9. WEST VALLEY SANITATION DISTRICT

AGENCY OVERVIEW

West Valley Sanitation District (WVSD) provides sewer collection services for the City of Campbell, Town of Los Gatos, City of Monte Sereno, a portion of the City of Saratoga, and some unincorporated territory to the west of these cities. The District contracts with the San Jose-Santa Clara Regional Wastewater Facility for wastewater treatment and disposal. WVSD also provides contract stormwater management and storm drain maintenance services to the Town of Los Gatos and cities of Saratoga, Monte Sereno, and Campbell. Santa Clara LAFCO last conducted a service review covering WVSD in 2007.

The District was formed in 1948 as County Sanitation District Number 4 of Santa Clara County. In 1988, the District changed its name to West Valley Sanitation District to reflect its geographical service area.

The principal act that governs the District is the County Sanitation District Act.[97] The principal act empowers the District to own, control, manage, and dispose of any interest in real or personal property necessary or convenient for the construction, maintenance, and operation of a sewerage system and sewage disposal or treatment plant, or a refuse transfer or disposal system, or both and to acquire, construct, and complete sewage collection, treatment and disposal works, and refuse transfer or disposal.[98] Districts must apply and obtain LAFCO approval to exercise services authorized by the principal act but not already provided (i.e., latent powers) by the district at the end of 2000.[99]

Boundaries

The District's bounds encompass the City of Campbell, Town of Los Gatos, City of Monte Sereno, a portion of the City of Saratoga, and unincorporated areas to the west of these cities. The District's existing bounds consist of approximately 28.2 square miles.

Since the last service review was conducted for WVSD, the District has completed eight annexations to expand its territory, two of which also included sphere of influence amendments. The annexations are outlined in Figure 9-1.

[97] California Health & Safety Code, Div. 5, Pt. 3, §§ 4700-4858.

[98] California Health & Safety Code §§ 4738-4767.5.

[99] Government Code §56824.10.

Figure 9-1: WVSD Boundary Changes, 2007 to 2013.

Name	Date	Acreage
WVSD 2008-1 (Canon Drive)	7/11/2008	32.4
WVSD 2008-03 (Forrester Road)	2/11/2009	1.82
WVSD SOI Amendment & Annexation 2008-02 (Overlook Road)	3/18/2009	50.13
WVSD 2009-1 (Cerro Vista Drive)	11/2/2009	1.006
WVSD 2009-02	11/10/2010	1.942
WVSD 2011-01 (Quarry Road)	6/7/2011	0.577
WVSD 2012-02 (Mireval Road)	8/23/2012	3.329
WVSD SOI Amendment 2012-01 (Central Park), County Library Service Area 2012-01 (Central Park)	11/21/2012	24.29

Source: As reported by Santa Clara LAFCO

Sphere of Influence

Following the last service review in 2007, Santa Clara LAFCO updated WVSD's SOI to include two areas already within WVSD's bounds and receiving service, which were anticipated to continue receiving services in the future. Subsequent to the update, the District's SOI was amended on two occasions in conjunction with annexations in 2009 and 2012.

As WVSD's SOI presently exists, it includes large areas of unincorporated and undeveloped areas outside of the District's bounds to the south and southwest. To the east and north, district lands include unincorporated island areas within the City of San Jose that are located beyond the District's SOI. For the most part, the District's SOI is coterminous with the SOIs of the cities that it serves, with the exception of the northwestern portion of the City of Saratoga.

Type and Extent of Services

Services Provided

WVSD provides wastewater collection services to the cities of Campbell, Monte Sereno, Los Gatos, two thirds of Saratoga, and the intervening unincorporated areas of Santa Clara County. The District owns, operates, and maintains the collection system within its bounds.

The District contracts with the San Jose-Santa Clara Regional Wastewater Facility (RWF) for wastewater treatment and disposal. Wastewater is conveyed from the areas within the District to the RWF in Alviso for treatment and then either used as recycled water or discharged through Artesian Slough and into South San Francisco Bay.

Additionally, in order to conserve and protect the District's sanitary sewer system from the burden placed on it by the increasing flow of untreated non-point source pollution and to assist the cities of Campbell, Saratoga, Monte Sereno and Los Gatos in regulating and managing their respective storm sewer systems, WVSD also provides contract stormwater management and storm drain maintenance services to these municipalities. These services are provided through a memorandum of understanding (MOU), which was established in 2012, and formal agreements with each of the cities. The District acts as the fiscal and

administrative agent for the member agencies of the MOU. Annual storm drain maintenance services include inspection of all storm drain structures, cleaning and removal of debris as needed, data collection, annual reporting of findings, mapping and responding to City requests for emergency assistance. These services are described in more detail in the *Services to Other Agencies* section below.

Service Area

With regard to wastewater services, WVSD serves only areas within its bounds, and does not presently provide these services outside of its bounds. WVSD reported that there is occasionally interest from hillside residents—located just outside the District's bounds—in connecting to the district wastewater system; however, WVSD has a policy requiring property outside the District to annex prior to connection to its sewer system.[100] Additionally, in 1995, the District adopted a policy to promote cooperation with the land use policies of local municipalities, by requiring annexation to the respective city prior to annexation to the District for any areas outside the Urban Service Area.[101]

There are some pockets of territory within WVSD that are not connected to the district wastewater system, as the areas rely on private septic tanks, particularly in the hillside areas and some unincorporated county pockets. These properties are required to connect to the district system when owners apply for building permits when an approved sanitary sewer system is available, or when the property is within 300 feet of an approved available sanitary sewer.

Contract stormwater services are provided to the cities of Campbell, Saratoga, and Monte Sereno, and the Town of Los Gatos. WVSD serves the entirety of the City of Saratoga—a portion of which lies outside of the District's bounds.

Services to Other Agencies

As previously mentioned, WVSD provides contract stormwater management and storm drain maintenance services to the cities within its bounds. Management services are provided through an MOU between the member agencies, while maintenance services are provided through agreements with each of the municipalities. These agreements are described here.

West Valley Clean Water Program

In September 1994, the Town of Los Gatos, and Cities of Saratoga, Campbell, and Monte Sereno and WVSD entered into an agreement through an MOU to coordinate stormwater pollution control and management efforts for the municipal entities through the West

[100] WVSD Ordinance Code 7.020 Annexation Required For Connection of Property Outside District.

[101] Board meeting minutes, March 8, 1995. "Any extension of district boundaries by annexation outside any city's urban service area be restricted so that such annexation can only occur subsequent to or simultaneously with annexation of the same area to a municipality with the nearest adjacent sphere of influence boundary. Further, there will be no provision of sanitation service by WVSD to any area outside any city's urban service area without annexation of the same area to the municipality with the nearest adjacent sphere of influence boundary."

Valley Clean Water Program (WVCWP). The 1994 MOU that established the basis for this multi-agency coordination through the WVCWP terminated in June 2012.

The cities are subject to continuing regulations for the control and management of stormwater pollution under a series of National Pollution Discharge Elimination System (NPDES) permit requirements issued by the San Francisco Bay Regional Water Quality Control Board (RWQCB). A desire to continue this multi-agency coordination through the WVCWP and establish WVSD as the fiscal and administrative agent resulted in the 2012 MOU.

Storm Drain Maintenance Program

Beginning with the execution of the current agreement on July 1, 2012, the contract term for the Town of Los Gatos is renewable every other year up to three times and expires June 30, 2020, while the contract term for the other cities is renewable every fifth year up to three times and expires June 30, 2032. The exact scope of services to be provided is defined in these agreements, as well as the estimated annual costs that are to be reimbursed to the District.

Contracts for Services

The District receives contract services in the form of wastewater treatment and discharge from RWF, which is co-owned by the Cities of San Jose and Santa Clara. WVSD originally began receiving these services in 1959. The contract for services was renewed in 1982 and expires in 2031. The agreement establishes capacity rights and obligations for the operation and maintenance costs of the plant by member agencies.

It should be noted that the District identified certain deficiencies with regard to the master agreement with the Cities of San Jose and Santa Clara, which may warrant an engineering review and update in the near future to ensure consistency and clarity in the document. According to the agreement, as areas are annexed into either city, these areas are detached from WVSD and the infrastructure and associated capacity at the treatment plant are transferred to the City. Currently, WVSD continues to pay the debt payment to the cities for those annexed areas, even upon transfer of related capacity at the treatment plant, where improvements and expansion were financed by the debt in question. The City differs in its opinion on how this debt should be addressed, stating that the District was not required to take on debt to finance its capital obligations and therefore the debt should continue to remain with the respective agency. Additionally, while admittedly not a common occurrence, the agreement does not define reciprocal arrangements for how treatment capacity and associated debt should be transferred if areas are reversely annexed into WVSD and detached from the City. Finally, the District reports that the extent of its capital obligations with regard to master plan improvements at the plant are not fully described and are outdated. The City disagrees, and maintains that most of the planned master plan projects are similar in type to those covered in the Master Agreement.

Collaboration

WVSD collaborates and partners with several agencies in providing services. Additionally, the District is a member of several associations which promote information sharing and continued tracking of current trends and practices. WVSD and the City of San

Jose share a portion of their sewer systems and lines that convey wastewater to the treatment plant. The two agencies have developed a joint use agreement to define how operations, maintenance and capital improvements will be funded and which agency will be considered the lead in various circumstances. The current agreement went into effect in July 2000 and will expire in June 2020.

WVSD is a member of the Treatment Plant Advisory Committee that oversees South Bay Water Recycling (SBWR) in conjunction with the Cities of San Jose, Milpitas and Santa Clara, and Cupertino Sanitary District. In 1998, the facility and pipeline was constructed to provide recycled water to wholesale water providers for irrigation, landscape and industrial uses. These enhancements were made in response to discharge requirments at RWF. Wastewater treatment is provided by the RWF, while recycled water delivery is provided by SBWR. The City of San Jose manages and administers SBWR.

WVSD is a member of the County of Santa Clara Bay Area Employee Relations Service (BAERS), which provides classification, benefits and compensation data and related policies to members and allows members to share information to aid in labor negotiations, classification studies, and compensation and benefit policy reviews.

The District is a member of a pooled liability program through the California Sanitation Risk Management Authority (CSRMA), which provides broad coverage and risk management services to its members.

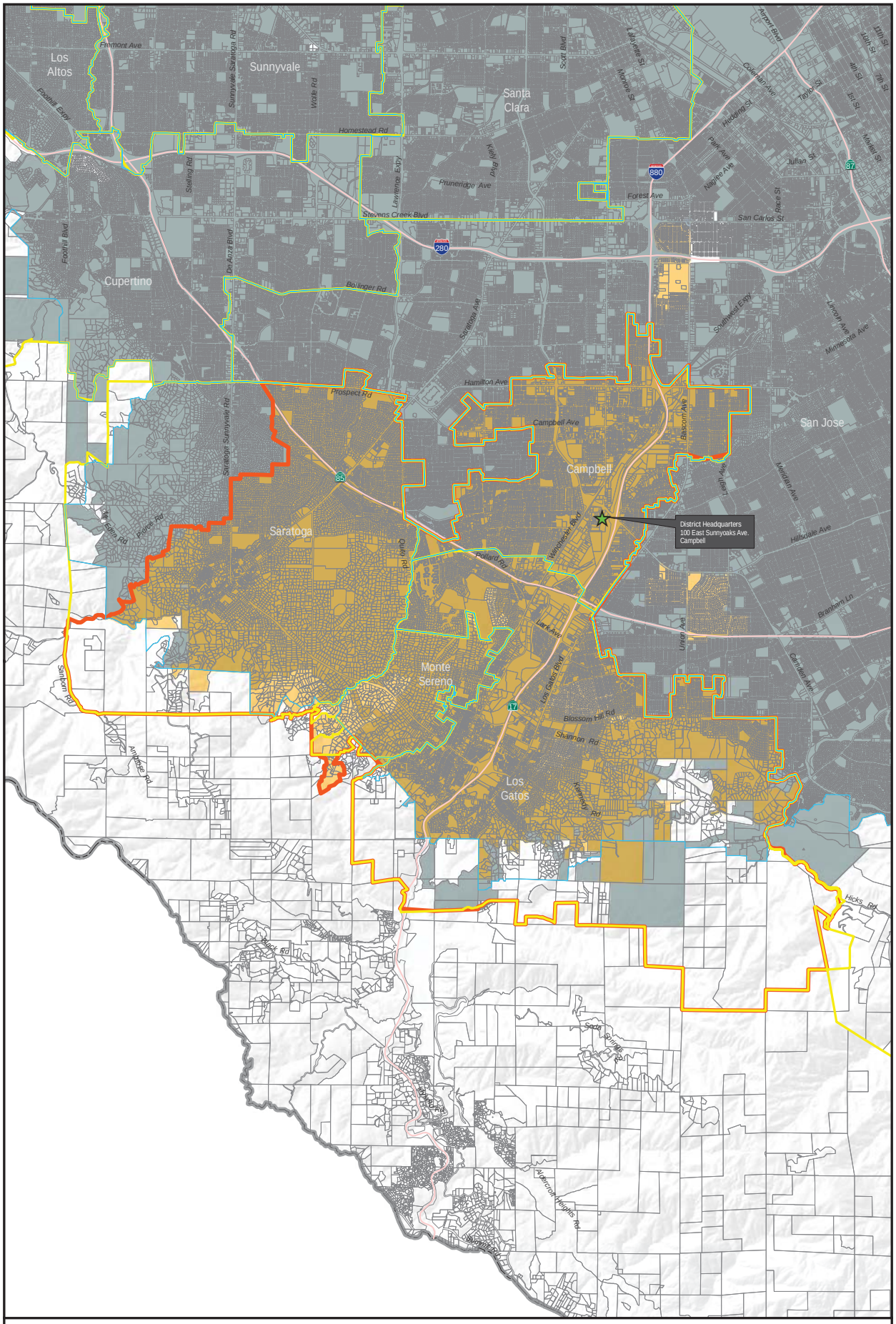
The District participates in the Water/Wastewater Multi-Agency Coordination (MAC) Group (a part of the California Water/Wastewater Agency Response Network MAC group) to establish a Santa Clara County response plan for regional emergencies.

The District is also a member of the following organizations and associations: American Public Works Association (APWA), American Society of Civil Engineers (PE's) (ASCE), Bay Area Clean Water Agencies (BACWA), Bay Work, California Association of Sanitation Agencies (CASA), California Water Environment Association (CWEA), California Special Districts Association (CSDA), Santa Clara County Special Districts Association, California Society of Municipal Finance Officers (CSMFO), California Alliance for Sewer System Excellence (CASSE), Campbell Chamber of Commerce, Northern California Pipe Users Group (PUG), National Association of Sewer Service Companies (NASSCO), North American Society of Trenchless Technology (NASTT), Water Environment Association (WEF), and Water Environment Research Foundation (WERF).

Overlapping and Neighboring Service Providers

Services are not duplicated by other providers within WVSD's bounds. As neighboring cities annex territory within the District, the area is detached from WVSD and the annexing city takes on the wastewater collection infrastructure in the area.

While the County is responsible for stormwater services in the unincorporated areas within the District, WVSD's stormwater services are limited to the cities within its bounds and does not provide these services in the unincorporated areas.


Los Altos
Sunnyvale
Santa Clara
Cupertino
Saratoga
Campbell
San Jose
Monte Sereno
Los Gatos
District Headquarters
100 East Sunnyoaks Ave.
Campbell
Fremont Ave
Homestead Rd
Prunerdge Ave
Stevens Creek Blvd
Bollinger Rd
Hamilton Ave
Campbell Ave
Prospect Rd
Pollard Rd
Lark Ave
Blossom Hill Rd
Shannon Rd
Kennedy Rd
Forest Ave
San Carlos St
Julian St
Hillsdale Ave
Branham Ln
Camden Ave
Meridian Ave
Minnesota Ave
Union Ave
Bascom Ave
Hicks Rd
Soda Springs
Alpercroft Heights Rd
Sanborn Rd
Aristose Rd
Pierce Rd
Quito Rd
Manchester Blvd
Los Gatos Blvd
Saratoga-Sunnyvale Rd
Stelling Rd
Foothill Blvd
Foothill Expy
Lawrence Expy
Kiely Blvd
Wolfe Rd
Scott Blvd
Lafayette St
Moorpark Ave
Coleman Ave
Hedding St
Park Ave
Naglee Ave
Race St
Southwest Expy
Taylor St
Market St
Airport Blvd
10th St
7th St
4th St
1st St
Alma St
Hicks Rd
Black Rd
Alma Rd
Bear Creek Rd
Lexington Reservoir
Lake Elsman
Vasona Lake
Los Gatos Creek
Stevens Creek
Calabazas Creek
Saratoga Creek
Guadalupe River
Coyote Creek
Los Gatos Creek
Guadalupe River
Coyote Creek
Los Gatos Creek
Guadalupe River
Coyote Creek
Los Gatos

ACCOUNTABILITY AND GOVERNANCE

The District is governed by a five-member Board of Directors, comprised of one member from each of the four cities served by the District and a County Supervisor. The members representing the cities are also members of their respective city councils. Each member serves a one-year term. The members of the Board can be reappointed by their respective jurisdiction depending on the Board's rotation schedule. The current member names, positions, and term expiration dates are shown in Figure 9-3.

Figure 9-3: WVSD Governing Body

West Valley Sanitation District					
District Contact Information					
Contact:	Jon Newby, District Manager				
Address:	100 East Sunnyoaks Avenue, Campbell, California				
Telephone:	408-378-2407				
Website:	http://www.westvalleysan.org/				
Board of Directors					
Member Name	**Position**	**Began Serving**	**Term Expires**	**Manner of Selection**	**Length of Term**
Ken Yeager	Chair, County of Santa Clara	2007	12/2013	Appointed	1 year
Evan Low	Vice Chair, City of Campbell	2011	12/2013	Appointed	1 year
Chuck Page	City of Saratoga	2007	12/2013	Appointed	1 year
Marshall Anstandig	City of Monte Sereno	2013	12/2013	Appointed	1 year
Steven Leonardis	Town of Los Gatos	2013	12/2013	Appointed	1 year
Meetings					
Date/Time:	2nd and 4th Wednesday of each month at 6:00 pm.				
Location:	District Office located at 100 East Sunnyoaks Avenue in Campbell				
Agenda Distribution:	Agendas are posted online and in the District's front lobby the Friday before meetings.				
Minutes Distribution:	Meeting minutes are part of the next meeting's agenda for board approval. The minutes are published on the District's website after approval.				

Board meetings are scheduled on the second and fourth Wednesday of the month, at 6 pm unless the Board adopts an alternate schedule. These Board meetings are held in the district office and are open to the public. Directors receive a $150 stipend per meeting day, not to exceed $900 per month, for attending board meetings, committee meetings, or ad-hoc meetings. 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 conducts expense reimbursements according to its administrative code. All members of the Board of Directors are elected representatives of other jurisdictions; consequently, the required ethics training is provided by the representative's respective agency. 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.[102] WVSD provides a list of reimbursements for the prior month in each of its agendas, which are posted online.

The Board of Directors' meeting agendas are posted online and in the District's front lobby the Friday before meetings. Meeting minutes are part of the next meeting's agenda for board approval. The minutes are published on the District's website after approval. The District conducts constituent outreach in addition to legally required agenda posting via its website. WVSD's website contains information on the District's services, Board of Directors, Board of Directors' meeting agendas and minutes, meeting schedule, rates, budgets and audited financial reports, and short- and long-range planning documents.

WVSD receives various customer requests through phone calls, emails, letters, and from customers at the district office front counter. Staff reportedly responds to these issues and works to resolve them expediently. The District does not consider customer requests as complaints. Customer issues are logged through several different systems (service request electronic work order system, claim requests, permits), depending on the issue, or resolved immediately. The systems provide for tracking of the customer request and allocating resources to investigate the situation and determine cause. Based on the investigation, staff takes action to remedy the issue. Issues outside of WVSD's jurisdiction are referred to the appropriate agency. In 2012, the District responded to issues related to request for maintenance of service laterals, back-ups assistance, damage to personal property, fee inquiries, information requests, rate increase questions, and permitting issues. In 2012, there were a total of 1,585 service requests and complaints received—908 service calls, 15 claims, and 662 permits processed.

WVSD has an ordinance code and personnel policies that provide a framework and direction for district governance and administration. Chapter 2 of the District's ordinance code includes components of Brown Act compliance related to the Board's business; although the code does not explicitly reference the Brown Act. As related to public requests for information, the District does not have a policy specific to records requests, but reportedly adheres to the requirements of the California Public Records Act. The District does not have a policy regarding code of ethics training, as the District's directors fulfill the ethics training requirement through their respective appointing agencies. The District obtains a copy of the certificate from the Directors.

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 most recently revised its code regarding conflicts of interest in October 2012.

Government Code §87203 requires persons who hold office to disclose their investments, interests in real property and incomes by filing appropriate forms with the

[102] Government Code 53065.5

Fair Political Practices Commission each year. Four of the five WVSD directors have filed the required Form 700 Statement of Economic Interest forms in 2013, as reported by the County.

MANAGEMENT AND STAFFING

WVSD is staffed by 29 full-time employees, 13 of which are wastewater certified personnel. Additionally, the District has one contract position that manages the stormwater services offered to the cities. The District is organized into two divisions—Administration and Information Services Division, and Engineering and Operations Division. These divisions were established in November 2000, as a part of an overall district reorganization plan. The directors of each of the divisions report to the district manager, who in turn reports to the Board of Directors. The district manager is responsible for the day-to-day operations of the District.

WVSD has retained a certified public accountant to audit the District's Comprehensive Annual Financial Report and prepare the annual financial transaction reports, which are required by the State Controller under Government Code §53891.

WVSD adopts annual and long-term objectives with associated performance measures for each department. Annual objectives are identified during the budget process. The Department head assigns objectives or subparts of an objective to a staff member for follow through. These performance measures are monitored monthly. At the end of the fiscal year, the district manager reports to the board on the status of each objective. The District is in the midst of incorporating these objectives into a three-year strategic plan. Additionally, the District conducts benchmarking with other similar agencies, as a part of the California Association of Sanitation Agencies, in particular with regard to rates, sewer system overflow rates, and wages. Other documents used by the District to guide efforts include the annually adopted budget, the annually audited financial statement, a sewer system management plan, and a five-year capital improvement program.

Staff are evaluated annually. The district manager is reviewed by the Board annually in June. Included in the evaluation are performance targets specific to each position. The District is working to improve the evaluation process. In addition, standard performance metrics are assigned to field staff and measured on a regular basis. These metrics (i.e., reduced sewer system overflows) are tied to an incentive program to promote productivity and ensure employees have a vested interest in achieving objectives. The District also has a suggestion program, which provides monetary incentives, if an employee submits ideas that the District chooses to implement.

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. WVSD has 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.[103] In the case of WVSD, the District must submit audits annually. WVSD has submitted its audit to the County for FY 12.

POPULATION AND PROJECTED GROWTH

Land Uses

The territory within the District's bounds is composed of well-established communities that are nearly built out, including the Cities of Saratoga, Campbell, and Monte Sereno, and the Town of Los Gatos. The District's SOI also includes large areas of lands that extend into undeveloped unincorporated areas, which include open space and agricultural lands.

Current Population

Based on 2010 Census data, the District's population as of 2010 was approximately 105,462.

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.[104]

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.[105] DWR did not identify any disadvantaged communities within Santa Clara County.[106]

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.

[103] Government Code §26909.

[104] Government Code §56033.5.

[105] 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.

[106] 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.

Projected Growth

Moderate population growth is anticipated within the District's bounds based on the Association of Bay Area Government's (ABAG) projections for Santa Clara County. ABAG projects that the City of Campbell will experience 17 percent growth over the 25-year period from 2010 to 2035, or 0.6 percent average annual growth.[107] The cities of Monte Sereno and Saratoga are anticipated to experience six percent and zero growth respectively over the same period. While the Town of Los Gatos is projected to the have two percent growth. Unincorporated areas of the County are anticipated to have 19 percent growth or 0.7 percent average annual growth over the same period. Based on these growth projections, WVSD is anticipated to have a population of approximately 115,488 by 2035.

The District reported that there has been no significant change in recent land use and growth patterns to the areas within its bounds, and this pattern is anticipated to continue as the District is generally built out, and future growth will be largely limited to residential infill development and redevelopment. A majority of the known development is infill development located in the Town of Los Gatos and the City of Campbell.

The largest of the planned developments that the District is aware of is the North 40 Project, which is planned to consist of 700 residential units and 500,000 square feet of retail space. The project is bounded by Highway 85, the Los Gatos Creek, Lark Avenue, and Los Gatos Blvd.

The District's original treatment plant capacity allocation (13.052 million gallons per day) was established in 1983, based on growth projections developed in 1983 by city planners of the respective cities (Campbell, Los Gatos, Monte Sereno, Saratoga, and Santa Clara County). Based on anticipated growth at that time, district staff determined the additional treatment plant capacity required to accommodate projected growth, which was later incorporated into the RWF's 167 million gallons per day (mgd) expansion in the 1990s. At present, the District does not anticipate any substantial future growth that would consume all available capacity, or necessitate modifications to the system.

FINANCING

Financial Adequacy

WVSD reported that revenue was presently sufficient to cover costs to provide adequate services; however, there are certain anticipated challenges to ensuring adequate revenues in the future.

The City of San Jose is facing a major rebuild of the wastewater treatment plant during the next decade, which is projected to be $680.9 million in capital improvement projects that will be constructed over the next five years. The District's share of capital costs of future improvements and operation and maintenance costs are 6.8 percent and 8.7 percent, respectively. Presently, payments to RWF consist of approximately 30 percent of WVSD's

[107] ABAG, Projections 2009, 2009.

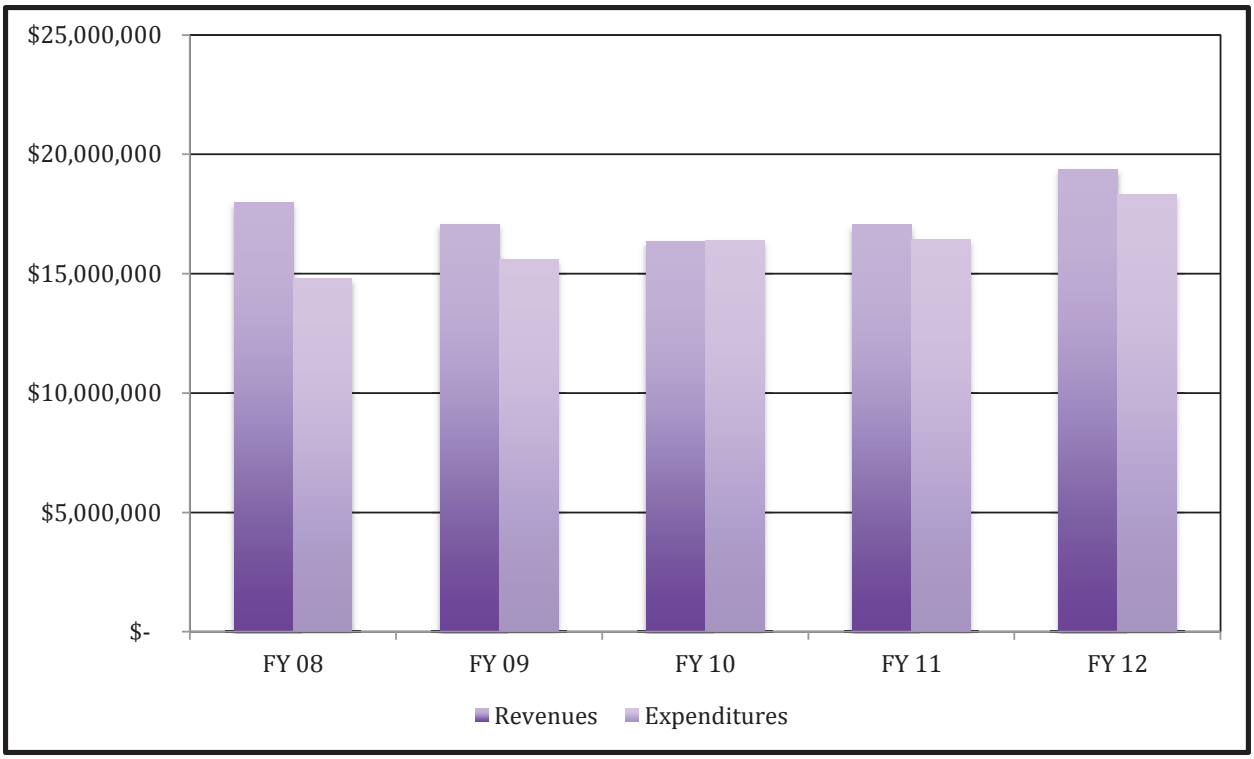
annual budget; however, with these significant improvements, payments are anticipated to increase to approximately 60 percent of the District's budget in future years. Consequently, WVSD hired a private firm to perform a ten-year financial forecast and rate study. The firm recommended that the District raise its sewer service charges by 10 percent in fiscal years 2013 to 2015, 9.5 percent for fiscal year 2016, and 9.0 percent for fiscal year 2017. In May 2013, the Board approved the recommended rate increase. This increase in service charges is anticipated to ensure that district revenues are sufficient to meet anticipated capital and operating expenditures in the foreseeable future.

In addition, there are plans to make enhancements to the plant through the Master Plan Update to enhance use of renewable energy sources, and develop habitat and open space areas, among other improvements. These improvements are anticipated to cost approximately $1.52 billion over a period of 30 years. As these improvements are supplemental to the operations of the sewer treatment plant, and not essential, member agencies have sent letters to the City of San Jose in opposition of financing these improvements. The City has reported that it is pursuing third party funding for the habitat projects. Depending on the City's final financing plan for these capital improvements, the District may need to further enhance its revenues sources to finance its obligations.

Similar to other agencies, WVSD has made several efforts to cut costs and improve efficiencies over the last few years in light of the recent economic depression. The District has reduced retirement costs by paying off its California Public Employees' Retirement System side fund, which effectively reduced the District's annual employer contribution rate by 8.2 percent for FY 13. The District also carries out continuous business process review to identify improvements to improve efficiencies. In 2012, the District updated its website, which has in turn made it much less costly to maintain. The District also transitioned its phone system to a voice over internet protocol (VoIP), which has allowed for the elimination of phone lines, reduced the time of staff required to direct calls, and enhanced efficiency with a new messaging system for calls for information.

Over the past five fiscal years (FYs 08 to 12), district revenues have exceeded expenditures in four years, as shown in Figure 9-4. In FY 10, total expenditures exceeded total revenues by $21,529. Revenues declined between FY 08 and FY 10, and have gradually increased since then.

Figure 9-4: WVSD Revenues and Expenditures, FYs 08-12



Source: Comprehensive Annual Financial Reports for FY 2008 through FY 2012 (includes business-type activities and governmental activities)

Revenue Sources

In FY 12, the District received $19.4 million in revenue as depicted in Figure 9-5. The District's primary revenue source is charges for services, which consisted of almost 81 percent of revenues. Contributed capital and capacity fees consisted of nine percent and four percent of revenues, respectively. Other sources contributed five percent of the District's income, while interest income contributed one percent.

Figure 9-5: WVSD Revenues, FY 12

Type of Revenue	Amount of Revenue	% of Total
Charges for Services	$ 15,629,189	80.8%
Capacity fees	$ 781,606	4.0%
Interest and Investment Income	$ 165,040	0.9%
Contributed Capital	$ 1,785,177	9.2%
Miscellaneous (e.g., fees)	$ 989,156	5.1%
TOTAL	**$ 19,350,168**	**100.0%**

Source: Comprehensive Annual Financial Report, FY 12.

Rates

The cost of wastewater collection, conveyance, and treatment is financed by service charges and fees. The rate structure is based on the cost of providing sewer service to a

residence. Non-residential rates reflect the typical amount discharged and strength of wastewater. A majority of sewer service charges are collected on the tax roll.

The District has established a Hillside Zone, which defines the areas in the hillsides where sewers are at risk for failure, due to land subsidence or erosion. The District collects a fee of $50.00 per year for every connected parcel in the Hillside Zone and sets the funds aside in a restricted account to be used solely for sewer repairs there. The Hillside Zone fee is collected on the property tax roll along with the sewer service charges.

The District also has some special fees for unusual circumstances. The fees are calculated based on the actual cost of service and reflect a fairness principle that the users pay for the impact that they cause on the sewer system.

Sewer rates were increased by six percent at the beginning of FY 13, and due to anticipated increases in costs associated with planned treatment plant improvements, the District implemented a rate increase at the beginning at the beginning of FY 14 as shown below.

Figure 9-6: WVSD Wastewater Rates, FY 14

Rate Category	Rate
Residential (Monthly Rate per Dwelling)	
Single Family	$30.31
Multi-Family	$21.15
Mobile Home	$21.15
Commercial (per hundred cubic feet)	
Restaurant	$5.98
Hotel/Motel	$3.10
Gas Station Repair	$3.31
Domestic Laundry	$2.72
Retail/Office/Misc	$3.22
Institutional	
Hospitals	$2.88
Schools	$3.62
Grouped Industries	
Winery	$9.28
Printing Works	$4.30
Machinery Manufacturing	$4.50
Electrical Equipment	$3.04
Film Service	$3.19
Plating Works	$2.90
Industrial Laundry	$6.05
Car Wash	$2.44

By agreement with the cities of Campbell, Los Gatos, and Monte Sereno, the District collects an additional surcharge to fund the West Valley Clean Water Program. The program is a joint effort of the cities and the District to comply with the requirements of the NPDES permit for urban runoff pollution control. The fees are approximately $20 for residential parcels; fees for commercial parcels are based on square footage. The fee is collected on behalf of the cities on the tax roll along with the sewer service charges.

Expenditures

In FY 12, the District's total expenditures amounted to $18.3 million, as depicted in Figure 9-7. Payments to RWF for treatment constituted 37 percent of expenditures in that year. Other significant expenditures included capital improvements (17.6 percent), administration (15.5 percent), and sewer maintenance (14.8 percent).

Figure 9-7: WVSD Expenditures, FY 12[108]

Type of Expenditure	Amount	% of Total
Treatment	$ 6,797,743	37.1%
Service Extension	$ 1,293,635	7.1%
Sewer Maintenance	$ 2,710,225	14.8%
Administration	$ 2,840,479	15.5%
Debt Retirement	$ 1,073,799	5.9%
Capital Improvements	$ 3,229,906	17.6%
Interest	$ 378,964	2.1%
TOTAL	**$ 18,324,751**	**100.0%**

Source: FY 2012 Comprehensive Annual Financial Report, p. 2-8.

Capital Outlays

The District has a formal five-year capital improvement plan (CIP) for FY 13 through FY 18. Total planned capital outlays over that period are planned to be approximately $42 million, with a large proportion of expenditures on the wastewater treatment plant, joint trunk sewer projects with the City of San Jose, and the District's sewer rehabilitation program. The CIP is updated annually based on what projects have been completed and current conditions. The District also maintains a less detailed 10-year CIP, and conducts risk prioritization analysis of the system every two to three years as part of the Sewer System Management Plan.

Reserves

The District's policy is to maintain a reserve level equivalent to eight months of the operating budget and one year of capital expenditures. The District's reserves are reviewed annually during the budget process and are designed to cover the operating fund, compensated absences, property damages, building maintenance, and capital acquisitions. At the end of FY 12, the District had unrestricted net assets of $26.1 million.

Debt

The District's long-term debt consists of two bonds and a loan. At the end of FY 12, the District had a total long-term debt of $11.1 million.

In September 2005, the District entered into a financing agreement with the Cities of San Jose and Santa Clara and the other tributary agencies of the RWF whereby $54 million of revenue refinancing bonds were issued. The Series A bonds have a fixed interest rate.

[108] Expenditures include business-type activities and governmental activities.

The Series B bonds in the amount of $21.4 million were refinanced in 2009. The proceeds from both bonds were used to fully refund the 1995 Series A and B bond issue. The agreement calls for semi-annual payments to the City of San Jose.

In April 2010, the District issued Sewer Revenue Refunding Bonds to refund the outstanding 2000 Water and Wastewater Revenue Bonds. Principal is payable annually and the bonds have an interest rate from 2.0 percent to 4.25 percent that is payable semi-annually through October 1, 2030.

In FY 99, the District entered into a financing agreement with the Cities of San Jose and Santa Clara and the other tributary agencies of the San Jose-Santa Clara Regional Wastewater Facility whereby $73,566,018 in State Revolving Fund (SRF) Loan program funds were received, in addition to other federal and state sources. These funds have a fixed interest rate of 1.803 percent. The proceeds were used to additionally finance the South Bay Water Recycling Project. The District's share of the SRF loan is 8.448 percent. The agreement calls for semi-annual payments in April and October to the City of San Jose.

INFRASTRUCTURE AND FACILITIES

Wastewater

The District's wastewater collection system consists of 415 miles of main and trunk sewers and approximately 210 miles of sewer laterals, for a total of 625 miles of sewer lines. The sewer lines range in size from 3 inches to 39 inches and have an average age of 45 years. The oldest pipe in the District's system is 98 years old. A majority of the sewer system consists of vitrified clay pipe (VCP), however, as these pipes are replaced, plastic materials such as high density polyethylene (HDPE) or polyvinyl chloride (PVC) are now utilized. The District's wastewater collection system also consists of three small pump stations, two of which pump in tandem to lift wastewater from the Arroyo Del Rancho residential area, while the third serves the separate Alta Tierra residential area. The collection system is maintained and operated by the District. Wastewater from the district service area is conveyed through the City of San Jose trunk sewers, some of which are jointly owned by the District, to the RWF. The District's Sewer System Management Plan, created in 2008, addresses significant aspects of operating, maintaining, and managing its wastewater collection system.

The District contracts with RWF for wastewater treatment and disposal. The District's contract gives the District rights to a percentage of the capacity of their sewage treatment facilities. The contract requires the District pay its share (based on its capacity ratio) of debt service, operation, maintenance, and improvement costs. The District has a fixed capacity allocation of the plant, which was 13.052 mgd in FY 05. In FY 05, the District collected and conveyed 10.675 mgd of wastewater to the treatment plant, which was far less than its capacity allocation. Because of this excess capacity, the District sold 1.0 mgd of treatment plant capacity to the City of Milpitas in 2006. In 2012, the District's capacity allocation was 12.052 mgd, of which the District used 10.1 mgd or 84 percent.

Infrastructure Needs

The District has a maintenance program to ensure all sewer lines are adequately conveying wastewater flow to the RWF and minimizing sanitary sewer overflows. A closed circuit television (CCTV) inspection and evaluation program is also used to assign condition ratings to pipes throughout the sewer system. In addition to the routine repair of isolated defects and pipe segments, the District rehabilitates large segments of the system through the District's CIP.

In addition to the physical assessment of the District's collection system, hydraulic analysis is also performed on the system to evaluate its hydraulic capacity, or ability to carry flow. In 2010 a study was performed that created a hydraulic model of the collection system that identified segments that are hydraulically deficient during peak wet weather flow conditions. The District's most recent hydraulic model analysis identified 18 segments with deficiencies during existing wet weather flow conditions.

To prioritize the projects in the five-year CIP, WVSD regularly conducts a risk prioritization assessment of its sewer collection system. The rating of each sewer main's condition is performed using a standardized set of defect codes that identifies structural defects and or maintenance conditions and provides a relative ranking of its vulnerability to failure and blockages. Several key parameters are considered in the risk prioritization analysis including pipe condition, pipe age, proximity to surface waters, flow capacity, etc. A risk score is then calculated by multiplying the overall consequence score by the overall likelihood score. During the District's most recent assessment in 2010, a majority of the District's sewers (86 percent) fell in the very low risk group, 11 percent were in the low risk group, approximately two percent were in the medium risk group, and one percent were in the high risk group.

Between FYs 05 and 12, the District spent over $11 million in rehabilitation projects. The District plans to continue aggressively rehabilitating the system over the next five years, and plans to spend $15.3 million between FYs 13 and 18 on rehabilitation projects. The District plans to perform updates to its hydraulic analysis study and risk prioritization assessment in the near future to incorporate current data, including all of the major rehabilitation projects performed to date.

Shared Facilities

As previously mentioned, the District practices extensive facility sharing by receiving wastewater treatment from RWF and as a member of SBWR. Additionally, WVSD and the City of San Jose share a portion of their sewer systems and lines that lead to the treatment plant.

Cupertino Sanitary District is considering contracting with WVSD for emergency response services.

Stormwater

WVSD does not own any stormwater related infrastructure, but provides an annual structure inspection and cleaning service for the cities. The cities each own the stormwater infrastructure within their bounds and are responsible for ongoing maintenance and repair

of their system. Typical elements of a stormwater system include drain inlets, catch basins, manholes, stormdrain pipe, and storm outfalls. The total length of all stormwater systems is approximately 177 miles, with the following breakdown within each jurisdiction:

Campbell	52.5 miles
Los Gatos	55.7 miles
Monte Sereno	7.3 miles
Saratoga	62.2 miles

Infrastructure Needs

Through the annual inspection program performed by the District, repair lists are created for damaged stormwater structures and or missing "flows to creek" signage and provided to the respective cities. The District stormwater program services do not include CCTV inspection of storm drain pipes and would likely defer this task to the respective cities to perform utilizing a private contractor. Based on limited visual inspection, there are currently no known stormwater piping that require repair or replacement.

Shared Facilities

WVSD offers a means for the cities to share resources with regard to stormwater management efforts and storm drain maintenance through the WVCWP MOU and individual contract agreements. No further opportunities for facility sharing were identified.

DEMAND FOR SERVICES

Wastewater Collection

The District provides sewer service to approximately 44,000 customers—42,000 residential customers and 2,000 commercial customers. The District has added new service connections primarily in the City of Campbell and Town of Los Gatos in recent years. The District maintains an inventory of connections throughout the service area, including each of the cities, as well as the unincorporated County areas.

Since 1990, the District's average wastewater flow generally increased through 2004 to 11 million gallons per day (mgd), and has declined since then to 9.5 mgd in 2012. The District reported that the decline in wastewater flow in recent years was likely the result of a combination of factors, including annexations of some territory into the City of San Jose and subsequent detachment from the District, the recent economic recession, and water conservation efforts implemented as a result of drought conditions. The District's average daily flow over the last four years is shown in Figure 9-8.

Figure 9-8: WVSD Average Daily Flow (mgd), 2009-2012

Service Level	2009	2010	2011	2012
Average Annual Flow	9.4	9.5	9.3	9.5

Source: As reported by WVSD.

Stormwater

The number of staff hours spent on the stormwater program in 2012 was 1,666. This does not include administrative staff time required to attend meetings, create reports, or generate detailed billing statements.

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 9-9.

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. WVSD reported 115 overflows (40 mainline and 75 lateral) during the period from January 1, 2010 thru July 1, 2013, and consequently the annual overflow rate during this 3.5 year period is 2.75.

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 its peaking factor varies between 2.7 and 8.0

Figure 9-9: WVSD 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)	13.0	Sewer Overflows 2010 - 2013[2]	115
MGD Collected per FTE	0.723	Sewer Overflow Rate[3]	2.75
Sewer Miles per FTE	48	Peaking Factor	2.7 to 8.0
Infiltration and Inflow			
The District is currently involved in performing hydraulic studies throughout the service area to determine what I/I issues exist and to provide additional flow data to strengthen the hydraulic model of the system. Some of the recent studies in site specific areas have shown actual peaking factors ranging from 2.7 to 8.0. These ranges are not representative of the entire service area, due to their site specific measurements. Additional investigation will be required to determine the sources of the high I/I rates, although it is suspected that a significant contributor of I/I entering the District's system is through private sewer laterals. Through regular CCTV inspection, structural defects that would permit I/I to enter the system is recorded and noted as part of the pipe structural rating. In part, the structural rating helps prioritize sewer repairs for CIP sewer rehabilitation projects. One way the District is addressing private lateral I/I sources is the initiation of a Private Lateral Replacement Program (PLRP), which will help homeowners replace their failing or failed private laterals through a loan program. The PLRP is anticipated to start in September 2013.			
Collection System Inspection Practices			
Inspection of the collection system is primarily performed by closed circuit television equipment (CCTV), but some inspections may be performed visually, while more detailed inspections may require the use of an infrared or sonar inspection, or possibly destructive inspection methods. The inspection method used is dependent upon the type and location of the structure being examined, and the purpose for which the examination is being made. The complete cycle for televising the entire District's main line inventory is currently on an eight to 10 year track. Lines which experience an SSO, prove to be difficult to clean, or are suspected to have some abnormality, are televised as necessary to determine the cause of the problem.			
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 is the primary indicator of adequacy.

In urban areas, counties and cities must develop stormwater plans and implement best management practices (BMPs). BMPs include program elements, such as stenciling, public education, monitoring and inspections of facilities, and "good housekeeping" practices at municipal facilities. Counties and cities must show that they are implementing BMPs to the maximum extent practicable in urban areas. The member agencies of the WVCWP are regulated by the San Francisco Bay Region Municipal Regional Stormwater NPDES Permit (Order R2-2009-0074).

Since January 2010, the WVCWP has been issued two violations regarding 1) inadequate reporting (2011) and 2) failure to have a Business Inspection Plan and Enforcement Response Plans that comply with municipal regional permit (2010). It appears that both violations have been corrected.

GOVERNANCE STRUCTURE OPTIONS

During the course of this review, one governance structure option was identified for West Valley Sanitation District—consolidation of WVSD with Cupertino Sanitary District (CSD).

At present, both agencies operate satisfactorily, and no deficiencies to service were identified over the course of this review to prompt a reorganization. However, consolidation of the two agencies was identified as an option for several reasons: 1) the West Valley cities could advance their collaborative working relationship through a single wastewater agency serving the area, 2) the proximity of the two agencies lends itself to enhanced resource sharing, 3) the two systems share infrastructure, including the wastewater treatment plant, and 4) the potential for cost savings through elimination of the administration and governing body of one of the entities.

The cities of Cupertino, Saratoga, Los Gatos, Campbell, and Monte Sereno form the West Valley Mayors and Managers Group, a cooperative entity that promotes regional strategies jointly agreed upon by the members. These cities are almost entirely served by WVSD, with the exception of the City of Saratoga, one third of which is served by CSD, and the City of Cupertino, a majority of which is also served by CSD. WVSD's governing body is comprised of representatives from the County and each of the cities within the District's bounds. Consolidation of the two districts may allow for logical boundaries, which would enhance regional decision making among the West Valley cities with regard to wastewater services.

CSD and WVSD share a common boundary that bisects the City of Saratoga. The agencies are adjacent to one another, and flow from each of the districts is collected in some of the same shared mains through the City of San Jose and transported to the same treatment facility. This similarity in service configuration would allow for ease of a single provider in consolidating the two systems and in leveraging all available resources towards unified objectives when negotiating and collaborating with the Cities of San Jose and Santa Clara on various issues.

In general, consolidation may offer opportunities to enhance planning efforts and service, share a single governing body, management personnel, utility staff and equipment, and meet regulatory requirements. A consolidated operation could offer efficiencies in governance, administration and planning. The potential cost savings associated with the reorganization of CSD and WVSD would need to be quantified in a more detailed study.

Certain challenges and incompatibilities related to consolidation of CSD and WVSD were also identified. While the two collection systems are adjacent and flow to the same treatment plant, there are differences in how the collection systems were first constructed. The WVSD system largely relies on gravitational flow and only contains two pump stations,

while there are significantly more pump stations in the CSD system, which can be more costly to operate and maintain than a gravitational system. Additionally, should WVSD be named the successor agency, the District reported that additional maintenance facilities in a more central location may be necessary to serve the entire district. Capacity allocations by the RWF would also need to be addressed.

The two districts have not discussed the potential for consolidation to date, and consideration of the benefits and disadvantages of such a consolidation have not been fully reviewed by the agencies. While no deficiencies in service have been identified for either agency, a more detailed review of the benefits and cost savings that consolidation could offer, beyond anecdotal evidence, would shed light on the extent of any cost savings, benefits, or challenges that may be anticipated from the merger of the two districts, and provide an impetus for a consolidation, should the benefits be proven to substantially exceed any costs or drawbacks. In the interim, it is recommended that the districts collaborate further on issues of joint-concern, such as negotiations with the Cities of San Jose and Santa Clara, as well as identify any potential for resource sharing. For example, CSD is considering contracting with WVSD for emergency response services. Further collaboration and resource sharing may provide a setting for consideration of future consolidation on the part of the two agencies.

WEST VALLEY SANITATION DISTRICT SERVICE REVIEW DETERMINATIONS

Growth and Population Projections

- As of 2010, West Valley Sanitation District (WVSD) had approximately 105,462 residents, based on 2010 Census data.
- Moderate population growth is anticipated within the District's bounds based on the Association of Bay Area Government's (ABAG) projections for Santa Clara County. The average annual growth rate is dependent on the city within the District, with the highest annual growth of 0.6 percent anticipated in the City of Campbell. WVSD is anticipated to have a population of approximately 115,488 by 2035.

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

- In 2012, the District used approximately 84 percent of its treatment capacity allocation. Because the District consistently had excess capacity, it sold a portion of its capacity in 2005. The District appears to have sufficient capacity at present and for anticipated growth in the short term.
- Although the master agreement has not yet expired and is still legally in effect, it is recommended that WVSD assess the number of parcels that presently rely on private septic systems within the District's bounds, in order to better quantify potential future demand.
- It is recommended that WVSD and the cities of San Jose and Santa Clara update the master agreement with regard to the treatment plant in the near future. The District would like the agreement to 1) define how debt payments are addressed as areas are annexed by the City of San Jose and detached by WVSD, 2) define how treatment capacity should be transferred if areas are reversely annexed into WVSD and detached from the cities, and 3) describe in detail the extent of the District's capital obligations with regard to master plan improvements.

- Based on the District's regulatory compliance history, low sewer system overflow rate, and collection system integrity, as indicated by comprehensive collection system inspection practices and infiltration and inflow rates within industry standards, WVSD's wastewater services appear to be adequate.
- The District rehabilitates large segments of the system through the District's CIP. Between FYs 05 and 12, the District spent over $11 million in rehabilitation projects, and plans to spend $15.3 million between FYs 13 and 18 on rehabilitation projects.
- To prioritize wastewater projects in the five-year CIP, WVSD regularly conducts a risk prioritization assessment of its sewer collection system. During the District's most recent assessment in 2010, a majority of the District's sewers (86 percent) fell in the very low risk group, 11 percent were in the low risk group, approximately two percent were medium risk, and one percent were considered high risk.
- WVSD does not own any stormwater-related infrastructure, but provides an annual structure inspection and cleaning service for the cities. The cities each own the infrastructure in their bounds and are responsible for maintenance and repair.
- With regard to stormwater services, NPDES regulatory compliance is the primary indicator of adequacy. Since January 2010, the West Valley Clean Water Program (WVCWP) has been issued two violations regarding 1) inadequate reporting (2011) and 2) failure to have a Business Inspection and Enforcement Response Plans that comply with municipal regional permit (2010). Both violations have been corrected.
- Through the annual inspection program performed by the District, repair lists are created for damaged stormwater structures and or missing "flows to creek" signage and provided to the respective cities. Based on limited visual inspection, there are currently no known stormwater piping that require repair or replacement.

Financial Ability of Agency to Provide Services

- WVSD reported that revenue was presently sufficient to cover costs to provide adequate services; however, there are certain anticipated challenges to ensuring adequate revenues in the future.
- The primary challenge to future financing of district services is significant anticipated capital expenditures at the San Jose-Santa Clara Regional Wastewater Facility. Based on a ten-year financial forecast, the District plans to increase rates ten percent annually over the next three fiscal years to cover the anticipated increase in costs.
- The District is negotiating with the Cities of San Jose and Santa Clara regarding the District's capital financing obligations for non-essential improvements to the plant and enhancements to recycled water production.
- In four of the past five fiscal years the District's revenues exceeded expenditures.

- WVSD has made several efforts to cut costs and improve efficiencies over the last few years in light of the recent economic depression, including paying off its California Public Employees' Retirement System side fund, updating its website, which has in turn made it much less costly to maintain, and transitioning to a voice over internet protocol for phone service.
- The District has a formal five-year capital improvement plan (CIP) for FY 13 through FY 18. Total planned capital outlays over that period are planned to be approximately $42 million, with a large proportion of expenditures on the wastewater treatment plant, joint trunk sewer projects with the City of San Jose, and the District's sewer rehabilitation program. The District also maintains a less detailed 10-year CIP.
- The District maintains a healthy reserve fund equivalent to approximately 1.5 years of district expenditures and designed to cover the operating fund, compensated absences, property damages, building maintenance, and capital acquisitions.

Status and Opportunities for Shared Facilities

- WVSD practices extensive facility sharing by receiving wastewater treatment from the San Jose-Santa Clara Regional Wastewater Facility and as a member of South Bay Water Recycling. Additionally, WVSD and the City of San Jose share a portion of their sewer systems and lines that lead to the treatment plant.
- Cupertino Sanitary District is considering contracting with WVSD for emergency response services.
- WVCSD offers a means for the cities to share resources with regard to stormwater management efforts and storm drain maintenance through the WVCWP MOU and individual contract agreements. No further opportunities for facility sharing related to stormwater services were identified.

Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

- WVSD demonstrated accountability and transparency in its various aspects of operations. The governing body updates constituents, solicits constituent input, discloses its finances, and posts public documents on its website. The District's website appropriately provides information on Board of Directors' meeting agendas and minutes, meeting schedule, rates, budgets and audited financial reports, and short- and long-range planning documents. WVSD keeps its financial reporting and budgets up-to-date and readily available to the public. The District fully cooperated with LAFCO requests for information.
- WVSD has an ordinance code and personnel policies that provide a framework and direction for district governance and administration, including policies with components on Brown Act compliance and conflicts of interest. The District does not have a policy specific to records requests, but reportedly adheres to the requirements of the California Public Records Act.

- All members of the Board of Directors have filed the Statement of Economic Interest forms in 2013 and completed biennial ethics training. The District conducts expense reimbursements according to its adopted administrative code.
- One governance structure option was identified for West Valley Sanitation District—consolidation with Cupertino Sanitary District. Several benefits and disadvantages of consolidation have been identified; however, a more detailed review of the benefits, disadvantages, and cost savings that consolidation could offer is necessary.

WEST VALLEY SANITATION DISTRICT SPHERE OF INFLUENCE UPDATE

Existing Sphere of Influence Boundary

As West Valley Sanitation District's (WVSD) SOI presently exists, it includes large areas of unincorporated and undeveloped areas outside of the District's bounds to the south and southwest. To the east and north, district lands include unincorporated island areas within the City of San Jose that are located beyond the District's SOI. For the most part, the District's SOI is coterminous with the SOIs of the cities that it serves, with the exception of the northwestern portion of the City of Saratoga.

Recommended Sphere of Influence Boundary

It is recommended that as part of this SOI update, that the Commission address 1) areas of overlap or gaps along the shared boundary with Cupertino Sanitary District and 2) areas outside of the cities' Urban Service Areas that are presently within WVSD's SOI.

There are several areas along the shared boundary with Cupertino SD where there are overlaps or gaps in bounds and/or SOIs of the two districts. These nine areas are depicted in Figure 9-11 and identified with letters G through O.

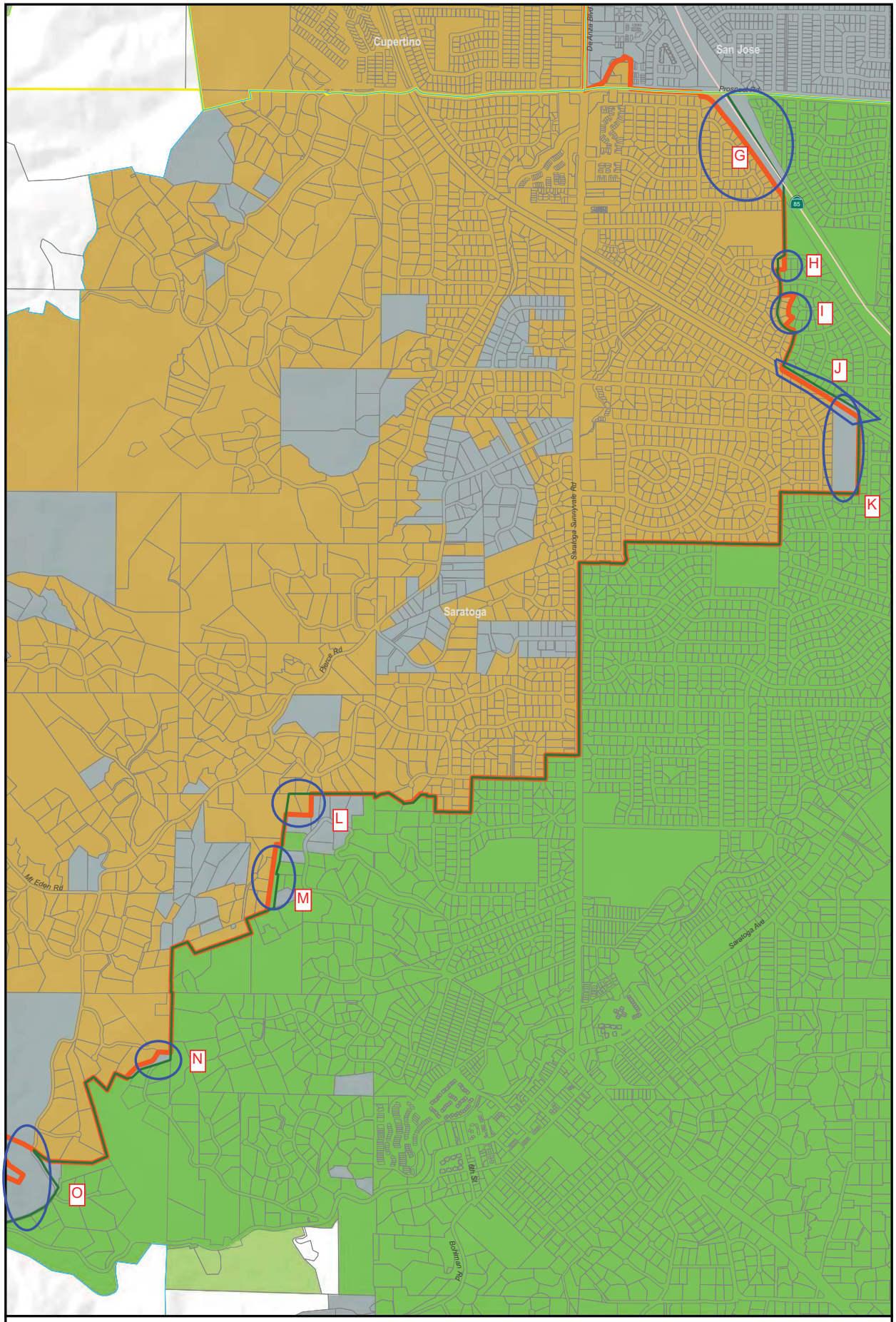
Area G (no assigned parcel number) consists of a single parcel just to the west of SR 85 where there is a gap in bounds and SOI between the two agencies. Given that the parcel is purely a buffer along the highway, it will likely not require wastewater services in the future. However, given that both sides of the highway are included in WVSD throughout its boundary area, it is recommended that the area be included in WVSD's SOI for consistency.

Area H (APN 386-41-012) is a single residential parcel parcels that is within WVSD's SOI as well as CSD's bounds and SOI. The parcel is receiving services from CSD, and as such should be removed from WVSD's SOI.

Area I (APNs 386-41-040, 386-41-063, 386-41-062, and 386-41-061) consists of four residential parcels that are within WVSD's SOI as well as CSD's bounds and SOI. All four parcels are receiving services from CSD and should be removed from WVSD's SOI.

Area J (APNs 386-44-038 and 393-44-037) consists of two parcels owned by Southern Pacific Railroad. Both parcels are outside of the SOIs of the two districts. Based on tax rate information, one parcel (386-44-038) is within WVSD's bounds (but outside its SOI). It is recommended that both parcels be included in WVSD's SOI and CSD's SOI remain unchanged to reflect the current bounds of the two districts.

Area K (APN 393-17-002) is a single parcel outside of the bounds of both districts but within CSD's SOI. The parcel is owned by San Jose Waterworks and receives services from WVSD. In order to reflect the existing service area, this parcel should be included in WVSD's SOI and the area annexed to the District, and for consistency, the parcel should be excluded from CSD's SOI.



Cupertino/West Valley Sanitation Districts

- Cities Urban Service Area
- Cities Sphere of Influence (SOI)
- Incorporated Areas
- West Valley Sanitation District SOI
- Cupertino Sanitation District SOI
- West Valley Sanitation District
- Cupertino Sanitation District

0 500 1,000
Feet

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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Area L (APNs 503-29-067 and 503-29-068) consists of two residential parcels where there is an overlap in the SOIs of the two districts. The two parcels are within CSD's bounds and are presently receiving services from CSD, as such, WVSD's SOI should be reduced to exclude these two parcels.

Area M (APN 503-29-010) is a parcel that is within WVSD's bounds but outside the SOIs of either district. The area consists of a single residential parcel where WVSD provides services. It is recommended that WVSD's SOI be expanded to include this area to better define the District's existing service area and that CSD's SOI remain unchanged in this area.

Area N is a gap between the bounds and SOIs of the districts which consists of a road and open land with no parcel number. Neither district serves the area; however, it is recommended that CSD's SOI remain unchanged and WVSD's SOI be extended to include the area and be contiguous with CSD's SOI in order to eliminate the existing gap.

Area O (APNs 503-72-035 and 503-47-007) consists of two parcels outside of both districts' bounds. One parcel (503-47-035) is a residence within WVSD's SOI and the other parcel is the undeveloped portion of a winery, which lies outside the SOI's of both districts. While tax rate information shows that the residential parcel is outside of WVSD's bounds, it is in fact receiving services from the District. This parcel should remain within WVSD's SOI and should be annexed to the District. Given that the undeveloped winery parcel does not need wastewater services in the near future, it is recommended that this parcel continue to remain outside of the SOI's of both districts and be addressed when the area desires services.

At present, WVSD's SOI extends outside of its bounds and is the is for the most part coterminous with the SOIs of the cities that it serves; consequently, the District's SOI encompasses expansive undeveloped territory, which extends largely outside of each city's designated Urban Service Area (USA). The USAs are the areas in which the cities (with LAFCO approval) designate where and when urban development should occur. It is expected that lands within USAs will be annexed by cities and provided urban services within a five year period. The inclusion of an area within a city's SOI should not necessarily be seen as an indication that the city will either annex or allow urban development and services in the area. In Santa Clara County, the USA boundary is the more critical factor considered by LAFCO and serves as the primary means of indicating whether an area will be annexed and provided with urban services. The manner in which Santa Clara County LAFCO utilizes USAs also fulfills many SOI objectives of the Government Code and LAFCO policies such as directing the location of urban development, ensuring an agency's ability to provide services, and preserving agricultural and open space lands.

When evaluating proposed urban expansions, LAFCO utilizes the agency's existing USA as a more important factor than the agency's existing SOI, because the USA is a shorter-term growth boundary that is directly linked to the ability to provide services. Due to this, SOIs have a broader objective within the County, which includes planning for long-term growth and the ultimate service boundary of the agency. By definition land outside a USA will not be annexed to a city and thus will not be able to receive urban services. A sanitary district provides an urban service which promotes urban development. According to the long-standing joint urban development policies adopted by the cities, the County and

LAFCO, urban development is discouraged in the unincorporated area. It would be contrary to these urban development policies to continue to align WVSD's SOI with that of the cities where urban development and services are not supported by land use policy. Outward expansion of the District should be paced with expansion of the cities, and thus it is recommended that WVSD's SOI be reduced to include only territory within each city's USA and areas outside of the USAs that are already within the District's bounds.

As far as parcels outside the Urban Service Areas that may require and request wastewater services in the future, perhaps due to failure of a septic system, LAFCO must review such annexations and any necessary SOI amendments on a case by case basis.

Proposed Sphere of Influence Determinations

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

- West Valley Sanitation District (WVSD) provides sewer collection services for the City of Campbell, Town of Los Gatos, City of Monte Sereno, a portion of the City of Saratoga, and some unincorporated territory to the west of these cities. The District contracts with the San Jose-Santa Clara Regional Wastewater Facility for wastewater treatment and disposal. WVSD also provides contract stormwater management and storm drain maintenance services to the Town of Los Gatos and cities of Saratoga, Monte Sereno, and Campbell

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

- The territory within the District's bounds is composed of well-established communities that are nearly built out, including the Cities of Saratoga, Campbell, and Monte Sereno, and the Town of Los Gatos.
- The District's SOI includes large areas of lands that extend into undeveloped unincorporated areas, which include open space and agricultural lands. No negative impacts on agricultural resources, open space or Williamson Act contracts will occur, as no service changes are proposed as a result of the recommended SOI.

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

- As the area within the District is expected to experience moderate population growth through 2035, the demand for wastewater services is likely to increase. Future growth will be largely limited to residential infill development and redevelopment. A majority of the known development is infill development located in the Town of Los Gatos and the City of Campbell.

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

- In 2012, the District used approximately 84 percent of its treatment capacity allocation. Because the District consistently had excess capacity, it sold a portion of its capacity in 2005. The District appears to have sufficient capacity at present and for anticipated growth in the short term.

- It is recommended that WVSD assess the number of parcels that presently rely on private septic systems within the District's bounds, in order to better quantify potential future demand.
- It is recommended that WVSD and the cities of San Jose and Santa Clara update the master agreement with regard to the treatment plant in the near future. The District would like the agreement to 1) define how debt payments are addressed as areas are annexed by the City of San Jose and detached by WVSD, 2) define how treatment capacity should be transferred if areas are reversely annexed into WVSD and detached from the cities, and 3) describe in detail the extent of the District's capital obligations with regard to master plan improvements.
- Based on the District's regulatory compliance history, low sewer system overflow rate, and collection system integrity, as indicated by comprehensive collection system inspection practices and infiltration and inflow rates within industry standards, WVSD's wastewater services appear to be adequate.
- With regard to stormwater services, NPDES regulatory compliance is the primary indicator of adequacy. Since January 2010, the West Valley Clean Water Program (WVCWP) has been issued two violations regarding 1) inadequate reporting (2011) and 2) failure to have a Business Inspection and Enforcement Response Plans that comply with municipal regional permit (2010). Both violations have been corrected.

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

- The District's SOI encompasses lands within the Cities of Saratoga, Campbell, Monte Sereno, and Los Gatos, in addition to unincorporated lands. Each city within the District is considered a social or economic community of interest.