5. LION'S GATE COMMUNITY SERVICES DISTRICT

AGENCY OVERVIEW

Lion's Gate Community Services District (LGCSD) provides sewer collection and treatment services, roadway maintenance, stormwater drainage maintenance, maintenance of a lake system and related wells, and landscaping to the community of CordeValle. The last service review for the District was conducted in 2006.

The District was formed in 1998 to provide sewage collection, wastewater treatment and potable water in the CordeValle subdivision. In August 2000, the District, upon voter approval, expanded its service range pursuant to a petition of the property owners. New services included maintenance of roadways, landscaping, gates, and other common improvements, maintenance of the lake system and related wells, maintenance of storm drains and drainage easements, and maintenance of utilities within the streets, as the streets are private.

The principal act that governs the District is the State of California Community Services District Law.[51] CSDs may potentially provide a wide array of services, including water supply, wastewater, solid waste, police and fire protection, street lighting and landscaping, airport, recreation and parks, mosquito abatement, library services; street maintenance and drainage services, ambulance service, utility undergrounding, transportation, abate graffiti, flood protection, weed abatement, hydroelectric power, among various other services. CSDs are required to gain LAFCo approval to provide those services permitted by the principal act but not performed by the end of 2005 (i.e., latent powers).[52]

Boundaries

LGCSD is located in southern Santa Clara County between the cities of Morgan Hill and Gilroy and southwest of the unincorporated community of San Martin. The District is bound on the eastern side by Coolidge Avenue (Santa Teresa Boulevard) and Turlock Avenue and on the western side by Watsonville Road. The northern and southern boundaries are generally defined by two ranges of east-west hills, which form a nearly enclosed valley (Hayes Valley) in the central portion of the District. The CordeValle community consists of 41 residential lots, an 18-hole golf course, a 110-acre vineyard, a clubhouse, 45 overnight lodging units at the golf course, a swim and tennis center, and an equestrian center. The District's existing bounds consist of approximately 2.7 square miles. There have been no boundary changes since LGCSD's formation.

[51] Government Code §61000-61226.5.

[52] Government Code §61106.

Sphere of Influence

The sphere of influence (SOI) of LGCSD is coterminous with its boundaries. In 2006, the Commission reaffirmed the District's coterminous SOI.

Type and Extent of Services

Services Provided

LGCSD provides wastewater collection services to the CordeValle community. The District also treats wastewater at its treatment plant—equipped with a batch reactor system and retention ponds for filtration.

In addition, LGCSD provides roadway maintenance on 2.5 miles of streets (some of the roads in CordeValle are maintained by the District, while others are the responsibility of the Golf Club) and stormwater drainage maintenance. Stormwater runs off into the lakes and the drainage system does not require regular cleaning. The District monitors the stormwater drainage system during heavy rain to ensure the water is flowing, keeps gutters clean, and puts in traps to collect leaves.

Maintenance of the lake system includes algae control, placing aerators in lakes to ensure adequate air, a pumping system to ensure circulation, and pumping water for irrigation of the golf course. LGCSD is responsible for landscaping of the common areas, including edges of the roads, trees, and perimeters of the community.

CordeValle also maintains a well system that feeds the lake system. Well water is drawn to the lakes, from which it is further pumped for irrigation of the golf course, subdivision entrance, roadways, and vineyard amenities.

All services provided by LGCSD are delivered by third party contractors.

Service Area

LGCSD serves only areas within its bounds, and does not presently provide services outside of its bounds. However, the main well, which the District is drawing water from is located outside of the district boundaries on Highland Avenue.

The only areas within the District where wastewater services are not provided are the undeveloped lots. Some roadways and common areas in the District are maintained by the Golf Club instead of the CSD.

Services to Other Agencies

LGCSD does not provide services to other agencies.

Contracts for Services

As was previously mentioned, LGCSD contracts with third party companies for delivery of all of the District's services. Operations and maintenance of the wastewater treatment plant and sewer system, stormwater drainage maintenance, maintenance of the lake system and the water well system are provided by Sterling Environmental Engineering. Alpine Landscaping, headquartered in Gilroy, delivers landscaping services in select LGCSD

common areas. The District hires a contractor as needed to maintain roadways. There is no consistent vendor of roadway maintenance; the contractor is determined by a bidding process.

Compass Management Group, contracted by LGCSD, manages the District, including coordinating payments to vendors, organizing board meetings and being responsible for day-to-day operations. Accounting is done by Batista & Co., CPAs; Patel and Associates performs annual audits. Legal counsel is delivered by Berding and Weil.

Collaboration

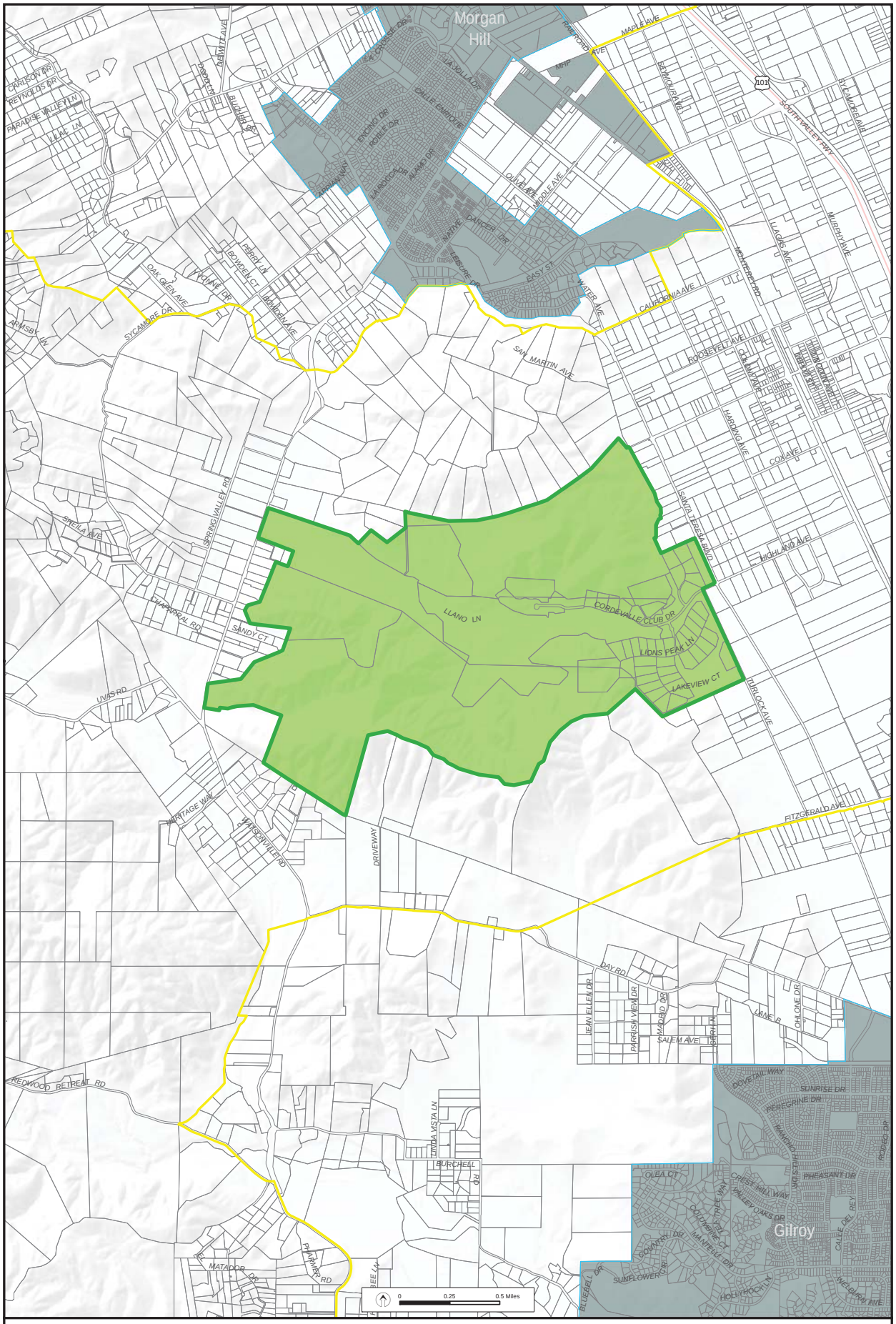
LGCSD reported that it did not collaborate with other agencies, nor did it participate in any regional plans, joint powers authorities or organizations.

Overlapping and Neighboring Service Providers

Services are not duplicated by other providers within LGCSD's bounds. Landscaping of some common areas and maintenance of select roads are delivered by the Golf Club within the District, but areas where each entity provides services are clearly defined to ensure there is not a duplication of services.

While the County is responsible for stormwater services in the unincorporated areas, the roads within CordeValle are not a part of the county public road system and Santa Clara does not provide stormwater services within the District's boundaries.

CordeValle also has a homeowner's association (HOA) that provides some services within the subdivision. The HOA is known as the Cordevalle Vineyard Estates (CVE). The only service provided by CVE is architectural review and control administered by a committee of three volunteer owners. The CVE is essentially non-functional, as the CVE does not collect assessments, does not have a Board of Directors, and does not provide any other services to the LGCSD members or the CordeValle community. There is occasional confusion among the residents on whether an issue is the responsibility of the HOA or the District.



Lion's Gate Community Services District

- Cities Urban Service Area
- Cities Sphere of Influence (SOI)
- Incorporated Areas
- Parcels
- Lion's Gate Community Services District SOI
- Lion's Gate Community Services District

LAFCO
Local Agency Formation Commission of Santa Clara County

June 2013

This map created by the Santa Clara County Planning Office. The GIS data was compiled from various sources. While deemed reliable, the Planning Office assumes no liability.
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ACCOUNTABILITY AND GOVERNANCE

The District is presently governed by a five-member Board of Directors elected at-large to four-year terms. From the inception of the District until 2007, the developer of the subdivision (O'Brien Homes) held all three seats on the Board. In 2007, LGCSD transitioned to a five-member board consisting of residents of the subdivision. The Board is to be elected; however, because of the lack of interested candidates and contested elections, the County Board of Supervisors continues to appoint LGCSD board members. This reflects a lack of outreach to area residents or small pool of available residents.

Prior to an election (in an election year), the County Registrar of Voters publishes a legal notice in a local newspaper of the District's choice to announce any upcoming board terms that are expiring. Any persons interested in running for the position (incumbent or otherwise), must file with the County Registrar of Voters. If no more than one person is running for each available position, then the Board of Supervisors can consolidate the election and appoint individuals without conducting the election. If no one runs for a position, then the Board of Supervisors is empowered to appoint any person to the office who is qualified on the date when the election would have been held.[53]

The process for appointment by the Board of Supervisors differs by district. There are no formal policies or standardized procedures on the part of the Board of Supervisors defining how openings are to be announced, how long the application period should be open, and the manner for interviews, etc. In the case of LGCSD, when there is a board opening, constituents are notified through the agenda for regular board meetings. At the meeting, the Board will make a motion to make an appointment of an interested individual. There is no interview process, as there is a limited pool of residents from which the District may draw, and filling the Board is often a challenge. Following the motion of appointment, the County Board of Supervisors is notified for approval of the appointment.

The current member names, positions, and term expiration dates are shown in Figure 5-2.

[53] Elec. Code, § 10515(a).

Figure 5-2: LGCSD Governing Body

Lion's Gate Community Services District					
District Contact Information					
Contact:	Kurtis Shenefiel, Managing Agent- Compass Management Group				
Address:	77 Las Colinas Lane, San Jose, CA 95119				
Telephone:	408-226-3300				
Fax:	408-226-3406				
Website:	lgcsd@gocompass.com				
Board of Directors					
Member Name	**Position**	**Began Serving**	**Term Expires**	**Manner of Selection**	**Length of Term**
Joe Forgy	Chair	Jan. 2009	11/2013	Appointed	4 years
Kevin Stuart	Director	Jan. 2007	11/2013	Appointed	4 years
George Maciel	Director	Jan. 2012	12/2015	Appointed	4 years
Greg Seyfert	Director	Nov. 2009	12/2015	Appointed	4 years
Cheryl Bartlett	Director	Jun. 2013	12/2015	Appointed	4 years
Meetings					
Date/Time:	Quarterly – usually on the second Thursday of the month but dependent on Director and facility availability				
Location:	1 Cordevalle Club Drive, San Martin, CA 95046				
Agenda Distribution:	Agendas are mailed to all members of Lion's Gate.				
Minutes Distribution:	Meeting minutes are posted on the Lion's Gate member website.				

Board meetings are conducted quarterly and are held in the community club house at 1 Cordevalle Club Drive. Directors do not receive any compensation. Government Code §53235 requires that if a district provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the district must establish a written policy on reimbursements. The District's management company has reportedly sent all the information to the board members regarding the ethics training requirement, but the board members have not yet conducted ethics training to date. The District has never had a request from a Director for an expense reimbursement nor issued a reimbursement. The District has a written policy on reimbursements in its bylaws. Additionally, the District is required to make available to the public a list of reimbursements over $100 made to board members and employees over the last year.[54] LGCSD reported that there had been no reimbursements in the history of the District's existence.

[54] Government Code 53065.5

The Board of Directors' meeting agendas are mailed to every member of the Lion's Gate community. Meeting minutes are posted on the member website. The website is not public, and requires a member's login name and password, which only district residents may receive. Beyond the legally required agendas and minutes, the website reportedly makes available financial statements and other homeowner information.

LGCSD receives various customer requests through phone calls, fax, and email to Compass Management Group. The manager is responsible for handling requests and complaints. The District does not consider customer requests as complaints. LGCSD records requests and complaints received, and reported that there were multiple requests but no complaints received in 2012.

LGCSD has a Policy Manual that provides a framework and direction for district governance and administration. Included in the manual, are policies on code of ethics and conduct, public records requests, and Brown Act requirements as related to the Board's regular meetings and special meetings.

The Political Reform Act (Government Code §81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (California Code of Regulations §18730) which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. The District's Policy Manual includes a policy regarding conflicts of interest.

Government Code §87203 requires persons who hold office to disclose their investments, interests in real property and incomes by filing appropriate forms with the Fair Political Practices Commission (FPPC) each year. Santa Clara County reported that LGCSD has never filed the Form 700s with the County. As mentioned, the District has a conflict of interest code that outlines submitting these forms to the County, but district members have reportedly not filled out the forms since at least 2007, when residents were placed on the Board. The State Code does not provide for exceptions to this filing requirement, and it is recommended that all board members begin filing the required forms with the County and FPPC.

MANAGEMENT AND STAFFING

LGCSD does not employ any personnel directly. All district operations and management are conducted through third-party contractors. Compass Management Group is responsible for the day-to-day operations of the District. The management company reported that it was not able to gauge the number of hours that were dedicated to District activities in any given week. Alpine Landscaping provides LGCSD a dedicated landscaping maintenance crew that consists of an irrigation technician, a spray technician, a supervisor, and managers who oversee all landscape operations within the District. Alpine Landscaping estimates that it dedicates about one full-time equivalent (FTE) employee to perform work for the District. Sterling Environmental Engineering reported that it dedicated three full-time technicians to services provided for LGCSD. One and a half full-time technicians maintain the wastewater collection and treatment services.

All contractors involved in the District's operations are accountable to their managers and the heads of their respective companies. The liaisons from their contracted firms report to the LGCSD Board of Directors. There is no formal evaluation process for the contracted firms, but informal evaluation is ongoing. Based on the visible condition of the property, contracts are renewed. Contractors usually receive monthly flat-rate fees. In addition to the flat-rate fee, Sterling Environmental Engineering also occasionally charges for materials and chemicals used.

The performance of LGCSD is not routinely evaluated; the District informally assesses its performance based on feedback from homeowners.

Documents used by the District to guide its planning and operational efforts include the annually adopted budget, the annually audited financial statement, a reserve plan for repair and replacement, and a Sanitary Sewer Management Plan.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. The County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County. LGCSD has not yet submitted its budget to the County for FY 14.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the end of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.[55] In the case of LGCSD, the District must submit audits annually. LGCSD has submitted its audit to the County for FY 12.

POPULATION AND PROJECTED GROWTH

Land Uses

Land uses within the district boundaries are residential, open space and recreational.

Current Population

Based on an average household size of 2.9 in Santa Clara County, the 32 developed lots within the District have an estimated population of 93 residents. This does not include transient population attributed to the resort.

[55] Government Code §26909.

Disadvantaged Unincorporated Communities

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.[56]

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities median household income definition.[57] DWR did not identify any disadvantaged communities within Santa Clara County. [58]

However, DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. Because income information is not available for this level of analysis, disadvantaged unincorporated communities that meet LAFCO's definition cannot be identified at this time.

Projected Growth

The District reported that it had observed no growth in the population of LGCSD in the last few years. Out of the 41 planned homes in the development, 32 have been completed to date, five are owned by the golf course and two are currently under construction. With the two undeveloped lots remaining, the District projects little change in demand upon build out of the community.

FINANCING

Financial Adequacy

LGCSD reported that financing was adequate to deliver services. One challenge to financing, however, has been identified. There are a limited number of homeowners in the development to support the extensive operations of the CSD and the community as a whole, which is especially costly due to the maintenance of the massive lake system.

In the last three years, the District undertook a number of efforts to improve its operational efficiency. LGCSD made changes in the contract with Sterling Environmental Engineering in regards to better chemical dosing in the lake, which reduced maintenance costs. Previously, a significant amount of algae harvesting was required, which was very costly for the District. LGCSD also started employing ozone treatment at the plant, which reduced chemical costs and enabled the District to change its treatment permit, allowing

[56] Government Code §56033.5.

[57] Based on census data, the median household income in the State of California in 2010 was $57,708, 80 percent of which is $46,166.

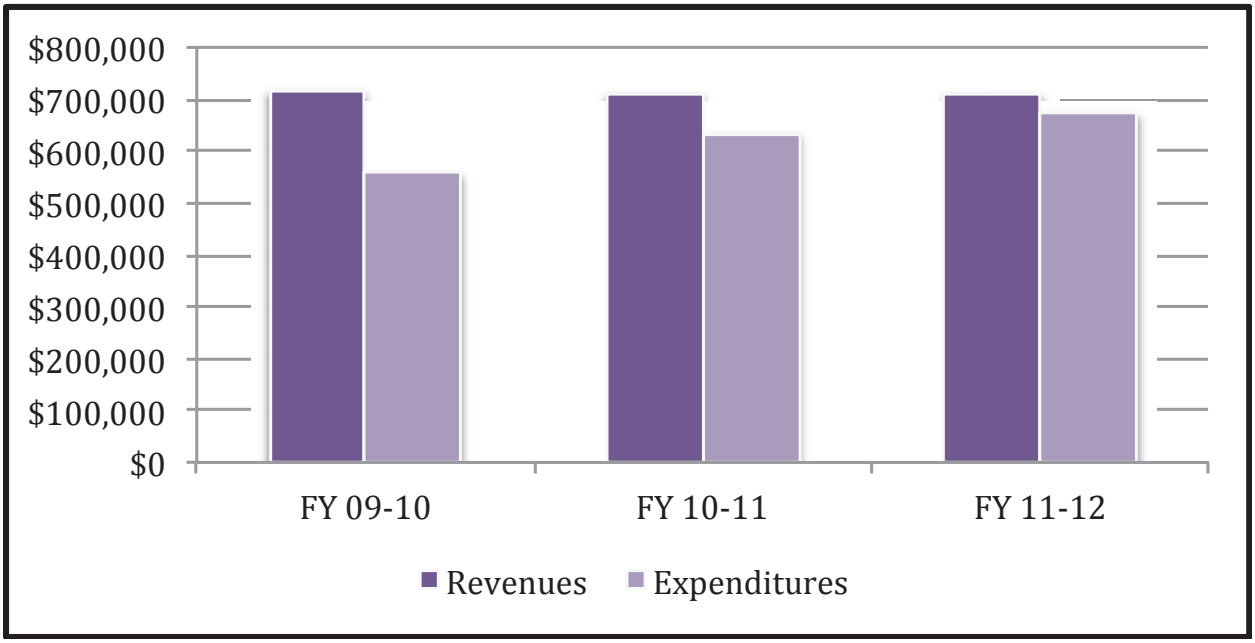
[58] DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

for treated water to be placed directly into the lakes. As a result, water treatment has been so successful that the Regional Water Quality Control Board (RWQCB) has reduced testing requirements, which has also lowered costs.

The District's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. LGCSD has an operating fund and a reserve fund. The operating fund serves as the general operating fund for community services, with the exception of long-term major repair projects. It is used to account for all financial resources for the District's services. The reserve fund is used to account for the revenues and expenditures of the District's long-term major repair projects.

Over the past three fiscal years (FYs 10 to 12), district revenues have exceeded expenditures, as shown in Figure 5-3. Revenues have remained fairly constant over the last three years, while expenditures slightly increased in FYs 11 and 12.

Figure 5-3: LGCSD Revenues and Expenditures, FYs 10-12



Source: Audited Financial Statements for FY 2010 through FY 2012 (includes operating and reserve funds)

Revenue Sources

In FY 12, the District received $711,028 in revenue as depicted in Figure 5-4. The District's primary revenue source is property tax assessments, which constituted almost 100 percent of revenues. Other minor sources of revenue included interest income and other income.

Figure 5-4: LGCSD Revenues ,FY 12

Type of Revenue	Amount of Revenue	% of Total
Property tax assessments	$ 710,110	100%
Capacity fees	$ 595	0%
Interest and Investment Income	$ 323	0%
TOTAL	**$ 711,028**	**100.0%**

Source: Audited Financial Statements, FY 12.

Rates

LGCSD does not charge its residents any fees for service provision. The District's operations are supported almost entirely by tax assessments. The Lion's Gate community members, which includes the 41 residential lot owners and one golf course and resort, are assessed each year. Assessments are levied on the property tax bill. Assessments are determined by the District at the beginning of each year by adopting the annual budget. Assessments for FY 14 are $8,724.43 per residential lot (developed and undeveloped). The District reviews the assessment each year during the budget process to ensure that it is adequate. In FY 13, the assessment went up by 1.7 percent.

Additionally, the District collects a payment from the golf course. The payment is dependent on the size of the District's budget in that year. The golf course payment constitutes roughly half of the District's revenue.

Expenditures

In FY 12, the District's total expenditures amounted to $673,164, as depicted in Figure 5-5. Most of the funds were spent on lake system maintenance (32.1 percent), wastewater treatment (26 percent) and landscaping (16 percent). Other expenditures included other maintenance (three percent), capital expenses (10 percent), and general administration (14 percent).

Lake system maintenance expenses were $29,149 over budget in FY 12, due to greater chemical use to improve water clarity and minimize algae growth. Additionally, water costs, due to evaporation, were higher than budgeted. In the same year, landscaping expenses were $7,131 under budget, and wastewater treatment expenses were $14,784 under budget.

Figure 5-5: LGCSD Expenditures, FY 12

Type of Expenditure	Amount	% of Total
Lakes	$ 216,649	32.1%
Landscaping	$ 104,189	15.5%
Wastewater treatment	$ 177,216	26.3%
Other maintenance	$ 17,969	2.7%
Capital expenditure	$ 63,754	9.5%
General administration	$ 93,387	13.9%
TOTAL	**$ 673,164**	**100.0%**

Source: FY 12 Audited Financial Statements.

Capital Outlays

LGCSD has a reserve plan adopted in 2013, which outlines plans for repair and replacement of capital amenities for the next 30 years. Capital improvement needs are divided into general, wastewater treatment facility and landscaping and well systems. The District projects to spend $44,150 in FY 13, $95,378 in FY 14, $11,246 in FY 15, $72,060 in FY 16, and $60,890 in FY 17. From FY 18 through FY 42, LGCSD is planning to spend $5,115,801 on capital improvements.

Reserves

During FY 12, the District established a reserve fund for capital projects. As of June 30, 2012, the District's total fund balance was $727,795, of which $623,721 was attributed to the reserve fund and $104,074 was dedicated to the operating fund.

The District retains construction deposit funds on behalf of the Cordevalle Vineyard Estates (CVE). All construction deposit funds are collected and distributed at the direction of the Architectural Review Committee of the CVE. Deposit funds are collected from CVE lot owners (who are also members of the District) to ensure that the projects comply with the guidelines of the CVE. These deposits are refundable upon satisfactory completion of the projects as determined by the Architectural Review Committee. No interest is payable on these deposits. The construction deposit balance at the end of FY 12 was $73,670.

Debt

LGCSD does not have any long-term debt.

INFRASTRUCTURE AND FACILITIES

Wastewater

All residences and facilities within the Lion's Gate community, with the exception of the golf course maintenance building, are served by a central wastewater collection, treatment and disposal system. Because the golf course maintenance building is located remotely, it is served by a separate septic and leachfield system. The sewer system was designed to serve the community at build-out. The system was reported to have adequate capacity.

The central sewer system collects wastewater in approximately four miles of eight-inch gravity flow sewers and conveys it to the wastewater treatment facility located near the eastern site boundary, approximately 200 feet west of Turlock Avenue. The mains were installed in about 2000, just prior to development of the subdivision. The mains are composed of a combination of concrete, cast iron and polyvinyl chloride (PVC). The wastewater is collected by gravity flow, so step pumps, lift stations and force mains are not utilized.

There are two lift stations and pumps at the easterly border of the property at Turlock. The lift stations pump all wastewater from the bottom of the sumps collected through gravity flow up to the treatment facility.

The treatment facility, which provides tertiary treatment, began operation in 2001. The maximum demand capacity of the facility is 0.046 million gallons per day. The operator of the treatment plant provides monthly operations reports to the Regional Water Quality Control Board (RWQCB), which inspects the treatment plant at least once a year.

Every month, approximately 3,000 gallons of liquid sludge is transported by a local hauler via a tanker truck to either the Gilroy wastewater treatment plant or the Watsonville wastewater treatment plant for sludge processing and disposal. This service is provided without a contract. Treated water (reclaimed water) is either disposed of by percolation, spray irrigation of property at the treatment plant, or discarded into the lakes. Turf grass includes three to four acres of open-space grasslands on the west side of the storage pond.

Infrastructure Needs

The District reported that given the young age of the system, there were no significant or immediate infrastructure needs for the wastewater system other than routine maintenance.

Shared Facilities

LGCSD shares facilities and resources with the Lion's Gate golf course and resort and the Cordevalle Vineyard Estates as part of the Lion's Gate community. The District maintains the water wells owned by the golf course and retains construction deposit funds on behalf of the CVE. Additionally, the District makes use of the Gilroy and Watsonville treatment plants for sludge disposal.

The District did not identify any further opportunities for facility sharing with regard to wastewater services.

Stormwater

LGCSD operates the stormwater drainage system, which consists of the detention basin and underground storm drains. The District considers the system to be in excellent condition. The District owns only those stormwater facilities that are on LGCSD property. The golf club owns and maintains the drainage system on its property.

Infrastructure Needs

The District is not aware of any existing infrastructure needs with regard to the stormwater system.

During the recent heavy rain events at the end of 2012, the District's detention basin was near capacity. However, this does not appear to be a regular occurrence.

Shared Facilities

LGCSD does not practice facility sharing with regard to its stormwater facilities and drainage system. No future opportunities for facility sharing were identified.

Lake System Maintenance

LGCSD performs maintenance of five lakes located in the Lion's Gate community. Maintenance infrastructure includes the pump system for water circulation, which was reported to be in excellent condition. Given the reduction of algae in the lakes, the overall condition of the lakes has greatly improved.

Infrastructure Needs

The District reported that were no existing infrastructure needs with regard to the lake system.

Shared Facilities

The lake system is used for the irrigation of the golf course. No further opportunities for facility sharing were identified.

Roadway Maintenance

The District maintains 2.5 miles of roadways in the community. The streets were reported to be in fair condition, due to some damage from heavy construction equipment over the past few years.

Infrastructure Needs

The District performed a slurry seal in 2010 on all of the roads for which it has responsibility.

The District would like to repair the damage to the roads caused by heavy construction equipment during building in the area. There is no timeline as to when these improvements will occur; however, the District is in the process of identifying funding, the best repair methods, and a contractor.

Shared Facilities

The golf club shares the responsibility of roadway maintenance with the District by maintaining the streets not maintained by LGCSD. No additional opportunities for facility sharing were identified.

Landscaping

The District performs landscaping services in the community's common areas that are on LGCSD property, specifically at the edges of roadways and perimeter of the community, and tree care throughout the community. The District does not maintain streetscaping on private lots. All landscaped common areas are reportedly in excellent condition.

Infrastructure Needs

The District reported that only routine maintenance is necessary for the landscaping at present.

Shared Facilities

The District landscapes common areas on LGCSD property used by residents and visitors of the community, as well as the golf club and resort.

Water

LGCSD makes use of two wells for the purpose of refilling the lake system.

The well water feeds the lake system, through which the District irrigates the golf course and common areas within the community, including the entrance, roadways, lakes, and vineyard amenities. The golf course operates the pump and irrigation system.

LGCSD does not have its own potable water system. All potable water is supplied by West San Martin Water Company, which owns and maintains all potable water infrastructure.

Infrastructure Needs

There were no imminent infrastructure needs with regard to the wells.

Shared Facilities

As already mentioned, the District operates infrastructure owned by the golf club. Water used for irrigation benefits all the residents who use common areas and vineyard amenities.

DEMAND FOR SERVICES

Wastewater Collection

The District provides sewer service to approximately 33 customers—32 residential connections and the golf course/resort. The residential lots comprise approximately 15 percent of the wastewater system volume; the other 85 percent result from the golf course/resort operation. LGCSD will be adding two more residential connections in the near future, as two residences are currently under construction.

The District's average annual flow over the last four years is shown in Figure 5-6. Flow over the last four years has remained relatively constant, given that the system serves a limited number of connections, which has remained approximately the same over the last few years.

Figure 5-6: LGCSD Average Annual Flow (mgd), 2009-2012

Service Level	2009	2010	2011	2012
Average Dry Weather Flow	0.0170	0.0185	0.0181	0.0169

Source: As reported by LGCSD.

Stormwater

Sterling Environmental Engineering reported that it technically did not provide operation and maintenance of the stormwater system under contract; however, it does

currently place the storm drain interceptors out before each year's rainy season and collect them after the season is over. In 2012, Sterling provided service to a plugged drain and repaired the issue. Reportedly, the company spent about 40 hours on the stormwater system in 2012.

Lake System Maintenance

Sterling Environmental Engineering dedicates 1.5 technicians on a full-time basis to provide service for the lake system year round. This amounts to 60 hours per week.

Roadway Maintenance

Given that roadway maintenance does not occur annually, but instead is on a rotating schedule (i.e., slurry seal every five years), the number of staffing hours dedicated to roadway maintenance is generally limited, unless it is a year in which capital improvements are planned. In 2012, district contractors spent no time on road maintenance; no direct road maintenance was performed. There were some funds spent in 2012 on a consultant to investigate road failures and evaluate cause and repair options.

Landscaping

Alpine Landscaping reported that the company tried to spend a consistent number of weekly/monthly hours on site to meet the expectations of LGCSD. The number of hours varies depending on the season. Alpine Landscaping spends on average about 32 to 36 hours of maintenance time per week, approximately six to eight hours of technician time per month and two to three hours of supervisor/management time per month.

Water

Sterling Environmental Engineering was not able to provide the amount of time it spent on maintaining the well system. LGCSD did not provide information about service demand for the well system.

SERVICE ADEQUACY

Wastewater

This section reviews indicators of service adequacy, including regulatory compliance, sewer system overflows (SSOs), and collection system integrity. These service adequacy measures are outlined in Figure 5-7.

Wastewater agencies are required to report sewer system overflows (SSOs) to SWRCB. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. One way of measuring collection system performance is to calculate an annualized sewer overflow rate. Some collection system agencies only have a responsibility to maintain sewer mains, while others are similar to the District and are responsible for both sewer mains and laterals. To provide a universally comparable sewer overflow rate, the sewer overflow rate is calculated as the number of

overflows per 100 miles of mainline collection piping. LGCSD reported no overflows during the period from January 1, 2010 thru July 1, 2013, and consequently the annual overflow rate during this 3.5 year period is zero.

There are several measures of integrity of the wastewater collection system, including peaking factors, efforts to address infiltration and inflow (I/I), and inspection practices. Peaking factor is defined as the ratio of peak flow to average dry weather flow. A peaking factor of about 3.0 is a generally accepted factor for the design of small diameter pipe. The District reported that it has a peaking factor of 1.7 during wet weather periods, meaning wet weather flow (peak wet weather flow of 0.029 mgd) is 1.7 times greater than flow during dry periods(average dry weather flow of 0.017 mgd), due to infiltration and inflow. A peaking factor of 1.7 is generally considered within industry standards.

The District reported that currently it was not experiencing any major I/I issues during the wet weather season. However, LGCSD does experience a spike in flows when there is a very hard and sustained downpour of rain, as the drains around the pool and jacuzzis at the golf club drain into the wastewater collection piping. The District experienced very heavy I/I several years ago and dating back to the inception of the wastewater facility. Each occurrence was troubleshot to find the source, which was usually a home that was being newly constructed and where rain water flowed into piping that was left open.

Figure 5-7: LGCSD Wastewater Service Adequacy Indicators

Wastewater Service Adequacy and Efficiency			
Regulatory Compliance Record, 2010-13			
Formal Enforcement Actions	0	Informal Enforcement Actions	0
Enforcement Action Type		***Description of Violations***	
None		N/A	
Total Violations, 2010-13			
Total Violations	0	Priority Violations	0
Service Adequacy Indicators			
Total Employees (FTEs)	1.5	Sewer Overflows 2010 - 2013[2]	0
MGD Treated per FTE	0.011	Sewer Overflow Rate[3]	0
Sewer Miles per FTE	2.7	Peaking Factor	1.7
Infiltration and Inflow			
There are currently no I/I issues during wet weather season.			
Collection System Inspection Practices			
The collection system is inspected visually on a daily basis (Monday-Friday). Inspected infrastructure includes the liftstation vault, the liftpumps, the floats that call for the pumps to turn on and off, the radio control, and the SCADA alarm system. The SCADA alarm system monitors the liftstation and the wastewater plant 24 hours a day, 365 days a year.			

Notes:

(1) Order or Code Violations include sanitary sewer overflow violations.

(2) Total number of overflows experienced (excluding those caused by customers) from January 1, 2010 to July 1, 2013 as reported by the agency.

(3) Sewer overflows from January 1, 2010 to July 1, 2013 (excluding those caused by customers) per 100 miles of collection piping.

Stormwater

This section reviews indicators of service adequacy. With regard to stormwater services, NPDES regulatory compliance and drain blockages are the primary indicators of adequacy.

Given that Santa Clara County is the land use authority in unincorporated areas, it is responsible for NPDES compliance and therefore the District has had no related violations.

In order to ensure that stormwater systems continue to operate satisfactorily, regular maintenance and clean out of debris is necessary to minimize blockages during wet weather events. In 2012, the District reported that it had no blockages that needed to be addressed, as the result of runoff not draining properly.

Lake System Maintenance

Indicators regarding service adequacy for lake maintenance are minimal. For the purposes of this report, the number of resident complaints regarding inadequate maintenance may be indicative of the level of service received. The District reported that it had received no complaints in 2012, which implies that lake maintenance services are adequate.

Presence of algae may also be an indicator of the level of service received. As previously reported, the District has recently been able to greatly reduce the level of algae in the lakes through new chemicals.

Roadway Maintenance

This section reviews indicators of roadway maintenance service adequacy. Roadway condition is the primary indicator of adequacy. Given that the roadway is not part of the public roadway system, the condition of the road is not included in the County's Road Index, which rates roads according to the pavement condition index. Consequently, for the purposes of this, report, the condition of the roadway is as reported by the District. All roads maintained by the District are reportedly in fair condition.

Landscaping

Similar to lake maintenance services, indicators regarding service adequacy for landscaping are minimal. For the purposes of this report, the number of resident complaints regarding inadequate maintenance may be indicative of the level of service received. The District reported that it had received no complaints in 2012, which implies that landscaping services are generally adequate.

Water

Indicators of adequacy of well maintenance services are limited to the number of unplanned well outages. The District reported that it had experienced no unplanned well outages in 2012.

GOVERNANCE STRUCTURE OPTIONS

At present, Lion's Gate CSD is operating much like a homeowner's association instead of a public agency, by providing services to a small contained development with limited access. At the time of LGCSD's formation, the decision was made to make services available to the community through a community services district; however, the formation of the District was not a condition for the construction of the CordeValle development. The community of CordeValle appears to enjoy its privacy, having strict gated access and a website accessible only by community members. The District has difficulty complying with legal requirements for public agencies. Board members do not file Form 700s; there is a lack of interested candidates for the District's Board of Directors, due to the small size of the community; the website is not accessible to the general public, and neither are the board meetings, due to the community gate that restricts access to non-residents.

In addition to the CSD, there is also the CordeValle Vineyard Estates (CVE) homeowner's association (HOA). The HOA provides limited services and is not a fully functioning organization, as it does not collect property assessments, does not have a board of directors, and only conducts architectural review and control. There is occasional confusion among the residents on whether an issue is the responsibility of the HOA or the District. While not as regulated as a public agency, California HOAs are subject to the Davis-Sterling Act.[59] While the Act does not expressly identify what kinds of facilities an HOA can operate, courts have termed HOAs as mini governments.[60] In doing so, one court noted, "…the association provides to its members, in almost every case, utility services, road maintenance, street and common area lighting, and refuse removal. In many cases, it also provides security services and various forms of communication within the community." It is recommended that LGCSD work closely with the HOA to clarify to homeowners which agency provides the various services within the community.

LGCSD should make multiple improvements to its governance, accountability and management in order to operate as a public agency. Board members must start filing Form 700s and conducting ethics training as legally required. Operations of the District should become more transparent and open to the general public, which includes unlocking the district website to be accessible to the general population, making meetings open for participants other than subdivision residents and disseminating agendas and minutes to the broader public. In addition, LGCSD should increase its outreach to its residents to attract interested candidates for its Board of Directors to ensure the Board is selected through an election process as intended.

[59] California Civil Code §1350 et seq.

[60] *Cohen v. Kite Hill Community Assn.* (1983) 142 Cal.App.3d 642, 651.

LION'S GATE COMMUNITY SERVICES DISTRICT SERVICE REVIEW DETERMINATIONS

Growth and Population Projections

- Lion's Gate Community Services District's (LCCSD) population is approximately 93 people, based on the number of developed lots and average household size in the County.
- The District reported that it had observed no growth in the population of LGCSD in the last few years.
- Out of the 41 planned homes in the development, 32 have been completed to date, five are owned by the golf course and two are currently under construction.

Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

- There are no disadvantaged unincorporated communities within or adjacent to the District's service area based upon mapping information provided by the State of California Department of Water Resources. However, given the large size of the defined community in the census data used, it cannot be discounted that a smaller community that meets the required income definition and has 12 or more registered voters may exist within or adjacent to the District.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- The District provides sewer service to approximately 33 customers—32 residential customers and the golf course. LGCSD will be adding two more residential connections in the near future, as two residences are currently under construction.
- With the two undeveloped lots remaining, the District projects little change in demand upon build out of the community.
- Flow over the last four years has remained relatively constant, given that the system serves a limited number of connections, which has remained approximately the same over the last few years.
- The sewer system was designed to serve the community at build-out. The system was reported to have adequate capacity.
- The maximum demand capacity of the treatment plant is 0.046 million gallons per day.

- The District reported that given the young age of the wastewater system there were no significant or immediate infrastructure needs for the wastewater system other than routine maintenance.
- The District is not aware of any existing infrastructure needs with regard to the stormwater system, lake system, landscaped areas, or well system.
- The District would like to repair the damage to the roads caused by heavy construction equipment during building in the area.
- LGCSD plans for its capital improvements through its reserve plan for repair and replacement.
- Based on indicators of service adequacy including regulatory compliance, sewer system overflows (SSOs), and collection system integrity, the District appears to provide adequate services. LGCSD has had no violations or SSOs at least since 2010.
- The stormwater system, lake system, landscaping, and well system appear to be in adequate condition. Roads within the District were reported to be in fair condition.
- District management methods generally meet accepted best management practices. The District prepares a budget before the beginning of the fiscal year, conducts annual financial audits, maintains current transparent financial records, and has an established process to address complaints.
- LGCSD has not yet submitted its budget to the County for FY 14, but has submitted its audit for FY 12.

Financial Ability of Agency to Provide Services

- LGCSD reported that financing was adequate to deliver services. However, a challenge is a limited number of homeowners in the development to support the extensive operations of the CSD and the community as a whole.
- Over the past three fiscal years (FYs 10 to 12), district revenues have exceeded expenditures. Revenues have remained fairly constant over the last three years, while expenditures slightly increased in FYs 11 and 12.
- The District's primary revenue source is benefit assessments, which constituted almost 100 percent of revenues.
- During FY 12, the District established a reserve fund for capital projects. As of June 30, 2012, the District's total fund balance was $727,795, of which $623,721 was attributed to the reserve fund and $104,074 was dedicated to the operating fund.

Status and Opportunities for Shared Facilities

- LGCSD shares facilities and resources with the Lion's Gate golf course and resort and the Cordevalle Vineyard Estates as part of the Lion's Gate community. The District maintains the water wells owned by the golf course and retains construction deposit funds on behalf of the HOA. Additionally, the District makes use of the Gilroy and Watsonville treatment plants for sludge disposal.

- The golf club shares the responsibility of roadway maintenance with the District by maintaining the streets not maintained by LGCSD. The lake system is used for the irrigation of the golf course.
- The District landscapes common areas on LGCSD property used by residents and visitors of the community, as well as the golf club and resort.

Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

- The District demonstrated partial accountability. LGCSD adopts an annual budget prior to the start of the fiscal year and posts agendas; however, does not maintain a website where information is made available to the public outside of the development. LGCSD board members do not file Form 700s.
- LGCSD has a policy manual that provides a framework and direction for district governance and administration. Included in the manual, are policies on code of ethics and conduct, public records requests, and Brown Act requirements as related to the Board's regular meetings and special meetings. The District's policy manual includes a policy regarding conflicts of interest.
- Continued existence of LGCSD with multiple improvements to its governance, accountability and management is recommended. Board members must start filing Form 700s and conducting ethics training as legally required. Operations of the District should become more transparent and open to the general public, which includes unlocking the district website to be accessible to the general population, making meetings open for participants other than subdivision residents and disseminating agendas and minutes to the broader public. In addition, LGCSD should increase its outreach to its residents to attract interested candidates for its Board of Directors.

LION'S GATE COMMUNITY SERVICES DISTRICT SPHERE OF INFLUENCE UPDATE

Existing Sphere of Influence Boundary

Lion's Gate Community Services District's (LGCSD) SOI is presently coterminous with its bounds.

Recommended Sphere of Influence Boundary

It is recommended that LAFCO reaffirm the District's coterminous SOI. LGCSD, which includes the unincorporated community of CordeValle, contains a small isolated territory between the cities of Morgan Hill and Gilroy and southwest of the unincorporated community of San Martin. Given the remote nature of the development, which is not anticipated to grow outward, and location isolated from cities and other districts that provide wastewater and other services, it is appropriate to reaffirm the District's existing coterminous SOI.

Proposed Sphere of Influence Determinations

The nature, location, extent, functions, and classes of services provided

- Lion's Gate Community Services District (LGCSD) provides sewer collection and treatment services, roadway maintenance, stormwater drainage maintenance, maintenance of a lake system and related wells, and landscaping to the community of CordeValle. All services provided by LGCSD are delivered by third party contractors.
- LGCSD serves only areas within its bounds, and does not presently provide services outside of its bounds. However, the main well, from which the District is drawing water, is located outside of the District's boundaries on Highland Avenue.
- The only areas within the District where wastewater services are not provided are the undeveloped lots. Some roadways and common areas in the District are maintained by the golf club.

Present and planned land uses in the area, including agricultural and open-space lands

- The County is the land use authority for the unincorporated areas. The District contains residential, recreational and open space land uses.
- While there are open-space lands within LGCSD, no impacts on agricultural resources, open space or Williamson Act contracts will occur as no service changes are proposed.

Present and probable need for public facilities and services in the area

- The CordeValle community consists of 41 lots, an 18-hole golf course, a 110-acre vineyard, a clubhouse, 45 overnight lodging units at the golf course, a swim and

tennis center, and an equestrian center. Thirty two lots are built out with two more currently under construction.

- Out of 41 lots five are owned by the golf course. With the two residential undeveloped lots remaining, the District projects little change in demand upon build out of the community.
- The subdivision is not projected to grow outwards, and the District will not gain new customers via annexations.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

- Based on indicators of service adequacy including regulatory compliance, sewer system overflows (SSOs), and collection system integrity, the District appears to provide adequate wastewater services. LGCSD has had no violations or SSOs at least since 2010.
- All other services are also adequately provided; the stormwater system, lake system, roadway system, landscaped areas and wells are in good working condition and have not experienced any complaints from residents.
- The maximum demand capacity of the wastewater facility is 0.046 million gallons per day.
- The proposed wastewater treatment facility is not designed to provide capacity beyond the needs of the development. In addition, there are constraints on the area available for the required effluent disposal pond, which would make it extremely difficult to expand the size of the pond.
- District management methods generally meet accepted best management practices. The District prepares a budget before the beginning of the fiscal year, conducts annual financial audits, maintains current transparent financial records, and has an established process to address complaints.
- LGCSD has not yet submitted its budget for FY 14 to the County; the audit for FY 12 has been submitted.
- No significant infrastructure needs were identified.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

- All district residents and businesses are considered a community of interest for LGCSD as customers benefiting from the District's services and contributors of property assessment revenue to the District, including subdivision residents, the golf club and the vineyard.