industrial). The District is serving properties outside its boundary and is encouraged to annex these properties.

Mutual Water Companies

Recent legislation (AB 54) imposed new requirements on LAFCOs and on those mutual water companies (MWCs) that own and operate a public water system. The requirements are intended to improve access to information about the location of MWCs and the quality of water they provide. Contra Costa LAFCO has identified 28 MWCs that meet the AB 54 requirements. LAFCO has collected information regarding services, boundaries, infrastructure, water quality, fiscal and other information from those MWCs that responded to LAFCO's request for information. Most of the MWCs are located in eastern Contra Costa County, with the majority (15) located on Bethel Island. Service connections range from a low of seven to a high of 190.

RECOMMENDATIONS

1. Receive LAFCO staff and consultants report,
2. Accept public comments and provide Commission comments, and
3. Direct staff to set a public hearing for May 14, 2014, to prepare the required determinations, and present the Final MSR report and SOI recommendations.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

c: Distribution