



January 29, 2014

VIA EMAIL

Richard Tanaka  
District Manager  
County Sanitation District No. 2-3  
20863 Stevens Creek Blvd. #100  
Cupertino, CA 95014

**Re: Implementation of the Recommendations of LAFCO's Special Districts Service Review: Phase 2 and Sphere of Influence Updates**

Dear Mr. Tanaka:

As you know, LAFCO recently adopted the Special Districts Service Review: Phase 2 Report for nine special districts in Santa Clara County, including County Sanitation District No. 2-3 (CSD 2-3). The Report is available on the LAFCO Website ([www.santaclara.lafco.ca.gov](http://www.santaclara.lafco.ca.gov)) under "What's New?" The Report identifies several opportunities and includes several recommendations for improving special district services in the county. Specifically, the Report provides recommendations for improving the accountability and transparency of districts through changes in their operations, management, and administration, and recommendations on potential governance structure alternatives, where applicable.

**District's Response is Requested**

In an effort to follow-up on these recommendations, LAFCO is requesting that CSD 2-3:

1. Review the chapter of the Service Review Report pertaining to the District and provide a written response to LAFCO on how the District plans to implement the recommendation(s) presented in the Report and summarized in Attachment A, along with a time-frame for that implementation, and
2. Provide an explanation if the agency does not plan to implement a recommendation.

**Response Due No Later Than March 14, 2014**

Please provide a written response to LAFCO as soon as possible and **no later than March 14, 2014**. If you have any questions or concerns or would like to meet to discuss

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the District's plans, I can be reached at (408) 299-5127 / [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Assistant Executive Officer, at (408) 299-5148 / [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org).

Lastly, I would like to thank you and the District for participating in LAFCO's Special Districts Service Review: Phase 2 and for your consideration and timely response to this request.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

- A. Recommendations for County Sanitation District No. 2-3 (CSD 2-3)

**Cc:**

Julie Chiu, Administrator / Project Manager, Mark Thomas & Company, Inc.  
County Sanitation District No. 2-3 Board of Directors  
Kerrie Romanow, Director, Environmental Services Dept., City of San Jose  
LAFCO Members

**COUNTY SANITATION DISTRICT NO. 2-3 (CSD 2-3)**

The following are recommendations that the CSD 2-3 should implement in order to improve the services provided by the District and the accountability and transparency of the District:

- Address structural integrity issues that have resulted in a particularly high rate of sewer system overflows.
- Accelerate capital improvement schedule, based on settlement agreement with Northern California River Watch.
- Accelerate inspection plans in order to properly address the issues the system is facing.
- Include rates, budget and audited financial statement on website, as well as provide a link to the County Board of Supervisor's website where constituents can access board meeting agendas and minutes pertaining to the District.
- File a copy of annual budget with the County Auditor.
- Work with the cities of San Jose and Santa Clara to update the agreement with regard to the treatment plant in the near future to describe in detail the extent of the District's capital obligations with regard to master plan improvements at the plant.
- Expedite contract negotiations with the City of San Jose and adopt a new joint-use agreement with the City of San Jose defining how operations, maintenance and capital improvements will be funded, given that wastewater from both areas within CSD 2-3 is conveyed to the regional wastewater treatment facility through mains and interceptor lines shared with the City of San Jose.

