

Final Report

**MID-COUNTY WATER SERVICE
REVIEW**

Prepared for:

Placer Local Agency Formation Commission

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June 2006

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Appendix – Comments and Responses for Public Review Draft

Note: The Auburn Valley Community Services District is addressed in a separate Municipal Service Review.

ACRONYMS

ACWA	Association of California Water Agencies
AF	Acre foot
AF/Yr	Acre foot per year
AWWA	American Water Works Association
CCF	Hundred cubic feet
CIP	Capital Improvements Plan (or Program)
CPUC	California Public Utilities Commission
CSD	Community Services District
CSDA	California Special Districts Association
DHS	State Department of Health Services
EDU	Equivalent Dwelling Unit
ERAF	Education Revenue Augmentation Fund
GIS	Geographic Information System
LAFCO	Local Agency Formation Commission
MG	Million Gallons
MID	Miners Inch Day
MVCWD	Meadow Vista County Water District
MHAAA	Midway Heights Applegate Annexation Association
MHCWD	Midway Heights County Water District
NA	Not Applicable
NP	Not Provided
PCWA	Placer County Water Agency
PUD	Public Utility District
RAD	Regional Analysis District
SACOG	Sacramento Area Council of Governments
SCADA	Supervisory Control and Data Acquisition
SDRMA	Special District Risk Management Authority
SOI	Sphere of Influence
SPCSD	Suburban Pines Community Services District
USFS	United States Forest Service
WWC	Weimar Water Company

Cover Photos:

Boardman Canal near Hanson Spill

Photo: PCWA

Sugar Pine Reservoir

Photo: Foresthill PUD

Mammoth Reservoir

Photo: PCWA

Scenic Canal

Photo: PCWA

1. EXECUTIVE SUMMARY

Overview

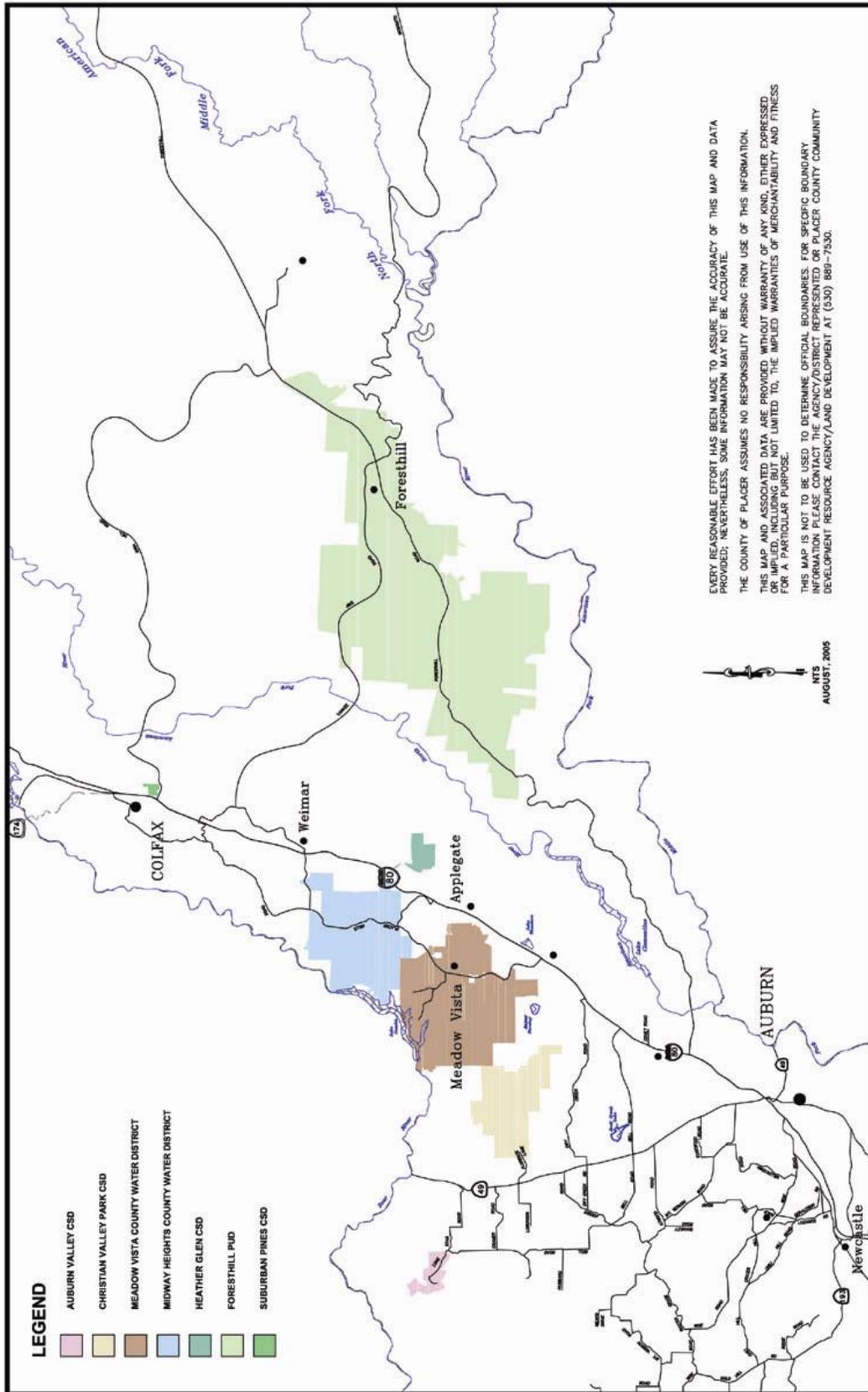
The Local Government Organization Act of 2000 governs city and special district boundary changes and reorganizations, and charges the Local Agency Formation Commission (LAFCO) in each county to perform studies and make reorganization decisions that promote efficient public services. The Mid-County Water Service Review is a comprehensive overview of water services within the central portion of Placer County and includes eight special districts. The report addresses the public services being provided by the agencies subject to LAFCO’s boundary regulation under state law. Although it is not subject to LAFCO oversight, the Weimar Water Company is included as well as it is providing retail and wholesale treated water service within the study area.

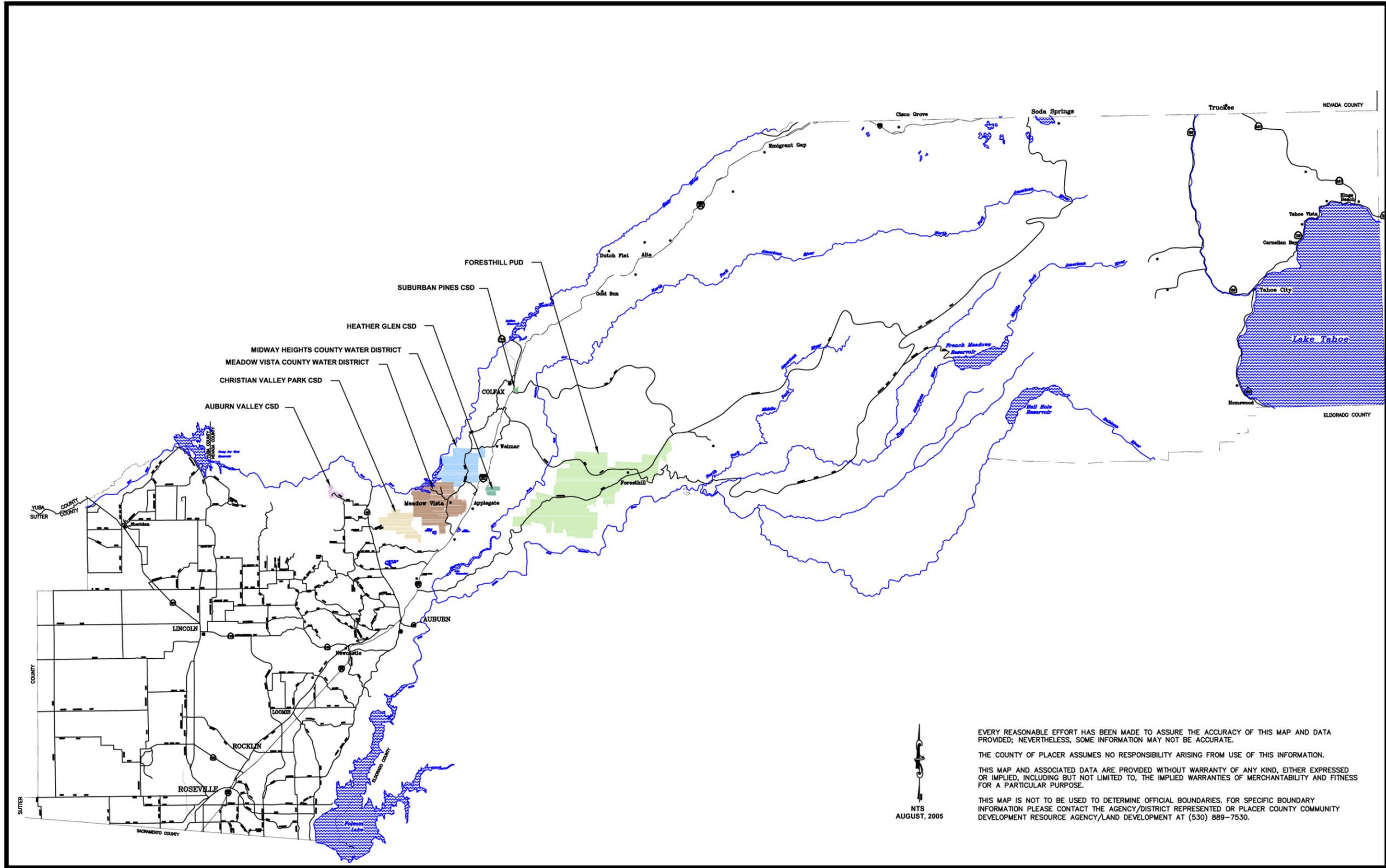
Mutual water companies, small shared systems, and private and shared wells are also providing water service, drawing on the groundwater resources in the area. These facilities are privately owned, and it is beyond the scope of this report to collect and analyze data on these systems. It should be noted that they are providing water service to the County’s residents from available groundwater resources and are impacted by similar concerns for groundwater quality and availability.

The following water providers are included in this review:

Water Purveyors
Public Agencies
Christian Valley Park Community Services District
Foresthill Public Utility District
Heather Glen Community Services District
Meadow Vista County Water District
Midway Heights County Water District
Placer County Water Agency
Suburban Pines Community Services District
Private Water Purveyor
Weimar Water Company

Following are maps depicting the service areas of the water retailers. The service zones of the Placer County Water Agency are depicted on the map in *Section 8*.





Service Review Purpose

LAFCO has boundary authority over special districts and cities, but does not have authority over private entities. In accordance with Government Code §56425, LAFCO must conduct service reviews prior to or in conjunction with the mandated five-year schedule for updating Spheres of Influence (SOIs) for the agencies under its jurisdiction. The service review report must include an analysis of the issues and written determinations for each of the following:

- Growth and population projections for the affected area;
- Infrastructure needs or deficiencies;
- Financing constraints and opportunities;
- Cost avoidance opportunities;
- Opportunities for rate restructuring;
- Opportunities for shared facilities;
- Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers;
- Evaluation of management efficiencies; and
- Local accountability and governance.

The Mid-County Water Service Review will be available for use by LAFCO, the County, cities, special districts and the public to better understand how public services are provided within Placer County. The Service Review will be used by LAFCO to update the spheres of special districts including expansions or reductions in the sphere of influence (SOI) boundaries or creation of new SOIs.

Although the service review report includes a discussion of various alternative government structures for efficient service provision, LAFCO is NOT required to initiate any boundary changes based on service reviews. LAFCO, other local agencies (including cities, special districts, and the County) or the public may subsequently use the service review together with additional research and analysis, where necessary, to pursue changes in jurisdictional boundaries.

LAFCO may also use the information in this service review in reviewing future proposals, and other entities as well as the public may use this report as a foundation for further study and analysis of issues relating to water service within this county.

Water Service Review Process

A collaborative approach has been used throughout the preparation of the Mid-County Water Service Review. The input of the public agencies is valuable, and opportunities were provided for their involvement. The agencies were initially asked to complete a service review questionnaire and provide supporting data for use in the analysis. The data was

collected and forwarded to the consulting team for review; follow-up discussions were conducted where clarification and additional information were needed. Agencies were provided an opportunity to review the administrative draft following LAFCO's initial review. Changes and comments were incorporated as appropriate in preparation for release of both the Public Review and Final Drafts.

LAFCO held an informational meeting regarding this study in December 2005 to answer questions and take comments from the public. A Public Hearing for the Service Review was held at the June 14, 2006 Commission meeting. LAFCO encouraged agencies and interested members of the public to submit written comments in advance of the hearing, and to attend and summarize their main observations orally at the hearing.

Water Supply System and Issues

The central portion of Placer County relies on two main sources of water: groundwater and surface water collected in reservoirs and delivered through a system of canals and pipelines. The agencies included in this review are providing raw and/or treated water from surface water supplies. The Placer County Water Agency (PCWA) is the primary wholesale water agency, providing both raw and treated water within its water service zones. The mid-County study area lies within PCWA's service Zone 3. Each of the agencies relies on PCWA for supply, except for the Foresthill Public Utility District which has its own source in the Sugar Pine Reservoir. The Weimar Water Company, a privately-owned utility, provides direct service as well as wholesales treated water to the Midway Heights CWD, Timber Hills Mutual Water Company, and the Weimar Institute. PCWA and Midway Heights CWD are the only agencies providing raw water service.

The Boardman Canal is the primary water conveyance facility for those areas in PCWA's Zone 3. The Canal originates at Lake Spaulding in Nevada County, with the water provided by PG&E. PCWA acquired the system from PG&E in 1984; Zone 3 includes 33 miles of canals, 24 flumes and numerous pipelines. During this review, a number of the agencies and residents expressed concern over the reliability of the Boardman Canal and the potential for a long-term outage that might be caused by a massive failure in the system's pipes or the wooden flumes in fire sensitive areas. In October 2005, a pipeline in Zone 3 burst, and the area had to rely on storage for approximately 2.5 days. Water supplies were critically low by the time service was restored. Although PCWA's Boardman Canal customers are required to have adequate storage and are aware that the supply is interruptible, the water supply in portions of Placer County is vulnerable.

Growth in the area and impacts to groundwater availability and quality further heighten the critical role of the Boardman Canal in the region's water supply system. The larger agencies are all projecting growth due to development. They have planned for growth within their

existing service areas, but new development adjacent to their boundaries is increasing local water demands. In addition, a number of areas are experiencing groundwater issues such that wells are no longer productive or water quality has degraded so that it is no longer suitable for domestic use. Property owners are looking to the nearby water districts for service, which in some cases may require annexation. In the Foresthill area, adoption of the Community Plan Update may significantly increase population through land use and density changes. A majority of the proposed Forest Ranch development is outside the Foresthill Public Utility District's boundaries.

These trends have a significant bearing on the water purveyors within the mid-County area, in their planning to meet future service demands, financing capital improvements, and managing operations and maintenance. Annexations will have to be carefully considered for the benefits provided to the residents within the annexing area as well as the existing district. LAFCO will have an important role in strengthening the regional water supply system, through encouraging agency relationships and partnering on improvements for shared facilities, system interties, and appropriate service area boundaries.

Additional Review Process Information

Additional background documents, such as previous sphere studies, are available from the LAFCO office:

145 Fulweiler Avenue, Suite 110
Auburn, California 95603
(530) 889-4097

In addition, information about this document's public review and adoption process are available at the LAFCO office as well as through the LAFCO web page:

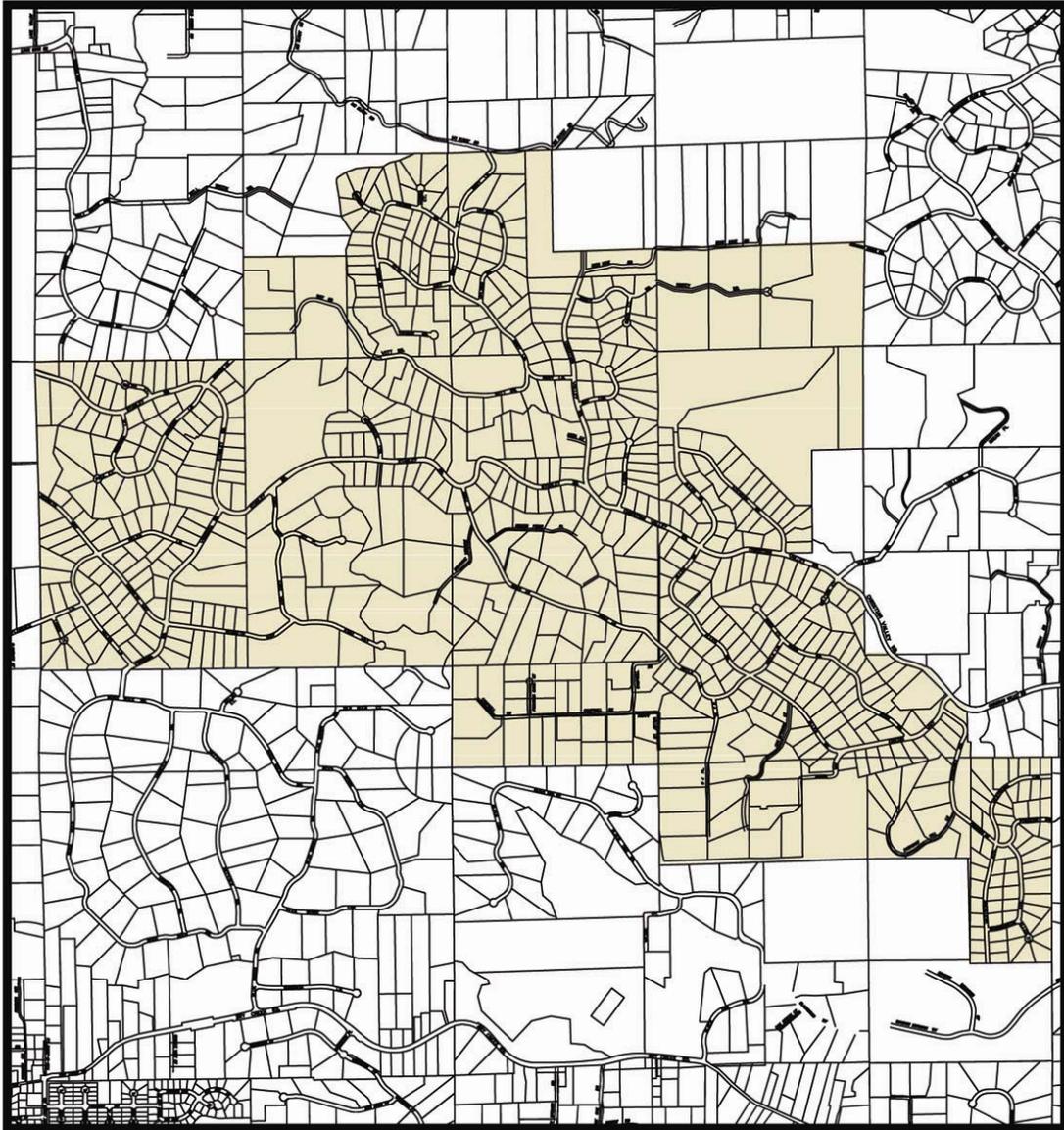
<http://www.placer.ca.gov/LAFCO/LAFCO.htm>

2. CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Overview

The Christian Valley Park Community Services District (CSD) was formed in 1962 and serves an area of approximately 2.3 square miles in the unincorporated community of Christian Valley. The District provides water service and road maintenance; raw water is purchased from the Placer County Water Agency and treated at the District's treatment plant. Revenues are derived from service charges, property taxes and assessments. The District is governed by a five-member Board of Directors elected at large by voters within the District.

A map of the Christian Valley Park CSD follows.



CHRISTIAN VALLEY CSD



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Note: Sphere of Influence not shown.

1. Growth and Population

Land use within the Christian Valley Park CSD is primarily residential with some agricultural use. It is zoned for single-family residential and agriculture. The population served by the District is estimated at 1,433 based on an average of 2.63 persons per household in unincorporated Placer County. The Sacramento Area Council of Governments (SACOG) has developed population projections for the counties and cities within its jurisdiction as well as Regional Analysis Districts (RAD). The Christian Valley Park CSD lies within the North Auburn RAD. Per the SACOG March 2001 projections, population within the North Auburn RAD is expected to increase to 26,753 by 2025 at an average annual growth rate of 2.3%.

The District currently serves 557 treated water accounts with an additional 42 undeveloped lots entitled to water service. In the future, the District may serve an additional 70 parcels which are not entitled to water, but their wells are failing. The extension of the mainline would help the overall water system by creating a higher pressure in some areas of the District as well as some other benefits. These parcels are within the District’s current sphere of influence and represent an estimated 13% increase in population served, reaching 1,750 persons. Significant growth beyond this service expansion is not anticipated.

2. Infrastructure Needs and Deficiencies

The Christian Valley Park CSD provides potable water for residential accounts. Raw water is purchased from the Placer County Water Agency and delivered to the District through the Bowman Canal; the supply is interruptible. Some groundwater wells within the District’s sphere of influence are going dry; this issue is the primary impetus behind the interest of the 70 parcels mentioned above to connect to the District’s water system.

The Christian Valley Park CSD’s water system includes the following components:

Facility	Quantity
Treatment Plant	1 with 1 mg capacity
Pipelines	15 miles
Reservoirs /Tanks	1.5 mg
Pressure Zones	3

The treatment plant is expandable to 1.5 million gallons per day with the addition of a third filter. The system is all gravity-fed with only one area requiring pumping to maintain pressure. The District is considering extending service in the vicinity of Gayle, Sunshine Meadows and Campbell Roads; if the project and assessments are approved by the property owners, a new mainline will be installed. This project is at least a year away from construction.

The most critical constraint in the water system is storage. There is currently only one in-ground reservoir and it is in good condition. However, it is a part of the treatment process and cannot be

bypassed, so it cannot be taken out of service for repairs or upgrades. The District has identified a potential opportunity to locate a reservoir and booster pump on property owned by the California Conservation Corps at the end of Christian Valley Road. This property is outside the boundaries of the District; however the reservoir would be sited at a high point and would add additional storage volume as well as redundancy to the system. The wells that the Conservation Corps relies on are going dry; an agreement would include the District providing water service to the Corps property. The end of an existing mainline is within 50-feet of the property line. An engineering feasibility study has not been completed; however the District expects that treatment capacity and water supply would be adequate to serve the property.

3. Financing Constraints and Opportunities

The Christian Valley Park CSD is funded through service charges, fees, property taxes and interest income with property tax revenue used for road maintenance. Water service is accounted for through an enterprise fund. The following summarizes the District’s finances related to water service:

Christian Valley Park CSD Financial Summary – Water Fund

Finances	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual
Sources			
Service Charges	\$185,889	\$221,349	\$240,576
Hook up Fees	\$7,814	\$33,100	\$34,272
PCWA Surcharges	\$28,840	\$29,362	\$35,598
Other Income, Late Fees	\$495	\$1,040	\$659
Interest Income	\$6,784	\$6,221	\$5,325
Total Sources	\$229,822	\$291,072	\$316,429
Uses			
Operating Expenditures (inc Depn)	\$222,768	\$235,488	\$275,797
Interest Expense	\$2,993	\$8,376	\$8,488
Total Uses	\$225,761	\$243,864	\$284,285
Net Surplus/(Deficit)	\$4,061	\$47,208	\$32,145
Reserve Balance, end of year	\$332,771	\$595,804	\$439,464

The County Treasurer is the depository and has custody of the District’s funds. The District undergoes an annual financial audit.

The District has one loan outstanding through the US Department of Agriculture Rural Economic and Community Development Department. The financing was used for water system improvements. The interest rate on the loan is 5% and the outstanding principal balance at June 30, 2004 was \$161,355. Annual principal and interest payments are approximately \$16,400.

The District has reserves for future needs, designated as follows (FY 2003-2004 year end):

	<u>Water</u>	<u>Roads</u>	<u>Total</u>
Operations	\$370,806	\$203,704	\$574,510
Restricted	<u>\$21,294</u>	<u> </u>	<u>\$21,294</u>
Total	\$392,100	\$203,704	\$595,804

Restricted reserves are designated for debt service on the Rural Development loan.

4. Cost Avoidance Opportunities

The Christian Valley Park CSD controls costs through the budgeting process and operates with minimal overhead. The Board is considering opportunities to improve service and reliability through siting a reservoir and pump station on the Conservation Corps property, which would allow for gravity feed to the distribution system and require less electricity for pumping. If the property owners approve extending service to the Gayle/Sunshine Meadows/Campbell area, an assessment district will be formed so that the cost is borne by those properties benefiting from the service. Lastly, the District has the financial resources to act on recommendations by Weimar Water Company for system improvements so that the potential for costly emergency repairs is minimized.

5. Management Efficiencies

The Board of Directors of the Christian Valley Park CSD manages the district and gives direction and supervision to the Weimar Water Company, which has been maintaining the water system for over twelve years. Weimar staff is on-call 24-hours a day.

6. Shared Facilities

The Christian Valley Park CSD has limited opportunity to share facilities with other water agencies. As noted above, the potential agreement with the California Conservation Corps represents a significant opportunity to share facilities between the two entities.

7. Rate Restructuring

The District charges a monthly meter charge, water usage charge and a PCWA Capital Facilities surcharge. Water use is charged at a flat unit rate. Rates are reviewed annually. The water service rates are as follows:

Fee	Monthly Rates FY 2004-2005
Meter Charge – ¾" meter	\$14.00
Water Use Charge – per billing unit (748 gallons)	\$0.70
PCWA Surcharge – every 30 days	\$5.49

Water service from PCWA is metered, and the District pays the following rates for raw water:

Charge	PCWA 2006 Monthly Rates
Resale Service Charge	\$52.06
Capital Facilities Charge	\$5.71
Water Use (per Miners Inch Day)	
First 1,000 MID	\$5.68
Over 1,000 MID	\$6.47

8. Government Structure Options

The Christian Valley Park CSD was formed under Community Services District Law (Government Code §61000 et seq.) on October 30, 1962. The District’s sphere of influence is coterminous with its boundary on the east, west and south sides; the northern sphere extends beyond the District’s boundary. There are no other agencies within the area that could provide all of the services of the District; therefore no other government structure options were identified.

LAFCO may want to consider extending the District’s boundaries to include the Conservation Corps property at the end of Christian Valley Road if the District is pursuing the opportunity to locate a storage tank on that site.

9. Local Accountability and Governance

The Christian Valley Park CSD is governed by a five-member board of Directors elected by voters within the District. Elections have been uncontested for a number of years. The current board is as follows:

Board Member	Title	Term of Office	Compensation
Mark Cederloff	President	2008	\$150 per mtg.
Mary Lou Aube	Director	2008	\$150 per mtg.
Lynn Cook	Director	2006	\$150 per mtg.
Opening	Director	2006	\$150 per mtg.
Walter (Jim) Miller	Director	2006	\$150 per mtg.

District meetings are held the second Tuesday of each month at 7 p.m. at the Placer Energy Center, 3710 Christian Valley Road. Public notice of meetings is posted at the California Conservation Corps bulletin board at least 72 hours before each meeting. The District also has a website that includes information on the district, water quality report, and board meeting agendas and minutes (www.christianvalley.org).

– DETERMINATIONS –

1) *Population and Growth*

The Christian Valley Park Community Services District serves a 2.3 square mile area. The area is zoned for single-family residential and agriculture. Future growth will be limited, based on the number of developable parcels remaining.

The District may extend service to 70 parcels along Gayle, Sunshine Meadows and Campbell Roads, an area that opted not to have water service when the District was formed. This will result in a 13% increase in the population served by the District.

2) *Infrastructure Needs and Deficiencies*

The Christian Valley Park CSD provides water and road maintenance services. Raw water is obtained from the Placer County Water Agency through the Bowman Canal and treated by the District at its water treatment plant.

The District is considering adding an additional reservoir and pump station in order to improve service and reliability. The District currently has one 1-million gallon reservoir that is part of the treatment process and cannot be taken out of service for repairs.

The District contracts with the Weimar Water Company to maintain the water system infrastructure and operate the water treatment plant; improvements and repairs are approved based on Weimar Water Company's recommendations.

3) *Financing Constraints and Opportunities*

The Christian Valley Park CSD is funded through service charges, service fees, property taxes and interest income. Water service is accounted for through an enterprise fund, and water revenues are adequate to cover operational expenses.

The District has reserves for future operational needs as well as restricted reserves for debt service.

The District has long-term debt associated with water system improvements. The loan has an interest rate of 5% and requires annual payments of approximately \$16,400.

4) *Cost Avoidance Opportunities*

The Christian Valley Park CSD is controlling costs through the annual budgeting process.

5) *Management Efficiencies*

The Christian Valley Park CSD contracts with the Weimar Water Company to manage the water system, which results in greater efficiencies.

6) *Shared Facilities*

The Christian Valley Park CSD has limited opportunity to share facilities with other water agencies, but may share facilities with the California Conservation Corps in the future.

7) *Rate Restructuring*

The Christian Valley Park CSD has a flat per-unit rate structure for water use; water service charges also include a meter charge and a PCWA Capital Facilities surcharge.

The District reviews rates annually and adjusts them as necessary through a public process.

8) *Government Structure Options*

The Christian Valley Park CSD was formed under Community Services District Law (Government Code §61000 et seq.). There are no other agencies in the area that could provide the same service, and no other structure options were identified.

9) *Local Accountability and Governance*

The Christian Valley Park CSD is governed by a five-member board of Directors elected by voters within the District. The District is providing adequate public notice of meetings and the meetings are open and accessible to the public.

– AGENCY PROFILE –

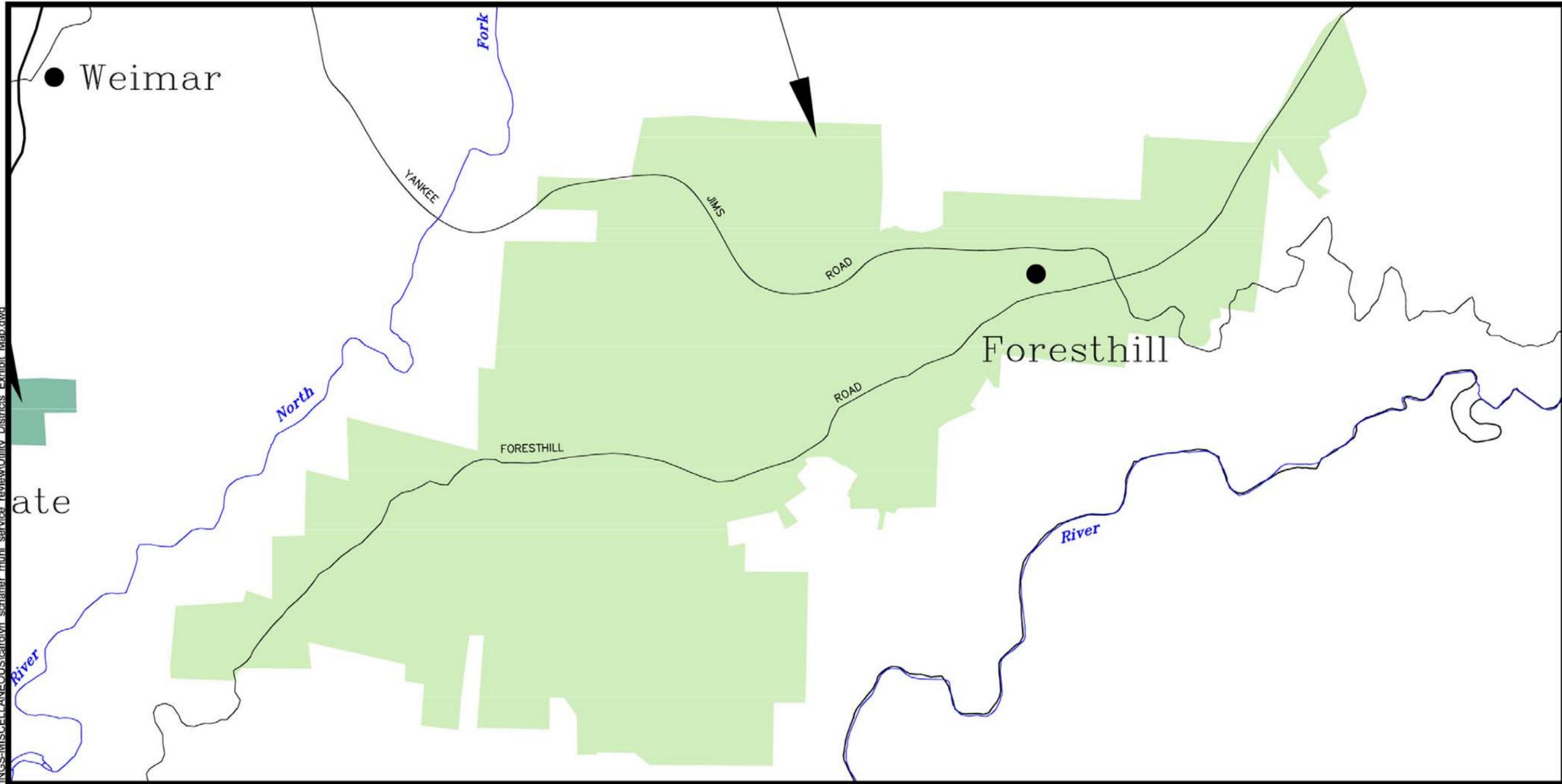
Christian Valley Park Community Services District			
Contact:	Don Elias, Secretary		
Mailing Address:	3333 Christian Valley Road, Auburn, CA 95602		
Site Address:	Same		
Phone Number:	(530) 878-8050		
Fax Number:	(530) 878-8350		
Email/Website	www.christianvalley.org		
Types of Services:	Water, road maintenance		
Population Served:	~ 1,433		
Size of Service Area (sq miles):	2.3 sq miles		
Staff and Infrastructure			
Staff: FTE	1 Part time		
Number of Connections	557		
Potable Demand	-- AF/Yr		
Storage Capacity	1 million gallons		
Water Source	PCWA/Bowman Canal		
Financial Information			
Water Service Actual: (FY 2004-2005)	Revenues	Expenses	Fund Balance (est. June 30, 2005)
	\$316,429	\$284,285	\$439,464

3. FORESTHILL PUBLIC UTILITY DISTRICT

Overview

The Foresthill Public Utility District (PUD), formed in 1950, serves a 20-square mile area that encompasses the unincorporated Foresthill Divide community. The District provides water for residential and commercial use as well as fire protection. The District owns the Sugar Pine Dam and conveyance system, along with associated water rights for Mill Creek and North Shirttail Creek. Water from the Sugar Pine Reservoir is treated at the District's facility in Foresthill. The District's primary sources of revenue include service charges, fees, property taxes and interest income. The District is governed by a five-member Board of Directors elected at large by voters within the District.

A map of the Foresthill Public Utility District follows. The sphere of influence is not shown.



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FORESTHILL PUD


 SCALE 1"=4000'
 AUGUST, 2005

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1. Growth and Population

The Foresthill PUD serves an area that is primarily residential with some commercial, agriculture, forest and timber use. It is generally low density development, with pockets of higher density multi-family residential use. The District estimates that the current population within its service area is approximately 5,500 persons.

The Sacramento Area Council of Governments (SACOG) has developed population projections for the counties and cities within its jurisdiction as well as Regional Analysis Districts (RAD). Although the Foresthill RAD is slightly smaller than the District's boundaries, it includes the main population and employment centers within Foresthill. It is clear that actual growth in the Foresthill area has exceeded earlier projections as the SACOG March 2001 projections reflect a Year 2025 population of 4,804 with an average annual growth rate of 0.8%, which is less than the estimated current population. Even with the difference in the study area boundaries, the SACOG projection for the Foresthill area is significantly understated.

The County of Placer has established a Foresthill Divide Community Plan Area that covers 56 square miles, nearly three times larger than the District's 20 square mile service area. The 1981 Foresthill General Plan (Community Plan) is in the process of being updated, with the proposed new plan covering an area of 109 square miles. The proposed Plan area is generally bounded on the west and north by the North Fork of the American River, Shirttail Canyon, the watershed of the Sugar Pine Reservoir, and Elliott Ranch Road; on the east by the west branch of El Dorado Canyon; and on the south by the North Fork of the Middle Fork American River and the Middle Fork American River. The existing 1981 Plan allows for more than 28,000 persons in the Plan area. The Land Use Map in the draft Community Plan Update proposes a maximum build-out population of approximately 13,500 persons. This population estimate may increase prior to adoption of a final plan, due to changes in density in certain areas and other factors. Growth in this area will continue to be a significant issue over the next several years, with related impacts to water supply and demand.

A portion of the anticipated growth in the Foresthill area may occur through the approval and development of Forest Ranch, a proposed new community. The Forest Ranch development plan includes 2,213 residential units, of which 524 would be located within the District's current boundaries. As planned, the development will result in a significant increase in population and water demand for the greater Foresthill area. The District has planned for adequate water supply and infrastructure to meet expected demand for the population and growth per the current 1981 Foresthill General Plan, which includes service for the 524 dwelling units. The remaining 1,689 units represent growth (within the District's Sphere of Influence Area) which is not included in the District's Water System Master Plan.

2. Infrastructure Needs and Deficiencies

The Foresthill PUD provides potable water to the following customer base: 1,777 single family residential, 13 multi-family residential, 80 business/commercial, and 1 industrial. There are 11 inactive single-family residential accounts.

Supply and Demand

The District owns water rights to Mill Creek and North Shirttail Creek, as well as the Sugar Pine Reservoir. The reservoir is filled by surface water draining from the 10-square mile watershed of North Shirttail Creek. The District lobbied the State and Federal governments to construct the Sugar Pine Reservoir Project after experiencing dire water conditions during the drought of 1976-77. The Project includes a 7,000 acre-foot reservoir on North Shirttail Creek, a 24-inch diameter supply pipeline, a 3 million-gallon per day water treatment plant, three 400,000 gallon water storage tanks, and a transmission pipeline ranging in diameter from 21-inches near the treatment plant to 10-inches at the District’s southwestern boundary. In November 2003 the District purchased the Sugar Pine Dam from the US Bureau of Reclamation so the District now owns the entire system. The District’s other sources of water produce varying quantities of water and are directly reliant on precipitation yields. The District does not include other sources in its reliability standard due to the absence of sustained quantity of yield during drought years.

The District’s held water rights are for up to 24,452 acre-feet per year of diversion and storage; however the amount significantly exceeds the calculated firm-yield of 4,700 acre-feet per year, or 2,657 acre-feet per year in a multiple drought year cycle. The District has adopted a reliability standard based on a 10-year drought followed by a 100-year drought followed by a mean water year. With this scenario, the safe yield of the Sugar Pine Project is 2,657 acre-feet per year. This allows for all downstream flow requirements to be met and a minimum reservoir level of 1,100 acre-feet which must be maintained. Per the hydrologic analysis conducted for the Project, the reservoir would refill by the end of the second year if a multiple year drought were followed by a mean water year.

The District’s existing and planned future demand is shown below. This demand is within the calculated safe yield of 2,657 acre-feet per year as discussed above.

Demand	Annual AF
Existing Water Demand for 1,690 SF and 327 MF residential; 94 Comm/Ind	1,154
Forest Ranch Project – 524 DU’s at 430 gpd within existing District boundaries	252
Other Planned Future	1,026

Developments	
Total Demands at Build-out	2,432

System Infrastructure

The Foresthill PUD system infrastructure includes the following components:

Facility	Treated
Mainline	76 miles
Reservoirs /Tanks	(3) 400,000 gal
Pump Stations	1
Pressure Zones	6

The District's Water System Master Plan adopted in 1992 is a ten year planning instrument which is based in part on the projected development/growth contained in the 1981 Foresthill General Plan. Several major capital improvements have been completed and while water supply and system reliability remain valid, the District is scheduling a revision and update of its Master Plan in 2006. It is anticipated that the Foresthill Community Plan Update will be completed by November 2006.

Capital improvement projects are reviewed annually as part of the budget process. The District has adopted a comprehensive Capital Improvement Plan policy which is reviewed and approved annually.

The State Division of Dam Safety conducts an annual safety inspection of the Sugar Pine Dam and the USFS conducts a compliance review of the Sugar Pine Operating Plan. The dam has a Supervisory Control and Data Acquisition (SCADA) system that includes security. The process control, monitoring, and security for the treatment plant and pump station are all computerized.

The District noted that there are several areas within the District's boundaries that lack services due to distance from transmission facilities. Developers are responsible for future improvements required to serve new development, with the cost generally paid through development fees. The developer is required to install new facilities as determined by the District.

3. Financing Constraints and Opportunities

The Foresthill PUD's primary sources of revenue are service charges, fees, property taxes and interest income. The following summarizes the District's finances:

Foresthill PUD Financial Summary

Finances	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Est. Actual
Revenue			
Water Sales	\$792,132	\$826,924	\$831,000
Service Connections	\$25,000	\$35,189	\$28,125
Will Serve	\$161,575	\$238,643	\$215,025
Sugar Pine Surcharge		\$137,072	\$139,617
Other Income, Interest Income	\$65,759	\$80,358	\$104,379
Property Taxes	\$48,482	\$53,820	\$15,825
Total Revenue	\$1,092,948	\$1,372,006	\$1,363,972
Expenses			
Source of Supply	\$172,597	\$31,884	\$60,109
Pumping and Water Treatment	\$118,658	\$131,510	\$119,538
Transmission and Distribution	\$133,833	\$115,615	\$152,928
Customer Accts/Admin	\$414,924	\$439,139	\$511,895
Depreciation	\$207,061	\$245,173	\$252,000
Interest Expense / Misc		\$70,703	\$138,229
Assistance – Assessment District #2	\$100,000	\$100,000	\$100,000
Total Expenses	\$1,147,073	\$1,134,024	\$1,334,699
Net Surplus/(Deficit)	(\$54,125)	\$237,982	\$29,273
Capital Contributions		\$503,570	\$94,795
Reserve Balance, end of year	\$685,531	\$1,066,522	\$1,144,885

The District undergoes an annual financial audit. The District's reserves are invested with the State Treasurer's Local Agency Investment Fund. Funds are set aside for future plant improvements and other needs. As of June 30, 2005, the District had restricted 52% of its reserves for the following uses:

Sugar Pine Surcharge	\$48,182
Future filtration benefit	\$91,850
<u>Capital Reserve</u>	<u>\$453,616</u>
Total	\$593,648

The District uses long-term debt to finance major capital acquisitions and improvements. In 1982 the District issued bonds in the amount of \$817,250 to finance the construction of the treatment plant as part of the Sugar Pine Reservoir Project. The bonds have an interest rate of 5% and are secured by unpaid assessments. Assessment District 715 was instituted in 1982 with a 40 year life to repay the debt. All existing parcels within the District were included and are assessed \$25 annually on the property tax bill. Parcels created after the initial assessment pay a \$625 fee directly to the District upon request for service. The outstanding principal balance of the bonds at June 30, 2004 was \$555,000.

In 1997 the District issued an improvement bond in the amount of \$1,364,150 to the US Department of Agriculture – Rural Development in order to finance the first phase of upgrades to the distribution system for fire flow and pressure. The bond bears interest at 4.875% per annum and has an average annual debt service of \$78,375 through 2009. In 1998 a second improvement bond was issued to the USDA in the amount of \$2,031,318 for the second phase of upgrades. The second bond bears interest at 4.75% per annum with average annual debt service of \$114,735 through 2009. Assessment District 708 was formed in 1997 with a 40-year life; it includes all existing parcels within 500 feet of an existing District main line. Annual assessments are \$46.26 per year collected by the County through the property tax bills. There is no provision for fees due on parcels newly created after the initial assessment.

In 2003 the District issued Certificates of Participation for \$3,195,000 to the CSDA Finance Corporation to finance the acquisition of the Sugar Pine Dam and Reservoir and associated water rights. The Certificates are secured by a lien on the District's net revenues. Through 2014, annual principal payments of \$100,000 are required, with interest rates ranging from 1.05% to 3.75%. Thereafter, interest rates range from 5% to 5.25% through maturity. Interest is payable semi-annually. Average annual debt service through 2009 is approximately \$234,935. The District imposes a monthly surcharge of \$6.50 on all customer accounts to cover the debt service.

4. Cost Avoidance Opportunities

The Foresthill PUD uses a conservative, long-term planning approach to control spending and prioritize needs. The District capitalized on a major cost avoidance opportunity with the purchase of the Sugar Pine Dam as it significantly reduced the long-term cost of water supply. The District controls operational costs through its annual budgeting process and district management. The District has reduced risk management costs by acquiring insurance through the Special District Risk Management Authority (SDRMA), Association of California Water Agencies (ACWA), and County of Placer. Per District policy, vehicles are purchased through the State's Vehicle Procurement Program, Manufacturer's Government

Lease Purchase Program, or any other program that allows for a cost savings on vehicle purchases.

5. Management Efficiencies

The Foresthill PUD General Manager is responsible for district management and serves with the oversight of the Board of Directors. The District has adopted formal policies which provide a framework for staff decisions and Board actions; all policies are included in a Policy Handbook.

The District has nine full-time staff and has computerized its administrative functions. Utility software is used for payroll, billing, accounting and cash management. The District has adopted policies for educational assistance, training, education and conferences in order to encourage staff development.

6. Shared Facilities

The Foresthill PUD and the US Forest Service share a major water facility in the Sugar Pine Reservoir. The District owns the dam and water rights while the USFS continues to own the land. There are no other public water providers serving adjacent areas and the District has limited opportunity to share facilities with other agencies in the area.

7. Rate Restructuring

Service Rates

The Foresthill PUD reviews rates annually and makes adjustments as necessary to ensure that the District remains in a stable financial condition while maintaining service levels. A rate study was completed in 2003. Water customers pay the following service rates:

Water Service	Monthly Rates
Base Rate – 5/8 x 3/4" meter w/ up to 10,000 gal	\$22.00
Sugar Pine Surcharge	\$6.50 \$1.80
Water Use Overage – per 1,000 gal	

As noted earlier, the Sugar Pine Surcharge is a special water user fee established by ordinance in 2003 in conjunction with the District’s purchase of the Sugar Pine Dam, water rights and conveyance system. The charge is applicable to all District customers and will stay in effect until the debt is retired.

Connection Fees

The District charges a connection fee for new service based on meter size, a meter installation fee, and a mainline/distribution line connection charge. Rates are as follows:

Connection Fees	Rates
Connection Charge (5/8 x 3/4" meter)	\$4,300
Meter Installation	\$625
Connection to main or distribution line	\$700

8. Government Structure Options

The Foresthill PUD was formed under the Public Utility District Act (Public Utilities Code §15501 et seq.) on August 5, 1950. The District’s sphere of influence extends north and northwest of the District’s current boundaries. The Baker Ranch Water District, which only serves the Baker Ranch Mobile Home Park, lies within the District’s sphere of influence. The District has latent powers which could be used in the future, such as for hydroelectric power generation. There are no other public water agencies in the area capable of serving the Foresthill community, and no other government structure options were noted, except as discussed below.

Forest Ranch Annexation

The proposed Forest Ranch development encompasses 2,616 acres north and east of the community of Foresthill. The majority of the project site is situated north of Foresthill Road, with a portion located east of Foresthill Road. Blackhawk Lane forms a northeasterly boundary for a portion of the site with Yankee Jim’s Road traversing the southwesterly portion. Approximately 1,000 acres or 38% of the project site lies within the Foresthill PUD’s current boundaries. In order to provide water service to the entire development the District would require that the Forest Ranch development annex to the District. However, the District has confirmed through the mandatory SB610 Compliance Study that it may not have adequate water supply to serve the entire development. The conclusion is based on the District’s adopted reliability standard of a 10-year drought followed by a 100-year drought, followed by a mean water year.

The District does not have plans to develop or acquire additional water supplies. The District has a historical policy of reserving water supplies for proposed projects and existing lots within present District boundaries on a first come, first served basis. The only water available for projects outside District boundaries would be surplus supplies after full build-out within the boundaries, based on the current General Plan. The District does have water supply to meet the demand of the 524 dwelling units to be located within current District boundaries.

9. Local Accountability and Governance

The Foresthill PUD is governed by a five-member Board of Directors elected at large by voters within the District. The past three District elections have been uncontested. In 2005 the District had two vacancies occur on the Board of Directors. Multiple candidates applied to fill the positions; the Board appointed two new directors to complete the terms of the open seats. The current board is as follows:

Board Member	Title	Term of Office	Compensation
Brett C. Grant	President	2008	None*
George S. Shaw	Vice President	2006	\$100/mtg
Gregory L. Wells	Treasurer	2008	None*
Duane L. Frink	Director	2006	\$100/mtg
William L. Sadler, Jr.	Director	2006	None*

* Director waives compensation of \$100/meeting

District meetings are held the second Wednesday of each month at 7:00 p.m. at the District’s offices located at 24540 Main Street, Foresthill. Public notice of meetings is provided through posting and newspapers at least 72 hours before each meeting. The District publishes a newsletter that is distributed to all customers. It also has a website with information on services, District activities, and minutes of board meetings (www.foreshillpud.com).

The District encourages public participation in meetings and governance. In 1996 a Water System oversight committee was formed. The twelve-member citizen advisory committee was tasked to research funding for a \$3.7 million water improvement project. The District also utilizes members of the public to assist and participate with the Finance Committee in preparing a draft budget and evaluating special financing issues.

– DETERMINATIONS –

1) Population and Growth

Land use within the Foresthill Public Utility District boundaries ranges from single and multi-family residential to agriculture, forest and timber with some commercial uses. Moderate growth is expected as the area continues to develop per the 1981 Foresthill General Plan. However, the growth patterns could change significantly with the adoption of the Community Plan Update.

The proposed Forest Ranch Project, with 2,213 residential units, will significantly increase population and water demand if approved. The Foresthill PUD’s current boundaries would

only include 524 potential units. This level of growth would impact regional water supplies within this portion of Placer County.

2) Infrastructure Needs and Deficiencies

The Foresthill PUD provides potable water service. Raw water is obtained from Mill Creek, North Shirrtail Creek, and the Sugar Pine Reservoir, and is treated at the District's facility in Foresthill. Supply is adequate to meet demand for the development and growth within the District's current boundary as included in the 1981 Foresthill General Plan.

The District plans to update its Water System Master Plan in 2006, including capital improvements, based on a newly-adopted Foresthill Divide Community Plan Update.

The District maintains the system infrastructure and has designated reserves for future capital improvements and maintenance needs.

3) Financing Constraints and Opportunities

The Foresthill PUD receives revenue from service charges, fees, property taxes, and interest income. Revenues are adequate to cover operational expenses, debt service and reserves.

The District has reserves for future operational needs as well as restricted reserves for capital improvements and debt service.

The District has long-term debt associated with the Sugar Pine Dam, treatment plant and system infrastructure. The District has financed acquisition and improvements with long-term debt, including bonds and Certifications of Participation. Two assessment districts were formed to cover two bond issues, and the District has imposed a monthly surcharge on all accounts to cover debt service for the Sugar Pine Dam.

4) Cost Avoidance Opportunities

The Foresthill PUD is controlling costs through the annual budgeting process.

5) Management Efficiencies

The Foresthill PUD is managed by a General Manager with the Board of Directors providing oversight and direction.

The District has nine full-time staff; almost all of the District's administrative functions and recordkeeping are computerized.

6) Shared Facilities

The Foresthill PUD owns the Sugar Pine Dam, water rights, and conveyance system, while the USFS owns the land on which the reservoir is located. The District has limited opportunity to share facilities with other agencies in the area.

7) Rate Restructuring

The Foresthill PUD reviews rates annually and adjusts them as necessary through a public process.

The District has a two-tiered rate structure for water usage. Monthly charges include a service charge for meter and usage, Sugar Pine surcharge for debt service on the acquisition of the dam, and an additional charge for usage over the base amount.

8) Government Structure Options

The Foresthill PUD was formed under the Public Utility District Act (Public Utilities Code §15501 et seq.). The District has latent powers which could be used in the future, such as for hydroelectric power generation.

The proposed Forest Ranch development may seek to annex to the District in order to receive water service. However, the District has determined that water supply may be insufficient to meet the needs of projects located outside the District’s current boundaries.

9) Local Accountability and Governance

The Foresthill PUD is governed by a five-member board of Directors elected at large by voters within the District. The District is providing adequate public notice of meetings and the meetings are open and accessible to the public. The District involves the public in an advisory role in governance and finance oversight. The District maintains a website that includes information on services, rates and District activities.

– AGENCY PROFILE –

Foresthill Public Utility District	
Contact:	Kurt W. Reed, General Manager
Mailing Address:	PO Box 266, Foresthill, CA 95631
Site Address:	24540 Main Street, Foresthill, CA 95631
Phone Number:	(530) 367-2511
Fax Number:	(530) 367-4385
Email/Website	www.foresthillpud.com ; kreed@foresthillpud.com
Types of Services:	Potable Water
Population Served:	~ 5,500

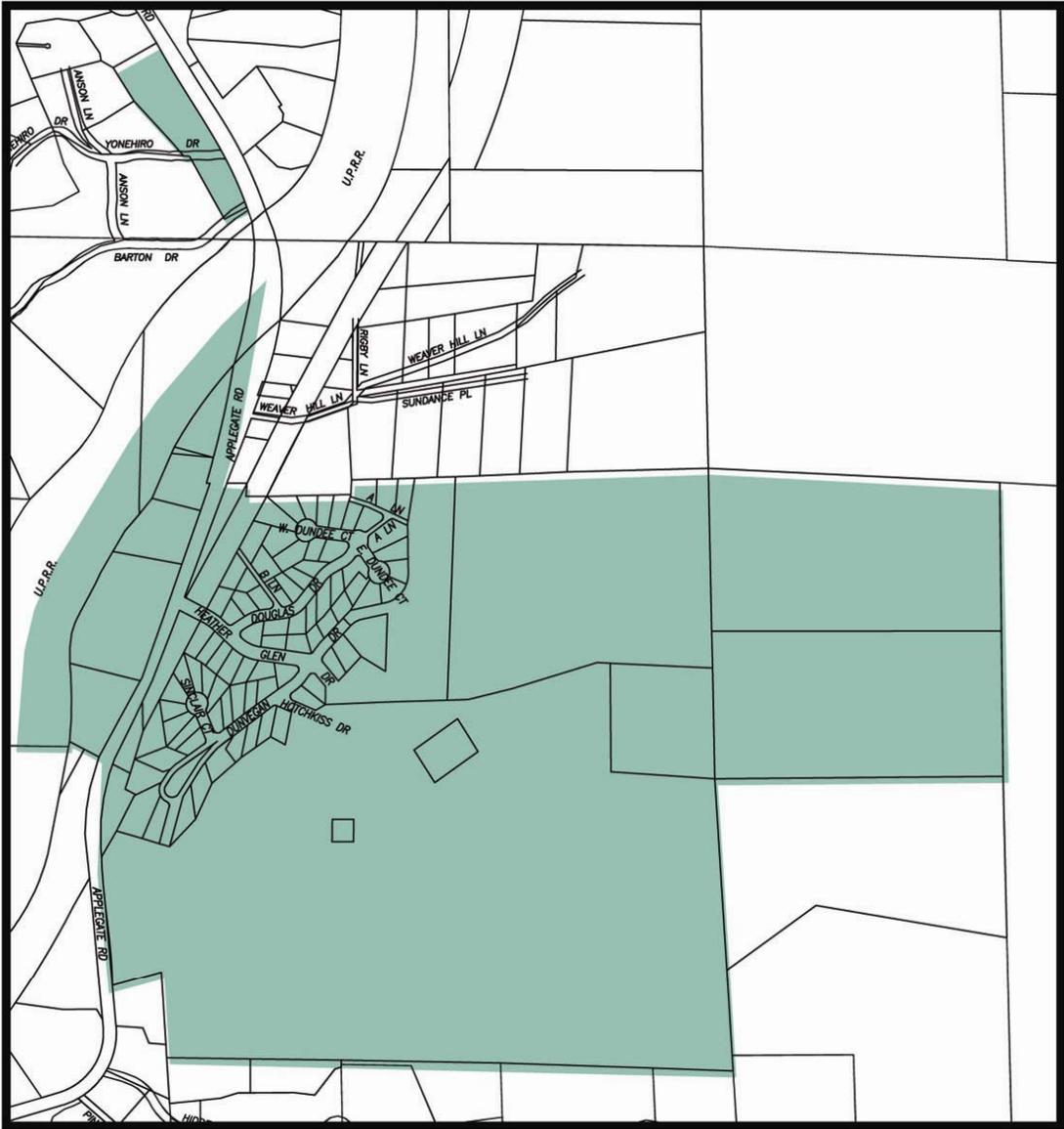
Size of Service Area (sq miles):	20 sq miles		
Staff and Infrastructure			
Staff: FTE	9		
Number of Connections	1,672 residential, 91 commercial, 1 industrial		
Annual Demand	1,154 AF		
Storage Capacity	2.5 million gallons		
Water Source	Sugar Pine Reservoir		
Financial Information			
Water Service Budget: (FY 2004-2005)	Revenues	Expenses	Reserves (June 30, 2005)
	\$1,363,972	\$1,334,699	\$1,144,885

4. HEATHER GLEN COMMUNITY SERVICES DISTRICT

Overview

The Heather Glen Community Services District (CSD) was formed in 1963 to serve the Heather Glen Mobile Home Park located between Applegate and Weimar. The District's boundaries encompass approximately 40 acres, or 0.06 square miles of unincorporated area. The District provides water, wastewater and road maintenance services; raw water is purchased from the Placer County Water Agency and treated at the District's treatment plant. Revenues are derived from service charges, fees and property taxes. The District is governed by a five-member Board of Directors elected at large by voters within the District.

A map of the Heather Glen CSD follows.



HEATHER GLEN CSD



NTS
AUGUST, 2005

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1. Growth and Population

The Heather Glen CSD serves an area zoned for residential agriculture and single-family residential. The District serves 79 mobile home units and estimates current population at 120. The subdivision includes 80 lots and is built-out; no additional growth is anticipated. However, the District is extending service to 14 additional accounts which will increase the population served by approximately 18%.

The Sacramento Area Council of Governments (SACOG) has developed population projections for the counties and cities within its jurisdiction as well as Regional Analysis Districts (RAD). The Heather Glen CSD lies within the Colfax RAD. Per the SACOG March 2001 projections, population within the Colfax RAD is expected to increase to 14,758 by 2025 at an average annual growth rate of 0.6%.

2. Infrastructure Needs and Deficiencies

The Heather Glen CSD provides potable water for residential use. Raw water is purchased from the Placer County Water Agency and delivered to the District through the Boardman Canal. This supply is interruptible. The District has a package treatment plant and a 100,000 gallon redwood storage tank.

The Weimar Water Company is contracted to operate and maintain the treatment plant, and the District is responsible for the distribution system. All of the accounts are metered. The water treatment plant is relatively old and is carefully maintained to ensure its reliability. The plant operates approximately 5 to 6 hours per day; the District notes that there are no capacity issues. The plant's electrical controls are a concern due to their age and condition. The District has recently installed a monitoring and alarm system to alert water treatment operators in the event of a system failure.

The District is planning to extend service to 14 parcels off Barton Road near Applegate Road in the vicinity of the water plant. The cost of the trenching, piping, etc. will be borne by the parcel owners on Barton Road with each property owner paying the District a \$10,000 connection charge. The District will install the water meters, and each property owner will be responsible for the individual water line from the meter to the home. The District's system currently has excess treatment capacity; however an engineering evaluation has not been performed for this service extension.

3. Financing Constraints and Opportunities

The Heather Glen CSD is funded through service charges, fees, property taxes and interest income. Water service is accounted for through an enterprise fund along with sewer service and road maintenance. The following summarizes the District’s finances:

Heather Glen CSD Financial Summary

Finances	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Est. Actual
Sources			
Water Service Fees	\$40,982	\$49,039	\$45,448
Sewer Service Charge	\$3,744	\$3,748	\$3,792
Roadway Service Charge	\$6,636	\$6,636	\$6,671
Property Tax	\$6,606	\$4,831	\$3,162
Other Income	\$355	\$330	\$365
Interest Income	\$1,920	\$1,482	\$1,717
Total Sources	\$60,243	\$66,066	\$61,155
Uses			
Water Service	\$31,101	\$33,846	\$30,350
Administrative/Customer Service	\$14,231	\$18,073	\$16,902
Sewage Collection	\$1,698	\$3,333	\$1,756
Roads, Parks – Utilities	\$8,684	\$473	\$618
Total Uses	\$55,715	\$55,725	\$49,626
Net Surplus/(Deficit)	\$4,528	\$10,341	\$8,685
Reserve Balance, end of year	\$73,972	\$82,967	\$75,985

The County Treasurer is the depository and has custody of the District’s funds. The District undergoes a financial audit every two years.

The District has no long-term debt and has reserves for future needs. At June 30, 2003 the District had a total of \$128,974 in reserves, of which \$43,636 were designated for the General Fund.

4. Cost Avoidance Opportunities

The Heather Glen CSD controls costs through the budgeting process and operates with minimal overhead. The District acts on the recommendations of the Weimar Water Company for maintenance needs at the treatment plant, reducing the potential for costly emergency repairs.

5. Management Efficiencies

The Board of Directors of the Heather Glen CSD manages the district and gives direction and supervision to the Weimar Water Company. Weimar Water has been maintaining the water system by contract for over fifteen years. Weimar staff is on-call 24-hours a day.

The District employs a secretary on a part-time basis and uses an outside firm to perform the accounting functions, including customer billing.

6. Shared Facilities

The Heather Glen CSD has limited opportunity to share facilities with other water agencies.

7. Rate Restructuring

The District's water service fees include a water plant fee, water usage charge and a PCWA surcharge. The District has a flat rate structure for water usage. Rates are reviewed if the cost of service increases. Rate changes are implemented through a public process and Board resolution. The current water service rates are as follows:

Fee	Monthly Rates FY 2004-2005
Administration Fee	\$14.00
Water Plant Fee	\$19.00
PCWA Charge	\$2.00
Water Use Charge – per billing unit (748 gallons)	\$1.00

Water service from PCWA is metered. The District pays the following rates for raw water:

Charge	PCWA 2006 Monthly Rates
Resale Service Charge	\$52.06
Capital Facilities Charge	\$5.71
Water Use (per Miners Inch Day)	
First 1,000 MID	\$4.51
Over 1,000 MID	\$4.36

In June 2005 the District used 90 MIDs and always stays within the first tier.

8. Government Structure Options

The Heather Glen CSD was formed under Community Services District Law (Government Code §61000 et seq.) on September 10, 1963. The District’s sphere of influence is coterminous with its boundary. There are no other agencies within the area that could provide all of the services of the district; therefore no government structure options were identified.

As discussed earlier, the District is planning to extend service to 14 parcels along Barton Road in the vicinity of the water treatment plant. If these parcels are outside the District’s boundary, the District will need to work with LAFCO on expanding the District’s boundaries to include that area.

9. Local Accountability and Governance

The Heather Glen CSD is governed by a five-member board of Directors elected at large by voters within the District. Candidates in the last three elections ran unopposed. The current board is as follows:

Board Member	Title	Term of Office	Compensation
Maxwell Bailey	President	2008	None
Jack C. Lyon	Vice President	2006	None
Gary Benjestorf	Director	2008	None
Joel Reeves	Director	2006	None
Judith Shrum	Director	2006	None

District meetings are held the third Tuesday of February, May, August, and November at 7 p.m. at the Applegate Civic Center. Public notice of meetings is sent with the monthly water billing in the prior month. The District also provides information through newsletters and bill inserts.

– DETERMINATIONS –

1) Population and Growth

The Heather Glen Community Services District serves a 0.06 square mile area. The area includes a mobile home park subdivision and is zoned for single-family residential. The area is built-out and future growth will be limited.

2) Infrastructure Needs and Deficiencies

The Heather Glen CSD provides water, wastewater and road maintenance services. Raw water is obtained from the Placer County Water Agency through the Boardman Canal and treated by the District at its water treatment plant.

The District contracts with the Weimar Water Company to maintain the water treatment plant; improvements and repairs are approved based on Weimar's recommendations and available funding.

The District is responsible for the water distribution system. No needs or deficiencies were reported.

3) *Financing Constraints and Opportunities*

The Heather Glen CSD is funded through service charges, fees, property taxes and interest income. Water service is accounted for through an enterprise fund. Revenues have been adequate to cover the cost of service.

The District has reserves for future operational needs. The District has no long-term debt.

4) *Cost Avoidance Opportunities*

The Heather Glen CSD is controlling costs through the annual budgeting process and operates with minimal overhead.

5) *Management Efficiencies*

The Heather Glen CSD contracts with the Weimar Water Company to manage the water treatment plant, which results in greater efficiencies.

The District employs a secretary on a part-time basis and contracts for accounting services.

6) *Shared Facilities*

The Heather Glen CSD has limited opportunity to share facilities with other water agencies.

7) *Rate Restructuring*

The Heather Glen CSD has a flat per-unit rate structure for water use; water service charges also include a treatment plant charge and a PCWA surcharge.

The District reviews rates when the cost of service increases and adjusts rates as necessary through a public process.

8) *Government Structure Options*

The Heather Glen CSD was formed under Community Services District Law (Government Code §61000 et seq.). There are no other agencies in the area that could provide the same services, and no other government structure options were identified.

9) Local Accountability and Governance

The Heather Glen CSD is governed by a five-member board of Directors elected at large by voters within the District. The District is providing adequate public notice of meetings and the meetings are open and accessible to the public.

– AGENCY PROFILE –

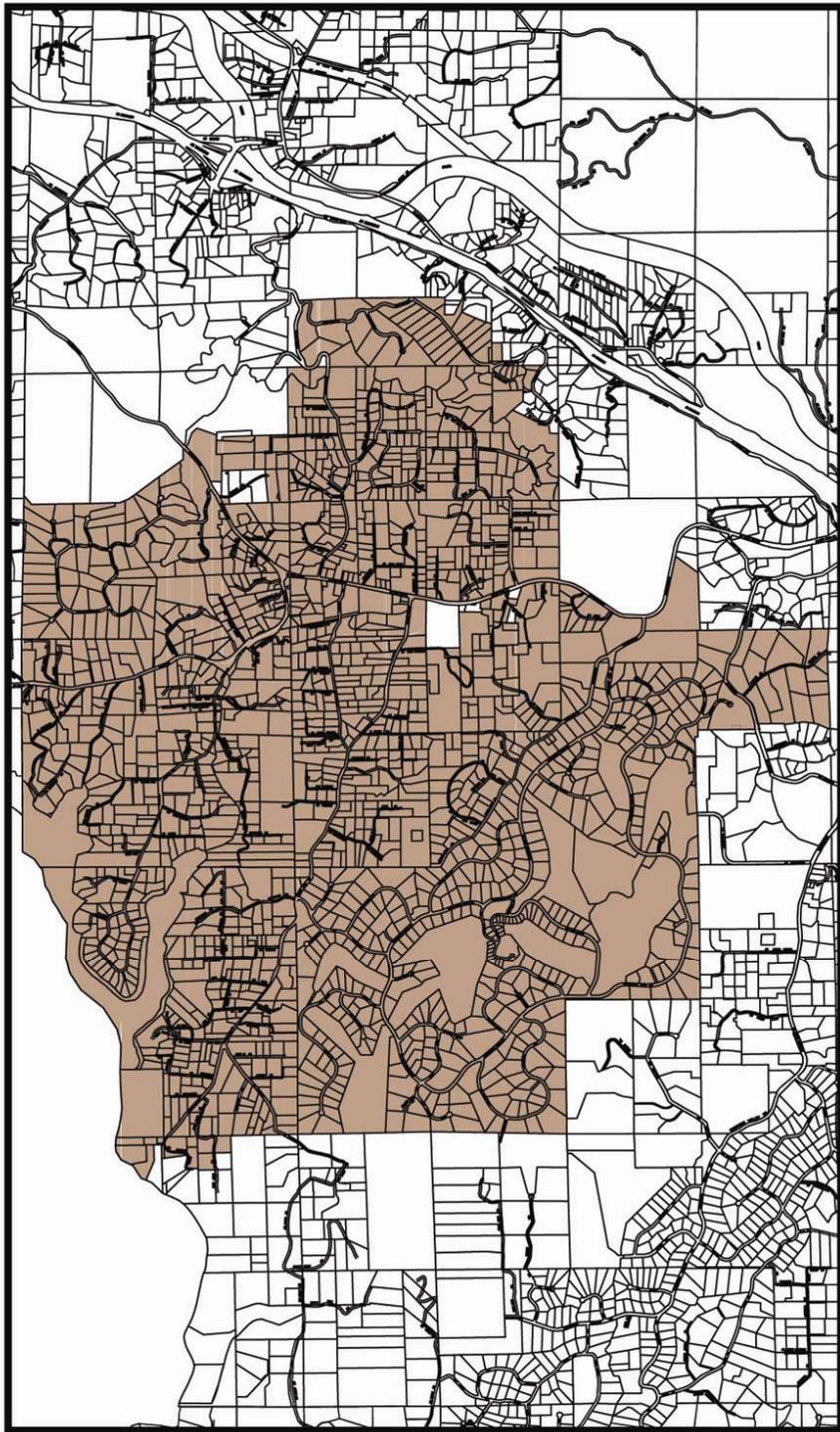
Heather Glen Community Services District			
Contact:	Maxwell Bailey, President		
Mailing Address:	PO Box 715, Applegate, CA 95703		
Site Address:	Same		
Phone Number:	(530) 878-8634		
Fax Number:	NA		
Email/Website	none		
Types of Services:	Water, wastewater, road maintenance, parks		
Population Served:	~ 120		
Size of Service Area (sq miles):	0.06 sq miles		
Staff and Infrastructure			
Staff: FTE	1 Part time		
Number of Connections	79		
Potable Demand	-- AF/Yr		
Storage Capacity	100,000 gallons		
Water Source	PCWA/Boardman Canal		
Financial Information			
Water Service Budget: (FY 2005)	Revenues	Expenses	Fund Balance (est. June 30, 2005)
	\$61,155	\$49,626	\$75,985

5. MEADOW VISTA COUNTY WATER DISTRICT

Overview

The Meadow Vista County Water District (CWD) was formed in 1950 and serves a 6.25-square mile area in the unincorporated area of Meadow Vista. The District provides potable water for residential and commercial use; raw water is purchased from the Placer County Water Agency and treated at the District's treatment plant. Revenues are derived from service charges, fees, and property taxes. The District is governed by a five-member Board of Directors elected at large by voters within the District.

A map of the Meadow Vista County Water District follows.



MEADOW VISTA WATER



NTS
AUGUST, 2005

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Note: Sphere of Influence Not Shown

1. Growth and Population

Land use within the Meadow Vista CWD boundaries includes single family and rural residential, with agriculture, farms and some commercial. Population within the District’s service area is approximately 3,400. The Sacramento Area Council of Governments (SACOG) has developed population projections for the counties and cities within its jurisdiction as well as Regional Analysis Districts (RAD). The Meadow Vista CWD lies within the Colfax and North Auburn RADs. Per the SACOG March 2001 projections, population within the Colfax RAD is expected to increase to 14,758 by 2025 at an average annual growth rate of 0.6%. Population within the North Auburn RAD is expected to increase to 26,753 by 2025 at an average annual growth rate of 2.3%.

The District averages approximately 45 new connections per year, primarily due to development and groundwater issues on sites with existing wells. The Winchester Country Club lies within the District’s boundaries; it has a total of 409 parcels, of which 80 are currently receiving service. This represents a significant potential for growth and increased water demand, for which the District has planned.

2. Infrastructure Needs and Deficiencies

The Meadow Vista County Water District provides potable water to approximately 1,300 residential and 62 commercial accounts. Raw water is purchased from the Placer County Water Agency and treated at the District’s water treatment plant. The District’s current service agreement with PCWA is for a flow of 150 miner’s inches. The water supply is delivered through the Bowman Feeder Canal off the Boardman Canal. This water supply is interruptible. In summer the District’s average day demand is 1.8 million gallons, with a maximum day demand of 2.1 million gallons. Raw water for irrigation use at the Winchester golf course passes through the District. A local park and school are irrigated with treated water as there is no infrastructure to deliver raw water to the sites.

System Infrastructure

The Meadow Vista CWD system infrastructure includes the following components:

Facility	Treated
Reservoirs /Tanks	2.5 mg
Pump Stations	1
Pressure Zones	3

The District’s treatment plant has a capacity of 2.5 million gallons per day with 2.5 million gallons of treated water storage. This includes 500,000 gallons in two tanks in the Winchester development plus a new 2-million gallon storage tank at the treatment plant. The District is considering converting an older reservoir into a 2 million gallon raw water reservoir. The District received a low interest loan through the Safe Drinking Water State

Revolving Fund to plan and design upgrades to the water treatment plant and steel storage tanks to replace the in-ground reservoirs; the project has an estimated construction cost of \$10 million. The District noted that it has adequate treatment and storage capacity to serve the parcels within its boundaries as long as the minimum size does not fall below two acres.

The District has replaced nearly all of the old steel mainline with C900 plastic. The system had a 13% unaccounted for water loss, which should be reduced with the mainline improvements.

The majority of the distribution system is gravity fed. A booster pump is used to fill the storage tanks in Winchester. A pressure station with backup generator has been added to the system for service to parcels along Mountain View and Ridge View in order to eliminate low-pressure issues.

Fire regulations have changed since the developer of the Winchester Country Club installed the storage tanks and mainlines throughout the community. Parcels in Phase 1 are only required to have a 5/8-inch meter, while those in Phases 2 through 4 are required to have 1-inch meters to accommodate sprinkler systems inside the homes for fire protection. The District installs the one-inch meters as required but only charges property owners the rate for 3/4-inch meters. The maximum flow the District can provide with current piping is 30 gpm, which is the flow rate for a 3/4- inch meter.

The District is performing all maintenance and repairs on the system with in-house staff. All of the storage tanks and pumps are covered by an alarm system that automatically alerts on-call staff when the system is not operating correctly.

3. Financing Constraints and Opportunities

The Meadow Vista CWD is funded through service charges, fees, property taxes and interest income. The District has seen a steady increase in revenue primarily due to the development occurring in Winchester, resulting in new connections and increased water use. The following summarizes the District's finances:

Meadow Vista CWD Financial Summary

Finances	CY 2003 Actual	CY 2004 Actual	CY 2005 Budget
Revenue			
Water Sales	\$534,963	\$595,556	\$612,346
New Meter Sets	\$5,950	\$12,475	\$5,275
Other Income, Service Charges, Rental Income	\$18,550	\$20,266	\$9,800
Major Facilities Fees	\$98,700	\$211,400	\$97,600
Property Taxes	\$152,451	\$134,787	\$98,722
State Tax Shift surcharge	\$43,989	\$45,285	\$124,000
Annexation/Out of District fees	\$9,116	\$4,344	\$0
Interest Income	\$5,946	\$5,673	\$6,100
Total Revenue	\$869,665	\$1,029,786	\$953,843
Expenses			
Water Supply	\$103,226	\$114,565	\$130,000
Water Treatment	\$195,012	\$196,020	\$216,032
Transmission and Distribution	\$185,789	\$205,837	\$217,748
Customer Accts/Admin	\$168,635	\$178,158	\$192,368
Depreciation	\$119,713	\$117,851	\$62,225
Interest Expense / Misc	\$33,100	\$23,307	\$37,870
Total Expenses	\$805,475	\$835,738	\$856,243
Net Surplus/(Deficit)	\$64,190	\$194,048	\$97,600
Reserve Balance, end of year	\$543,078	\$620,836	

The County Treasurer holds and invests the District's reserves. The District undergoes an annual financial audit.

The District restricts cash and investments for special purposes, such as infrastructure improvements and debt service. As of December 31, 2004, the District set aside \$308,120

in reserves for the following: major facilities, contingency, vehicle replacement, revenue bond debt service, and Safe Drinking Water Act debt service.

In 1975 the District issued \$800,000 in revenue bonds to finance the construction of the water treatment plant. The bonds have an interest rate of 5% per annum; annual principal payments through 2007 are \$30,000, increasing to \$35,000 in 2008. The principal balance at December 31, 2004 was \$370,000.

As noted in the discussion on infrastructure, in 2004 the District secured a loan from the State of California Department of Water Resources for \$73,305 to fund a planning and engineering study for new water storage tanks. The loan has an interest rate of 2.513% and matures in 2009. Semi-annual principal and interest payments are \$7,847. The District is considering rolling this loan into a construction loan for the project. The estimated cost of construction is \$10 million.

4. Cost Avoidance Opportunities

The Meadow Vista CWD controls costs through the budgeting process and district management. The District operates with a limited staff of six, using temporary labor as needed for capital projects. Meeting times were changed to late afternoon so that the District would not have to pay staff overtime.

5. Management Efficiencies

The Meadow Vista CWD General Manager is responsible for district management and serves with the oversight of the Board of Directors. The District has one full-time water treatment plant operator, two full-time field staff, and two full-time office staff. All four field staff are certified for treatment and distribution as required by DHS: two staff have Grade 2 and two have Grade 3 certifications for treatment, and all four have Grade 2 certifications for distribution. Field staff is on-call 24 hours per day, seven days per week on a rotating basis.

6. Shared Facilities

The Meadow Vista CWD has limited opportunities to share facilities with other agencies; although there is the potential to create emergency interties with the PCWA system and the Midway Heights CWD system if the Applegate area is annexed to Midway Heights.

7. Rate Restructuring

Service Rates

The Meadow Vista CWD reviews rates annually and makes adjustments as necessary to ensure that the District remains in a stable financial condition and that water quality and service levels are maintained. Over the past ten years the District has increased the water

use rate an average of 5 cents per unit each year. Rate increases are noticed in the local newspaper for one week prior to Board approval.

Customers within the Winchester community pay an additional pumping charge to cover the cost to fill the two storage tanks that serve the community. The District imposes a "State Tax Shift" surcharge on all customers to cover the loss in property tax revenue due to the required ERAF III tax shift included in the State Budget Act of 2004. The current water service rates are as follows:

Treated Water Service	Monthly Rates
Service Charge – 5/8" meter	\$13.50
State Tax Shift surcharge	\$8.08
Water Use Charge – per hundred cubic feet (CCF)	\$0.93
Winchester Country Club sites: Pumping charge	\$2.00

Connection Fees

The District's connection fees are based on meter size and include a meter set fee, major facilities fee, deposit and service charge. Fees within the Winchester development are slightly lower as the meter box is already in place. Rates are as follows:

Connection Fees	District (outside Winchester)	Winchester
Meter Size /Flow Rate	3/4" – 30 gpm	3/4" – 30 gpm
Meter Set Fee	\$425	\$325
Major Facilities Fee	\$4,950	\$4,950
Deposit	\$50	\$50
Service Charge	\$15	\$15
Total Charge	\$5,440	\$5,340

Annexation Fees

The Meadow Vista CWD imposes a per-acre annexation fee, per Ordinance No. 314-89. The fee increases yearly based on the Consumer Price Index, rounded to the nearest \$25. The fee has increased \$25 per year since 2000, with the 2005 rate at \$1,075 per acre.

Wholesale Purchase Rates

Water service from PCWA is metered. The District pays the following rates for water:

Charge	PCWA 2006 Monthly Rates
Resale Service Charge	\$52.06
Capital Facilities Charge	\$5.71
Water Use (per Miners Inch Day)	
First 1,000 MID	\$4.51
Over 1,000 MID	\$4.36

8. Government Structure Options

The Meadow Vista CWD was formed under County Water District Law (California Water Code §30000 et seq.) on May 2, 1950. The District’s sphere of influence extends east to the I-80 (with some areas excluded) and west to the Nevada Irrigation District boundary. The Christian Valley Park CSD lies to the southwest, and the Midway Heights CWD lies to the northeast. Meadow Vista shares boundary lines with both districts.

Applegate Annexation

The Midway Heights CWD has been approached by a group of homeowners from the Applegate area west of the I-80 and south of the current Midway Heights boundary regarding annexation to Midway Heights. The area proposed for annexation is in the Crother Hills Estates development; this area is within the Meadow Vista CWD’s sphere of influence. Meadow Vista indicated that it would be more efficient for this area to be served by Midway Heights; therefore it is recommended that the Sphere of Influence for Meadow Vista be adjusted to exclude this area.

Out of Agency Service

The Meadow Vista CWD District provides treated water to one parcel within the boundaries of Midway Heights. The property owner is billed directly by Meadow Vista. LAFCO may want to evaluate the boundaries of the two agencies with respect to this parcel when the next SOI updates are prepared.

9. Local Accountability and Governance

The Meadow Vista CWD is governed by a five-member board of Directors elected at large by voters within the District. The current board is as follows:

Board Member	Title	Term of Office	Compensation
Sandy Hoffman	Chairperson	2009	\$50 per mtg.
Brenda McGuire	Vice Chairperson	2009	\$50 per mtg.

Anthony O. AhMu	Director	2007	\$50 per mtg.
Earl R. McNinch	Director	2007	\$50 per mtg.
Anne A. Jewett	Director	2007	\$50 per mtg.

District meetings are held the third Thursday of each month at 3:30 p.m. at the District's offices located at 17000 Placer Hills Road, Meadow Vista. Public notice of meetings is posted in three locations at least 72 hours before each meeting. The District also issues an annual water quality report.

– DETERMINATIONS –

1) Population and Growth

Land use within the Meadow Vista County Water District boundaries ranges from residential to agriculture and farming, with some commercial uses. Moderate growth is expected as the Winchester Country Club continues to develop. Growth within other areas of the District will be due to parcel splits and development.

2) Infrastructure Needs and Deficiencies

The Meadow Vista CWD provides potable water service. Raw water is obtained from the Placer County Water Agency through Bowman Feeder Canal off the Boardman Canal and is treated at the District's treatment plant. Supply is adequate to meet current demand; however, the supply is interruptible.

The District is upgrading its storage tanks, replacing in-ground reservoirs with steel tanks.

The District maintains the system infrastructure and has designated reserves for future maintenance needs.

3) Financing Constraints and Opportunities

The Meadow Vista CWD is funded through service charges, fees, property taxes, and interest income. Revenues are adequate to cover operational expenses, debt service and reserves.

The District has reserves for future operational needs as well as restricted reserves for capital improvements, equipment and debt service.

The District has long-term debt associated with its water treatment plant and storage facilities. The District has outstanding revenue bonds and a low interest loan from the State Department of Water Resources. Annual principal payments on the debt are approximately \$44,000.

4) *Cost Avoidance Opportunities*

The Meadow Vista CWD is controlling costs through the annual budgeting process.

5) *Management Efficiencies*

The Meadow Vista CWD is managed by a General Manager with the Board of Directors providing oversight and direction.

The District has six full-time staff; all four field staff are DHS-certified for water treatment and distribution.

6) *Shared Facilities*

The Meadow Vista CWD has limited opportunity to share facilities with other agencies. Opportunities to create emergency interties with the PCWA system and Midway Heights CWD system should be explored.

7) *Rate Restructuring*

The Meadow Vista CWD reviews rates annually and adjusts them as necessary through a public process.

The District has a flat per-unit rate structure for water usage. Monthly charges include a service charge, State Tax Shift surcharge, and usage; properties within the Winchester development pay an additional pumping charge to cover the cost of pumping to fill the two storage tanks that serve the community.

The District's connection fees and per-acre annexation fee are structured to cover the cost of new service, as well as contribute to capital improvement funding.

8) *Government Structure Options*

The Meadow Vista CWD was formed under County Water District Law (Water Code §30000 et seq.). The District is providing adequate service, and no other government structure options were identified.

An area within Applegate is considering annexation to the Midway Heights County Water District. Both Midway Heights and Meadow Vista are in agreement that service to this area would be most efficient through Midway Heights. This area should be excluded from the sphere of influence for Meadow Vista CWD during the next sphere update.

The Meadow Vista CWD provides treated water to one parcel within the Midway Heights service area. LAFCO may consider adjusting the boundaries of the two districts during the next sphere update.

9) Local Accountability and Governance

The Meadow Vista CWD is governed by a five-member board of Directors elected at large by voters within the District. The District is providing adequate public notice of meetings and the meetings are open and accessible to the public.

– AGENCY PROFILE –

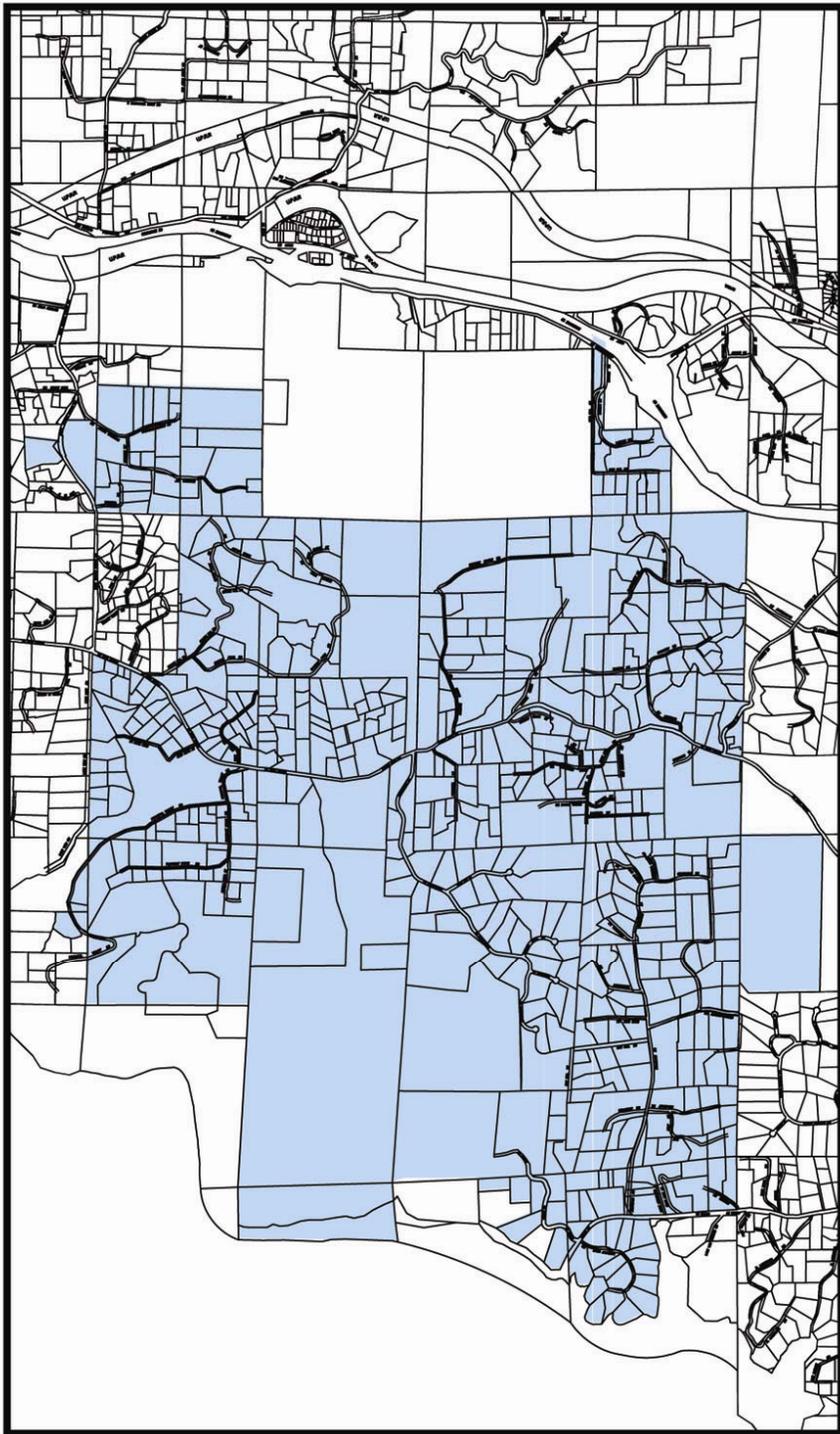
Meadow Vista County Water District			
Contact:	Norman Dean, Jr., General Manager		
Mailing Address:	17000 Placer Hills Road, Meadow Vista, CA 95722		
Site Address:	Same		
Phone Number:	(530) 878-0828		
Fax Number:	(530) 878-8116		
Email/Website	None		
Types of Services:	Potable Water		
Population Served:	~ 3,400		
Size of Service Area (sq miles):	6.25 sq miles		
Staff and Infrastructure			
Staff: FTE	6 FT		
Number of Connections	1,300 residential, 62 commercial		
Annual Demand			
Storage Capacity	2.5 million gallons		
Water Source	PCWA / Bowman Feeder Canal / Boardman Canal		
Financial Information			
Water Service Budget: (CY 2005)	Revenues	Expenses	Reserves (December 31, 2004)
	\$953,843	\$856,243	\$620,836

6. MIDWAY HEIGHTS COUNTY WATER DISTRICT

Overview

The Midway Heights County Water District was formed in 1954 and serves a four-square mile area in the unincorporated area of northern Meadow Vista and western Weimar. The District provides both irrigation and potable water; irrigation water is purchased from the Placer County Water Agency and treated water is supplied by the Weimar Water Company. Revenues are derived from service charges, property taxes and assessments. The District is governed by a five-member Board of Directors elected at large by voters within the District.

A map of the Midway Heights County Water District follows.



MIDWAY HEIGHTS WATER

EVERY REASONABLE EFFORT HAS BEEN MADE TO ASSURE THE ACCURACY OF THIS MAP AND DATA PROVIDED; NEVERTHELESS, SOME INFORMATION MAY NOT BE ACCURATE.

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NTS
AUGUST, 2005

1. Growth and Population

Land use within the Midway Heights CWD boundaries ranges from rural low density residential to rural estate and agriculture with some recreation and open space along the western edge. The District estimates that the population within its service area is approximately 1,600 based on the 2000 US Census. The Sacramento Area Council of Governments (SACOG) has developed population projections for the counties and cities within its jurisdiction as well as Regional Analysis Districts (RAD). The Midway Heights County Water District lies within the Colfax RAD. Per the SACOG March 2001 projections, population within the Colfax RAD is expected to increase to 14,758 by 2025 at an average annual growth rate of 0.6%.

New connections average approximately 15 – 20 per year, primarily due to issues with groundwater wells and growth. Although the overall population growth may be slow, the number of people served by the District is expected to increase at a higher rate as more parcels seek water service and move off of wells.

2. Infrastructure Needs and Deficiencies

The Midway Heights County Water District provides both potable and irrigation water. The District currently serves 394 treated water customers and 332 irrigation customers. Raw water for irrigation use is purchased from the Placer County Water Agency and drawn from the Boardman Canal. Treated water is purchased from the Weimar Water Company. The District has contracts for water service with both suppliers.

Water Supply and Demand

The District's current service agreement with the Placer County Water Agency became effective July 2005. The agreement is for a flow of 54 miner's inches for winter and 99 inches for summer water. The water is delivered through the Boardman Canal. The supply is interruptible. For the period of April 2004 through April 2005, the District purchased 21,930 miner's inch days, with approximately 78% of that amount delivered in the seven month period ending October 2004. Only one irrigation account is using a significant amount of water, up to 5 miner's inches per month. Almost all of the other irrigation accounts are using one miner's inch or less (one miner's inch is adequate for 5 acres).

The agreement with the Weimar Water Company provides for a maximum of 200,000 gallons of treated water per day over any 24-hour period. Temporary deliveries exceeding that amount may be made if capacity is available. Per the terms of the agreement the District is required to maintain its 140,000 gallon storage tank and provide storage for not less than the maximum day demand. The water is delivered through an 8-inch main near Retherford and Mason Roads, approximately 1,700 feet north of the District's northern

boundary. The District’s policy is to have fire hydrants on the irrigation system only as the supply and size of pipe make it impractical to have hydrants on the treated system.

During the warm month period of April through October the District’s current average day demand for potable water is 95,631 gallons, with a maximum day demand of 135,000 gallons. The maximum month demand is 3.77 million gallons. The District notes that irrigation supply and storage is adequate to meet projected needs over the next 10 to 20 years, but treated water supply and storage is not.

System Infrastructure

The Midway Heights CWD system infrastructure includes the following components:

Facility	Treated	Irrigation
Mainline	23 miles	20 miles
Reservoirs /Tanks	140,000 gal tank 5,000 gal tank – Coyote Estates	5 MG reservoir/ 80,000 gal irrig tank
Pump Stations	1	1
Pressure Zones	10	6

As a health and safety measure, the District maintains over 400 check valves on customer connections due to the delivery of both irrigation and potable water.

The District has some irrigation capacity constraints in the Peaceful Valley area which is served by a 4-inch main. There are approximately 250 parcels throughout the Midway Heights service area that are not provided with irrigation water due to the system’s design and capacity. These parcels could have irrigation water service provided they obtain easements and provide the necessary system improvements. Additionally, some of these parcels are adjacent to mains and have inactive service boxes or simply need to pay the connection fee to receive irrigation service. The connection fee is based on the cost of installing the service which is approximately \$700. The Timber Hills Mutual Water Company provides irrigation water for parcels along Victoria Lane.

There are an estimated 30 homes on Lake Arthur Road below the Boardman Canal that do not have potable water service and residents are using bottled water at this time. This area is outside the District’s sphere of influence; however the District is considering options on how service could be provided to this area. In addition, residents from the Crother Hills Estates are discussing a possible annexation to the District. Both treated and irrigation water would be provided to an estimated 100 to 250 parcels in the area. The area is in proximity to the District’s existing storage facilities but would require significant infrastructure improvements, including pumps, storage and distribution lines. Extending

service to new areas may require replacing undersized mains in some areas. Parcel owners who will benefit are required to bear the full cost of infrastructure improvements if the property is not adjacent to an existing water main. This includes securing and recording the necessary easements.

The District is performing all maintenance and repairs on the system with in-house staff. An alarm system has been installed on the storage tanks and at the pump house. The system automatically alerts on-call staff when the system is not operating correctly. The treated water system has an 8% unaccounted for water loss due to line flushing and slow leaks. This is well within the 10% benchmark established by the American Waterworks Association.

One of the District’s priorities is to open up neglected easements within the District’s service area to ensure maintenance access; a number of easements are overgrown with vegetation.

When the District began providing treated water, the Board determined that the most cost-effective solution was to purchase water from Weimar rather than construct its own treatment facilities. However with the rate changes that have occurred over the years, the metrics may have changed making a District-owned treatment plant a more viable option. The District may consider this at some point in the future. If the District did elect to move forward with providing treatment in-house, Weimar would have significant unused capacity at its plant. Weimar is carefully weighing its options for expansion based on whether the Company will continue to supply Midway Heights. This change in service approach would require input from PCWA, for if Midway Heights provides its own treatment and Weimar sells water elsewhere, the increased demand may significantly impact the Boardman Canal.

3. Financing Constraints and Opportunities

The Midway Heights CWD is funded through service charges, property taxes, interest income and assessments. The following summarizes the District’s finances:

Midway Heights CWD Financial Summary

Finances	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Est. Actual
Revenue			
Service Charges	\$268,727	\$301,119	\$341,560
Property Taxes	\$28,574	\$30,786	\$10,826
Bond Assessments	\$39,967	\$41,067	\$41,067
Interest Income	\$16,032	\$11,094	\$5,700
Total Revenue	\$353,300	\$384,066	\$399,153

Expenses			
Water Purchases	\$86,930	\$94,088	\$132,744
Other Operating Expenses	\$226,711	\$240,575	\$300,676
Interest Expense	\$35,979	\$34,566	\$33,252
Total Expenses	\$349,620	\$369,229	\$466,672
Net Surplus/(Deficit)	\$3,680	\$14,837	(\$67,519)
Reserve Balance, end of year	\$584,605	\$647,586	\$580,067

The County Treasurer holds and invests the District’s reserves. For operations the District maintains cash in an outside account; the balance in the account at June 30, 2004 was \$29,924. The District undergoes an annual financial audit.

An assessment district was formed in 1990 to fund construction of the treated water system. At that time customers had the option of putting part or all of their connection fees on the tax rolls. Any new parcels annexed after 1990 are not included in the assessment district, but pay for the cost of service through connection fees. Any amount left over after installation of service is deposited into the Treated Capital Facilities Fund. The District does not have a similar fund for the irrigation system.

In addition, the District has designated \$100,500 for FY 2003-2004 as a “Future Occurrences Reserve” to cover future needs for truck and mobile equipment, storage facility, tank maintenance, easement clearing, and system repair and replacement. The District has also established a Rate Stabilization fund in response to the ERAF III tax shift. The fund currently has a balance of approximately \$40,000.

The District financed the construction of the treated water transmission system with a loan from the California Department of Water Resources. The interest rate is 3.3712%, with semi-annual payments of \$38,629. The outstanding balance at June 30, 2004 was \$993,536. In 1990 the District issued limited obligation improvement bonds in the amount of \$1,459,762 in order to provide for assessments to repay the construction loan. The interest rate and terms of the bonds are similar to those of the loan. The balance of the bonds at June 30, 2004 was \$1,001,762. The District has restricted \$239,434 of net assets for debt service.

4. Cost Avoidance Opportunities

The Midway Heights CWD controls costs through the budgeting process and operates with minimal overhead. The General Manager works full time, while the District Secretary and field staff work part-time. Field staff is used on an as-needed basis. The District’s office is

currently located in the General Manager’s residence which reduces overhead costs; however this limits public access and the District is considering establishing an office in a commercial building.

The District participates in the AWWA Joint Powers Insurance Authority, which reduces insurance costs.

5. Management Efficiencies

The Board of Directors of the Midway Heights CWD gives direction and supervision to the District’s General Manager who oversees operations. The staff recently upgraded their certifications; the General Manager is now certified as a Water Distribution Operator (Grade D3), and staff has Grade D2 certification. The accounting functions are handled by the District Secretary; customers are billed bi-monthly. Operations are regularly evaluated during District meetings, with opportunity for public comment.

6. Shared Facilities

The Midway Heights CWD shares treatment facilities with the Weimar Water Company as Weimar has adequate capacity to serve the District. In addition, the District’s treated water storage facilities are available as backup or emergency storage for Weimar Water for use in the Midway Heights service area. In addition, there is the potential to create an emergency intertie with the Meadow Vista CWD system if the Applegate area is annexed to Midway Heights.

7. Rate Restructuring

Service Rates

The District reviews rates annually, considering increases in the cost of service and changes in the Consumer Price Index. Rate changes are adopted through a public process. The current water service rates are as follows:

Treated Water Service	2006 Monthly Rates
Service Charge	\$ 20.57
Water Use Charge – per hundred cubic feet (CCF)	\$1.95
Up to 8 CCF	\$3.90
Over 8 CCF	

Irrigation customers may choose between metered or flat rate service. Approximately 70% of the irrigation accounts have elected to have the flat rate service. Current rates are as follows:

Irrigation Water Service	2006 Monthly Rates
Metered: Monthly Service Use per hundred cubic feet	\$15.14 \$0.22
Non-metered: Annual Service Additional Seasonal Service	\$ 470.04 per miner's inch/yr \$303.84 per miner's inch/season

The District approved a rate increase that went into effect on January 1, 2006. The monthly treated water service charge increased 10% and the non-metered annual service for irrigation water increased 3%.

Connection Fees

The District's treated water connection fees are based on the rates that were used when Assessment District No. 1 was formed. Parcels that were assessed the maximum amount of \$3,620.28 for the assessment district are not required to pay a connection fee. Parcels that were assessed less than the maximum pay a connection charge equal to the cost of providing treated water service, but in no case less than the difference between the assessment paid and \$3,620.28. The result is that all parcels connecting to the treated water system pay at least \$3,620.28 for a connection fee. In FY 2002-2003 a homeowner in the Lakeview Hills development/area whose well went dry funded a mainline extension and parcels affected by the Lakeview Hills Reimbursement Agreement are required to pay substantially higher connection fees.

Wholesale Purchase Rates

Water service from the Weimar Water Company and PCWA is metered. As a private utility, Weimar's rate structure is reviewed and approved by the California Public Utilities Commission. The District pays the following rates for water:

Fee	Monthly Rates
Weimar:	
Meter	2" = \$661.71
Unit Cost (748 gallons)	\$1.776
PCWA	
Capital Facilities Charge	\$5.71
Water Use (in Miner's Inches)	\$73.87
Winter: per inch per month	\$65.03
Summer: per inch per month	

8. Government Structure Options

The Midway Heights CWD was formed under County Water District Law (California Water Code §30000 et seq.) on December 9, 1954. The District's sphere of influence is coterminous with its boundary.

Applegate Annexation

The District has been approached by a group of homeowners from the Applegate area west of the I-80 and south of the current District boundary regarding annexation to the District. The group has formed the Midway Heights Applegate Annexation Association (MHAAA), a not for profit organization that is intended to serve as the vehicle for project development. The area proposed for annexation includes approximately 210 parcels in the Crother Hills Estates development and surrounding area, with an estimated population of 500 persons. The area is largely built out, with properties ranging from over three acres to less than one acre. This area is experiencing a significant reduction in groundwater availability, and adequate water supply for drinking, irrigation and fire suppression is a concern. Water quality is also an issue due to septic tanks, with one recent case of contamination. An expansion of this size would represent approximately a 25-63% increase in the District's treated water customer base and would result in a significant increase in water demand for both treated and irrigation water. The Weimar Water Company has the treatment capacity to provide the additional water; PCWA has capacity in the Boardman Canal for an increase as well, although PCWA does not reserve capacity for future demand. The cost of extending treated and irrigation water service, including storage, pump stations, and distribution lines would be borne by parcel owners connecting to the system. The system as currently conceived would be a dual system supplying treated water from the existing Weimar Water treatment plant plus irrigation water from PCWA. The system would include one 200,000-gallon treated water storage tank with a 400-gallon per minute maximum flow for fire suppression. The plan includes installing fire hydrants along Lake Arthur Road, west of I-80. An emergency interconnection could be established between Midway Heights and Meadow Vista CWD, which would benefit the residents in both districts.

As a first step the residents would need to fund an engineering study to determine the service limitations, infrastructure needs and costs for extending service to this area. This study would serve as a basis for both the District and the residents to determine whether to proceed with an annexation proposal to LAFCO. The proposal could occur through petition or District resolution. A petition for annexation would require signatures from at least 25% of the voters within the area proposed to be annexed.

The proposed annexation area is within the Weimar/Applegate/Colfax Municipal Advisory Council (WAC MAC) area. The WAC MAC is concerned about the long-term reliability of

water supply for this area and has expressed its support for the Midway Heights Applegate Annexation Association. The MHAAA has approximately 100 members, all property owners within the proposed annexation area. The condition of local wells drying up prompted the initiative to seek a solution that would provide a long-term, economical water supply. The Association recognizes that financial constraints will be the greatest challenge in providing water to this area. The Association estimates that approximately 35% of the property owners would have difficulty supporting additional levies. The MHAAA is actively engaged in seeking out financing and operational solutions that would effectively solve the water supply issue. Some of the opportunities being considered include infrastructure financing for adjacent systems, such as Meadow Vista CWD, in order to attract more favorable financing terms.

Other options for service in the area would include forming a mutual water company or having a private investor-owned utility serve the area. Weimar Water noted that it is probably more cost effective for Midway Heights to serve the area due to the proximity of its facilities; however, there is the potential for Midway Heights to enter into a wheeling agreement with Weimar whereby Weimar would be the service provider.

Out of Agency Service

PCWA provides irrigation water directly to some parcels within the Midway Heights boundary. Also, the Meadow Vista County Water District provides treated water to one parcel within the boundaries of Midway Heights. The property owner is billed directly by Meadow Vista. LAFCO may want to evaluate the boundaries of the two agencies with respect to this parcel when the next SOI updates are prepared.

9. Local Accountability and Governance

The Midway Heights CWD is governed by a five-member board of Directors elected at large by voters within the District. In the past 13 years there has been only one election with multiple candidates. The current board is as follows:

Board Member	Title	Term of Office	Compensation
Craig Stone	President	2006	\$50 per mtg.
Cliff Pisenti	Vice President	2008	\$50 per mtg.
Jim Carlisle	Treasurer	2006	\$50 per mtg.
Janet Bianchini	Director	2006	\$50 per mtg.
Louis Sigmund	Director	2008	\$50 per mtg.

District meetings are held the second Thursday of each month at 7 p.m. at the Eden Valley Clubhouse, 21400 Placer Hills Road, Weimar. Public notice of meetings is posted in five locations at least 72 hours before each meeting; additional notice is provided through the *Auburn Journal*, posting at the Placer County Grand Jury office, and on the District’s website. The District has a website that includes information on the district, including board meeting agendas and minutes (www.mhcwd.org).

– DETERMINATIONS –

1) *Population and Growth*

The area within the Midway Heights County Water District boundaries is designated for rural residential use with some agriculture. The average annual growth rate within the greater Colfax area is expected to be 0.6% per SACOG’s 2001 projections. Population growth within the District is expected to be slow; however the District expects to increase the number of parcels served due to impacted groundwater resources.

2) *Infrastructure Needs and Deficiencies*

The Midway Heights CWD provides both treated and irrigation water service. Raw water is obtained from the Placer County Water Agency through the Boardman Canal; treated water is purchased from the Weimar Water Company. Supply is adequate to meet current demand. The raw water supply is interruptible.

The District will need to add facilities to serve additional areas, including storage tanks, pump stations and distribution lines. The cost for capital improvements associated with a service extension is borne by the benefiting parcels.

The District maintains the system infrastructure and has designated reserves for future maintenance needs.

3) Financing Constraints and Opportunities

The Midway Heights CWD is funded through service charges, property taxes, assessments and interest income. Revenues are adequate to cover operational expenses, debt service and reserves.

The District has reserves for future operational needs as well as restricted reserves for debt service.

The District has long-term debt associated with water system improvements. The loan has an interest rate of 3.3712% and requires semi-annual payments of \$38,629. The District issued improvement bonds to provide assessments for debt service; the bond terms are similar to those of the construction loan.

4) Cost Avoidance Opportunities

The Midway Heights CWD is controlling costs through the annual budgeting process; the District operates with minimal overhead.

5) Management Efficiencies

The Midway Heights CWD is managed by a General Manager with the Board of Directors providing oversight and direction. An additional staff person assists with field services.

6) Shared Facilities

The Midway Heights CWD shares the treatment facilities of the Weimar Water Company rather than operating its own treatment plant. The District's treated water storage facilities serve as backup or emergency storage for the Weimar Water Company.

Opportunities to create an emergency intertie with the Meadow Vista CWD system should be explored.

7) Rate Restructuring

The Midway Heights CWD reviews rates annually and adjusts them as necessary through a public process.

The District's treated water rate structure includes a monthly service charge and two tiers for usage. Irrigation service is offered as metered or at a flat rate.

The District's connection fees conform to the assessments levied when the treatment distribution system was constructed in 1990.

8) Government Structure Options

The Midway Heights CWD was formed under County Water District Law (Water Code §30000 et seq.). The District is providing adequate service, and no other government structure options were identified.

The Meadow Vista CWD provides treated water to one parcel within the Midway Heights service area. LAFCO may consider adjusting the boundaries of the two districts during the next sphere update.

The Applegate area west of I-80 may seek annexation to the District to establish a water supply for drinking, irrigation and fire suppression. An engineering study needs to be conducted to determine the system requirements and estimated cost so the property owners and District can make an informed, prudent decision on the most beneficial option for service in the area.

9) Local Accountability and Governance

The Midway Heights CWD is governed by a five-member board of Directors elected at large by voters within the District. The District is providing adequate public notice of meetings and the meetings are open and accessible to the public. The District also maintains a website that provides information on the District's services and activities.

– AGENCY PROFILE –

Midway Heights County Water District	
Contact:	Jason Tiffany, General Manager
Mailing Address:	PO Box 596, Meadow Vista, CA 95722
Site Address:	Same
Phone Number:	(530) 878-8096
Fax Number:	Same
Email/Website	www.mhcwd.org ; admin@mhcwd.org
Types of Services:	Treated and Irrigation Water
Population Served:	~ 1,600
Size of Service Area (sq miles):	4.0 sq miles
Staff and Infrastructure	
Staff: FTE	2 FT, 2 PT (as budgeted for FY 04-05)
Number of Connections	394 treated, 332 irrigation
Annual Demand	Treated: 29.7 million gallons; Irrigation: 20,310 miner's inches days
Storage Capacity	Treated: 145,000 gallons; Irrigation: 5,080,000 gallons

Water Source	Treated: Weimar Water Company; Irrigation: PCWA/Boardman Canal		
Financial Information			
Water Service Budget: (FY 2005-2006)	Revenues	Expenses	Reserve Balance (est. June 30, 2005)
	\$425,605	\$425,605	\$580,067

7. PLACER COUNTY WATER AGENCY

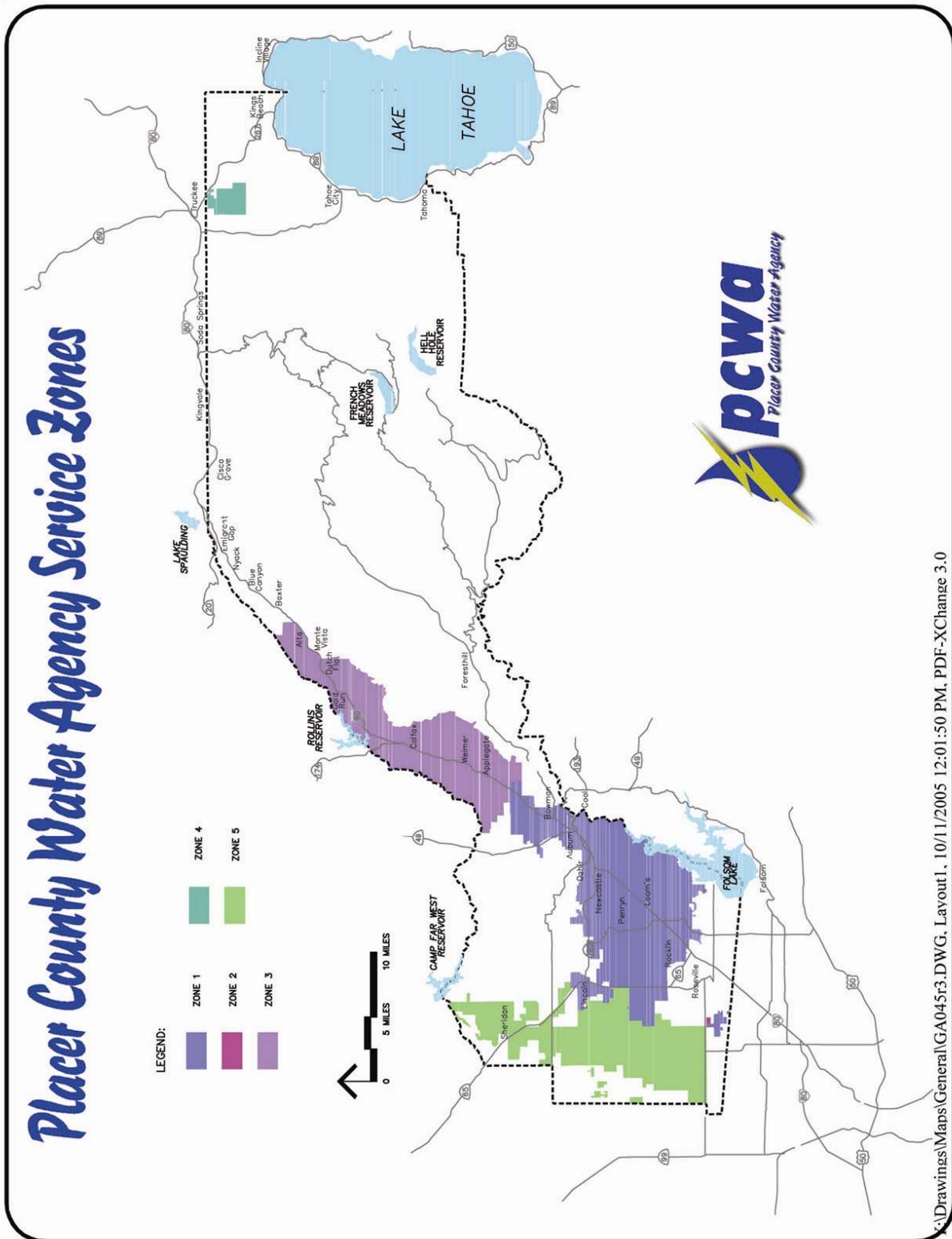
Overview

The Placer County Water Agency (PCWA) was formed in 1957 by a special act of the State legislature to provide the following services:

- make water available for any beneficial use of lands or inhabitants
- develop and sell hydroelectric energy to aid in financing water projects,
- control and conserve storm and flood waters, and
- store, conserve, appropriate, acquire, import and protect water.

PCWA's boundaries are coterminous with the boundaries of Placer County. The Agency is responsible for water resource planning and management, and provides retail and wholesale supplies of both raw and treated water. Water sources include PG&E, the American River and the Central Valley Project. The Agency's primary sources of revenue include water and power sales, service charges, and fees. The Agency is governed by a five-member Board of Directors elected by voters within the five districts.

Water service is provided within five service area zones, primarily located in the western portion of the County. The Mid-County Water Service Review area lies within the Agency's Zone 3. A map of the Placer County Water Agency follows.



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1. Growth and Population

Placer County had an estimated population of 303,016 in 2004 per the State Department of Finance. SACOG projects that the population will reach 422,741 by 2025 with an average annual growth rate of 2.0%, excluding the Tahoe Basin. SACOG has further projected population and growth rates for twelve Regional Analysis Districts (RAD) within Placer County. The RADs include both incorporated and unincorporated area. The RADs with the highest average annual growth rates are West Placer (18.6%), Lincoln (5.5%), and Loomis (2.9%). As shown in the table below, the potential for future development and population growth varies significantly across the County and within the PCWA service zones. This has bearing on the water service provided by PCWA as growth drives water demand and development patterns determine the type and capacity of future system infrastructure needs.

Regional Analysis District	PCWA Service Zone	Projected 2025 Population	Average Annual Growth Rate
Roseville	1, 2	117,318	0.7%
Rocklin	1	71,202	1.9%
Lincoln	1,5	63,526	5.5%
West Placer	5	20,098	18.6%
Sheridan	5	3,736	0.8%
North Auburn	1	27,047	1.7%
Auburn	1	39,924	2.6%
Loomis	1	25,661	2.9%
Granite Bay	1	26,315	0.9%
Foresthill	None	4,890	0.9%
Colfax	3	15,021	0.6%
High Country	4	8,003	1.2%
Countywide		422,741	2.0%

Source: SACOG Projections 2005

The Mid-County Water Service Review includes portions of the North Auburn, Colfax and Foresthill RADs, which have generally lower growth rates.

2. Infrastructure Needs and Deficiencies

The Placer County Water Agency is the largest water purveyor within Placer County. As noted above, the Agency has five service zones:

- Zone 1 is the largest zone and extends from the City of Auburn south to the City of Roseville. There is a small, detached portion of Zone 1 south of Roseville near Baseline Road and Crowder Lane. Water supply is obtained from PG&E's Wise/South Canal, PCWA's Boardman Canal, and the American River.

- Zone 2 serves 46 residential accounts on two-acre lots adjacent to Roseville’s southwest boundary. Water supply is Agency surface water delivered through Roseville through a contractual arrangement.
- Zone 3 serves customers in the communities of Applegate, Weimar, Meadow Vista, Colfax, Gold Run, Dutch Flat, Alta and areas in between. The water supply is purchased from PG&E and conveyed from Lake Spaulding through the Boardman Canal.
- Zone 4 was formed in 1998 and is located in Martis Valley in eastern Placer County. Zone 4 relies on groundwater pumped from the Martis Valley Aquifer to serve approximately 500 current residential customers. There are development proposals that will increase the number of residential customers to approximately 2,000.
- Zone 5 was established in 2000 to provide irrigation water to commercial agriculture in western Placer County.

The Mid-County Water Service Review study area includes the Agency’s Zone 3; therefore, the following discussion will focus on this zone.

Water Demand

PCWA serves the following accounts in Zone 3:

Customer Type	Zone 3
Treated Water	
Residential	1,027
Commercial	111
Landscape	4
Municipal	15
Multi-unit	66
Agriculture (Bowman area only)	0
Industrial	0
Resale	0
Miscellaneous	30
Subtotal Treated Water	1,253
Raw Water	
Summer	156
Yearly	125
Metered	217
Resale	5
All Others	0
Subtotal Raw Water	503

Total	1,756
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Source: Active Connection Report 12/31/2004

Treated water is sold directly to customers in Colfax, Alta, Applegate, Dutch Flat, and Monte Vista. Raw water is sold to special districts such as the Meadow Vista CWD, Midway Heights CWD, Heather Glen CSD, and Christian Valley Park CSD; as well as Dutch Flat Mutual Water, Alpine Meadows Water Association, and the Weimar Water Company.

Water Conservation and Recycled Water

PCWA sponsors conservation programs for residents and businesses within its service area to improve water use efficiency. Programs include Water-Wise house calls for businesses and residences, toilet and washing machine rebate programs, large landscape irrigation surveys, and a water education program. The Agency is initiating a pilot irrigation management service program for agriculture customers. PCWA recently installed a California Irrigation Management Information Service (CIMIS) station, which collects weather data that can be used to calculate irrigation schedules for crops and landscapes based on real-time evapotranspiration rates.

Currently, the only wastewater treatment plant located in the Zone 3 service area is the City of Colfax Wastewater Treatment Plant. This plant does not treat wastewater to a level that could be used as recycled water.

Water Supply

PCWA’s water supply for Zone 3 comes from the Yuba and Bear Rivers. It is purchased from PG&E and conveyed from Lake Spaulding. The water supply contract with PG&E provides for the Agency to purchase up to 25,000 acre-feet per year for Zone 3. The contract has no term limit.

Balancing Supply and Demand

The following water supplies and demand are projected per PCWA’s 2005 Urban Water Management Plan:

Projected Water Supply and Demand (AF/Yr) for Zone 3

	2000	2005	2010	2015	2020	2025	2030
Water Supply							
PG&E Supply	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Water Demand	7,076	7,192	7,924	9,056	10,188	11,320	12,452
Net	17,924	17,808	17,076	15,944	14,812	13,680	12,548

Source: PCWA 2005 UWMP

For Zone 3, supply ranges from 12,500 acre-feet to 25,000 acre-feet, with no deficit in multiple dry years.

Infrastructure

The water system in Zone 3 was acquired from PG&E in 1984 and includes a series of canals and pipelines that extend approximately 35 miles from PG&E's Alta Powerhouse to PCWA's Lake Theodore northeast of Auburn. The Boardman Canal is the main conveyance facility. The Canal is occasionally taken out of service for planned maintenance and repairs or, in some cases, emergencies. PCWA's raw water customers are provided notice on their invoices that the Agency does not guarantee a continuous and uninterrupted supply. Customers are encouraged to provide their own storage facility. Raw water resale contracts stipulate the storage capacity the water purveyor is responsible to have.

PCWA has planned for capital improvements to both the treated and raw water systems in Zone 3 through 2010. The treated water improvements total \$3,141,000 for 2005 and 2006, with \$7.45 million planned for 2007 through 2010. For the raw water system, \$5,884,000 has been approved for 2005 and 2006, with \$8.7 million planned for 2007 through 2010. Improvements include replacing flume structures, replacing pipe, and gunite for various locations. The largest project is \$5.6 million for the Gold Run Pipe. These improvements are funded through PCWA water rates and renewal and replacement charges.

The costs for new facilities in order to extend service are borne by the benefiting property owner. PCWA considers annexing property to an existing service zone if the Agency has the ability to serve either raw or treated surface water. If approved, the applicant constructs the improvements to the satisfaction of the Agency, at which time the ownership of the improvements is transferred to the Agency.

3. Financing Constraints and Opportunities

The Placer County Water Agency has three divisions: Agency-Wide, Power System and Water System. Annually, the Agency budgets for and tracks financial performance by each division. The primary sources of operating revenue for the water system are water sales. The renewal and replacement charges are used to fund capital improvements. The water connection charges are based on new connections to the water system, which can vary in number year to year. The following summarizes the Agency's water system financial information:

PCWA Financial Summary – Water System

Finances	2003 Actual	2004 Actual	2005 Budget
Revenue			
Water Sales	\$18,357,627	\$20,726,980	\$23,900,000
Mandated Charge	\$2,034,980	\$2,204,297	\$2,492,000
Engineering Charges	\$713,945	\$1,093,080	\$720,000
Customer Service Charges	\$307,570	\$407,998	\$320,000
Interest	\$2,611,620	\$2,619,622	\$1,470,000
Water Connection Charges	\$8,832,910	\$35,890,471	\$10,000,000
Other Revenue	\$3,547,665	\$3,087,900	\$4,508,500
Total Revenue	\$36,406,317	\$66,030,348	\$43,410,500
Expenses			
Purchased Water	\$188,182	\$698,356	\$586,832
Water Treatment	\$3,088,788	\$3,485,857	\$3,990,967
Pumping Plants and Wells	\$436,816	\$739,557	\$798,889
Transmission and Distribution	\$3,869,583	\$4,024,185	\$4,577,455
General and Administrative	\$6,325,047	\$5,913,840	\$7,412,147
Depreciation	\$2,507,238	\$5,234,121	\$3,740,000
Other Operational Expenses	\$4,113,518	\$3,243,769	\$3,045,359
Interest Expense	\$3,225,100	\$2,942,400	\$3,234,500
Total Expenses	\$23,754,272	\$26,282,085	\$27,386,149
Capital Contributions (est. only)	\$12,534,334	\$3,841,213	--
Transfers	(\$93,472)	(\$188,269)	
Net Surplus/(Deficit)	\$12,558,573	\$39,559,994	\$16,024,351
Ending Net Assets	\$226,415,076	\$265,975,070	\$281,999,421

The only major long-term debt for the water system is associated with Zone 1. The Agency has the ability to issue tax-exempt debt to fund capital infrastructure for either replacement

or expansion needs, which allows major projects to be paid for over the years of use. The capacity of this opportunity is based on the capacity of PCWA's customers to repay the debt. At December 31, 2004, the Agency's water system had approximately \$55.7 million in long-term debt, not including compensated absences. The \$55.7 million includes Zone 3 long-term debt of \$910,829.

The Agency's financial statements are audited annually by an independent certified public accounting firm from which the opinions' rendered have been unqualified or "clean" opinions.

4. Cost Avoidance Opportunities

The Agency controls costs through its operational plans, budget and management practices. Studies have been conducted on projected water demand by zone and related infrastructure needs. A detailed Capital Improvement Plan has been prepared as part of PCWA's budgeting process that includes planned maintenance, replacement, improvements and upgrades within Zone 3, as well as life cycle costs. A life cycle maintenance management approach can be used to optimize the timing and cost of repair/replacement of water utility facilities and systems.

PCWA has upgraded all Zone 3 meters to radio read meters, which improves billing accuracy and reduces meter reading costs.

5. Management Efficiencies

The Agency's three divisional organizational structure of Agency-Wide, Power System and Water System allows the agency to establish goals, identify issues and assign staff as appropriate for service provided. In 2005 the Agency prepared a report which identified "Issues and Interests" in order to establish goals for the upcoming year. As part of this effort, staff reported on the accomplishments of the past year and identified priorities for the current year.

The Agency continually works to improve efficient and effective operations in numerous areas of service, including finance, customer service and field services. The most recent water system management efficiencies are the implementation of bill concentration and continued implementation of radio read meters. In 2002 PCWA streamlined the Agency's budgeting process, investment reporting, and other financial accountability practices and protocols. Accounts and service areas have been analyzed to ensure that all customers are being billed properly.

6. Shared Facilities

PCWA shares facilities with a number of agencies in relation to providing water service. In Zone 3 PCWA receives water through PG&E’s conveyance facilities.

7. Rate Restructuring

PCWA’s water rate structure differs for each of the service zones. The charges include a basic monthly service charge, charges to cover unfunded State and Federal mandates, charges for infrastructure renewal and replacement and water usage charges, which are tiered and ascending to promote water use efficiency. The charges for State and Federal mandated programs and projects and the Renewal and Replacement charge are based on meter size.

Water rates in Zone 3 in 2006 are as follows:

Zone 3 Water Rates

Zone 3 – Wholesale (Raw Water)	Charges per month
Resale Service Charge	\$52.06
Capital Facilities Charge – per customer (per 30 days)	\$5.71
Water Use – per Miner’s Inch Day:	
First 1,000 MID	\$4.51 MID
Over 1,000 MID	\$4.36 MID
Zone 3 – Retail (Treated Water)	Charges per month
Service Charge (5/8” meter)	\$21.45
State & Federal Mandated Programs and Projects	\$3.99
Renewal & Replacement – Raw and Treated Water Components	\$4.90
Water Use – per 100 CF	
First 400 CF	\$1.07
Next 1,600 CF	\$1.33
Next 2,000 CF	\$1.33
Next 1,800 CF	\$1.33
Next 1,900 CF	\$1.40
Over 7,700 CF	\$1.59
Zone 3 – Golf Course, Park and Greenbelt (Treated Water)	Charges per month

Service Charge (5/8" meter)	\$21.45
State & Federal Mandated Programs and Projects	\$4.31
Renewal & Replacement – Raw and Treated Water Components	\$8.50
Water Use – per 100 CF	
First 50,000 CF	\$1.07
Next 950,000 CF	\$1.33
Over 1,000,000 CF	\$1.33
Zone 3 – Golf Course, Park and Greenbelt (Raw Water)	Charges per month
Capital Facilities Charge – per service (per 30 days)	\$5.71
Water Use – per Miner's Inch	
First 1-inch	\$61.43
2-9 inches	\$61.43
Over 9 inches	\$63.55

Zone 3 – Commercial/Multi Dwelling/Municipal (Treated Water)	Charges per month
Service Charge (5/8" meter)	\$21.45
Multi-Dwelling (per unit)	\$9.50
State & Federal Mandated Programs and Projects	\$4.31
Renewal & Replacement – Raw and Treated Water Components	\$8.50
Water Use – per 100 CF	
First 50,000 CF	\$1.10
Next 950,000 CF	\$1.36
Over 1,000,000 CF	\$1.36
Zone 3 – General Irrigation (Summer) Raw Water	Charges per month
Capital Facilities Charge – per service (per 30 days)	\$5.71
Water Use – per Miner's Inch	\$71.55
First 1-inch	\$71.94
2-9 inches	\$65.03
Over 9 inches	
Zone 3 – General Irrigation (Winter) Raw Water	Charges per month
Capital Facilities Charge – per service (per 30 days)	\$5.71
Water Use – per Miner's Inch	\$50.40
First ½ -inch	\$70.70
1 inch	\$73.87
2-9 inches	\$73.87
Over 9 inches	
Zone 3 – Commercial Agriculture (Summer) Raw Water	Charges per month
Capital Facilities Charge – per service (per 30 days)	\$5.71
Water Use – per Miner's Inch	\$46.92
First 1-inch	\$42.34
2 inches	\$38.23
3 inches	\$34.14

4 inches	\$31.40
5-9 inches	\$28.67
10-60 inches	\$23.67
Over 60 inches	
Zone 3 – Commercial Agriculture (Winter) Raw Water	Charges per month
Capital Facilities Charge – per service (per 30 days)	\$5.71
Water Use – per Miner’s Inch	\$43.43
First 1-inch	\$44.28
Over 1-inch	
Zone 3 – General Metered Irrigation (Raw Water)	Charges per month
Service Charge (5/8” meter)	\$8.62
Capital Facilities Charge – per service (per 30 days)	\$5.71
Water Use – per 100 CF	
First 3,000 CF	\$0.37
Next 7,000 CF	\$0.43
Over 10,000 CF	\$0.40

Connection Charges

PCWA charges a connection charge for new service, with the fees based on four components: water treatment, storage, transmission and planning. The current water connection charges for a typical single-family residence in Zone 3 are \$8,303. The underlying costs have increased significantly recently as the construction cost includes primarily steel and concrete. In August 2005 the Agency increased water connection charges for Zone 3 by 14.4 %. The connection charges were increased January 1, 2006 based on the increase in the *Engineering News Record* Construction Cost Index for the San Francisco area. The increase for Zone 3 is based on \$2.65 million in improvements needed to serve growth. The underlying costs are reviewed annually for any necessary rate adjustments.

Annexation Fees

With respect to service zone boundaries, property owners who request service to parcels outside a given service zone must apply to PCWA for annexation to the particular zone and pay an annexation fee. Approval is dependent on PCWA’s review and ability to provide water. The current annexation processing fee is \$2,000. Additional costs are dependent upon the number of parcels, acreage and annexation.

8. Government Structure Options

The Placer County Water Agency is an independent special district created by a special act of the State legislature. Per the Placer County Water Agency Act, the Agency’s boundaries are coterminous with boundaries of Placer County. The Agency is authorized to make water available for any beneficial use of lands or inhabitants; develop and sell hydroelectric energy to aid in financing water projects; control and conserve storm and flood waters; and store, conserve, appropriate, acquire, import and protect water. PCWA’s services range from water resource planning and management to wholesale and retail water sales. No other agencies were identified that could provide these services on a countywide basis, and no other government structure options were noted.

9. Local Accountability and Governance

PCWA is governed by a five-member Board of Directors, elected to four-year terms by geographic areas, which coincide with the County’s supervisorial districts. The current board of the Placer County Water Agency is as follows:

Board Member	Title	Term of Office	Compensation
Alex Ferreira	Board Chair – District 2	12/06	\$950/month
Pauline Rocucci	Director – District 1	12/06	\$950/month
Lowell Jarvis	Director – District 3	12/08	\$950/month
Mike Lee	Director – District 4	12/08	\$950/month
Otis Wollan	Director – District 5	12/08	\$950/month

The Board meets on the first and third Thursdays of each month at 2:00 PM, usually at the Placer County Board of Supervisors chambers at 175 Fulweiler Avenue in Auburn. Occasional meetings are held in other areas of the County to encourage more public participation. The meetings are noticed in front of the Agency’s headquarters building and on the website, in accordance with the Brown Act. Agendas and minutes are available online on the Agency’s website (www.pcwa.net). The website also includes information on the Agency, services and programs.

– DETERMINATIONS –

1) Population and Growth

The Placer County Water Agency’s boundaries are coterminous with the Placer County boundary. Water service is provided within five service area zones, primarily located in the western portion of the County. Population within the County is expected to reach 422,741 by 2025, with an average annual growth rate of 1.8%. The majority of this growth will be

in western Placer County. The Agency has factored the County's growth patterns into their long range plans.

2) *Infrastructure Needs and Deficiencies*

For Service Zone 3, the Placer County Water Agency receives water supply from PG&E through Lake Spaulding and conveys it through the Boardman Canal.

Per the Agency's 2005 Urban Water Management Plan, water supply in year 2025 will be adequate to meet demand for Zone 3 provided the water resources and infrastructure are developed as planned.

The Agency has ongoing maintenance, replacement and improvements for Zone 3 detailed in the Five Year Capital Improvement Plan for water system infrastructure. The Agency performs routine maintenance and plans for facility upgrades and replacement in order to maintain service levels and control costs.

3) *Financing Constraints and Opportunities*

The Agency has the ability to issue tax-exempt debt to fund capital infrastructure for either replacement or expansion needs. This allows major projects to be paid for over the years of use. The capacity of this opportunity is based on the capacity of the customers to repay the debt. At December 31, 2004, the Agency's water system had approximately \$55.7 million in long-term debt, of which \$910,829 was for Zone 3.

4) *Cost Avoidance Opportunities*

PCWA is controlling costs through its water resource planning, operations and budgeting. The Agency seeks technology and other cost saving solutions in maintaining the current service levels and keeping cost increases to a minimum.

PCWA has upgraded all Zone 3 meters to radio read meters, which improves billing accuracy and reduces meter-reading costs.

5) *Management Efficiencies*

PCWA's organizational structure allows the agency to establish goals, identify issues and assign staff as appropriate for each type of service provided. The Agency is working to improve efficiency in numerous areas of service, including finance, customer service and field services.

6) *Shared Facilities*

PCWA shares facilities with a number of agencies related to water supply, water management, and water use efficiency, including PG&E in Zone 3.

7) Rate Restructuring

PCWA reviews its rates annually based on expected costs for water treatment, storage, transmission and planning.

In August 2005 the Agency increased water connection charges for Zone 3 by 14.4 %. The increase was based on cost projections to improve the water system in order to meet demand for planned growth. In January 2006, the water connection charge for Zone 3 increased to \$8,303 for a 5/8-inch meter based on the *Engineering News Record* Construction Cost Index for the San Francisco Area.

The Agency uses a six-tier ascending rate structure for its residential customers in Zone 3 in order to encourage conservation.

8) Government Structure Options

PCWA was established by a special act of the State legislature and is authorized to make water available for any beneficial use of lands or inhabitants; develop and sell hydroelectric energy to aid in financing water projects; control and conserve storm and flood waters; and store, conserve, appropriate, acquire, import and protect water. No other government structure options were noted.

9) Local Accountability and Governance

PCWA is governed by a five-member elected Board of Directors who oversees the proper stewardship of the Agency’s public resources essential for maintaining public trust. Like all special districts, the Agency has statutory financial reporting requirements to help ensure the Agency’s operations are conducted in an open and transparent manner. The Agency is fiscally accountable to its customers through budgetary and financial reporting. In addition, the Agency maintains a website which contains comprehensive information regarding Agency operations and service. The Agency encourages public participation, provides public notice of meetings, and posts agendas and minutes online.

– AGENCY PROFILE –

Placer County Water Agency	
Contact:	David A. Breninger, General Manager
Mailing Address:	PO Box 6570, Auburn, CA 95604-6570
Site Address:	144 Ferguson Road, Auburn, CA
Phone Number:	(530) 823-4850
Fax Number:	(530) 823-4960
Email/Website	www.pcwa.net

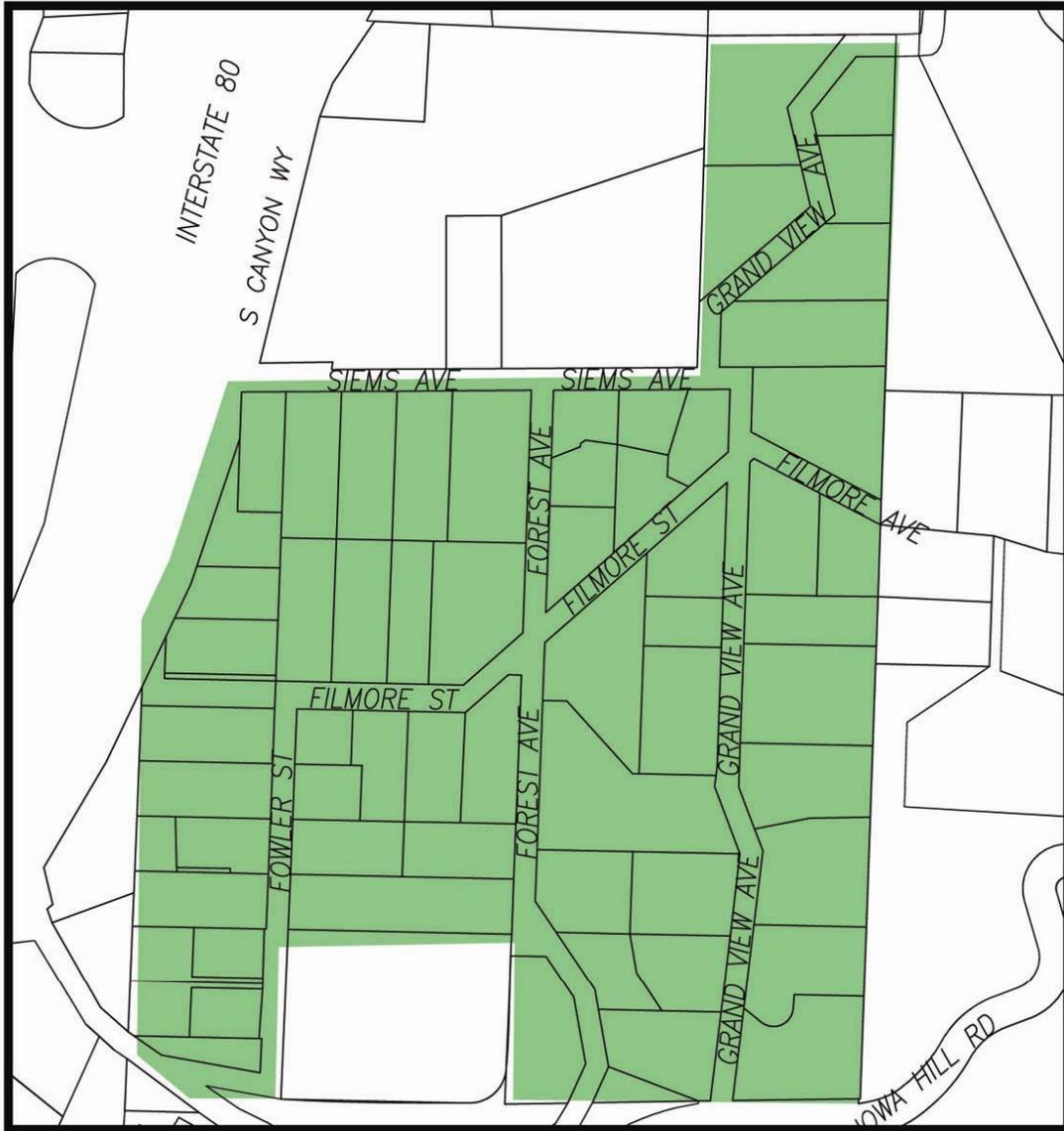
Types of Services:	Raw and Treated Water; hydroelectric power generation		
Population Served:	~ 220,000 (The 220,000 includes customers that receive PCWA water and provide the water within Placer County, including the mutuals, City of Lincoln, Cal AM, and San Juan)		
Size of Service Area (sq miles):	1,500 sq miles total	84.37 sq miles Zone 3	
Staff and Infrastructure			
Staff: FTE	167		
Number of Connections	36,049		
Annual Demand	7,192 AF Zone 3		
Storage Capacity	51.66 MG of water treatment plant storage capacity		
Water Source	Zone 3: PG&E / Lake Spaulding		
Financial Information			
Water Service Budget: (2005)	Revenues	Expenses	Reserves (December 31, 2004)
	\$26,572,000	\$26,492,649	\$10,720,000

8. SUBURBAN PINES COMMUNITY SERVICES DISTRICT

Overview

The Suburban Pines Community Services District (CSD) was formed in 1954 and serves an area of approximately 0.25 square miles adjacent to the City of Colfax. The District was formed to establish a fire hydrant system within the mountain community. Fire protection in the area is provided by the California Department of Forestry and Fire Protection (CDF); Station No. 30 is located within the community. Water for the system is obtained from the Placer County Water Agency. The District's sole sources of revenue are property taxes and interest on reserves. The District is governed by a five-member Board of Directors elected at large by voters within the District.

A map of the Suburban Pines CSD follows.



SUBURBAN PINES CSD



NTS
AUGUST, 2005

EVERY REASONABLE EFFORT HAS BEEN MADE TO ASSURE THE ACCURACY OF THIS MAP AND DATA PROVIDED; NEVERTHELESS, SOME INFORMATION MAY NOT BE ACCURATE.

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1. Growth and Population

The Suburban Pines CSD serves a small, residential community. The majority of the area within the District is unincorporated, with a small portion in the vicinity of I-80 lying within the boundaries of the City of Colfax. The area is zoned for single-family residential and agriculture. The Sacramento Area Council of Governments (SACOG) has developed population projections for the counties and cities within its jurisdiction as well as Regional Analysis Districts (RAD). The Suburban Pines CSD lies within the Colfax RAD. Per the SACOG March 2001 projections, population within the Colfax RAD is expected to increase to 14,758 by 2025 at an average annual growth rate of 0.6%.

There are 71 parcels within the District. The estimated population is approximately 185. Most parcels are developed with some developable lots remaining. Future growth will be limited based on the number of developable lots.

2. Infrastructure Needs and Deficiencies

The Suburban Pines CSD installed a fire hydrant system shortly after formation; the system currently has eight hydrants with an average spacing of 500-800 feet in an area with hilly terrain. One hydrant belongs to the City of Colfax. The system was last tested approximately three years ago by CDF and was operable at that time. PCWA provides potable water service to the properties within the community, and water for the system is supplied through PCWA's distribution system.

Placer County uses the 2001 Uniform Fire Code as the standard for planning and development. The hydrant system installed by the District likely does not meet the current standards for fire protection due to its age. The system is not recorded in the County mapping system and the Placer County Fire Protection Planner has no knowledge of the system or any record of its being tested; therefore no information is available with respect to its adequacy for fire protection in the area. Although the system has not been improved as part of new development in the area, it is operating and available for use by CDF in an emergency.

3. Financing Constraints and Opportunities

The Suburban Pines CSD receives revenue through a portion of the 1% property tax (0.00038%) and interest on reserves. The following summarizes the District's finances:

Suburban Pines CSD Financial Summary

Finances	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Budget
Sources			
Property Taxes	\$1,270	\$1,459	\$1,594
Interest	\$832	\$597	\$500
Total Sources	\$2,102	\$2,056	\$2,094
Uses			
Services & Supplies	\$100		\$100
Property Tax Admin Costs	\$19	\$29	\$29
LAFCO Fees	\$2	\$2	\$2
Total Uses	\$121	\$31	\$131
Net Surplus/(Deficit)	\$1,981	\$2,025	\$1,963
Fund Balance, end of year	\$27,812	\$29,837	\$31,830

Fund: 531 Fire Districts Fund / Subfund: 440 SPCSD

The County Treasurer is the depository and has custody of the District's funds. There has been limited activity in the account for a number of years and the District's financial records have not been audited.

The District has reserves for use in the event of an emergency. The Board of Directors has not identified specific needs or restricted use of the funds.

4. Cost Avoidance Opportunities

The Suburban Pines CSD is operated by volunteers and has minimal overhead expenses. The District has no liability insurance; in order to minimize risk, the District should ensure that all current property owners and new development applicants understand the system's limitations and fire risk in the area. No additional opportunities to avoid costs were noted.

5. Management Efficiencies

The Suburban Pines CSD is overseeing a fire hydrant system which does not require active management. The District should work with the County Fire Planner and PCWA to ensure that the system is properly identified within those agency records. No additional opportunities to improve management efficiency were noted.

6. Shared Facilities

The Suburban Pines CSD is sharing resources with CDF by providing a system that improves fire protection within the community. In addition, CDF periodically tests the system for the CSD. Due to the location and limited nature of services provided, no other opportunities to share facilities were noted.

7. Rate Restructuring

The District does not assess property owners for any services. The District' annual expenses are less than 7% of revenue and no rate restructuring is necessary.

8. Government Structure Options

The purpose of evaluating government structure options is to identify those options that encourage the orderly formation of local government agencies. The Suburban Pines CSD was formed under Community Services District Law (Government Code §61000 et seq.) on March 15, 1954. The District's sphere of influence is coterminous with its boundary. Two government structure options were identified:

- ***Maintain Status Quo***: Under this option the District's current sphere of influence and boundary would not be changed. The advantage is that the fire hydrant system owned by the District is providing some benefit to the community. The District has reserves that could be used in an emergency. The disadvantages are that the property tax revenue accruing to the District and the reserves that have accumulated may not be providing maximum benefit to the taxpayers. The District may be at risk if it is operating a system that is inadequate or does not meet current codes.
- ***Dissolve the District and establish a restricted fund for the assets***: With this option the District would be dissolved, the tax revenue would be reallocated to other agencies within the Tax Rate Area, and a restricted fund would be established with the County for the cash assets of the District. Fund use could be limited to specific types of improvements within the Suburban Pines community. The advantages are that it would alleviate the District of future responsibility for managing the fire hydrant system. The District is essentially inactive and only oversees the existing hydrants to ensure they remain operable. Future property tax revenue could be used more efficiently by other agencies actively providing service in the area. With the establishment of a restricted account, the District's accumulated reserves would provide benefit for the community for future improvements. The benefit might be enhanced through the economies of scale that occur through the County's Public Works Department. The disadvantage is that the existing fire hydrant system would need to be accepted and maintained by the County or other agency, and depending upon its condition, improvements may be required to meet County standards.

9. Local Accountability and Governance

The Suburban Pines CSD is governed by a five-member board of Directors elected by voters within the District. Elections have been uncontested for a number of years, with the County Board of Supervisors appointing the candidates to the position.

Board Member	Title	Term of Office	Compensation
Robert Wallington, Sr.	President	2008	None
June Pitz	Secty/Treasurer	2006	None
Robert Wallington, Jr.	Board member	2008	None
Timothy Pitz	Board member	2006	None
Dakota Sheets	Board member	2006	None

District meetings are held on alternate months on the third Thursday at 7 p.m. at the Board President’s residence at 100 Siems in Colfax. Public notice of meetings is posted on telephone poles within the District at least 72 hours before each meeting.

– DETERMINATIONS –

1) Population and Growth

The Suburban Pines Community Service District serves a 0.25 square mile area adjacent to the City of Colfax. The area is zoned for single-family residential and agriculture, with 71 parcels. Future growth will be limited, based on the number of developable parcels remaining.

2) Infrastructure Needs and Deficiencies

The Suburban Pines CSD operates a fire hydrant system with water provided by PCWA. The system is operable, but is not recorded in the County mapping system and has not been reviewed by the County Fire Protection Planner. The system was installed shortly after the District’s formation in 1954 and likely does not meet the current 2001 Uniform Fire Code.

3) Financing Constraints and Opportunities

The Suburban Pines CSD is funded through a portion of the 1% property tax and interest income. The District has no long-term debt and has reserves for future emergencies.

4) Cost Avoidance Opportunities

The Suburban Pines CSD is operated by volunteers and has minimal expenses.

The District should ensure that all current and future property owners are aware of the fire risk in the area and the hydrant system’s limitations.

5) Management Efficiencies

The Suburban Pines CSD should work with the County Fire Planner and PCWA to ensure that the system is properly identified within those agency records. No additional opportunities to improve management efficiency were noted.

6) Shared Facilities

The Suburban Pines CSD provides a hydrant system to assist CDF with fire protection in the community. CDF periodically tests the system for operability.

7) Rate Restructuring

The Suburban Pines CSD does not charge property owners an assessment or service charge.

8) Government Structure Options

The Suburban Pines CSD was formed under Community Services District Law (Government Code §61000 et seq.). The District's sphere of influence is coterminous with its boundary. Two government structure options are identified:

- **Maintain the status quo:** The District would continue to provide service within its current boundaries.
 - *Advantage:* This option allows for continuity of service; the fire hydrant system is providing benefit to the community.
 - *Disadvantage:* The property tax revenue that accrues to the District may not be providing maximum benefit to the taxpayers. The District may be at risk if it is operating a system that is inadequate or does not meet current codes.
- **Dissolve the Suburban Pines Community Service District:** The District would be dissolved and its cash assets would be transferred to a restricted fund with the County for future use within the community.
 - *Advantage:* This option would alleviate the District of future responsibility for the hydrant system. Property tax revenue could be used by other agencies actively providing services within the area.
 - *Disadvantage:* The existing fire hydrant system would need to be accepted and maintained by the County or some other agency.

9) Local Accountability and Governance

The Suburban Pines CSD is governed by a five-member board of Directors elected by voters within the District. The District is providing adequate public notice of meetings and the meetings are open and accessible to the public.

– AGENCY PROFILE –

Suburban Pines Community Service District			
Contact:	Robert Wallington, Sr., President		
Mailing Address:	PO Box 123, Colfax, CA 95713		
Site Address:	100 Siems, Colfax		
Phone Number:	(530) 346-8126		
Fax Number:	none		
Email/Website	NA		
Types of Services:	Fire hydrant system		
Population Served:	~ 185		
Size of Service Area (sq miles):	0.25 sq miles		
Staff and Infrastructure			
Staff: FTE	None		
Number of Hydrants	8		
Water Source	PCWA /Boardman Canal		
Financial Information			
Budget: (FY 2004-2005)	Revenues	Expenses	Fund Balance (est. June 30, 2005)
	\$2,094	\$131	\$31,830

9. WEIMAR WATER COMPANY

Overview

The Weimar Water Company is a private company formed in 1959 and based in the Weimar-Applegate area. Weimar Water directly serves approximately 460 connections in addition to wholesaling treated water to the Weimar Institute, Timber Hills Mutual Water Company and the Midway Heights County Water District. Including the wholesale connections there are approximately 1,000 connections served by the Weimar Water Company. Raw water is purchased from PCWA and supplied through the Boardman Canal. Weimar Water operates under the oversight and authority of the California Public Utilities Commission (CPUC) and the California Department of Health Services (DHS).

The Weimar Water Company is a private entity and is not subject to LAFCO purview; therefore no determinations have been included. Weimar Water is included in the report to ensure a comprehensive review of water service in mid-Placer County.

1. Growth and Population

Weimar Water currently provides service to approximately 460 retail connections and wholesales treated water to Midway Heights County Water District, Timber Hills Mutual Water Company and the Weimar Institute. The area served is primarily residential with some light commercial use. The population directly served by the Company is estimated at approximately 1,200 persons. Weimar Water serves an area that lies within the Colfax Regional Analysis District (RAD). Per the SACOG March 2001 projections, population within the Colfax RAD is expected to increase to 14,758 by 2025 with an average annual growth rate of 0.6%.

2. Infrastructure Needs and Deficiencies

The Weimar Water Company receives its raw water supply from PCWA through the Boardman Canal, which is an interruptible supply. Per Weimar's 1961 agreement with PG&E, the Company is required to have 10 days of storage capacity. With present day water demands, this capacity is technically and financially impractical. The Company has one treatment plant and is currently rated by the DHS with a nominal capacity of 1 million gallons per day; however, with minor improvements the treatment plant could produce over 3 million gallons per day. Improvements necessary to increase the reliable capacity of the treatment plant include upgrades to the raw water pump station, additional treated water pumping capacity and additional storage. The Company is in the process of adding additional storage and upgrading its raw water pumping facilities. The capacity provided will depend on the additional capacity required by wholesale customers.

System-wide the Company has a treated water storage capacity of 500,000 gallons. The Company currently has four steel tanks with a total storage capacity of 265,000 gallons. In addition, offsite treated water storage is provided by the Midway Heights CWD 140,000 gallon storage tank and the 100,000 gallon storage tank at the Weimar Institute. The offsite storage provides flow equalization and emergency storage. The Company is in the process of negotiating for land to site additional tanks that would increase its treated water storage by 500,000 to 750,000 gallons.

3. Financing Constraints and Opportunities

The Weimar Water Company's financial records are available for public review through the California Public Utilities Commission.

4. Cost Avoidance Opportunities

Weimar Water is controlling capital costs related to increased pumping capacity by coordinating with its major wholesale customers. If Midway Heights CWD opts to build its own treatment plant, Weimar's existing system capacity will be adequate. The Company will seek a firm commitment for future demand from its wholesale customers prior to initiating any significant capital improvement projects designed to serve the demands of the wholesale customers.

5. Management Efficiencies

Weimar Water has one full-time field/operations superintendent, one part-time general manager and one part-time secretary/treasurer. Four part-time employees are available on an as-needed basis. The Company has established management practices in order to increase efficiency and maximize profits. The Company is investor-owned and must meet certain levels of performance per investor expectations. The contract with its wholesale customers is typically renewed as part of the rate making process, or on an as-needed basis if there is a change in the contract terms.

6. Shared Facilities

Weimar Water utilizes offsite treated water storage. Those facilities include the 140,000 gallon treated water storage tank owned and operated by the Midway Heights CWD, and a 100,000 gallon treated water storage tank owned and operated by the Weimar Institute. Operating and storage requirements of the treated water storage facilities are included in the wholesale water agreements between the Company and each customer.

7. Rate Restructuring

Weimar Water Company's rates are approved by the CPUC and the Company must apply to the CPUC for any rate changes. The current rates are as follows:

Charge	Monthly Rates
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Meter Charge – 5/8” meter	\$18.38
Water Use Charge – per billing unit (1 CCF)	\$1.776

8. Government Structure Options

The Weimar Water Company is a private entity. Water service is provided to parcels within the Company’s service area that has been approved by the CPUC.

Applegate Annexation

The Company noted that it is hydraulically feasible for the Company to serve approximately 100 parcels in the Crother Hills Estates development that are seeking water service. The Company has the treatment capacity to provide the additional water. PCWA has reported to the Company that capacity in the Boardman Canal is available; however, PCWA sells water on a first come first serve basis and will not reserve raw water capacity for future growth. Weimar Water noted that is probably more cost effective for Midway Heights to serve the area due to the proximity of its facilities.

9. Local Accountability and Governance

The Weimar Water Company is a private entity operated under the direction of a Board of Directors. Directors are elected by majority vote of outstanding shareholders.