

14.0 CUPERTINO SANITARY DISTRICT

The wastewater services that are provided by the Cupertino Sanitary District (District) are evaluated in this service review.

14.1 DISTRICT HISTORY AND SERVICE AREA

The District was organized on December 28, 1953, as County Sanitation District No. 7, and was reorganized on April 30, 1956, as the District pursuant to the Sanitary District Act of 1923. The District serves Cupertino and portions of Saratoga, Sunnyvale, Los Altos, and unincorporated areas within Santa Clara County.

14.2 GOVERNANCE

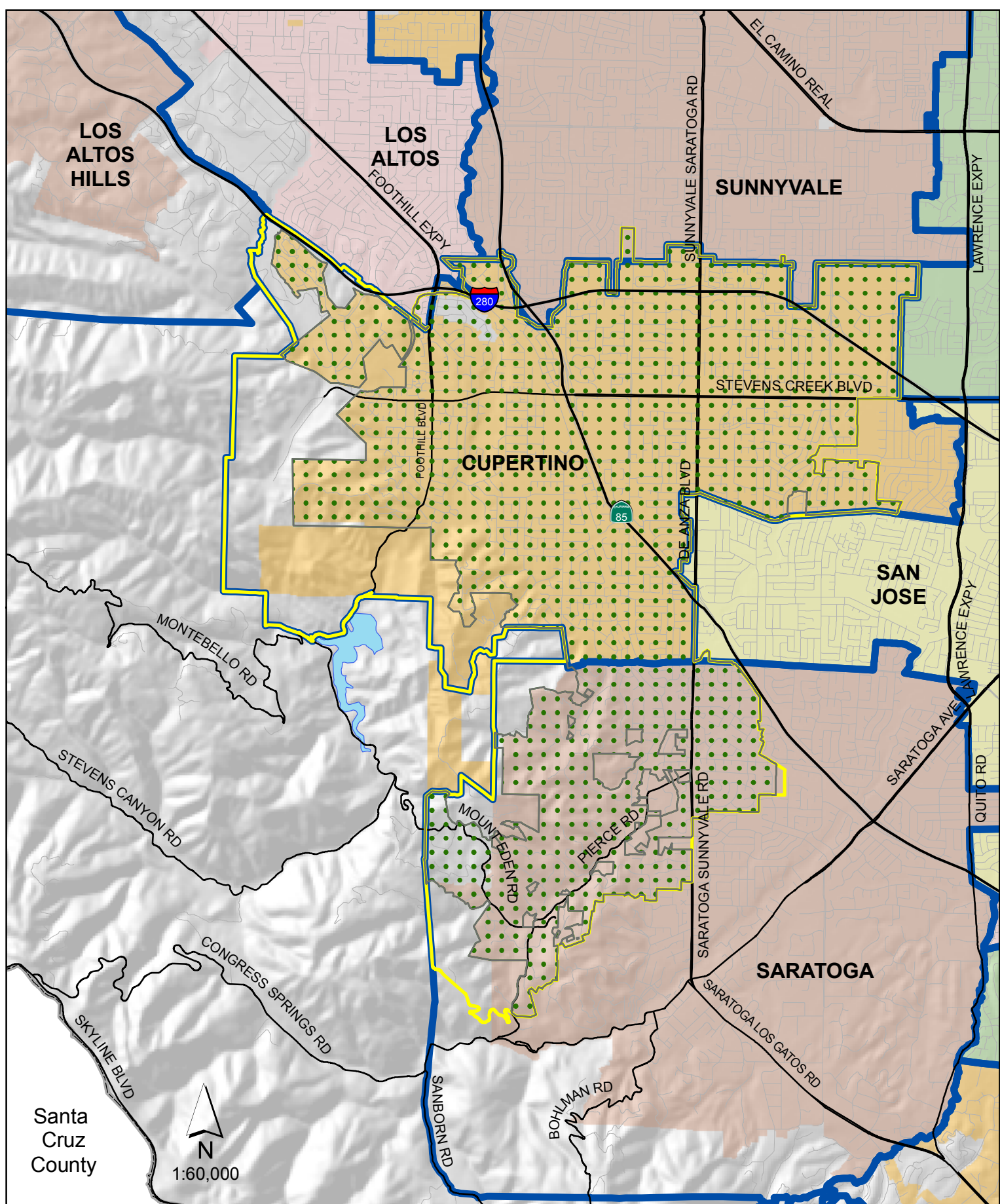
The District is governed by a five-member Board, which is elected to 4-year terms. The Board meets the first and third Wednesdays of each month at 8:00 p.m. in the District Board Room, located at 20833 Stevens Creek Boulevard in Cupertino. Board meeting agendas are posted outside the front entrance of the building. The District prepares an annual report.

Staff

The District does not have employees; since 1957, the District is managed by Mark Thomas & Company, Inc. Currently, Mark Thomas & Company, Inc. assigns nine full-time employees to staff the District. Operation of the District is overseen by the Board of Directors.

14.3 FINANCE

The District adopts an annual budget. The District's revenues are derived principally from sewer service charges. Tables 14.A and 14.B below provide the District's sources of revenues and the District's uses of funds for the fiscal years (FY) 2005–2006 and 2006–2007.

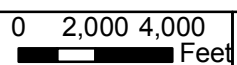


Santa Cruz County



Boundaries of the Cupertino Sanitary District

- Cupertino Sanitary District Boundary
- City Sphere of Influence Boundary
- Cupertino Sanitary District Sphere of Influence Boundary



April 2007



LAFCO

Local Agency Formation Commission of Santa Clara County

Table 14.A: Cupertino Sanitary District Sources of Revenue

Type of Classification	Percentage of Budget 2005-2006	Percentage of Budget 2006-2007
Service charges and revenue transfer	91.7%	85.05%
Connection fees	0.46%	0.89%
Other	7.84%	14.06%

Source: 2005 Annual Report; 2006 Annual Report

Table 14.B: Cupertino Sanitary District Uses of Funds

Type of Classification	Percentage of Budget 2005-2006	Percentage of Budget 2006-2007
Sewage treatment	38.38%	40.01%
Capital outlay	24.04%	24.20%
Emergency funds	3.17%	2.83%
Maintenance and operation	34.41%	32.96%

Source: 2005 Annual Report; 2006 Annual Report

Table 14.C provides a summary of the District's revenues and expenditures. As shown, the District's expenditures have exceeded revenues for the past several years.

Table 14.C: Condensed Statement of Revenues and Expenses

	2004	2005
Total Revenues	\$5,998,923	\$6,855,637
Total Expenses	\$7,047,222	\$6,330,320
Net Revenues (loss)	(\$1,048,299)	\$525,317

Source: Financial Statements, June 30, 2005

According to the Financial Statements (June 30, 2005), the District has debt related to bonds, which were used to fund the South Bay Water Recycling Project. As of June 30, 2005 the District's balance was \$6,509,833. It should be noted that each of the agencies that utilizes the San Jose/Santa Clara Water Pollution Control Plant are participants in proportionally funding this project.

The District maintains reserve funds for the Capital Improvement Program (CIP), which can be used for emergencies and then replaced. There is currently \$12 million for the CIP.

14.4 WASTEWATER TREATMENT

The District operates a collection system only, consisting of 272 miles of mains and sewers, 15 pump stations, and a metering station. There are approximately 22,487 sewer connections. The District has an agreement for wastewater treatment at the San Jose/Santa Clara Regional Water Quality Control Plant for treatment and disposal of wastewater generated within the District. Currently the District discharges approximately 4.6 million gallons per day (mgd) and has rights to discharge up to 8.6 mgd.

The District has stated there are no capacity issues within the District's facilities and no existing infrastructure deficiencies within the District's facilities; further, there are no planned facilities and/or expansion/improvement projects within the District beyond the normal repair and replacement schedule. The District anticipates being able to accommodate expected growth within the District.

Sewer Service Rates

According to the District's Financial Statements (June 30, 2005), the District sets its rates to its users to cover the costs of operations, maintenance, and repair, plus any increments for known or anticipated changes in program costs. The District increased service rates by 16 percent for FY 2005. The District's service charges are provided in Table 14.D.

Table 14.D: Cupertino Sanitary District Sewer Service Charges

Land Use	Charge
Residential	\$21.00/month; \$252.00/year
Commercial or Industrial	\$15.75/month; \$189.00/year

Source: Ordinance No. 92, Cupertino Sanitary District

14.5 SERVICE REVIEW DETERMINATIONS FOR CUPERTINO SANITARY 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. There are no known existing capacity and/or infrastructure needs or deficiencies.
2. There are no planned facilities and/or expansion/improvement projects within the District beyond the normal repair and replacement schedule.

Growth and Population

1. Currently the District discharges 4.6 mgd, and has rights to discharge up to 8.6 mgd; therefore, the District would be able to accommodate expected growth within the District.

Financing Constraints and Opportunities

1. District expenditures have exceeded revenues for the past several years.
2. The District maintains reserve funds for the CIP, which can be used for emergencies and then replaced. There is currently \$12 million for the CIP.

Cost-Avoidance Opportunities

1. The District's use of the wastewater treatment plant in San Jose saves the District the cost of owning and operating its own treatment plant.

Opportunities for Rate Restructuring

1. The District sets its rates to its users to cover the costs of operations, maintenance, and repair, plus any increments for known or anticipated changes in program costs. The District last increased service rates by 16 percent for FY 2005. The District may want to review rates again to ensure that revenues cover expenses.

Opportunities for Shared Facilities

1. The District has an agreement for wastewater treatment at the San Jose/Santa Clara Regional Water Quality Control Plant for treatment and disposal of wastewater generated within the District. As the District's facilities and services 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 agency provides service to a large geographic area.

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 cities and unincorporated areas through one conveyance system. This is a more efficient provision of service than each City and the County having its own conveyance system and providing maintenance and upgrades to its 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.

14.6 SOI RECOMMENDATION FOR THE CUPERTINO SANITARY DISTRICT

Current SOI Boundary

The District's SOI is coterminous with its boundary in some areas and not coterminous in other areas. In general, the SOI is coterminous to the north and south, and includes lands outside of the District's boundary to the east and west.

SOI Recommendation

It is recommended that LAFCO reaffirm the existing SOI for the District.

14.7 SOI DETERMINATIONS FOR THE CUPERTINO SANITARY 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. This includes the City of Cupertino, a large portion of Saratoga, and small areas of Sunnyvale and Los Altos, in addition to unincorporated areas. The land within the District's SOI include hillside and open space 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 largely 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 Cupertino, Saratoga, Sunnyvale, Los Altos, and unincorporated areas.

Finding: The District is part of the social and economic community of the Cities of Cupertino and portions of Saratoga, Sunnyvale, Los Altos, and unincorporated areas within Santa Clara County.