

22.0 WEST VALLEY SANITATION DISTRICT

The wastewater services that are provided by the West Valley Sanitation District (District) are evaluated in this service review.

22.1 DISTRICT HISTORY AND SERVICE AREA

The District was formed in 1948 as County Sanitation District No. 4 of Santa Clara County under the provisions of the California County Sanitation District Act. In 1988 the District changed its name to West Valley Sanitation District of Santa Clara County to reflect its geographical service area. The District office is located at 100 East Sunnyoaks Avenue, Campbell, California.

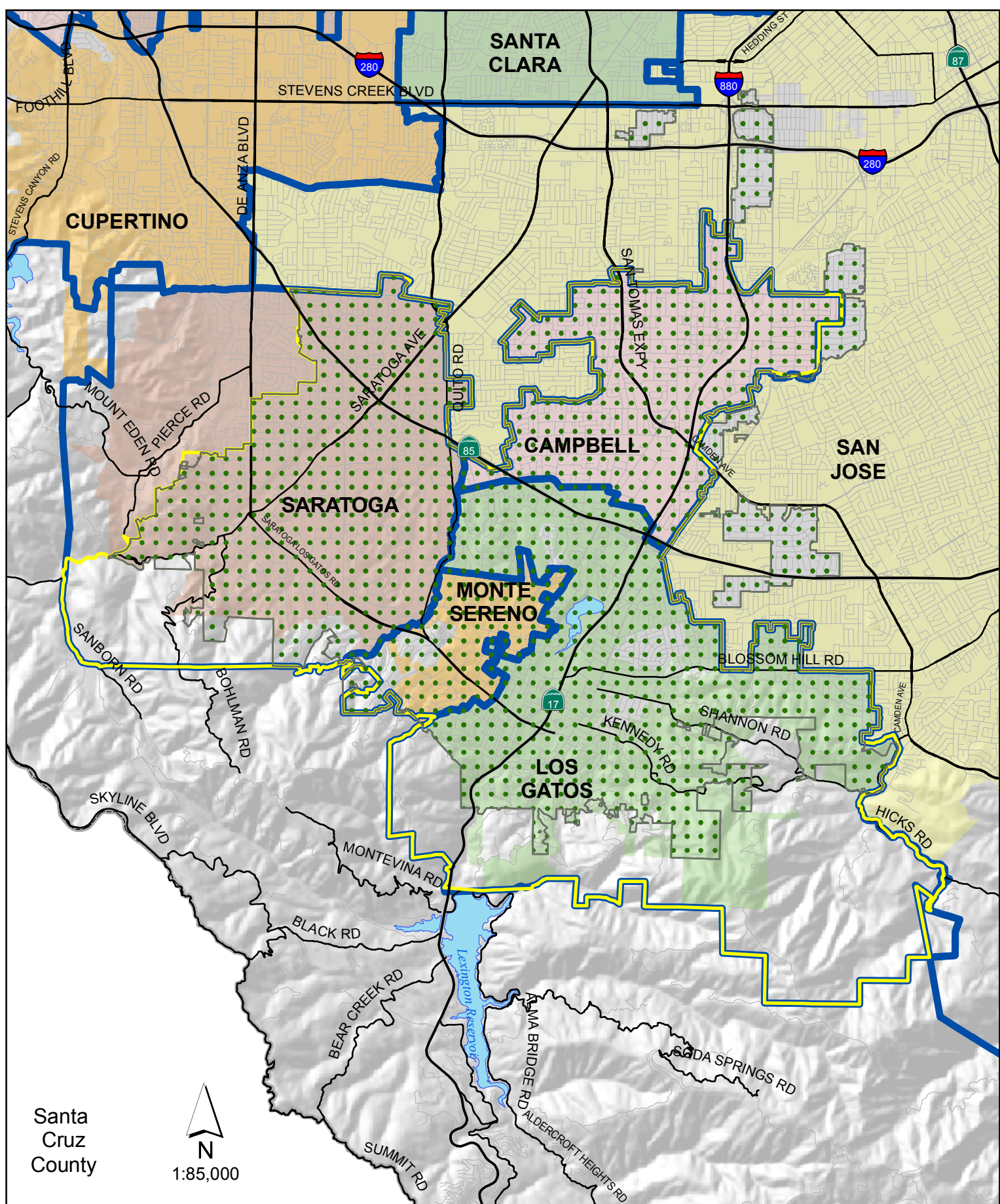
The District currently serves approximately 112,000 persons residing in Campbell, Los Gatos, Monte Sereno, Saratoga, and portions of the County. The District's existing service area is 18,576 acres, or approximately 29 square miles.

22.2 GOVERNANCE

The District is governed by a five-member Board of Directors, comprised of one member from each of the four cities served by the District and a County Supervisor. The members representing the cities are also members of their respective city councils. Board meetings are scheduled on the second and fourth Wednesdays of the month at 6:00 p.m. unless the Board adapts an alternate schedule. These Board meetings are open to the public. Agendas are posted online and in the District's front lobby the Friday before meetings.

District Organization & Staff

The District is staffed by 27 employees organized into two divisions: Administration and Information Services Division, and Engineering and Operations Division. These divisions were established in November 2000 a part of an overall district reorganization plan.



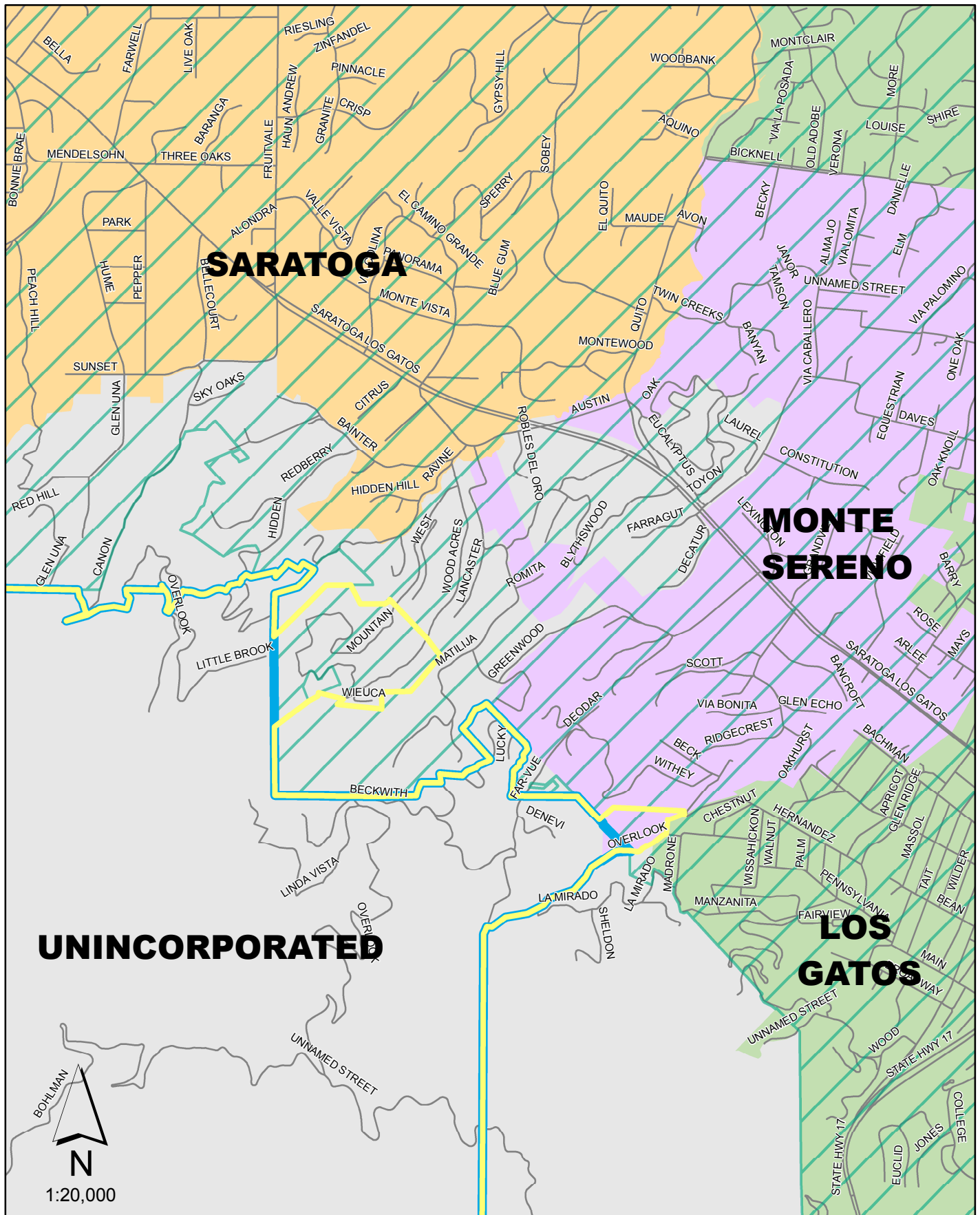
**Boundaries of the
West Valley Sanitation District**

West Valley Sanitation District Boundary
City Sphere of Influence Boundary
West Valley Sanitation District Sphere of Influence Boundary

0 1 2 Miles

April 2007

LAFCO
Local Agency Formation Commission of Santa Clara County



West Valley Sanitation District



District
Boundary



Recommended
Sphere of
Influence



Current
Sphere of
Influence

LAFCO
Local Agency Formation Commission of Santa Clara County

22.3 FINANCE

The District adopts an operating budget at the beginning of each year for the following fiscal year. The District's revenue sources are largely from sewer service charges. Table 22.A provides a list of the District's sources of funds and the District's uses of funds for fiscal year (FY) 2004–2005.

Table 22.A: Source of Funds and Use of Funds, FY 2004–2005

Source of Funds	
Sewer service charges	67.8%
Reserves	17.0%
Capacity fees	4.5%
Other revenue	4.3%
Contributed capital	3.4%
Interest	3.0%
Use of Funds	
Fixed assets	34.6%
Sewage disposal	33.0%
Sewer maintenance	11.7%
Administration	8.3%
Service extension	4.9%
Interest	4.4%
Debt retirement	3.1%

Source: Annual Report 2004–2005.

Table 22.B provides a summary of the District's revenues and expenditures. As shown, the District's revenues have exceeded expenditures for the last 2 years (2005 and 2006). It is important to note that revenues in 2006 included the sale of treatment plant capacity.

Table 22.B: Statement of Revenues, Expenses, and Net Assets

	2004	2005	2006*
Total Revenues	\$12,471,296	\$14,476,505	\$22,337,381**
Total Expenses	\$12,887,659	\$14,168,654	\$16,321,282
Net Revenues (Loss)	(\$416,363)	\$307,851	\$6,016,099

Source: Annual Report 2004–2005.

*Final Budget, FY 2006–2007.

**Includes the sale of 1.0 mgd of treatment plant capacity to the City of Milpitas.

According to the Basic Financial Statements for the year ended June 30, 2005, the District's nonoperating revenues continue to be negatively impacted by low rates of return on interest income. However, operating income will continue to increase due to approved sewer service charge increases over the next 5 years. This should ensure that the District's capital and operating reserves are sufficient to meet anticipated district expenditures in the foreseeable future.

Reserves

The District's policy is to maintain a reserve level equivalent to 60 percent of the operating budget. The current reserves are detailed below.

Table 22.C: West Valley Sanitation District Reserves

Reserves	Amount
Building repairs	\$30,944
Unemployment insurance	\$18,900
Vehicle damage insurance	\$175,000
Accrued sick leave and vacation	\$223,668
Vehicle replacement	\$830,000
Capacity acquisitions	\$2,500,000
Capital fund reserves	\$22,859,532
Total Reserves	\$26,638,044

Source: Final Budget, FY 2006–2007.

Investment Policy

The District's funds are on deposit with the Santa Clara County Treasurer; the District is therefore covered by the County's investment policy.

The District is a participant in the California Sanitation Risk Management Authority, which is a public entity risk pool currently operating a common risk management and insurance program for 56 member entities. The purpose is to share the cost of services among the participating agencies, thereby reducing District costs.

22.4 WASTEWATER SERVICES

According to the Capacity Allocation Study of 2005, the District provides sewer collection services for the City of Campbell, Town of Los Gatos, City of Monte Sereno, a portion of the City of Saratoga, and several unincorporated County areas in the West Valley.

The District's wastewater collection system consists of 426 miles of main and trunk sewers and 206 miles of sewer laterals, for a total of 632 miles of sewer lines. The collection system is maintained and operated by the District. Wastewater from the District service area travels through the City of San Jose trunk sewers to the San Jose/Santa Clara Water Pollution Control Plant.

The District contracts with the San Jose/Santa Clara Water Pollution Control Plant for wastewater treatment and disposal. The District's contract gives the District rights to a percentage of the capacity of their sewage treatment facilities. The contract requires the District to pay its share of debt service, operation, maintenance, and improvement costs. The District has a fixed capacity allocation of the plant, which was 13.052 mgd in FY 2004–2005. In FY 2004–2005, the District collected and conveyed 10.675 mgd of wastewater to the treatment plant, which was far less than its capacity

allocation. Because of this excess capacity, the District sold 1.0 mgd of treatment plant capacity to the City of Milpitas in 2006.

The District maintains an inventory of connections throughout the service area, including each of the tributary cities as well as the unincorporated County areas. Table 22.D summarizes the connection by jurisdiction for single-family residential, multifamily residential (which incorporates multiple family dwellings and mobile homes), and commercial/industrial.

Table 22.D: FY 2003–2004 Connections by City

Jurisdiction	Single-Family	Multifamily	Commercial/Industrial	Total
Campbell	9,023	6,579	872	16,474
Los Gatos	8,419	3,188	756	12,363
Monte Sereno	1,170	28	6	1,204
Saratoga	8,054	332	178	8,564
Santa Clara County	5,038	402	143	5,583
Total	31,704	10,529	1,955	44,188

Source: TM Capacity Allocation Study, West Valley Sanitation District, February 2005.

22.5 LAND USE AND GROWTH

In recent years, the District has issued approximately 200 new residential connection permits and 10 new commercial/industrial connection permits per year. Based on the existing land uses for the District's service area, future development will most likely be of a residential nature; however, both residential and commercial/industrial growth is limited, as the District service area is composed of well-established communities that are nearly built out. The District's 2005 Capacity Allocation Study includes existing population statistics and future population projections. The evaluation included two alternatives for future population. One is based on residential build out within the District's service area, and the other is based on residential growth trends. Table 22.E summarizes the two scenarios. In addition, the Capacity Allocation Study includes residential connection estimates based on build out of the District's service area, as shown in Table 22.F.

Table 22.E: Existing and Future Population

District Connection Categories	Existing Population	Total Population in 2020	Total Population in 2030
Residential build out and commercial/industrial connection trends	109,140	112,842	115,311
Residential and commercial/industrial connection trends	109,140	116,891	122,059

Source: TM Capacity Allocation Study, West Valley Sanitation District, February 2005.

Table 22.F: Future Residential Connection Estimates Based on Build Out

District Connection Category	Existing Connections	Additional Units from Build Out in Campbell	Additional Units from Build Out in Los Gatos	Additional Units from Build Out in Monte Sereno	Additional Units from Build Out in Saratoga	Total Connections at Build Out
Single-family residential	31,708	147	322	90	124	32,391
Multifamily residential	10,046	1,452	325	0	0	11,824
Mobile homes	483	0	0	0	0	483
Total	42,237	1,600	647	90	124	44,698

Source: TM Capacity Allocation Study, West Valley Sanitation District, February 2005.

Future Wastewater Flow

Based on the growth projections listed above, the Capacity Allocation Study developed future wastewater flow projections based on build out, as shown in Table 22.G. It is important to note that the Capacity Allocation Study states that the flow factors appear to be on the conservative side. Based on these projections, the District would not exceed its current fixed capacity allocation of 13.052 mgd.

Table 22.G: Wastewater Flow Projections Based on Build Out

District Connection Categories	Flow Parameter	Daily Flow (gpd)		
		Existing (FY 2004–2005)	2020	2030
Single-family residential	219.05	6,946,000	7,035,000	7,095,000
Multifamily residential	123.00	1,236,000	1,367,000	1,454,000
Mobile homes	123.05	59,000	59,000	59,000
Nonindustrial	1,362	2,576,000	2,775,000	2,907,000
Grouped industrial	3,323	173,000	186,000	195,000
Total	-	10,990,000	11,422,000	11,710,000

Source: TM Capacity Allocation Study West Valley Sanitation District, February 2005.

gpd = gallons per day

Service Charges and Fees

The cost of wastewater collection, conveyance, and treatment is financed by service charges and fees. In October 2002 the District's Board of Directors enacted an ordinance establishing the sewer service rates for FY 2003–2004 through 2007–2008. The sewer service charges are collected on the property tax roll. The sewer service charges for FY 2004 through 2008 are summarized in Table 22.H.

Table 22.H: Residential Sewer Charges (Monthly Rate per Dwelling Unit)

Classification	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
Single family	\$17.80	\$19.25	\$20.80	\$22.05	\$23.35
Multifamily	\$12.40	\$13.40	\$14.50	\$15.35	\$16.30
Mobile home	\$12.40	\$13.40	\$14.50	\$15.35	\$16.30

Source: <http://www.westvalleysan.org> Accessed 11/01/06.

Hillside Zone Fee

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

22.6 SERVICE REVIEW DETERMINATIONS FOR THE WEST VALLEY SANITATION DISTRICT

The service review guidelines prepared by the State Office of Planning and Research recommend that issues relevant to the jurisdiction be addressed through written determinations called for in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 1985 (CKH Act). Based on the above information, following are the written determinations for the District.

Infrastructure Needs and Deficiencies

1. Based on land use and growth projections through 2030, the District will not exceed its Water Pollution Control Plant capacity allocation.
2. There are no known existing infrastructure needs or deficiencies.

Growth and Population

1. Future development will most likely be of a residential nature; however, both residential and commercial/industrial growth is limited, as the District's service area is composed of well-established communities that are nearly built out.

Financing Constraints and Opportunities

1. The District's nonoperating revenues have been negatively impacted by low rates of return on interest income. However, operating income will increase due to approved sewer service charge increases over the next 5 years. This should ensure that the District's capital and operating reserves are sufficient to meet anticipated District expenditures in the foreseeable future.

2. The District's policy is to maintain a reserve level equivalent to 60 percent of the operating budget. The reserves are utilized to fund infrastructure repairs, capacity acquisitions, and employee costs.

Cost-Avoidance Opportunities

1. The District is a participant in the California Sanitation Risk Management Authority, which shares the cost of insurance services among participating agencies, thereby reducing District costs.

Opportunities for Rate Restructuring

1. In October 2002 the District's Board of Directors enacted an ordinance establishing the sewer service rates for FY 2003–2004 through 2007–2008, thereby restructuring rates through 2007–2008.

Opportunities for Shared Facilities

1. The District shares wastewater treatment plant capacity at the San Jose/Santa Clara Water Pollution Control Plant. As the District's facilities are limited, no other opportunities for sharing facilities have been identified.

Government Structure Options

1. No government structure options have been identified. The existing provision of service is efficient in that one entity provides service to four different city areas.

Evaluation of Management Efficiencies

1. The provision of wastewater service to the District's service area is efficient because one entity provides service to four city areas through one conveyance system. This is a more efficient provision of service than each City having its own conveyance system and providing maintenance and upgrades to its City's system.

Local Accountability and Governance

1. The District ensures that local accountability and governance standards are met by holding meetings pursuant to the Brown Act.

22.7 SOI RECOMMENDATION FOR THE WEST VALLEY SANITATION DISTRICT

Current SOI Boundary

For the most part, the District's sphere of influence (SOI) is not coterminous with the District's boundary. To the south, the District's SOI includes large areas of unincorporated and undeveloped areas. To the east, the District's SOI is not coterminous; District lands include unincorporated island areas within the City of San Jose that are located beyond the District's SOI. On the southwest, the District serves two small areas that are currently located beyond the District's SOI. One of the areas is unincorporated and has been historically served by the District, while the other area is located within the City limits of Monte Sereno. On the northwest, the District's SOI includes large areas of unincorporated hillside land that are not located within the District.

SOI Boundary Recommendation

It is recommended that LAFCO expand the District's SOI to include the two small areas located on the southwest side of the District that are currently receiving District services.

22.8 SOI DETERMINATIONS FOR THE WEST VALLEY SANITATION DISTRICT

As detailed in Section 1.1, Government Code Section 56425 requires written determinations with respect to the following four factors to update an agency's SOI. Based on the information above, the following determinations are provided to update the District's existing SOI.

1. The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands

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

Finding: Planned land uses throughout the District are generally similar to those of the existing uses.

2. Present and Probable Need for Public Facilities and Services in the Area

The District is generally built out, and most future growth would be limited to infill development and redevelopment. Therefore, actual growth within the District boundaries would be low.

Finding: The need for additional wastewater facilities and services is expected to be low in the future.

3. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The District serves lands that have been largely developed for a long period of time. The infrastructure serving the District's service area has been fully developed and has the capacity to serve the expected intensification of land uses within the District.

Finding: The present capacity of public facilities and provision of service appears to be adequate.

4. Existence of any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency

The District's SOI encompasses lands within the Cities of Saratoga, Campbell, Monte Sereno, and Los Gatos, in addition to unincorporated lands.

Finding: The District is part of the social and economic community of the Cities of Saratoga, Campbell, Monte Sereno, and Los Gatos.