

16.0 LAKE CANYON COMMUNITY SERVICES DISTRICT

The wastewater services that are provided by the Lake Canyon Community Services District (CSD) are evaluated within this service review.

16.1 DISTRICT HISTORY AND SERVICE AREA

The Lake Canyon CSD was formed in February 1993 pursuant to the California Government Code Section 6100. The Lake Canyon CSD was formed to provide wastewater services to the specific unincorporated area of Lake Canyon. Lake Canyon is a 45-acre community of 65 developed residential lots located within the Lexington Basin Watershed, approximately 3 miles west of the Town of Los Gatos. The community is situated along Beardsley Creek, a tributary drainage to Lexington Reservoir. The community is surrounded by undeveloped hillsides, including land owned by the Santa Clara County Parks and Recreation Department, the Santa Clara Valley Water District, and the Lake Canyon Mutual Water Company. When the Lake Canyon CSD was formed, there were 10 vacant lots that were developable; those 10 lots currently remain vacant.

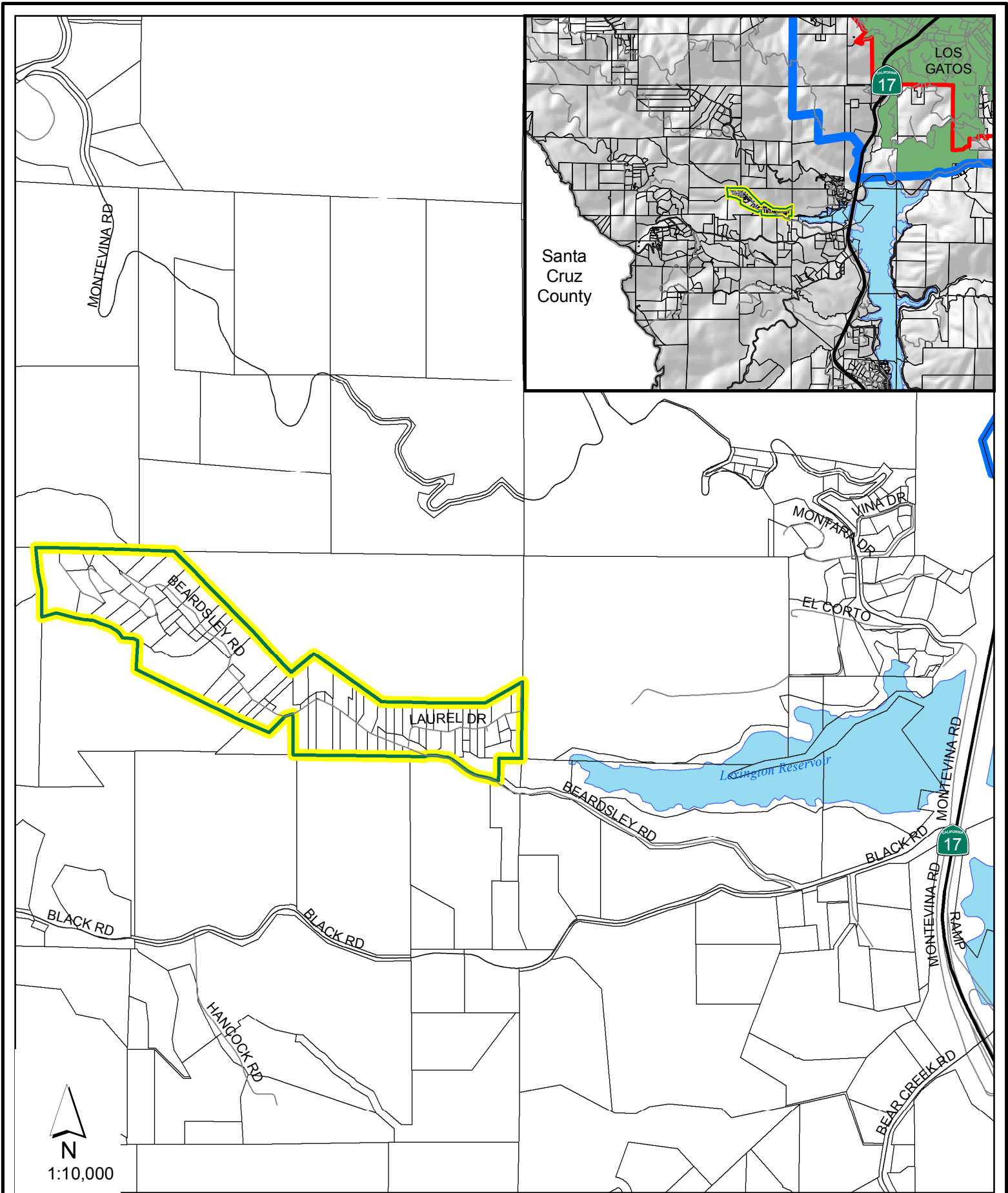
16.2 GOVERNANCE

The Lake Canyon CSD is governed by a five-member Board of Directors and managed by volunteers and one part-time employee. Governing members are appointed by the Santa Clara County Board of Supervisors. The Board has regularly scheduled monthly meetings. Board meeting agendas are posted in the community center. The meeting minutes are posted in the community center and are mailed to members of the community.

16.3 FINANCE


The Lake Canyon CSD adopts an annual budget. The Lake Canyon CSD's sources of revenues consist of charges for services, which are collected through the property tax roll. Currently, the Lake Canyon CSD is charging \$900 per parcel annually. The Lake Canyon CSD reviews rates for service annually, and rate increases are based on actual operating costs. The Lake Canyon CSD's uses of funds are listed in Table 16.A. As shown, the Lake Canyon CSD's interest expense and licenses and fees are the majority of the expenses. The interest expense is due to a loan for the construction of facilities 10 years ago. The existing balance is approximately \$200,000.

Table 16.B provides the Lake Canyon CSD's Fiscal Year (FY) 2005–2006 revenues and expenditures. As shown, the Lake Canyon CSD's revenues exceeded expenditures.



Boundaries of the Lake Canyon Community Services District

- Community Services District Boundary
- City Urban Service Area Boundary
- Community Services District Sphere of Influence
- City Sphere of Influence Boundary

0 250 500
 Feet

February 2007



Table 16.A: Lake Canyon CSD Major Uses of Funds, July 2005–June 2006

Major* Uses of Funds	Percentage (%)
Interest Expense	33.9
Licenses and Fees	27.7
Salaries and Wages	11.0
Legal and Professional Fees	9.6
Insurance	5.6
Utilities	3.3
Repair and Maintenance	2.0
Contract Labor	1.8
Payroll Service Fees	1.7
Dues and Subscriptions	1.6

Source: Lake Canyon CSD Profit and Loss Summary, July 2005–June 2006.

*Major uses of funds; smaller uses are not listed.

Table 16.B: Lake Canyon CSD Revenue and Expenditures for FY 2005–2006

Item	Amount
Total Income	\$59,103.00
Total Expenses	\$55,995.74
Net Operating Income	\$3,107.26

Source: Lake Canyon CSD, Profits and Loss, FY 2005–2006.

Reserves

The Lake Canyon CSD does not have policies regarding reserve funds. The balance of the Lake Canyon CSD’s reserve funds at the end of the last fiscal year was approximately \$200,000.

16.4 WASTEWATER

Prior to the formation of the Lake Canyon CSD, developed properties within the Lake Canyon community were served by various types of on-site septic systems, including cesspools, septic tank-seepage pit systems, septic tank/leachfields, and grey-water systems. However, as noted in the 1993 LAFCO hearing report for the formation of the Lake Canyon CSD, most of these systems were inadequate, and the community had been identified by the Santa Clara County Health Department (Health Department) as having significant septic system problems. Elevated levels of bacteria were found in Beardsley Creek, which was identified as a potentially significant hazard to public health. In response to these problems, the Health Department imposed a building moratorium on the community in late 1980.

The West Valley Sanitation District (District) is the closest wastewater service provider to the Lake Canyon community. However, the District’s boundary lines are not adjacent to the Lake Canyon

community. The District would need to annex a considerable amount of land that is not receiving wastewater services (from any service provider) to include Lake Canyon within the Lake Canyon CSD without creating a noncontiguous District area. The 1993 LAFCO hearing report for the formation of the Lake Canyon CSD notes that prior to creation of the Lake Canyon CSD, the District was initially interested in adding Lake Canyon to its service area boundaries. However, in late 1992, the District became increasingly concerned about the liability of adding a community leachfield to its existing sewer operations. In fall 1992, the District voted not to annex the Lake Canyon community and the leachfield to the District, thus terminating annexation discussions. In addition, the District has expressed a lack of interest in expanding its boundary line any further southwest.

After this decision, the Lake Canyon CSD was formed and authorized to provide a new facility for the collection, treatment, and disposal of wastewater. Lake Canyon is now served by a central collection system, utilizing on-site septic tanks and small-diameter effluent sewers. From a central lift station at the east end of the community, the effluent is pumped to and disposed of in a community leachfield system on a 2-acre portion of gently sloping grassland.

The community leachfield consists of a dual system, equal in capacity to 200 percent of the estimated peak design flow of approximately 17,000 gallons per day (gpd). The leachfield is located on a grassland area that has been used historically for pasturing of animals. The leachfield consists of approximately 5,840 lineal feet of trench (2,920 feet per each half of the system) and covers approximately 2 acres. The system is operated by half of the leachfield system being in operation, while the other half is offline and allowed to rest. Flows between the two sides are switched once every 6 months. The system is constructed to serve the build out of the parcels within the Lake Canyon community. The maximum capacity of the system was projected to be 17,060 gpd, with an average daily capacity of 14,400 gpd.

The Lake Canyon CSD has stated there are no existing deficiencies or needs for improvement to the system.

16.5 SERVICE REVIEW DETERMINATIONS FOR THE LAKE CANYON CSD

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 Lake Canyon CSD.

Infrastructure Needs and Deficiencies

1. The Lake Canyon CSD has stated that there are no existing deficiencies or needs for improvements to the system.

Growth and Population

1. The Lake Canyon CSD encompasses a specific community, which is mostly developed. The maximum service area of the Lake Canyon CSD is defined by its current boundaries.

2. The Lake Canyon CSD's facilities have the capacity to accommodate the projected flows from the 10 vacant parcels within the community.

Financing Constraints and Opportunities

1. The Lake Canyon CSD's reserves are approximately \$200,000, and revenues have exceeded expenditures. No financing constraints have been identified.

Cost-Avoidance Opportunities

1. The Lake Canyon CSD provides limited services to a community that is distinctly separate from other communities within the County. Because the Lake Canyon CSD's facilities are limited and due to the location of the community, no cost-avoidance opportunities have been identified.

Opportunities for Rate Restructuring

1. The Lake Canyon CSD annually reviews rates for services. Adjustments are made to reflect actual costs to provide the service.

Opportunities for Shared Facilities

1. The Lake Canyon CSD provides services to a community that is distinctly separate from other communities within the County and does not currently share any facilities. Because the Lake Canyon CSD's facilities are limited and due to the location of the community, no opportunities for shared facilities have been identified.

Government Structure Options

1. Based on the current provision of service, it is reasonable to conclude that services can continue to be provided by the Lake Canyon CSD under this government structure. As the Lake Canyon CSD is not adjacent to any existing city or district boundary, or SOI, annexation to a city, or district is not feasible.

Evaluation of Management Efficiencies

1. The provision of wastewater service to the Lake Canyon CSD's service area is efficient because limited staffing and oversight are needed to provide services.

Local Accountability and Governance

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

16.6 SOI RECOMMENDATION FOR THE LAKE CANYON CSD

Current SOI Boundary

The existing SOI is coterminous with the Lake Canyon CSD's boundaries.

SOI Recommendation

There are no SOI issues that have been identified. Therefore, it is recommended that Local Agency Formation Commission (LAFCO) reaffirm the existing SOI for the Lake Canyon CSD.

16.7 SOI DETERMINATIONS FOR THE LAKE CANYON CSD

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 Lake Canyon CSD's existing SOI.

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

The Lake Canyon CSD is located within an unincorporated area of the County. The Lake Canyon CSD was established to provide services to a specific 45-acre community, which consists of 65 residential lots.

Finding: The community is not expected to grow beyond the development of the existing vacant parcels. Hence, future development within the Lake Canyon CSD is expected to be minimal and consist of development of the 10 remaining vacant parcels that are planned for single-family residences.

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

The maximum demand for Lake Canyon CSD services was defined upon creation of the Lake Canyon CSD and development of the infrastructure serving the community.

Finding: The Lake Canyon CSD was established to provide services to a specific community. Future growth within the Lake Canyon CSD would be minimal and limited to development of vacant parcels.

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

Because the Lake Canyon CSD serves a specific community, the infrastructure serving the community has been designed to serve the full build out of all parcels.

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 Lake Canyon CSD is located within an unincorporated area of the County and provides services to a private community that is distinctly separate from other communities within the County. The services provided by the Lake Canyon CSD have been designed to only serve this specific community and may not be extended to adjacent properties.

Finding: The Lake Canyon community is a distinct community of interest.