

February 16, 2009

TO: Members, Local Agency Formation Commission

FROM: Martha Poyatos, Executive Officer

SUBJECT: Municipal Service Review and Sphere of Influence Update for
the West Bay Sanitary District

LAFCo is required by State law to complete municipal service and sphere of influence reviews for all cities and special districts in the County by taking three actions: adopt Municipal Service Review Determinations pursuant to Government Code Section 56430; adopt Sphere of Influence Determinations pursuant to Government Code Section 56425; and reaffirm or amend the sphere of influence. Attached please find the municipal service and sphere of influence update revised with corrections made following circulation on December 10, 2008. Also provided are recommended municipal service review and sphere of influence determinations for the West Bay Sanitary District.

The attached determinations and recommendation support reaffirming the sphere of influence for the West Bay Sanitary District recognize governance alternatives identified for East Palo Alto Sanitary District and broaden rather than limit options for governance and service delivery if in the future action is initiated to dissolve East Palo Alto Sanitary District.

Staff believes that the attached municipal service review, sphere of influence update, and recommended determinations are consistent with Government Code Sections 56430 and 56425 and with LAFCo's mission to promote logical boundaries and efficient service delivery.

Attachments: Municipal Service Review & Sphere of Influence Update
Municipal Service Review Determinations
Sphere of Influence Determinations

Draft
February 12, 2009
Municipal Service Review Determinations
West Bay Sanitary District

Determinations pursuant to Government Code Section 56430:

1. **Regarding infrastructure needs and deficiencies:**
 - a) The West Bay Sanitary District is a member of the South Bayside Sewage Authority (SBSA) for sewage treatment.
 - b) Sewer infrastructure identified in the Municipal Service Review includes approximately 207 miles of sewer mains, pump stations and flow equalization facilities. The District also owns District offices and maintenance facilities.
 - c) The District has an adopted capital improvement plan and is responsible for a proportionate share of capital improvements at the SBSA treatment plant.

2. **Regarding growth and population projections for the affected area, the Commission determines:**
 - a) The population served by the District is estimated at 52,874 and is projected to grow by 16% or 8,460 persons by 2035

3. **Regarding financing constraints and opportunities and opportunities for rate restructuring, the Commission determines:**
 - a) The District board is the rate-setting body for sewer service.
 - b) The District's current annual residential sewer fee of \$400 will require adjustment to include the District's operating costs and the anticipated SBSA sewage treatment fee increases related to the SBSA ten-year capital improvement plan.
 - c) As a member of South Bayside Waste Management Authority (SBWMA), the District establishes garbage rates for some unincorporated areas in District boundaries.
 - d) Rates for customers of SBWMA member agencies vary in each jurisdiction based on level of service (number and size of containers, curbside versus non-curbside pick up) and franchise fee¹ charged by the jurisdiction.

¹ The purpose of franchise fees are typically to cover the costs associated with managing the franchise agreement with the trash collection company and for use of right of way.

e) West Bay Sanitary District is encouraged to study the cost of administering the franchise including district staff and a board member attending monthly SBWMA meetings, public hearings and notices on garbage rate adjustments and accounting to assure that the franchise fee is adequate to cover the cost of administering the contract service and that District garbage rates adequately recover costs.

4. Regarding cost avoidance opportunities and shared facilities, the Commission determines:

a) The Sewer District practices cost avoidance and shared facilities through participation as a member agency in the SBSA Sewage Treatment Plant.

4. Regarding evaluation of management efficiencies, the Commission determines:

a) The District has 26 full time employees including seven in administration 19 in Collections/Operations. The District contracts for engineering and legal counsel. The District's General Manager position is currently vacant and the District has hired a contract general manager while it recruits to fill the position.

6. In regard to government structure options, including the advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines:

- a) Governance Alternatives for sewer service include:
1. Continued existence of the district as a regional sewer provider.
 2. Expansion of District boundaries to include territory of East Palo Alto Sanitary District if EPASD is dissolved and is not established as a subsidiary district of the City of East Palo Alto
 3. Potential reorganization of the WBSD and EPASD if EPASD is dissolved and it is determined that there would be an advantage to dissolving EPASD and reorganizing sewer service through annexations and detachments that would place all territory in the City of Menlo Park under service authority of West Bay Sanitary District and territory in the City of East Palo Alto under sewer service authority of the City of East Palo Alto.
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- b) The District and the County of San Mateo are encouraged to examine potential benefits of including current WBSD garbage customers in the County of San Mateo franchise to provide for economy of scale and consistent garbage collection service among unincorporated areas.

7. Regarding local accountability and governance, the Commission determines:

- a) The District adopts a budget that includes proposed expenditures and revenues.
- b) The District is encouraged to include on the District Website the current and prior year budgets, previous two audited financial statements, and the LAFCo Municipal Service Review.

Draft Recommended Sphere of Influence Determinations
West Bay Sanitary District
February 12, 2009

- (1) The present and planned land uses in the area, including agricultural and open-space lands.**

Land use in district boundaries is varied and the under the jurisdiction of the Cities of Menlo Park, Atherton, East Palo Alto, Town of Portola Valley, Town of Woodside and County of San Mateo consisting primarily of residential, commercial, and institutional land use.

- (2) The present and probable need for public facilities and services in the area.**

The area within District boundaries consists primarily of residential, commercial, institutional land use requiring basic municipal services and there is a demonstrated need for continued delivery of services.

- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

Services provided by WBSD include sanitary sewer service and garbage collection to some unincorporated areas in the District. The District has an Updated Sanitary Sewer Master Plan Update indicating the District has adequate sewage treatment capacity and a plan for upgrading and replacing sewer infrastructure.

- (4) The 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 serves southern San Mateo County including customers within the boundaries of the Cities of Menlo Park, Atherton, Portola Valley, Woodside, East Palo Alto, unincorporated San Mateo County and limited area in Santa Clara County, affording economy of scale and meeting sewer service needs on a regional basis.

Municipal Service Review
And Sphere of Influence Update
West Bay Sanitary District
February 12, 2009

Introduction

This draft municipal service review and sphere of influence update for the West Bay Sanitary District is being completed as required by Government Code Sections 56425 and 56430 which require the Local Agency Formation Commission (LAFCo) to prepare and update spheres of influence in conjunction with, or after, preparing a municipal service review. A municipal service review is an analysis of public services in which determinations are made regarding adequacies or deficiencies in service, cost effectiveness and efficiency, government structure options and local accountability. Once adopted by LAFCo the spheres of influence serve as the plan for governance and boundaries of special districts.

Local Agency Formation Commission (LAFCo)

Created by the State legislature in 1963, the Local Agency Formation Commission (LAFCo) is a State-mandated, independent commission with countywide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments, incorporations, formations, consolidations and dissolutions. LAFCo adopts sphere of influence as plans for probable boundaries of cities and special districts. LAFCo operates pursuant to the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 and 57000 et seq.) LAFCo has two members of the Board of Supervisors, two city council members of the cities in the county, two directors of independent special districts in the county, a public member, and four alternate members (county, city, special district and public). As an independent commission, LAFCo adopts its own budget and contracts with the County of San Mateo for staff, facilities and legal counsel. The Executive Officer serves in the administrative capacity, which includes staff review of proposals, municipal service reviews and sphere of influence studies and assistance to local agencies and the public. LAFCo's net operating budget is apportioned in thirds to the County of San Mateo, the 20 cities and the 23 independent special districts. For additional information on LAFCo please visit www.sanmateolafco.org.

West Bay Sanitary District

West Bay Sanitary District (WBSD) is the regional sanitary sewer provider for City of Menlo Park and portions of Atherton, East Palo Alto, Portola Valley, Woodside, south county unincorporated areas and several parcels in Santa Clara County near Los Trancos Creek (See Map #1). The District was first known as Menlo Park Sanitary District when it was formed in 1902 to perform a variety of public health functions including animal control, meat inspection, licensing of plumbers and garbage services in addition to sewage collection. Overtime several functions were taken over by other agencies and the District's boundaries expanded with urbanization. The District built its first sewage treatment plant in 1952 and in 1982 the South Bayside System Authority (SBSA) assumed sewage treatment responsibility for southern San Mateo County sewer agencies, including WBSD and the cities of Redwood City, San Carlos and Belmont. All wastewater collected within the District is transported via main line trunk sewers to the District's Menlo Park Pumping Station located at Bayfront Park and from there to the South Bayside System Authority Regional Treatment Plant in Redwood City.

Operating pursuant to Health and Safety Code Section 6400 et seq., the District is an independently governed special district authorized to construct and operate works for collection, treatment and disposal of garbage, storm water and sewage. District enabling legislation provides that boundaries may include non-contiguous territory and may include incorporated and unincorporated areas. WBSD provides sewage collection as a direct service and sewage treatment via membership in SBSA, as well as garbage collection in certain unincorporated areas within district boundaries through a franchise with Allied Waste as a member of the South Bayside Waste Management Authority (see discussion below).

In 1985 LAFCo adopted a sphere of influence for the District including the District's boundaries of 1984 plus portions of Menlo Park, Woodside, Portola Valley and East Palo Alto. Since that time, district boundary changes have included numerous annexations of individual properties in the Town of Portola Valley, as well as the Blue Oaks Subdivision, sixty-one existing residences in Unincorporated Los Trancos Woods and the Stanford Sand Hill Hotel Project in the City of Menlo Park. Because the District has an adopted ordinance requiring connection to the sewer once annexed, annexations typically take place when triggered by the need to abandon existing septic systems or to

serve new development. The District serves approximately 18,380 residential customers, 625 commercial customers with approximately 207 miles of sewer mains. In the western service area including Town of Portola Valley and Town of Woodside services include grinder pump and other types of on-site wastewater disposal system maintenance where topography does not allow gravity connections to the sewer main.

The District is also responsible for solid waste collection, treatment, and disposal in unincorporated areas within District boundaries (Ladera, West Menlo Park, Menlo Oaks), representing approximately 2000 customers. The District is a member of the South Bayside Waste Management Authority (SBWMA), which currently contracts with Allied Waste. SBWMA is a joint powers agreement consisting of the County of San Mateo, ten cities and the West Bay Sanitary District that was formed in 1982 to issue bonds to purchase the Shoreway Disposal and Recycling Center in San Carlos. The JPA provides for recycling and solid waste management planning and program implementation, including negotiated contracts for collection services¹ and facility operating contracts. The current contract with Allied Waste expires at the end of 2010 and a request for proposal process is underway.

The following table provides an overview of West Bay Sanitary District.

¹ Basic service includes weekly garbage collection, every other week recycling and two annual on-call bulky pickups per household. Each jurisdiction sets the level and range of services including size of container, curbside versus yard pick up, etc.

WEST BAY SANITARY DISTRICT

500 Laurel Street
Menlo Park, CA 94025

Contact Person: Vivian Housan, Int. General Manager
650/332-0384 FAX 650/321-4265
Website: www.westbaysanitary.org

Date of Formation: December 10, 1902 (formation) September 7, 1926 (reorganized)

Enabling Legislation: Section 6400 State Health & Safety Code

Governing Board: Five-member board of directors elected to four-year terms

- a. Membership and Term Expiration Date: Ron Shepherd (11/11), David Walker (11/11), David Knight (11/09), Harry Harrison (11/09), Fran Dehn (11/09)
- b. Compensation & Benefits: \$155 per day per Board or State Association meeting not to exceed \$930 per month (6 days of service)
- c. Public Meetings: Second & Fourth Wednesday of the month at 7:00 p.m.
500 Laurel Street, Menlo Park

Services Provided: Wastewater collection, treatment disposal, on-site waster water management,
Solid waste franchise

District boundaries: Menlo Park, Atherton, Portola Valley (portions), Woodside (8 connections), East Palo Alto surrounding unincorporated areas
Estimated Population: 52,874
Census 2000

Contractual Arrangements: Member South Bayside System Authority for Sewage Treatment and South Bay Waste Management Authority for garbage collection

Number of Personnel: 26 Full-time

Sphere of Influence: Current Boundaries plus East Palo Alto, Woodside & Portola Valley

Service review criteria as set forth in Government Code Section 56430² are examined below.

Infrastructure needs or deficiencies

District Offices:

The District office located at 500 Laurel Street in Menlo Park is being rebuilt and the District is currently temporarily located in rented offices nearby at 431 Burgess Drive, Suite 120, Menlo Park.

Capital Planning: As cited above, WBSD is a regional sanitary sewer district serving southern San Mateo County including City of Menlo Park, majority of Atherton, portions of East Palo Alto, Portola Valley, Woodside and adjacent unincorporated areas, and several parcels in Santa Clara County near Los Trancos Creek. The District maintains approximately 207 miles of sewer mains and twelve pump stations³. As of July 1, 2007 the District has 625 commercial connections and 18,381 residential connections. The District's Master Plan and Connection Fee Study (September, 2006) identifies existing system capacity deficiencies due to projected development flows, updates connection fees and makes replacement recommendations that are then included annually in the District's adopted Capital budget. The District's adopted capital improvement budget for 2007-08 and 2008-09 included \$716,000 and \$916,000, respectively.

Sewage Treatment Capacity: As reported in the WBSD Master Plan, WBSD has treatment rights of 6.6 million gallons per day (MGD) of average dry weather flow and 14.4 MGD of Peak Wet Weather Flow at the SBSA Plant. The average dry weather flow as reported by SBSA was approximately 4.5 MGD or 68% of capacity rights. WBSD's Flow Stabilization Facility with storage capacity of 9.2 million gallons is used when wastewater storage is needed for either the District or SBSA.

Growth and population projections for the affected area

The WBSD territory includes most of Menlo Park, portions of East Palo Alto, Portola Valley, Woodside and nearby unincorporated

² Criteria are consistent with Section 56430 prior to amendments effective January 2007

³ Does not include pump stations associated with private on-site systems, Flow Equalization Facility and the South Bayside System Plant

areas including Ladera, West Menlo Park, Stanford-Weekend Acres and Menlo Oaks.

	Census 2000
Jurisdiction (projected growth 2035)	
Menlo Park City (15%)_	28,403
Menlo Park Sphere incl. Menlo Oaks, West Menlo, Weekend Acres (15%)	6,851
Atherton (7%)	7,163
Portola Valley (14%)	4,195
Portola Valley Sphere including Ladera, Los Trancos & Vista Verde (14%)	2,710
Woodside (8 homes)	24
East Palo Alto Portion (estimate) (49%)	3,528
Total estimate	52,874

In regard to growth projections, based on population estimates for territory in District boundaries and ABAG projected growth for these jurisdictions, projected growth in WBSD boundaries by 2035 is 16% or approximately 8,460 persons. As noted above, the District's current dry weather flow is 68% of the District's capacity rights at the SBSA plant.

Financing constraints and opportunities

Unlike many enterprise districts West Bay Sanitary District did not receive a share of the 1% property tax as a result of Proposition 13. Operating as an enterprise district, WBSD primary revenues include fees for service. As cited in the District's "Code of General Regulations", the purpose of the sewer service charge is to raise revenue for the costs of maintenance, operation, construction, and reconstruction of the District's wastewater facilities used for the collection, conveyance, treatment, and disposal of wastewater, including the District's share of the cost of construction, operation, and maintenance of the South Bayside System Authority wastewater facilities, and for other expenditures deemed necessary by the District Board in order to conduct the business of the District.

Sewer service charges include a flat rate for the residential customers and a unit cost per hundred cubic feet for non-residential customers, computed to reflect costs of collection, treatment and disposal of sewage. The residential

customer flat rate charge is the minimum charge levied on non-residential sewer customers.

The District's 06-07, 07-08 and 08-09 Fiscal Year budgets are summarized in the table below:

West Bay Sanitary District Adopted Budget			
Revenues			
Revenue	2006-07	2007-08	2008-09
Sewer Service Charges	9,207,654	10,085,468	10,404,548
Flow Equalization	20,000	20,000	20,000
Permit & Inspection	40,000	45,000	45,000
Other Operating Income	10,000	10,000	10,000
Franchises	5,000	5,000	5,000
Interest	382,451	100,945	209,771
Other Non-Operating	4,000	4,000	4,000
Total Revenues	9,669,105	\$10,195,413	\$10,479,548
Gen'l Fund Avail. Balance	3,010,192	2,980,053	3,743,748
Total Funds Available	\$12,679,297	\$13,050,319	\$13,678,372
Expenditures	8,499,595	\$8,722,847	10,219,485
Liabilities & Reserves	2,980,053	2,980,053	3,743,748
Available to <u>transfer</u> to Capital Asset Fund⁴	\$1,199,648	1,347,419	-284,861

⁴ Actual Cash/investment balance at June 30, 2007 was \$12,488,313. District policy requires that effective 6/30/07 only the requirements for Liabilities and Reserves remain in the General Fund. All other cash is credited to Capital Assets Fund.

West Bay Sanitary District Budget			
Expenditures			
	2006-07	2007-08	2008-09
Salaries & Wages	1,982,951	2,135,122	2,376,016
Employee Benefits	703,443	827,956	862,879
Directors' Fees	25,990	27,289	28,365
Election Expense	0	40,000	0
Gas, Oil, Fuel	41,250	45,000	65,000
Insurance	66,450	56,200	56,700
Memberships	12,100	14,500	16,300
Office Expense	30,250	40,250	53,250
Operating Supplies	135,200	215,950	236,350
Contractual Services	87,200	81,200	93,000
Professional Services	107,000	158,000	158,000
Printing & Publications	22,000	22,000	37,000
Rents & Leases	168,525	123,000	259,100
Repairs & Maintenance	66,350	110,100	129,150
Research & Monitoring	8,000	8,000	8,000
Travel & Meetings	37,000	39,500	39,500
Utilities	78,540	97,200	107,840
Other Operating Exp.	74,500	74,700	76,000
Total Operating Exp.	\$3,646,750	4,115,976	4,602,450
Non-Operating			
Contributions SBSA (Operations)	3,465,278	4,111,205	4,382,544
Contributions to SBSA (E.R.F.)	1,336,468	1,100,836	1,173,491
Other Non-Operating	6,000	6,000	6,000
Other Non-Operating-move	0		50,000
Contribution to LAFCo	5,000	5,000	5,000
Total Non-Operating	4,812,746	5,223,041	5,617,035
Total Expenditures	\$8,459,495	9,339,008	10,219,485
Reserves	2,963,345	3,427,988	3,743,748
Total	\$11,422,840	\$12,766,997	\$13,963,233

The District's General Fund provides unrestricted funds and supports operating cash flow. While there is not a board adopted reserve policy, the District's practice is to adopt a reserve equal to five months of the Operations Expenditure Budget and the Budget for SBSA Operations.

As of the June, 2007 Basic Financial Statements the Board designated fund balance for Capital assets was \$8,758,321 and the Operations fund balance was \$2,980,053.

Long Term Debt:

The District has a pay-as-you-go financing policy, with new connections paying the cost of extending infrastructure and fees funding the cost of maintenance and improvements. The District therefore has no long-term debt. In the case of recently

completed Los Trancos Woods annexation, the cost of major sewer trunk line extension was funded by Statewide Community Infrastructure Program bond financing with the County of San Mateo as an eligible applicant as a member of California Association of Counties, with the bond financing resulting in assessments to individual properties. Any additional properties connecting to the sewer extension will be subject to reimbursement to the original sixty property owners.

Opportunities for rate restructuring

As noted above the District establishes residential and commercial sewer rates and connection fees with the purpose of covering the costs of maintenance, operation, construction, and reconstruction (capital improvements) of the District's wastewater facilities used for the collection, conveyance, treatment, and disposal of wastewater including general administration. Sewer fees are reviewed and adopted by the Board annually.

Residential Sewer Service Charges (Annual)⁵

08-09	\$400
07-08	\$380
06-07	\$360
05-06	\$290
04-05	\$278

Future Sewer fees will be impacted by the South Bayside System Authority (SBSA) \$339 million ten-year capital improvement plan (CIP) that will be funded by sale of revenue bonds with bond financing passed through to member agencies. To fund the CIP, the SBSA will need to issue revenue bonds and seek loans from the State Revolving Fund loan program administered by the California State Water Resources Control Board. To repay these loans it will be necessary to substantially increase wastewater treatment fees resulting in increased sewer service charges. Ownership percentage for SBSA member agencies was established based on flow capacity purchased when the plant was established with West Bay Sanitary District contributing 23.7%. Each member agency will establish increases to the rates and timing of increases to meet the requirements of the SBSA Capital

⁵ Fees vary for residential service involving on-site wastewater disposal/grinder pump.

Improvement Program⁶. In establishing future rates, the District will need to factor in it's share of the SBSA CIP.

Residential Garbage Collection

As noted above, West Bay Sanitary District is also responsible for solid waste collection, treatment, and disposal in unincorporated areas within District boundaries (Ladera, West Menlo Park, Menlo Oaks), representing approximately 2000 customers. As a member of the South Bayside Waste Management Authority (SBWMA), which currently contracts with Allied Waste, the District establishes rates based on an annual rate application study prepared for SBWMA by a consulting firm. Rate increases adopted by the WBSD board are subject to noticing and public hearing prior to adoption. Rates for customers of SBWMA member agencies vary in each jurisdiction based on level of service (number and size of containers, curbside versus non-curbside pick up) and franchise fee⁷ charged by the jurisdiction. West Bay Sanitary District receives a \$5,000 franchise fee that is intended to cover the cost of district staff and a board member attending monthly SBWMA meetings, public WBSD hearings and notices on garbage rate adjustments and accounting. Because this segment of the District operations is not reflected in the appropriations budget, it is not clear that \$5,000 covers the cost of these activities. It is recommended that the District review the cost of administering the garbage contract and SBWMA participation to assure that the franchise fee is adequate to cover administrative costs and that future fee increases reflect this amount.

Cost avoidance opportunities and Opportunities for Shared facilities

As noted above, along with the Cities of Redwood City, San Carlos and Belmont, the District is a member of the South Bayside System Authority for sewage treatment in which member agencies share the cost of operating a regional sewage treatment plant.

⁶ Future rate consideration should take into consideration that Repayment of SBSA CIP loans is anticipated to begin in early 2009.

⁷ The purpose of franchise fees are typically to cover the costs associated with managing the franchise agreement with the trash collection company and for use of right of way.

In regard to garbage franchise, since the District is the franchise holder for several, non-contiguous unincorporated areas that represent a small share of residential customers in the SBWMA, the District and the County of San Mateo may wish to examine whether inclusion of WBSD customers in a broader franchise agreement under County of San Mateo jurisdiction with other unincorporated communities would provide for more cost effective garbage service and provide for more consistent representation on SBWMA for residents of unincorporated communities.

Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers

West Bay Sanitary District is a regional sewer agency serving several cities and unincorporated areas in southern San Mateo County. The adopted sphere of influence includes Menlo Park, Atherton, East Palo Alto, Portola Valley and Woodside. Adjacent to WBSD are the independently-governed East Palo Alto Sanitary District serving the majority of the City of East Palo Alto and a portion of Menlo Park and the County-governed Fair Oaks Sewer Maintenance District, serving primarily unincorporated areas in the sphere of influence of the City of Redwood City. Other than continued annexation of areas in the WBSD sphere of influence or inclusion of EPASD service area in the event EPASD is dissolved, there are no other apparent government structure options.

Because the East Palo Alto Sanitary District and West Bay Sanitary District share common boundaries and are formed under the same enabling legislation, dissolution of the smaller district and annexation of the service area to West Bay Sanitary District is an alternative that could offer savings in governance and management. This alternative would require concurrence by WBSD and would require that WBSD become party to EPASD's sewage treatment contract with the City of Palo Alto.

Potential advantages of dissolution of EPASD and annexation of the EPASD service area to WBSD include savings in the cost of providing service through economy of scale and in the case of service provided in City of East Palo Alto boundaries simplification of sewer service providers. Potential savings by consolidating service for approximately 6,700 residential customers and a variety of commercial/industrial customers with WBSD include payroll costs associated with management and administration depending upon the level to which existing

positions could absorb additional duties or would be augmented to handle administration, billing, etc. Other areas of potential savings include but are not limited to reduction costs in administration and governance of two board of Directors, general managers and administrative offices⁸. Areas in which savings would be achieved by reduced and shared expenditures for the combined service area include but are not limited to the following (based on 08/09 budgets):

	EPASD	WBSD
Salaries & Wages	\$680,000	\$2,376,016
Benefits	\$290,000	\$ 862,879
Board Compensation	\$ 76,800	\$ 28,365
Travel & Meetings	\$ 72,000	\$ 39,500

Effect of annexation would be to transfer all assets and liabilities of EPASD to the West Bay Sanitary District. And unlike the subsidiary district scenario in which customers of the subsidiary district outside City of East Palo Alto boundaries would not be able to vote for City Council members governing the subsidiary district, all registered voters in the area annexed to WBSD would be eligible to vote for District board members governing sewer service. Potential disadvantages include costs of the transition in consolidation/annexation.

Evaluation of management efficiencies

This section examines the ability of an agency to provide efficient and effective service by meeting service demands and maintaining adequate staffing levels given the resources available.

The District has 26 fulltime employees including seven in administration (3 Management Exempt Class, 4 Salaried Non/Exempt) and 19 in Collections/Operations (2 Mgmt Exempt, 17 Salaried Non/Exempt). The District's General Manager position is currently vacant and the District has a contract general manager while it recruits to fill the position. The District contracts for engineering and legal counsel.

⁸ For example expenditure that would be reduced and shared by combined territory include: (based on 08/09 budgets): EPASD Board Compensation \$76,800; Travel & Meetings \$72,000;

Local accountability and governance

This section examines the degree to which an agency keeps affected residents informed/educated about district services, budget, programs, anticipated changes in service, effectiveness of the district in responding to requests for information and the degree to which the district encourages public participation in decision making. As a special district, the District is subject to the Ralph M. Brown Act governing public meetings. As noted above, the District has a five-member board elected by district voters. District meetings are held the second and fourth Wednesdays at District offices, with an agenda prepared and circulated prior. The District maintains a website that includes general information, governing board membership, budget, fees and regulations. The District adopts a budget annually.

Recommended LAFCo Determinations Pursuant to Government Code Section 56430:

To be prepared at conclusion of comment period.

Sphere of Influence Review and Update

Government Code Section 56425 specifies that in determining the sphere of influence of each local agency, the Commission shall consider and prepare a written statement of its determinations with respect to each of the following:

- 1. The present and planned land uses in the area, including agricultural and open-space lands*
- 2. The present and probable need for public facilities and services in the area.*
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- 4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

This sphere of influence update incorporates information and determinations in the municipal service review as well as changes that have taken place since the sphere of influence was originally adopted, and provides for public input. Comments to

LAFCo by affected agencies, organizations individuals are requested in order to be included in the Executive Officer's report to the Commission.

WBSD Sphere and Service Area:

The sphere of influence designation for the WBSD includes current boundaries plus additional territory including Portola Valley and Town of Woodside and the service area of East Palo Alto Sanitary District. Inclusion of areas in the Town of Portola Valley and Town of Woodside in the Commission's sphere designation of 1985 recognized that while some areas would not be served by sewer service based on distance from existing infrastructure, the District could assume service for inspection and maintenance of septic systems, which has not taken place. While the District may play a role in future state regulations concerning septic systems, responsibility for permitting and inspection of septic systems is under the jurisdiction of the County of San Mateo Department of Environmental Health and property owners privately maintain septic systems and West Bay Sanitary District service in the Town of Woodside is limited to eight properties. Other service providers include Town-governed Town Center Sewer Maintenance District and the County-governed Fair Oaks Sewer Maintenance District, which provides service to residences adjacent to Interstate 280.

Boundary changes since spheres were adopted in 1985, include numerous annexation applications primarily in the Town of Portola Valley, several on Arastradero Road in Santa Clara County immediately across the County boundary, various Stanford University-owned properties, with more significant annexations including Blue Oaks Subdivision in Portola Valley, the Stanford Sandhill Hotel and Office Complex and sixty existing residences with inadequate septic systems in unincorporated Los Trancos Woods.

Sphere of Influence Determinations:

Section 56425 requires the Commission to make determinations concerning land use, present and probable need for public facilities and services in the area, capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide and existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency. The following section discusses these areas of determination.

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

Land use in district boundaries is varied and the under the jurisdiction of the Cities of Menlo Park, Atherton, East Palo Alto, Town of Portola Valley, Town of Woodside and County of San Mateo consisting primarily of residential, commercial, and institutional land use.

The present and probable need for public facilities and services in the area

The area within District boundaries consists primarily of residential, commercial, institutional land use requiring basic municipal services and there is a demonstrated need for continued service and in some areas expanded services. Services provided by other agencies include water service by California Water Service Company and fire and emergency response by Menlo Park Fire Protection District and Woodside Fire Protection District. Police service varies based on jurisdiction with County Sheriff serving unincorporated areas and Towns of Portola Valley and Woodside.

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

Services provided by WBSD include sanitary sewer service through District boundaries and garbage collection to some unincorporated areas in the District. The District has an Updated Sanitary Sewer Master Plan Update indicating the District has adequate sewage treatment capacity and a plan for upgrading and replacing sewer infrastructure.

The 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 serves southern San Mateo County including customers within the boundaries of the Cities of Menlo Park, Atherton, Portola Valley, Woodside (one street), East Palo Alto, unincorporated San Mateo County and limited area in Santa Clara County.

Draft Recommended Sphere of Influence Determinations

Based on the foregoing, the following section includes draft sphere determinations that could be adopted by the Commission.

(1) The present and planned land uses in the area, including agricultural and open-space lands.

Land use in district boundaries is varied and the under the jurisdiction of the Cities of Menlo Park, Atherton, East Palo Alto, Town of Portola Valley, Town of Woodside and County of San Mateo consisting primarily of residential, commercial, and institutional land use.

(2) The present and probable need for public facilities and services in the area.

The area within District boundaries consists primarily of residential, commercial, institutional land use requiring basic municipal services and there is a demonstrated need for continued delivery of services.

(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

Services provided by WBSD include sanitary sewer service and garbage collection to some unincorporated areas in the District. The District has an Updated Sanitary Sewer Master Plan Update indicating the District has adequate sewage treatment capacity and a plan for upgrading and replacing sewer infrastructure.

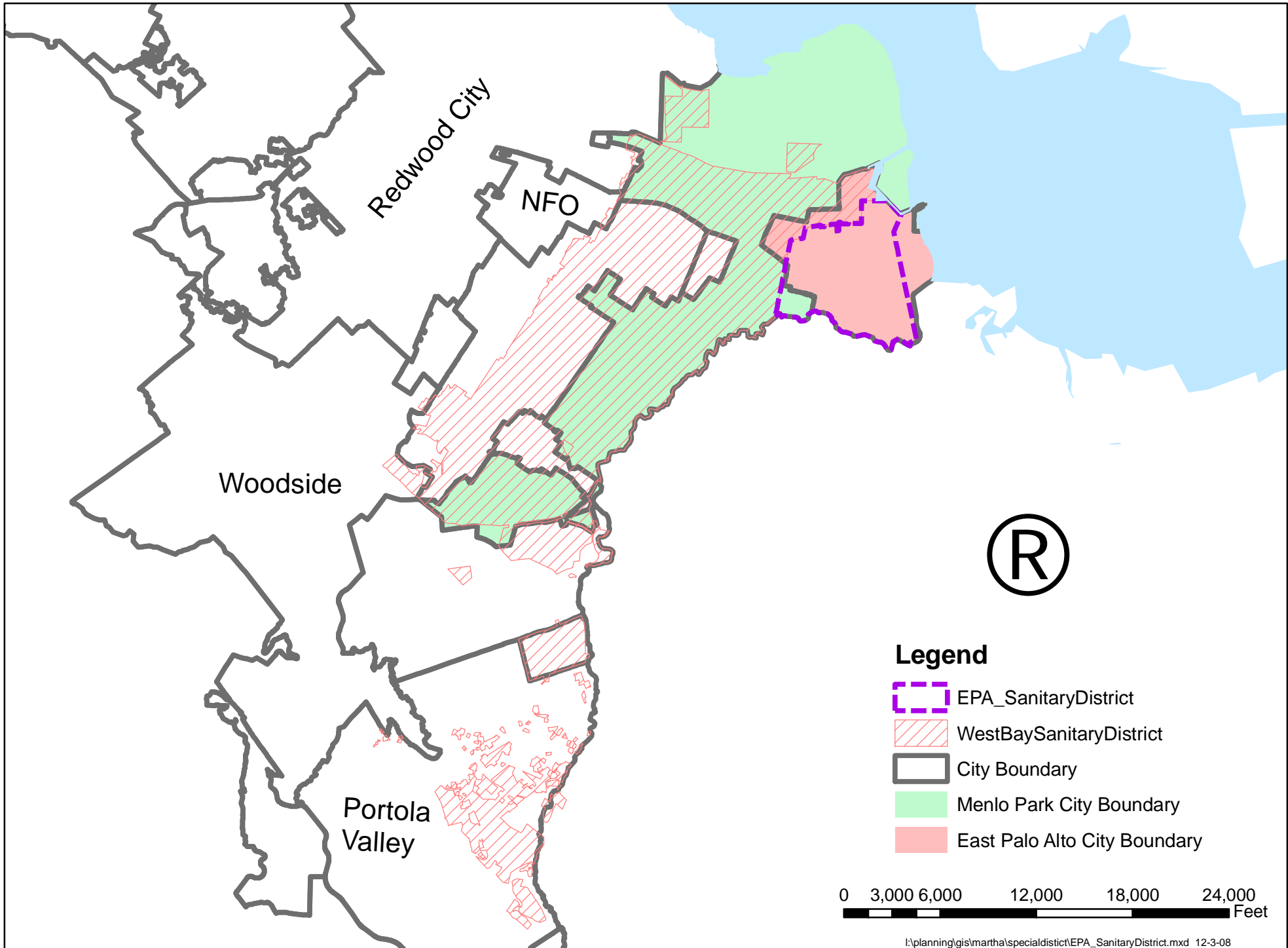
(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The District serves southern San Mateo County including customers within the boundaries of the Cities of Menlo Park, Atherton, Portola Valley, Woodside, East Palo Alto, unincorporated San Mateo County and limited area in Santa Clara County, affording economy of scale and meeting sewer service needs on a regional basis.






Recommended Sphere of Influence:

As noted above, the sphere of influence designation for the WBSD includes current boundaries plus additional territory including Portola Valley and Town of Woodside and the service area of East Palo Alto Sanitary District. While lands in the western areas of the sphere may never be served by sewer infrastructure, inclusion of these areas recognize that District may play a role in future state regulations concerning septic systems. Proposed annexation of any areas in the District's sphere are subject to environmental review under the California Environmental Quality Act. Based on information in the municipal service review and absence of significant changes since the sphere was adopted that merit amendment to the sphere of influence, it is recommended that the WBSD sphere be reaffirmed as adopted in 1985.

West Bay Sanitary District



Legend

-  EPA_SanitaryDistrict
-  WestBaySanitaryDistrict
-  City Boundary
-  Menlo Park City Boundary
-  East Palo Alto City Boundary

0 3,000 6,000 12,000 18,000 24,000 Feet