

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

January 11, 2017

To: LAFCo Commissioners

From: Martha Poyatos, Executive Officer *Martha Poyatos*

Subject: Consideration of Proposed Activation of Recycled Water Provision to Sharon Heights Golf & Country Club and Stanford Lands (Phases I and II) by West Bay Sanitary District Pursuant to Government Code Section 56824

Summary

This application was submitted by resolution of the Board of Directors of West Bay Sanitary District (WBSD) and requests LAFCo approval of activation of recycled water to Sharon Heights Golf & Country Club (Phase I) and Stanford Linear Accelerator Center (Phase II). The application is the product of an agreement with the City of Menlo Park as water purveyor and has the support of the City. Staff recommends approval as detailed at the conclusion of this report.

Background

When independent special district members were added to the San Mateo Local Agency Formation Commission (LAFCo) in 1996, the Commission was required by law to adopt "Rules and Regulations Affecting Special Districts" that established the "active" and "latent" or inactive powers for each of the special districts under its purview. Active powers were those defined as being actually provided by the special district at that time; latent powers were those powers authorized to the district by its respective principal act but which were not actually being provided at the time. Attached is the inventory of active services submitted by West Bay Sanitary District and accepted by the Commission. The Rules and Regulations and Government Code Section 56824.12 require that districts apply to LAFCo to add an inactive service or function.

Also, in 2008, as a part of legislation addressing overall changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH Act), the activation or divestiture of a function and/or service for a special district became known as a "change of organization." Changes of organization require a full application review, environmental assessment, in some cases a protest hearing, and filing of a Certificate of Completion.

LAFCo File No. 16-10 is a proposal submitted by the West Bay Sanitary District (hereafter shown as "WBSD" or "District") to activate recycled water services as allowed by Health and Safety Code Section 6512. The activation anticipates that the service will be provided to the Sharon

COMMISSIONERS: DON HORSLEY, CHAIR, County ▪ MIKE O'NEILL, VICE CHAIR, City ▪ JOSHUA COSGROVE, Special City ▪ ANN DRAPER, Public
RICH GARBARINO, City ▪ JOE SHERIDAN, Special District ▪ WARREN SLOCUM, County

ALTERNATES: RIC LOHMAN, Special District ▪ RAY MUELLER, City ▪ SEPI RICHARDSON, Public ▪ (VACANT), County

STAFF: MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ JEAN BROOK, COMMISSION CLERK

January 11, 2017

Proposed Activation of Recycled Water Provision to Sharon Heights/Stanford Lands by WBSD

Page 2

Heights Golf & Country Club (SHG&CC) and the Stanford Linear Accelerator Center (SLAC) as shown on the attached map.

Discussion

On November 30, 2016, the Board of Directors of WBSD adopted its Resolution No. 2007 (2016) requesting that LAFCo take the actions necessary to expand the District's authorized function/service to include the recycled water for Phases I and II pursuant to Health and Safety Code Section 6512. The application was submitted to LAFCo for processing on December 2, 2016. The application materials and related documents that are provided as attachments to this report include:

1. "West Bay Sanitary District Recycled Water Project–Sharon Heights Mitigated Negative Declaration," November 24, 2015;
2. District application that includes WBSD Resolution No. 2007 (2016) and Plan for Providing Service;
3. Comment letter from Silicon Valley Clean Water (SVCW) dated December 20, 2016 and LAFCo/WBSD response letter dated January 6; and
4. Letters from the Town of Portola Valley dated January 10 and the City of Menlo Park dated January 11 regarding their positions on the application.

The application materials submitted by the District outline its request to assume responsibility for wastewater treatment, recycling, and distribution to SHG&CC and SLAC, which currently receives potable water from the City of Menlo Park, the municipal water provider. The territory proposed for recycled water service is within the service area of WBSD and currently receives sewer service from the District.

The request from WBSD for activation of recycled water provision identifies the following services:

"Operation and Maintenance, and rehabilitation and replacement (R&R) of Recycled Water treatment facility and pipelines on District operated properties and right of ways; and Distribution of Recycled Water for Irrigation, Commercial and Industrial use to Recycled Water Phase I (Sharon Heights Golf and Country Club) and II (Stanford Linear Accelerator) service area."

The two-phase project involves the construction of a satellite treatment facility designed to treat a maximum day flow of 0.5 million gallons per day (MGD), a wastewater pump station to divert flow to the treatment facility, 1,580 linear feet of pipeline to discharge solids to an existing sewer, a recycled water distribution line to a SHG&CC irrigation water storage pond, and 5,300 linear feet of distribution pipeline to SLAC (Phase II). The Project would deliver an estimated 236 acre-feet per year (AFY) of recycled water, including 152 AFY to SHG&CC; in Phase II, approximately 84 AFY over seven months to SLAC for irrigation and cooling tower uses.

The District's application is the result of WBSD market survey results indicating a demand for recycled water in these and other portions of the City of Menlo Park that are part of the City's water service area. Upon being approached by the District with the proposal to provide recycled water, the Menlo Park City Council approved the attached agreement to delegate recycled water service to WBSD. At the time, WBSD and the City were not aware that the new service was subject to LAFCo application and approval. Upon notification of this requirement, WBSD prepared an addendum to the mitigated negative declaration for the project and submitted this application to LAFCo.

Comment from Affected Agencies

Silicon Valley Clean Water (SVCW)

WBSD, along with the Cities of Redwood City, Belmont, and San Carlos, is a member of SVCW, a joint powers agency providing wastewater conveyance and treatment for effluent from the member agencies. As noted in their comment letter, SVCW treats wastewater flow for the four agencies and provides recycled water to the City of Redwood City. SVCW notes that WBSD's recycled water program would divert effluent that would normally flow to SVCW's treatment plant, thus reducing revenue from WBSD and potentially increasing costs to other member agencies.

SVCW also states that reduction of flow and addition of biosolids produced by the proposed WBSD recycled water plant will result in longer detention time in the pipes which will likely result in increased ammonia, which is a concern of the Regional Water Quality Control Board related to pollution in San Francisco Bay. The letter states that while it cannot be quantified at this time, the production of additional ammonia in the conveyance pipeline could lead to additional treatment costs.

SVCW suggests that producing recycled water and freeing up potable water could be growth inducing.

SVCW cites their planning efforts with member agencies, Cal Water, Bay Area Water Supply and Conservation Agency (BAWSCA), and the San Francisco Public Utility Commission (SFPUC) to produce recycled water for the service area using existing distribution systems and eliminating the need to install costly "purple" pipe. SVCW notes the absence of discussion of this planning effort in the WBSD application.

SVCW cites the possible effect of the project on future recycled water use in the Town of Portola Valley because the project is using effluent from development in the Town.

January 11, 2017

Proposed Activation of Recycled Water Provision to Sharon Heights/Stanford Lands by WBSD

Page 4

West Bay Sanitary District Responses

Response to Comment #1

WBSD is indeed planning to divert up to 0.4 MGD, average dry weather flow, from its collection system in the vicinity of Oak Avenue and Sand Hill Road. This diversion will correspondingly reduce the flow, BOD (Biochemical Oxygen Demand) loading, TSS (Total Suspended Solids) loading and nitrogen loading (including ammonia nitrogen) to the collection system downstream of Oak Avenue. The reduced flow then joins a sewer-shed downstream at Olive Street and Middle Avenue of equal or greater flow. The combined flow proceeds downstream, ultimately being conveyed to SVCW. The only component substantially returned to the collection system is the TSS component, as BOD and ammonia nitrogen are converted into energy and solids and returned to the collection system. The reduced flow, and BOD and nitrogen loading will result in less pumping energy (flow-based) and less aeration energy required (BOD and nitrogen-based), resulting in reduced operational costs experienced by SVCW and its partners. Because SVCW charges for flows and loadings based on cost of service analyses, we are confident that the sampling of West Bay wastewater will continue to allow for fair allocation of costs within the existing rate structure.

The reduction in flow and increase in solids will result in a marginally longer detention time on the order of minutes. The conversion of organic and nitrate nitrogen to ammonia occurs in anaerobic digesters over the course of a 30-day typical hydraulic retention time. As a result, the increase in ammonia concentrations will be immeasurable, while the ammonia loading will be reduced, as mentioned above, given the satellite facility is designed to convert the ammonia in the wastewater to nitrate and nitrogen gas. This is necessary to minimize the loading to the irrigated areas and cooling towers utilizing the recycled water. The potential for increased ammonia can be tested through sampling of the wastewater stream, and SVCW can adjust its rate structure accordingly if concerns regarding ammonia loading are validated. Regarding the need for an industrial discharge permit, that is a formality that is anticipated and has been discussed with the SVCW Manager and will certainly result in a documentation of lower flows and overall loads and impacts to the Publicly Owned Treatment Works (POTW). Because WBSD is planning to use UV light for disinfection, there will be very few chemicals (citric or similar acid for membrane cleaning and potentially sodium hypochlorite for residual disinfection) and at extremely low concentrations used at the Satellite Treatment facility.

SVCW currently charges each member agency for O&M according to their annual flows, BOD and TSS. SVCW charges each member agency according to these three measured wastewater components on the basis of a three-year average. Over the last six years, all of the member agencies have experienced some reduction in flows, and some agencies have seen an increase in either BOD or TSS loadings or both (i.e., West Bay). This is due, in part, to the drought but also to efforts some member agencies have undertaken to reduce the collection system Infiltration and Inflow (I&I). I&I includes storm water that leaks into the sewers (i.e., through manhole covers) and ground water that enters the system through cracks or loose joints in

underground pipes. SVCW has encouraged these efforts to avoid treating unnecessary flows. As a result, O&M charges for member agencies have fluctuated slightly over the last several years as flows and/or loading of individual agencies have changed relative to the others. In particular, WBSD and the City of Redwood City have experienced increases in O&M charges due to Facebook populating its workforce (in the District's case) and increased development (in Redwood City's case). This method of apportioning O&M charges is spelled out in the Joint Powers Agreement (JPA) and fluctuations are a historical trend dealt with since the formation of the JPA.

The District's reduction in flows to the SVCW treatment plant will be very modest. Most of the year, the reduction will amount to approximately 5 percent of the District's total flows (using 2015 data - 2016 data are not yet available from SVCW). This reduction represents only a 1.5 percent reduction in SVCW average daily flows, and even less in the peak wet season. As flow charges are the least costly of the SVCW O&M components and the TSS is the highest charge, it is expected that any change in rates to the member agencies would be negligible.

Response to Comment #2

The recycled water is being put to beneficial use by the Sharon Heights Golf and Country Club for irrigation in Phase I, and by SLAC for irrigation and cooling tower use in Phase II. The City of Menlo Park will continue to serve potable water to Sharon Heights and SLAC into the future. Any offset water supply is anticipated to be used by Menlo Park for planned developments in the City in accordance with the City's planning process. This is the reason the City of Menlo Park has been so supportive of this project. The City projects a potable water shortfall of 17 percent to 31 percent during multiple dry years in 2020 to 2040 and states this in their staff report of May 3, 2016. To the extent the District can produce recycled water, this production helps to mitigate the projected shortfalls and ultimately benefits all Hetch Hetchy water users.

Response to Comment #3

West Bay would like to be included in SVCW's long-term indirect potable reuse planning efforts. We acknowledge that non-potable reuse is an expensive endeavor, but the need for recycled water in our service area is immediate as Sharon Heights, SLAC, and the City of Menlo Park have short-term and long-term goals to reduce potable water consumption.

In the past, extension of non-potable recycled water service has not been available from Redwood City or SVCW in the immediate phases, even to potential customers much closer to their source of recycled water. West Bay has consequently developed this project to meet an immediate need. The District's recycled water project has been discussed at the SVCW Technical Advisory Committee meetings even prior to the May 2014 meeting when the topic was finally added to the agenda as a continuing item.

Extension of the SVCW recycled water distribution system to serve the golf course and SLAC was and is not considered feasible due to the significant distance between these potential customers and existing recycled water infrastructure. This would entail at least 13 miles of new

January 11, 2017

Proposed Activation of Recycled Water Provision to Sharon Heights/Stanford Lands by WBSD

Page 6

pipeline. The cost, in today's dollars, would be more than \$1.7 million per mile, totaling over \$22 million. This does not include the cost of the recycled water itself or the cost of pumping and booster stations needed along the route (\$0.5 million per booster station plus electricity). The associated challenges of cost, constructability, and environmental impact prohibit such an expansion. However, the District's Satellite Recycled Water Project does not preclude SVCW with proceeding with their planning efforts in the lower regions of their members' service areas.

In addition, the quality of the recycled water that will be delivered by West Bay will be higher than the recycled water that could be obtained from other local water recycling plants.

Response to Comment #4

Regarding flows into the system from Portola Valley; once wastewater enters the sewer it falls solely under the jurisdiction of WBSD. The project will be using flows not only from Portola Valley but also from unincorporated areas of the County such as Los Trancos, the Ladera area, SLAC, and West Menlo Park. We have been in touch with Portola Valley regarding our plans for developing recycled water. As part of our Market Study in 2014, we evaluated serving the Town recycled water and shared those results with them. At the time, it was determined that serving the Town, and specifically a public park, was infeasible due to the high cost. This project would require over 4.27 miles of new pipeline at an approximate cost of \$7.26 million. We remain open to discuss the opportunities to serve recycled water to the Town in the future as regional recycled water is further developed.

In response to SVCW comment that they were not aware of the project and did not have the opportunity to comment on the environmental document, WBSD noted that the item has regularly been on the WBSD agenda that is sent to SVCW. Furthermore, WBSD participates on the SVCW technical advisory committee and has provided updates at those meetings.

In regard to timing and phasing, the District states that they are expecting a Finance Agreement from the State Water Resources Control Board this month, noting that the project has been approved for a 1 percent loan through the Clean Water State Revolving Fund as well as a Prop 1 grant for up to \$5.2 million of the construction costs. A Request for Qualifications has been completed for the design and construction of the project and we will be sending a Request for Proposals (RFP) to the final three respondents in January or February of 2017. In regard to the SVCW recycled water plans, the WBSD project was initiated in 2014, well before SVCW recycled water expansion discussions, and will not preclude their plans for expanded service.

The District expedited their application to LAFCo because serving SHG&CC is ready to begin while Phase II, SLAC, would not begin until after the recycled water treatment facility is constructed. The District notes that they are currently in discussions with Stanford regarding recycled water for their cooling towers and possibly some irrigation. WBSD indicates Stanford is willing to provide a letter of intent.

The District's letter cites the importance of the timing of this project to the City of Menlo Park in that it helps them meet the requirement to address planning for future water shortfalls within their Urban Water Management Plan.

City of Menlo Park

The City indicates that they have been working with WBSD over several years, have commented on the environmental document, and are coordinating with the District on upcoming construction permits within the City's right-of-way along Sand Hill Road. The City cites the requirement of California Water Code Section 13575, et seq., for the City as a water purveyor to identify potential uses for recycled water and potential recycled water customers in the City's service area. The City entered into an agreement with WBSD on May 23, 2016 that designates WBSD as the recycled water purveyor in the Sharon Heights area. The agreement establishes a recycled water purveyor boundary and approves the provision of recycled water for SHG&CC. The City's comment letter indicates that provision of recycled water to other areas such as SLAC requires District consultation with the City as water purveyor before providing recycled water. Based on the agreement and the requirement for future consultation, the City of Menlo Park is supportive of WBSD's application for LAFCo approval of Phase I and II at this time.

Town of Portola Valley

The Town's letter indicated that while there are currently no plans for developing recycled water facilities, the Town reserves the right to pursue such opportunities in the future, including arrangements to retain Portola Valley-generated wastewater for Town use.

Executive Officer's Report

The following information provides analysis of the factors to be considered pursuant to Government Code Section 56668 required for approval of an application. The second section provides analysis of the factors related to activation of a new function or service:

- a) The area proposed for recycled water consists of the Sharon Heights Golf & Country Club (170 Acres) and the Stanford Linear Accelerator Center (426 Acres), areas with institutional and recreational uses. Adjacent areas eligible for residential development in the jurisdiction of the County of San Mateo and City of Menlo Park are unlikely to experience significant growth in the future. The assessed value of SHG&CC is \$17,213,374. Stanford Lands, including SLAC, are not assessed under the State Board of Equalization Private College category for property tax exemptions. The territory is uninhabited and there are no registered voters.
- b) There is a demonstrated need for recycled water for the proposed project areas that require significant use of water for irrigation and cooling tower purposes. Provision of recycled water furthers sustainability of the local potable water supply.

- c) The recycled water project will further the City of Menlo Park's goals to maintain a safe and sustainable source of potable water within the City's water service area, which includes both incorporated and unincorporated areas.
- d) The application for activation of recycled water does not affect patterns of urban development and the project's goals are consistent with City of Menlo Park and County of San Mateo General Plan policies promoting a sustainable water supply.
- e) The application does not affect agricultural lands.
- f) As noted above, the District proposes to provide recycled water in a phased approach that includes SHG&CC and SLAC. Both areas are within the WBSD boundaries and sphere. Sharon Heights is located in the City of Menlo Park and SLAC is located in unincorporated San Mateo County.
- g) The application has no effect on regional transportation planning.
- h) The application has no effect on County or City General or Specific Plans.
- i) The application has no effect on the sphere of influence of any agency.
- j) Comments of affected local agencies are provided above. The application does not propose formation of a new agency nor changes in agency boundaries.
- k) The application does not affect timely availability of water but does enhance the future sustainability of the City of Menlo Park potable water supply.
- l) The application does not affect the regional housing needs allocation (RHNA).
- m) No comments have been received from landowners, registered voters, or ratepayers.
- n) The land use within the WBSD Recycled Water Phases I and II project area includes Open Space and Conservation District at SHG&CC (170 Acres), located within the City of Menlo Park and Institutional/Open Space/Future Study for SLAC (426 Acres), located in unincorporated San Mateo County. The territory is designated urban, will benefit from the recycled water services, and the City will experience a decreased demand on potable water supply. Approval of this proposal will have no direct impact on the land uses currently identified within the County of San Mateo or City of Menlo Park General Plans.
- o) The application has no impact on environmental justice.

Government Code Section 56824.14

As required by Government Code Section 56824.14, the Commission shall not approve an application for activation of new or different services unless it determines that the District will have sufficient revenues to provide the service. The Plan for Service submitted with the application estimates the cost to construct the system and facilities for SHG&CC to be \$15.6 million and the estimated cost for operations and maintenance to be \$250,000 to

\$300,000 annually. As noted in January 6 comment letter from the District, it has been approved for a 1 percent loan through the Clean Water State Revolving Fund, as well as a Prop 1 grant for up to \$5.2 million of the construction costs. Total annual costs to SHG&CC will consist of operations and maintenance estimated at \$250,000 to \$300,000 and annual debt payments estimated between \$390,000 and \$410,000. The project will be funded entirely by payments made by SHG&CC and will not impact the District's operating budget.

The District indicates that facilities will be maintained throughout the project life and financing period of 30 years with rehabilitation and replacement conducted to extend the useful life beyond 30 years, as needed, to continue to provide reliable water service as long as demands continue.

An alternative to the project would be the use of wells, which is not feasible. As noted in the District's response to SVCW's letter, waiting to participate in the SVCW regional recycled water project is not feasible.

The WBSD Plan for Service, application, and supplemental comment letter comply with Government Code Sections 56824.12 and 56668 and include a description of the scope and level of recycled water proposed to be provided.

Upon the issuance of the Certificate of Completion for this proposal, as noted above, the District will receive funding from the State Water Resources Board and subsequent loan repayment and operations and maintenance will be paid by SHG&CC. Therefore, pursuant to Government Code Section 56824.14(a), the receipt of these revenues will allow the District to fund development of recycling phases and reduce use of potable water for non-potable uses.

Staff supports the service activation as described for Phase I (SHG&CC) and Phase II (SLAC). If approved by the Commission, a certificate of completion would be recorded following the required 30-day waiting period.

Environmental Review

As Lead Agency under the California Environmental Quality Act (CEQA), WBSD adopted West Bay Sanitary District Recycled Water Project – Sharon Heights Mitigated Negative Declaration, November 24, 2015 and the Addendum to Initial Study/Mitigated Negative Declaration for the West Bay Sanitary District Recycled Water Project – Sharon Heights. In doing so, the District adopted mitigation measures that reduced potential impacts on the environment to less-than-significant levels.

As the responsible agency under CEQA, the Commission must consider the Final Initial Study/Mitigated Negative Declaration and Addendum for activation of recycled water service prepared by the District.¹ If an impact is outside the responsibility of the Commission and was previously mitigated by the lead agency, the Commission may make the finding that the impacts are within the responsibility of another public agency and not LAFCo and that

¹ The Final Initial Study/Negative Declaration may be found on the LAFCo website [here](#).

mitigation measures have been adopted by another agency or can and should be adopted by another agency.

Recommended Action

LAFCo File No. 16-10 requesting activation of recycled water service by West Bay Sanitary District pursuant to Government Code Section 56824.12 to Sharon Heights Golf & Country Club (Phase I) and Stanford Linear Accelerator Center (Phase II) is consistent with CKH Act policies that encourage service provision by a multipurpose agency in lieu of creating a new entity to provide the service. The application responds to the need to provide for a safe and reliable water supply by using recycled water for non-potable uses and contributes to water conservation efforts by the City of Menlo Park and the City’s water customers. It is therefore respectfully recommended that the Commission approve the proposed request for activation of the new service of recycled water in the specified areas.

Recommendation

Staff recommends that the Commission make the following determinations:

1. With respect to environmental review, **certify** that the Commission has considered the proposed activation of recycled water functions and services for West Bay Sanitary District Recycled Water Project – Sharon Heights Mitigated Negative Declaration, November 24, 2015, and the Addendum to Initial Study/Mitigated Negative Declaration for the West Bay Sanitary District Recycled Water Project – Sharon Heights and **find** that impacts and mitigation measures are within the responsibility of the West Bay Sanitary District and not LAFCo and that mitigation measures have been adopted by the District.
2. **Approve** the activation of the recycled water function and service for West Bay Sanitary District to Sharon Heights Golf & Country Club and Stanford Lands and **update** the District’s Inventory of active services and functions as follows:

<u>Function</u>	<u>Services</u>
Water	Supply water for any beneficial use as outlined in the Municipal Water District law of 1911 (commencing with Section 71000) of the Water Code

<u>Function</u>	<u>Services</u>
Solid Waste Collection and Disposal by Franchise Agreement; Recycling	Collect, transfer, and dispose of solid waste and provide solid waste handling service, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.
Sewage Collection	
Sewage Treatment (as member of Silicon Valley Clean Water - formerly South Bayside System Authority)	
On-site Wastewater Disposal	
Recycled Water	Construct and operate a satellite wastewater treatment plant, influent pump station and pipeline, solid discharge pipeline back to the sewer, and a recycled water pump station and delivery pipeline in Phases I and II, Sharon Heights Golf & Country Club and Stanford Lands

3. **Adopt** LAFCo Resolution No. 1207 containing Commission determinations pursuant to Sections 56668 and 56824.14 above and approving the application.

Attachments: Map of Phases I and II
WBSD inventory of active services
WBSD application and plan for service
SVCW comment letter
WBSD response to SVCW comment letter
Menlo Park comment letter
Portola Valley comment letter
Addendum to mitigated negative declaration
Mitigated negative declaration



- Purveyor Boundary
- Sharon Heights Golf and Country Club
- SLAC
- All Other Areas Within Boundary

**Exhibit A:
Recycled Water
Purveyor Boundary**

West Bay Sanitary District
Menlo Park Municipal Water District

Inventory of Special District Services

District Name: WEST BAY SANITARY DISTRICT

District Type: SANITARY DISTRICT
(county water district, fire protection district, etc.)

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Enabling Act: SECTION 6400 ET SEQ. STATE OF CALIFORNIA HEALTH & SAFETY CODE

1. Under your district's enabling act, what functions or services¹ may be provided by your district? Please list enabled services below:

ALL SERVICES AND LATENT POWERS PERMITTED IN THE ENABLING ACT.

2. Please list the services your district is presently providing (refer to the Rules and Regulations Affecting the Functions and Services of Special Districts, Section V Inventory of Special District Services and Exhibit B Classification of Functions and Services.) For each service presently furnished by the district, provide an appropriate description for the geographic area to which the service is provided (attach maps as necessary), the number of customer accounts and/or households or residents served or other appropriate units of service. Attach additional pages if necessary.

Service

Description

SEWAGE COLLECTION
SEWAGE TREATMENT (AS MEMBER OF SOUTH BAYSIDE SYSTEM AUTHORITY)
SOLID WASTE COLLECTION & DISPOSAL BY FRANCHISE AGREEMENT
ON-SITE WASTEWATER DISPOSAL

SERVICE AREA IS APPROXIMATELY 13 MILES, INCLUDING PORTIONS OF MENLO PARK, ATHERTON, PORTOLA VALLEY, WOODSIDE, EAST PALO ALTO, LADERA, SAN MATEO COUNTY AND SANTA CLARA COUNTY.

SERVICE IS PROVIDED TO APPROXIMATELY 17,700 RESIDENCES.

Completed by: M. Clayton Telephone: 415 321-0384 Date: 3/4/96

Please Respond by: May 22, 1996

¹ This list should contain only district functions or services offered for consumption or use by the public. Other powers that may be included in your district's enabling act, such as the power to employ staff or sell bonds or engage in contracts etc. should not be listed here.

RESOLUTION NO. 2007 (2016)
IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT
COUNTY OF SAN MATEO, STATE OF CALIFORNIA

RESOLUTION OF APPLICATION TO REQUEST THAT THE LOCAL AGENCY
FORMATION COMMISSION AUTHORIZE LATENT POWERS WITHIN WEST
BAY SANITARY DISTRICT'S SERVICE AREA FOR RECYCLED WATER
DELIVERY PHASE I AND PHASE II

WHEREAS, West Bay Sanitary District's (the District) Service Area for Recycled Water Delivery Phase I and Phase II, is a District Service Area organized and existing under the laws of the State of California, Health and Safety Code Section 6400 *et seq.* ("H&S Code"); and

WHEREAS, the District's Recycled Water Service Area for Phase I encompasses the entire Sharon Heights Golf and Country Club and Phase II encompasses, Stanford Linear Accelerator Center, (see Exhibit A – map) located within San Mateo County and is authorized to provide various public services as delineated in its formation Resolution; and

WHEREAS, California Government Code Section 56824.12 authorizes the District Board of Directors to request approval of the local LAFCO to activate latent powers within an existing District Service Area pursuant to California Government Code Sections 56824.10 through 56824.14; and

WHEREAS, LAFCO's proceedings to activate latent powers within the District's Service Area may be initiated by a Resolution of Application approved by the West Bay Sanitary District's Board of Directors as the governing authority for the District; and

WHEREAS, West Bay Sanitary District's Board of Directors, in accordance with Government Code Section 56824.12(c)(1), held a duly noticed public hearing on this Resolution of Application to consider public comment on the proposed application (Exhibit B) for expansion of services to be provided within the boundaries of the District to include:

1. Operation and Maintenance (O&M), and Rehabilitation and Replacement (R&R) of Recycled Water treatment facility and pipelines on District operated properties and right of ways; and
2. Distribution of Recycled Water for Irrigation, Commercial, and Industrial use to Recycled Water Phase I and Phase II service area.

WHEREAS, the proposal to add operation and maintenance of Recycled Water treatment facility and pipelines on District owned or operated properties and Distribution of Recycled Water for Irrigation, Commercial and Industrial use is consistent with District's sphere of influence and is not inconsistent with any other district or city's sphere of influence;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the West Bay Sanitary District's Board of Directors as follows:

SECTION 1. This proposal is made pursuant to Sections 56824.10 and 56824.12 of the California Government Code.

SECTION 2. This proposal is to activate latent powers within the West Bay Sanitary District consisting of:

1. Operation and Maintenance, and Rehabilitation and Replacement of Recycled Water treatment facility and pipelines on District operated properties and right of ways; and
2. Distribution of Recycled Water for Irrigation, Commercial and Industrial use to Recycled Water Phase I and Phase II service area.

The Plan for Services was prepared pursuant to Section 56653 attached hereto as Exhibit C.

SECTION 3. The boundaries of the District shall not be affected.

SECTION 4. The reason for this proposal is to provide recycled water by treating wastewater for reuse within the service area to meet customer demands for non-potable water. This activation of latent powers will provide for the operation and maintenance, and rehabilitation and replacement of Recycled Water treatment facility and pipelines on District operated properties and right of ways and for distribution of Recycled Water for irrigation, commercial, and industrial use in Recycled Water Phase I and Phase II service area. This application is to activate this latent power throughout Phase I and Phase II territory of West Bay Sanitary District; however, it is anticipated that application may be made in the future to include other phases of Recycled Water Treatment and Distribution within the District's jurisdiction and sphere of influence pursuant to the provisions of the H&S Code.

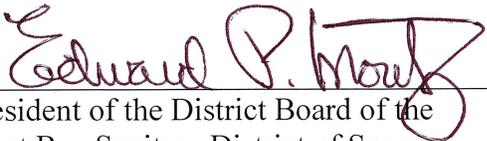
SECTION 5. The Board hereby requests that LAFCO undertake proceedings for this proposal in accordance with Government Code Section 56824.14.

SECTION 6. This proposal does not affect the boundaries of any city or district.

SECTION 7. The District Manager is directed to file a certified copy of this Resolution with the Executive Officer of LAFCO.

PASSED AND ADOPTED by the District Board of the West Bay Sanitary District at a special meeting thereof held on 30th day of November, 2016, by the following votes:

Ayes: MORITZ, DEHN, THIELE-SARDINA, OTTE
Noes: NONE
Absent: WALKER
Abstain: NONE



President of the District Board of the
West Bay Sanitary District of San
Mateo County, State of California

Attest:



Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California

Exhibit "A"

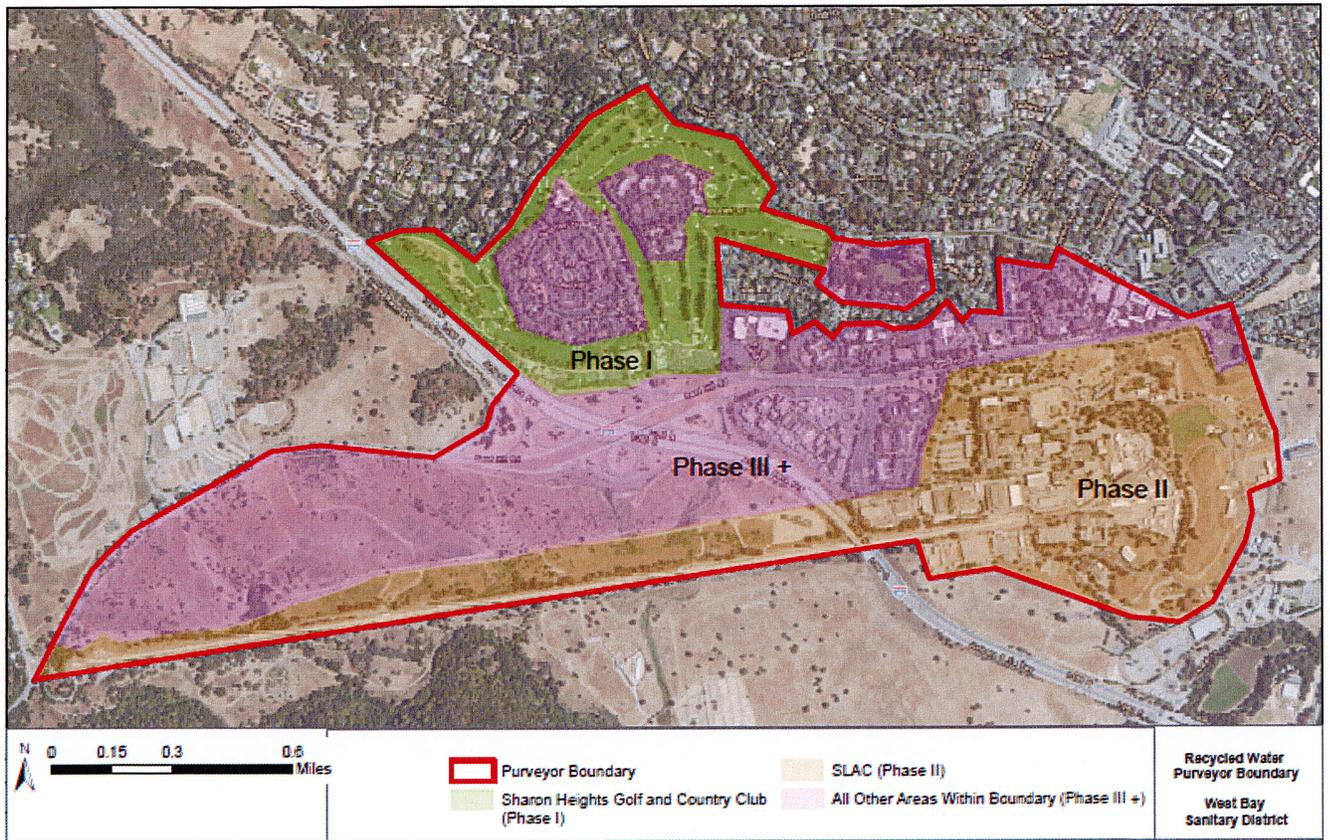


EXHIBIT B

**APPLICATION FOR A CHANGE OF ORGANIZATION OR REORGANIZATION
TO THE SAN MATEO LOCAL AGENCY FORMATION COMMISSION**

A. **GENERAL INFORMATION**

1. Briefly describe the nature of the proposed change of organization or reorganization.

Application to activate the recycled water pursuant to Government Code Section 56824.12 to the Sharon Heights Golf Course and Stanford Lands (Phase I and II) as shown on the attached map Exhibit A.

2. An application for a change of organization or reorganization may be submitted by individuals in the form of a petition or by an affected public agency in the form of a certified resolution. This application is submitted by (check one):

Landowners or registered voters, by petition
 An affected public agency, by resolution

(If this application is submitted by petition of landowners or registered voters in the affected territory, complete the petition form.)

3. What are the reasons for the proposal?

The reason for this proposal is to provide recycled water by treating wastewater for reuse within the service area to meet customer demands for non-potable water. This activation of latent powers will provide for the operation and maintenance, rehabilitation and replacement of Recycled Water treatment facility and pipelines on District operated properties and right of ways and for distribution of Recycled Water for irrigation, commercial, and industrial use in Recycled Water Phase I and Phase II service area as shown on the attached map. This application is to activate this latent power throughout Phase I and Phase II territory of West Bay Sanitary District; however, it is anticipated that application may be made in the future to include other territory in the District's Recycled Water Treatment and Distribution program within the District's jurisdiction and sphere of influence pursuant to the provisions of the Health and Safety Code.

4. Does this application have 100% consent of landowners in the affected area?

Yes No

5. Estimated acreage: Phase I ≈ 111 acres, Phase II ≈ 467 acres. Total ≈ 578 acres

B. **SERVICES**

1. List the name or names of all existing cities and special districts whose service area or service responsibility would be altered by the proposed change of organization or reorganization.

West Bay Sanitary District

- List all changes to the pattern of delivery of local services to the affected area. For each service affected by the proposed change(s) of organization, list the present source of service (state "none" if service is not now provided), the proposed source of service and the source of funding for construction of necessary facilities (if any) and operation. Example is given on the first two lines of the space provided for your response.

SERVICE	PRESENT SOURCE	PROPOSED SOURCE	FUNDING SOURCE	
			CONSTRUCTION	OPERATING
Recycled Water	None	West Bay Sanitary District	Clean Water State Revolving Fund Loans and grants guaranteed with a pledge of District General Fund Revenues and recovered through user agreements with irrigation, commercial and industrial users and other legal methods	User fees assessed to irrigation, commercial and industrial users. All Capital, operations and reserve costs will be recovered through the User Agreements and through Operations and Maintenance and fees such that the recycled water project will be revenue neutral to the District.

C. PROJECT PROPOSAL INFORMATION

- Please describe the general location of the territory which is the subject of this proposal. Refer to major highways, roads and topographical features.

Sharon Park Golf Course and Stanford Linear Accelerator Center (SLAC)

- Describe the present land use(s) in the subject territory.

Phase I, Sharon Heights Golf and Country Club is used as Open Space and Conversation District
Phase II, SLAC is used as a Federal Facility operated by the Dept. of Energy

- How are adjacent lands used?

North: Residential

South: Open Space, Institutional, Residential

East: Residential, Commercial, Institutional

West: Open Space

- Will the proposed change of organization result in additional development? If so, how is the subject territory to be developed?

No conditions of approval are requested.

5. What is the general plan designation of the subject territory?
Phase I, Sharon Heights Golf and Country Club has a General Plan land use of Parks and Recreation. The following excerpt is taken from the Menlo Park General Plan regarding the Parks and Recreation Land Use:
This designation provides for public and private golf courses, passive and active recreation uses, educational facilities, and similar and compatible uses. The letter "P" overlaid on this designation denotes a park. The maximum FAR shall be in the range of 2.5 percent to 30 percent. (See attachment 1 & 2).
Phase II, SLAC is used as a Federal Facility operated by the Dept. of Energy. SLAC resides in unincorporated SMCO not in the City of Menlo Park.

6. What is the existing zoning designation of the subject territory?
Phase I, Sharon Heights Golf and Country Club is designated as OSC, Open Space and Conversation
Due to the zoning, the development potential is limited to public uses, public or private recreational uses, or agricultural uses. Source: Planning and Zoning Dept. (See attachment 1 & 2).

Phase II, SLAC is used as a Federal Facility operated by the Dept. of Energy. Resides in SMCO
Zoning description is: R-E Residential Estates and S-11 Residential Density District #11

7. What rezoning, environmental review or development approvals have already been obtained for development in the subject territory?
None

8. What additional approvals will be required to proceed?
LAFCO

9. Does any portion of the subject territory contain any of the following --agricultural preserves, sewer or other service moratorium or wetlands subject to the State Lands Commission jurisdiction?
No

10. If no specific development projects are associated with this proposal, will the proposal increase the potential for development of the property? If so, how?
No specific development projects are planned.

* * * * *

LAFCo will consider the person signing this application as the proponent of the proposed action(s). Notice and other communications regarding this application (including fee payment) will be directed to the proponent at:

NAME: West Bay Sanitary District

ADDRESS: 500 Laurel Street, Menlo Park, CA 94025

TELEPHONE: 650-321-0384

ATTN: Phil Scott, District Manager

Signature of Proponent

**ATTACHMENT 1
CITY OF MENLO PARK
ZONING DISTRICT AND GENERAL PLAN LAND USE DESIGNATION CORRESPONDENCE TABLE**

Zoning District	General Plan Land Use Designation	
R-E	Residential Estate District	Very Low Density Residential
R-E-S	Residential Estate Suburban District	Very Low Density Residential
R-1-S	Single Family Suburban Residential District	Low Density Residential ^{1,2}
R-1-S (FG)	Single Family Suburban Residential District (Felton Gables)	Low Density Residential ¹
R-1-U	Single Family Urban Residential District	Low Density Residential
R-2	Low Density Apartment District	Medium Density Residential
R-3	Apartment District	Medium Density Residential
R-3-A	Garden Apartment Residential District	Medium Density Residential
R-3-C	Apartment-Office District	Professional and Administrative Offices ¹
R-4	High-Density Residential District	High Density Residential
R-4-S	High-Density Residential District, Special	High Density Residential
R-4-S(AHO)	High-Density Residential District, Special, Affordable Housing Overlay	High Density Residential
R-4-U	Retirement Living Units District	High Density Residential
C-1	Administrative and Professional District, Restrictive	Professional and Administrative Offices
C-1-A	Administrative and Professional District	Professional and Administrative Offices
C-1-C	Administrative, Professional and Research District, Restrictive	Professional and Administrative Offices
C-2	Neighborhood Shopping District	Retail Commercial
C-2-A	Neighborhood Shopping District, Restrictive	Retail Commercial
C-2-B	Neighborhood Commercial District, Restrictive	Retail Commercial
C-2-S	Neighborhood Commercial District, Special	Retail Commercial
C-4	General Commercial District	Retail Commercial
M-2	General Industrial District	Limited Industry
M-3	Commercial Business Park	Commercial Business Park
SP-ECR/D	El Camino Real/Downtown Specific Plan	El Camino Real/Downtown Specific Plan
OS/C	Open Space and Conservation District	Parks and Recreation
P-F	Public Facilities District	Public Facilities
FP	Flood Plain District	Non-Urban ⁴
P	Parking District	Retail Commercial
H	Historic Site District	Medium Density Residential ¹
AAQP	Allied Arts Guild Preservation District	Other
X	Conditional Development	na ⁵
U	Unclassified	na

¹ The General Plan refers to R-1-S as potentially part of either the Very Low Density Residential or Low Density Residential land use designations. However, when developments are built to R-1-S standards, only the Low Density Residential land use designation applies.

² The Stanford Golf Course area between Junipero Serra and Sand Hill Road is part of the Parks and Recreation land use designation.

³ The R-3-C zoning district may have residential uses, but at densities covered by the Professional and Administrative Offices land use designation.

⁴ Bayland Park is part of the Parks and Recreation land use designation.

⁵ The two parcels currently zoned H are 1040 Noel Drive and 1220 Crane Street.

⁶ Conditional Development districts inherit the land use designation of their base zoning district.



CITY OF MENLO PARK
ZONING MAP AND GENERAL PLAN LAND USE DIAGRAM
SHEET 1
Updated: April 2016
By: Planning Division, GIS Section
Please see index sheet for detailed legend

EXHIBIT C

Plan for Services

1. The services to be provided within the District are:
 - Operation and Maintenance, and Rehabilitation and Replacement (R&R) of Recycled Water treatment facility and pipelines on District operated properties and right of ways; and
 - Distribution of Recycled Water for Irrigation, Commercial, and Industrial use to Recycled Water Phase I and Phase II service area.
2. The level and range of services to be provided are operation and maintenance of District owned or operated recycled water facilities and appurtenances in a clean, productive and safe condition, and distribution of recycled water to certain irrigation, commercial, and industrial users in the service area.
3. Services may be extended within the Sharon Heights area in the Phase I service area of the golf course in the next 18 to 24 months. Extension into the Phase II service area for industrial, commercial and irrigation use may occur over the next few years.
4. Conditions including improvements or upgrades to existing facilities are not appropriate for this proposal.
5. Construction of the recycled water treatment facility will be funded with Clean Water State Revolving Fund loans and grants guaranteed by a pledge of District General Fund Revenues and recovered through User Agreements with irrigation, commercial, and industrial users and other legal methods of financing. O&M and R&R costs will be recovered through fees assessed to irrigation, commercial, and industrial users. All capital, operations, and reserve costs will be recovered through the User Agreement and through O&M and R&R fees such that the recycled water project will be revenue neutral to the District.
6. The total estimated cost to provide the new function of services within the entirety of the District's Sharon Heights area is not known at this time; however the estimated cost to construct the recycled water facility is estimated to be \$15.6M, and O&M costs are estimated at \$250,000 to \$300,000 annually. We assume the golf course will use between 152 acre feet per year (AFY) and 200 AFY. The cost of service is estimated to be in the range of \$3,600/acre foot and \$4,600/acre foot depending on how much recycled water the golf course actually uses and the final construction cost of the facility. These costs have been discussed with Sharon Heights Golf and Country Club in detail and they have entered into an MOU indicating they are willing to reimburse the District for the capital and O&M costs associated with the project. SLAC has been made aware of the costs as well and are interested in the project since the long term cost of potable water will eventually rise above the cost of recycled water and has environmental benefits, but have not yet entered into a User Agreement with the District.

Facilities will be maintained throughout the project life and financing period of 30 years, with R&R services conducted to extend the useful life beyond 30 years, as needed, to continue to provide reliable water service as long as demands continue.
7. Alternatives to provide alternate water sources for irrigation have been explored and included the construction of a well but the immediate area is not suited for a well and a well proposal in Menlo Park was determined to be prohibitively expensive, intrusive and not accepted by the community.

An alternative to create a special assessment district to fund and provide the services would require the District to purchase land for the recycled water facility (increasing capital costs) and provide recycled water at a rate less than cost-of-service for at least several years resulting in a net increase to the District rate payers. Activation of latent powers to allow the District to perform the services is preferable because it avoids the need to create a new assessment district to fund and provide the necessary services via user agreements and private partnership.

SILICON VALLEY CLEAN WATER

JOINT POWERS AUTHORITY ~ A PUBLIC ENTITY



1400 RADIO ROAD
REDWOOD CITY, CALIFORNIA 94065
650.591.7121 | FAX: 650.591.7122
WWW.SVCW.ORG

CITY OF SAN CARLOS | CITY OF REDWOOD CITY | CITY OF BELMONT | WEST BAY SANITARY DISTRICT

Ms. Martha Poyatos
Executive Officer
Local Agency Formation Commission
455 County Center, 2nd Floor
Redwood City, CA 94063

December 20, 2016

SENT VIA EMAIL and CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Subject: LAFCo File 16-10 - Proposed Activation of Recycled Water Provision (Phases I and II)
by West Bay Sanitary District pursuant to Government Code Section 56824.12

Dear Ms. Poyatos:

Thank you for your notice dated December 2, 2016 and sent to affected agencies, including Silicon Valley Clean Water (SVCW). SVCW provides wastewater conveyance and treatment to the mid-peninsula area, including the cities of Belmont, San Carlos, Redwood City, and the West Bay Sanitary District (WBSD).

Specific to WBSD, SVCW receives wastewater flow from WBSD at our Menlo Park pump station, pumps the flow into the SVCW conveyance system where it joins our other member agencies' flows and ultimately enters our treatment facility. Our treatment facility recycles part of the flow, providing recycled water to one of our member agencies, the City of Redwood City.

In relation to WBSD's application you attached to your notice, we have several comments:

1. Exhibit B, Paragraph B.1.

SVCW is a public agency which will be affected by the proposed change. WBSD is proposing to divert some of its flow to a satellite recycled water treatment and distribution facility. This will cause SVCW's influent flows to be reduced. This reduction of flow will translate to reduced revenue from WBSD (SVCW receives operational revenue based on loadings from our member agencies) and due to the high fixed costs associated with wastewater treatment, there will potentially be increased costs to the other three SVCW member entities (Redwood City, the City of Belmont and the City of San Carlos).

The reduction of flow and addition of bio-solids wasted from the proposed recycle water plant will result in longer detention time in the pipes leading to the SVCW treatment plant which will likely result in an increase in ammonia loading to the treatment plant. Ammonia is an item of imminent concern to the Regional Water Quality Control Board related to pollution of San Francisco Bay. SVCW is currently investigating methods to reduce the ammonia load to the bay and though it

cannot be quantified at this time, the production of additional ammonia in the conveyance pipeline could lead to additional treatment costs.

Finally, there will be need for WBSD to obtain an industrial discharge permit from SVCW for discharging the solids produced from the satellite treatment plant. The solids will be of a different constituency than wastewater flows, due to the process and chemicals used to produce recycled water.

2. Exhibit B, Paragraph C. 10.

Producing recycled water in any urban environment offsets potable water that would otherwise be used. SVCW is of the understanding that the potential for development will increase due to the amount of potable water offset.

3. Exhibit C, Paragraph 7.

SVCW provides recycled water to one of its member agencies, the City of Redwood City. We have also been requested by the cities of Belmont and San Carlos to provide recycled water to their residents and businesses. SVCW is engaging in planning efforts with local water purveyors in the area (Cal Water, Bay Area Water Supply and Conservation Agency, and San Francisco Public Utilities Commission) to produce recycled water for the service area utilizing existing distribution systems and, thus, eliminating the need for installation of costly new "purple" pipe distribution systems. It is noteworthy that the application submitted by WBSD gives no mention to this planning effort. WBSD has not discussed the possibility of expanded recycled water delivery with SVCW for the purposes noted in their application.

4. While not directly related to SVCW's operations, it has been noted that the documents provided do not address the source of the wastewater to be used as recycled water for the Sharon Heights Golf Course. It appears the majority of this wastewater will be received from customers in the Portola Valley area. SVCW is not aware of Portola Valley's desire to use recycled water in their own service area now or in the future, nor do the documents identify or speak to the fact that, once this water source (their wastewater) is designated for use in another area (as reclaimed water for the proposed project), they will forego the ability to use the water for any need they may have in Portola Valley.

Thank you for the opportunity to comment on WBSD's application for a change of organization. We were not privy to the California Environmental Quality Act (CEQA) Mitigated Negative Declaration prepared by WBSD and, therefore, have not been given the opportunity to relay our comments nor participate in discussions of potential impacts. We appreciate this opportunity to do so.

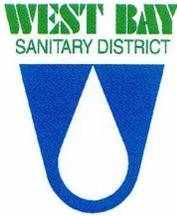
Should you have any questions or require clarifications, please don't hesitate to contact me at 650-591-7121 or therrera@svcw.org.

Sincerely,



Teresa A. Herrera, P.E.

Assistant Manager/Authority Engineer



In reply, please refer to our
File No.

1510.3 & 1759.1

Ms. Martha Poyatos
Executive Officer
Local Agency Formation Commission
455 County Center, 2nd Floor
Redwood City, CA 94063

January 6, 2017

Subject: LAFCo File 16-10 – Proposed Activation of Recycled Water Provision (Phases I and II) by West Bay Sanitary District; Response Letter

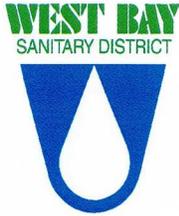
Dear Ms. Poyatos:

The following is in response to the comment letter received by the Local Agency Formation Commission (LAFCo), on December 20, 2016 from Silicon Valley Clean Water (SVCW). SVCW had four specific comments regarding our application which we have responded to by number below.

Response to Comment #1:

West Bay Sanitary District is indeed planning to divert up to 0.4 mgd, average dry weather flow, from its collection system in the vicinity of Oak Avenue and Sand Hill Road. This diversion will correspondingly reduce the flow, BOD (Biochemical Oxygen Demand) loading, TSS (Total Suspended Solids) loading and nitrogen loading (including ammonia nitrogen) to the collection system downstream of Oak Avenue. The reduced flow then joins a sewer-shed downstream at Olive and Middle Ave of equal or greater flow. The combined flow proceeds downstream, ultimately being conveyed to SVCW. The only component substantially returned to the collection system is the TSS component, as BOD and ammonia nitrogen are converted into energy and solids and returned to the collection system. The reduced flow and BOD and nitrogen loading will result in less pumping energy (flow based) and less aeration energy required (BOD and nitrogen based), resulting in reduced operational costs experienced by SVCW and its partners. Because SVCW charges for flows and loadings based on cost of service analyses, we are confident that the sampling of West Bay wastewater will continue to allow for fair allocation of costs within the existing rate structure.

The reduction in flow and increase in solids will result in a marginally longer detention time on the order of minutes. The conversion of organic and nitrate nitrogen to ammonia occurs in anaerobic digesters over the course of a 30-day typical hydraulic retention time. As a result, the increase in ammonia concentrations will be immeasurable, while the ammonia loading will be reduced, as mentioned above, given the satellite facility is designed to convert the ammonia in the wastewater to nitrate and nitrogen gas. This is necessary to minimize the loading to the irrigated areas and cooling towers utilizing the recycled water. The potential for increased ammonia can be tested through sampling of the wastewater stream, and SVCW can adjust its rate structure accordingly if concerns regarding ammonia loading are validated. Regarding the need for an industrial discharge permit, that is a formality that is anticipated and been discussed with the SVCW Manager, and will certainly result in a documentation of lower flows and overall loads and impacts to the Publicly Owned Treatment Works (POTW). Because West Bay Sanitary District is planning to use UV light for disinfection, there will be very few chemicals (citric or similar acid for membrane cleaning and potentially sodium hypochlorite for residual disinfection) and at extremely low concentrations used at the Satellite Treatment facility.



In reply, please refer to our
File No.

SVCW currently charges each member agency for O&M according to their annual flows, BOD and TSS. SVCW charges each member agency according to these three measured wastewater components on the basis of a three-year average. Over the last six years, all of the member agencies have experienced some reduction in flows, and some agencies have seen an increase in either BOD or TSS loadings or both (i.e. West Bay). This is due, in part, to the drought, but also to efforts some member agencies have undertaken to reduce the collection system Infiltration and Inflow (I&I). I&I includes storm water that leaks into the sewers (i.e. through manhole lids) and ground water that enters the system through cracks or loose joints in underground pipes. SVCW has encouraged these efforts to avoid treating unnecessary flows. As a result, O&M charges for member agencies have fluctuated slightly over the last several years as flows and/or loading of individual agencies have changed relative to the others. In particular, West Bay Sanitary District and Redwood City have experienced increases in O&M charges due to Facebook populating its workforce (in the District's case) and increased development (in Redwood City's case). This method of apportioning O&M charges is spelled out in the Joint Powers Agreement (JPA) and fluctuations are a historical trend dealt with since the formation of the JPA.

The District's reduction in flows to the SVCW treatment plant will be very modest. Most of the year, the reduction will amount to approximately 5 percent of the District's total flows (using 2015 data – 2016 data are not yet available from SVCW). This reduction represents only a 1.5% reduction in SVCW average daily flows, and even less in the peak wet season. As flow charges are the least costly of the SVCW O&M components and the TSS is the highest charge, it is expected that any change in rates to the member agencies would be negligible.

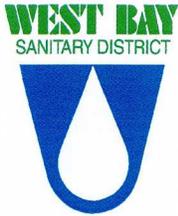
Response to Comment #2:

The recycled water is being put to beneficial use by the Sharon Heights Golf and Country Club for irrigation in Phase 1, and by SLAC for irrigation and cooling tower use in Phase 2. The City of Menlo Park will continue to serve potable water to Sharon Heights and SLAC into the future. Any offset water supply is anticipated to be used by Menlo Park for planned developments in the City in accordance with the City's planning process. This is the reason the City of Menlo Park has been so supportive of this project. The City projects a potable water shortfall of 17% to 31% during multiple dry years in 2020 to 2040 and states this in their staff report of May 3, 2016. To the extent the District can produce recycled water, this production helps to mitigate the projected shortfalls and ultimately benefits all Hetch-Hetchy water users.

Response to Comment #3:

West Bay would like to be included in SVCW's long term indirect potable reuse planning efforts. We acknowledge that non-potable reuse is an expensive endeavor, but the need for recycled water in our service area is immediate as Sharon Heights, SLAC and the City of Menlo Park have short term and long term goals to reduce potable water consumption.

In the past, extension of non-potable recycled water service has not been available from Redwood City or SVCW in the immediate phases, even to potential customers much closer to their source of recycled water. West Bay has consequently developed this project to meet an immediate need. The District's Recycled Water project has been discussed at the SVCW Technical Advisory Committee meetings even prior to the May 2014 meeting when the topic was finally added to the agenda as a continuing item.



In reply, please refer to our
File No.

Extension of the SVCW recycled water distribution system to serve the golf course and SLAC was and is not considered feasible due to the significant distance between these potential customers and existing recycled water infrastructure. This would entail at least 13 miles of new pipeline. The cost, in today's dollars, would be more than \$1.7M per mile, totaling over \$22M. This does not include the cost of the recycled water itself, or the cost of pumping and booster stations needed along the route (\$0.5M per booster station plus electricity). The associated challenges of cost, constructability and environmental impact prohibit such an expansion. However, the District's Satellite Recycled Water Project does not preclude SVCW with proceeding with their planning efforts in the lower regions of their members' service areas.

In addition, the quality of the recycled water that will be delivered by West Bay will be higher than the recycled water that could be obtained from other local water recycling plants.

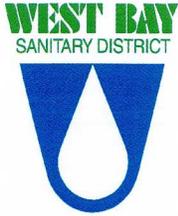
Response to Comment #4:

Regarding flows into the system from Portola Valley; once wastewater enters the sewer it falls solely under the jurisdiction of West Bay Sanitary District. The project will be utilizing flows not only from Portola Valley, but from unincorporated areas of the County such as Los Trancos, Ladera area, SLAC and west Menlo Park. We have been in touch with Portola Valley regarding our plans for developing recycled water. As part of our Market Study in 2014, we evaluated serving the Town recycled water and shared those results with them. At the time, it was determined that serving the Town, and specifically a public park, was infeasible due to the high cost. This would require over 4.27 miles of new pipeline at an approximate cost of \$7.26M. We remain open to discuss the opportunities to serve recycled water to the Town in the future as regional recycled water is further developed.

Following their specific numbered comments, SVCW noted they were not privy to the environmental documents prepared, and therefore have not been given the opportunity to relay comments nor participate in discussions of potential impacts. West Bay has had the recycled water project as a Board Agenda item for the last two years, and sends an electronic copy of the agenda for each meeting to SVCW. The District made SVCW aware that the Recycled Water Project Facilities Plan was available on the District's website (https://westbaysanitary.org/wp-content/uploads/2015/06/Final_FacilityPlanReport_signed_082815.pdf), as well as the CEQA/MND. West Bay also participates in the SVCW Technical Advisory Committee and provides regular updates on the recycled water project in this forum. We will continue to provide project updates through these avenues, and are receptive to input on additional pathways for communication that SVCW may find more productive.

We would also like to take this opportunity to provide some information regarding the timing and phasing of the project. We are expecting a Finance Agreement from the State Water Resources Control Board this month. The project has been approved for a 1% loan through the Clean Water State Revolving Fund, as well as a Prop 1 grant for up to \$5.2M of the construction costs. A Request for Qualifications has been completed for the design and construction of the project and we will be sending a Request for Proposals to the final three respondents in January or February of 2017. This project was initiated in 2014, nearly two years prior to any SVCW recycled water expansion discussions and will not preclude their plans for expanded service.

Phase I of the project, servicing Sharon Heights Golf course, is ready to begin now which is why we've submitted our application to LAFCO. Though Phase II, SLAC, would not begin until after the



In reply, please refer to our
File No.

recycled water treatment facility is constructed, we are currently in discussions with them to provide them with recycled water for their cooling towers and possibly some irrigation. They are enthusiastic about the project and are willing to provide a letter of intent.

Also expressing support for this project in recent conversations were the Town of Portola Valley and the State Water Resources Control Board. The Director of Public Works for the Town of Portola Valley called me regarding the LAFCo application and indicated the Town supports it, and were not initiating any comments on the project. In a recent conversation with the SWRCB on Friday January 6, 2017, they commented how excited they were about our recycled water project. They indicated they have been waiting for a recycled water satellite facility like this in northern California that would take a side stream and put it to good reuse as a small community project.

The timing of this project is also important to the City of Menlo Park in that it helps them meet the requirement to address planning for future water shortfalls within their Urban Water Management Plan.

Thank you for the opportunity to respond to these questions and please feel free to contact us for more information if required.

Very truly yours,

WEST BAY SANITARY DISTRICT

Phil Scott
District Manager

Cc: RMC, BHK, File



January 11, 2017

Ms. Martha Poyatos
Executive Officer
Local Agency Formation Commission
455 County Center, 2nd Floor
Redwood City, CA 94063

RE: LAFCo File 16-10 - Proposed Activation of Recycled Water Provision (Phases I and II) by West Bay Sanitary District pursuant to Government Code Section 56824.12

Dear Ms. Poyatos,

Thank you for the opportunity to respond to the application by the West Bay Sanitary District (WBSD) on the Recycled Water Project (Project) for the Sharon Heights area. The City has been working with WBSD over the past couple of years on this project. We reviewed and commented on the environmental review document, and we are coordinating on the upcoming construction permits that will be necessary for work in the City's right-of-way along Sand Hill Road.

Under California Water Code §13575, et seq., the Water Recycling Act of 1991 requires that water purveyors, such as the Menlo Park Municipal Water District (MPMWD), identify potential uses for recycled water and potential recycled water customers within their service areas. On May 23, 2016, the MPMWD entered into an agreement designating WBSD as the Recycled Water purveyor in the Sharon Heights area. The agreement establishes a Recycled Water Purveyor Boundary and approves the provision of recycled water for the Sharon Heights Golf & Country Club (SHG&CC). Further expansion to other customers within the boundary, such as SLAC National Accelerator Laboratory (SLAC), requires consultation with MPMWD before providing recycled water. Given this agreement and the requirement for future consultation, Menlo Park is supportive of WBSD's application for LAFCo approvals of both Phase I (i.e., SHG&CC) and Phase II (i.e., SLAC) at this time.

Please feel free to contact me at (650) 330-6725 if you have questions.

Sincerely,

Justin Murphy
Public Works Director

TOWN of PORTOLA VALLEY

Town Hall: 765 Portola Road, Portola Valley, CA 94028 Tel: (650) 851-1700 Fax: (650) 851-4677

January 10, 2017

Martha Poyatos
San Mateo County Local Agency Formation Commission
455 County Center
Redwood City, CA 94063

Ms. Poyatos,

Thank you for the opportunity to comment on the pending application regarding Westbay Sanitary District's proposed activation of Recycled Water Provision to provide recycled water for the Sharon Heights area.

Westbay Sanitary District provides sewer connections and services for connected Portola Valley residents. It is the Town's understanding that flow from Westbay customers in Portola Valley will partially contribute to the waters to be recycled for use in the Sharon Heights area.

At this time, the Town of Portola Valley has no plans to develop recycled water facilities, either with Westbay Sanitary District or independently. However, the Town reserves the right to pursue such opportunities in the future, including arrangements to retain Portola Valley-generated wastewater for Town use.

Sincerely,



Jeremy Dennis
Town Manager
Town of Portola Valley

cc: Phil Scott, General Manager, Westbay Sanitary District