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**Resolution 2012-02**

**of the**

**Calaveras Local Agency Formation Commission**

*Approving a Municipal Service Review of Water and Wastewater Services Provided in Calaveras County and Adopting Written Determinations Thereon*

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WHEREAS, California Government Code Section 56425 requires that the Local Agency Formation Commission ("LAFCO") adopt and periodically review Sphere of Influence Plans for all agencies in its jurisdiction; and,

WHEREAS, California Government Code Section 56430 requires that LAFCO conduct a review of the municipal services provided by and within an agency prior to updating or adopting its Sphere of Influence Plan; and,

WHEREAS, the Sphere of Influence Plan is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and,

WHEREAS, the Commission adopted guidelines for conducting Municipal Service Reviews (MSRs) included in its Policies, Standards and Procedures adopted on August 17, 2009, which applies to this MSR for water and wastewater services; and,

WHEREAS, at the time and in the manner provided by law, the Executive Officer gave notice of the date, time, and place of a public hearing by the Commission for the MSR, including approval of the report and adoption of the written determinations contained therein; and,

WHEREAS, the Commission hereby determines that the Municipal Service Review for water and wastewater services provided by local agencies in Calaveras County and written determinations contained therein will provide information for updating the Spheres of Influence for the local agencies, and is otherwise consistent with the purposes and responsibility of the Commission for planning the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities; and,

WHEREAS, the Commission has heard all interested parties desiring to be heard and has considered the report by the Executive Officer and all other relevant evidence and information presented at said hearing;

NOW, THEREFORE, the Calaveras Local Agency Formation Commission hereby resolves, orders and determines the following:

## **WATER SERVICES**

### Present and Planned Capacity of Public Facilities and Infrastructure Needs

- 1) In areas of potential high growth, which includes Wallace, Valley Springs, San Andreas, and Copper Cove, agencies should make efforts to complete long-term growth projections in order to adequately plan and time capacity improvement needs.
- 2) Potential sources of future water supply include recycled water, and water rights and associated storage facilities on the North Fork Stanislaus, Mokelumne, and Calaveras rivers.
- 3) East Bay Municipal Utility District (EBMUD) does not use all of its Mokelumne River water rights, but projects that its supply will decrease in the future due to senior water rights and increased instream flow requirements, and that supply will not meet its customers' needs during droughts.
- 4) Calaveras County Water District (CCWD) projects a 110 percent increase in demand between 2010 and 2015, once the District takes on additional irrigation customers. EBMUD anticipates the lowest rate of growth over the next 20 years, while Wallace Community Services District (WCSD) anticipates the highest growth rate after 2015.
- 5) In Calaveras County, the average residence used 477 gallons of water per day in 2010. Union Public Utility District (UPUD) and WCSD residential connections used on significantly more than the Angels, CCWD and EBMUD connections.
- 6) Those agencies with the greatest water loss in their systems include CCWD, Calaveras Public Utility District (CPUD) and UPUD; all of which operate raw water transport facilities, such as open ditches, where evaporation and seepage significantly contribute to water losses.
- 7) The most pressing infrastructure needs facing water service providers is that several providers are relying on groundwater wells that are located in overdrafted groundwater basins and/or are not producing adequate yields to provide water security to constituents. Specifically, Valley Springs Public Utility District (VSPUD), WCSD and Blue Lake Springs Mutual Water Company (MWC) rely on groundwater and need surface water.
- 8) There are untapped area-of-origin water rights on the Mokelumne River that would ideally be put to use in delivering surface water to VSPUD and Wallace CSD.
- 9) Several providers reported a need to replace aged or undersized pipelines. Many providers would benefit from an overall assessment of their distribution systems to identify and prioritize replacement needs.

### Adequacy of Public Services

- 10) The water facilities of all of the providers were found to be reasonably well operated and maintained by State inspectors at DPH.
- 11) A majority of the providers are not connected to other water systems through interties. Water reliability is enhanced when there is an adequate backup water supply.
- 12) The providers generally complied with water contaminant limits and monitoring and reporting requirements. CCWD and UPUD should make efforts to ensure better compliance records.

13) Most of the domestic water providers reported that water pressure is generally adequate within their service areas. CCWD, CPUD, and UPUD reported some areas with fire flow concerns and related capital needs.

14) Angels, CCWD and UPUD were the only providers to plan for projected water needs for their spheres of influence (SOIs) or projected service areas. While CPUD, WCSD, VSPUD and EBMUD have planning documents with future projections and probable needs to meet those projections, the documents did not provide a comprehensive overview of projected demand for the entirety of the respective agency's existing SOI.

15) Most of the water providers engage in appropriate long-term capital planning. VSPUD has not adopted formal planning documents to address long-term capital needs.

16) Providers should initiate or improve upon existing capital improvement planning to more adequately plan for future growth and minimize deferred maintenance. A capital improvement plan should generally include anticipated timing for proposed projects. Updates should be made annually to capital plans based on actual outcomes and adjusting for any changes in available financing and anticipated growth.

17) The providers shall demonstrate the adequacy of their domestic water supplies for existing service areas and future growth areas in order for such territory to be included in their spheres of influence. Providers should make best efforts to specify their existing and projected water rights, the safe annual yield of their water resources, and existing and projected water needs. Providers should also specify their curtailment policies for drought years.

#### Growth and Population Projections

18) Although most developments are on hold pending economic recovery, there is potential for significant growth in certain communities in Calaveras, should many of the previously planned and proposed developments come to fruition. Agencies are being conservative about short-term growth estimates and are wary to estimate long-term growth potential.

19) There is potential for growth in agricultural water demand.

20) Comprehensive analysis of demand is a recommended practice. Comparison of projected demand growth to both regional and local demographic and economic forecasts also helps ensure responsible planning of adequate water for future growth.

#### Financial Ability of Agencies to Provide Services

21) Most of the service providers follow best practices by annually updating their rates and connection fees. Notably, VSPUD has not substantively increased water rates in several years.

22) City of Angels has the most stable revenue base due to reliance on rates rather than property taxes, and has weathered the recession without tapping its financial reserves.

23) Operational spending levels per connection at CPUD, UPUD and VSPUD are on par with EBMUD. Operation costs per connection are highest at City of Angels, and CCWD and WCSD have above-average operating costs.

24) CPUD and WCSD had relatively low rates of capital reinvestment. Several of the agencies—CCWD and VSPUD— have relatively lower levels of unrestricted reserves compared with their expenditure levels..

25) EBMUD is the only provider to consistently spend more on capital investments than it consumed due to regular wear and tear over the last five years. Angels, CPUD, UPUD, and WCSD all spent significantly less on capital outlays than they lost through the wearing out of assets. By deferring maintenance on capital infrastructure, the other providers will face aging systems with substantial financing needs in the future.

26) VSPUD has not substantially revised its water rates in several years, although its rates are comparable to the median. CPUD should re-examine its rates and connection fees to ensure that financing is sufficient to provide adequate service levels.

#### Status of, and Opportunities For, Shared Facilities

27) The agencies practice extensive facility sharing through the surface water transport and storage facilities along the North Fork Stanislaus and the Mokelumne.

28) WCSD practices facility sharing and costs reductions by contracting with CCWD for operation and maintenance of the WCSD water system.

29) CCWD has interties with VSPUD and the Blue Lake Springs MWC.

30) There is a potential for facility sharing by using EBMUD or CCWD facilities to bring Mokelumne surface water to WCSD and VSPUD.

31) Opportunities for resource sharing on the Highway 4 corridor include the upcoming availability of Douglas Flat tertiary recycled water as a dry-year water resource for irrigation downhill in the UPUD service area. Recycled water availability in dry years could enable UPUD to commit more of its water resources to growth in domestic water users.

32) LAFCO encourages the efficient use of water resources, equipment and infrastructure. The service providers formerly held collaborative discussions on facility sharing issues through a technical advisory team, but the collaboration disintegrated. LAFCO may wish to consider facilitating these providers afresh to promote collaboration focused on addressing issues raised in the 2012 MSR.

#### Accountability for Community Service Needs

33) Angels, CCWD, CPUD, EBMUD, VSPUD, and WCSD demonstrated accountability based on the measures of contested elections, constituent outreach efforts, and disclosure practices. UPUD faces accountability and management challenges due to a lack of constituent outreach activities, including lack of a website.

34) Each of the providers fully cooperated with the MSR process and responded to all requests for information.

35) It is recommended that UPUD create and maintain a website to improve transparency and inform the public. While CPUD hosts a website, it lacks key documents such as a budget and rates.

## Governmental Structure and Operational Efficiencies

The report identifies and describes a number of policy options for the Commission to consider as it updates the spheres of influence of the affected districts, including the following, among others:

- 36) WCSD has initiated the process to transfer water and wastewater services to CCWD.
- 37) Annexation of adjacent growth areas is an option for a number of providers.
- 38) Annexation of extraterritorial service areas is an option that would promote logical boundaries and equity. Most of the providers provide service to some connections outside of their boundaries. Angels, VSPUD and CPUD serve outside of their bounds.
- 39) The City of Angels intends to eventually annex territory within UPUD bounds west of Carson Hill. Detachment of that area from UPUD and annexation to the City is an option.
- 40) Clearly delineated planned service areas for CCWD, defined by a meaningful limited service sphere, is an option to communicate to nearby districts and county planners where CCWD shall provide future service, particularly in high growth areas. A potential option to address this issue may be a limited service sphere for CCWD to define clearly areas that CCWD can feasibly serve in the future.
- 41) The southern boundary of VSPUD abuts CCWD's Jenny Lind service area, and the northern boundary of UPUD abuts CCWD's Ebbetts Pass service area. LAFCO may wish to consider clarifying which agency will serve future growth in these abutting areas.
- 42) Smaller agencies often struggle with the costs of meeting regulatory requirements and a lack of economies of scale. Several small providers—WCSD and two mutual water companies—already receive some water and operational services from CCWD. They may benefit from ceasing water operations and formally annexing into CCWD water service areas.

## **WASTEWATER SERVICES**

### Present and Planned Capacity of Public Facilities and Infrastructure Needs

- 43) Flows at CCWD's La Contenta and Copper Cove systems are presently at or exceeding permitted capacity. CCWD's Country Houses and Sequoia Woods service areas are absorbing 86 and 83 percent of permitted capacity. All other systems are operating at less than 80 percent capacity.
- 44) It is considered a best management practice to plan for capacity improvements and expansion.
- 45) Mokelumne Hill Sanitary District (MHSD) and CCWD's Forest Meadows and Millwoods systems have sufficient treatment capacity to serve significant growth in demand well into the future.
- 46) Murphys Sanitary District (MSD) is using 75 percent of its permitted capacity. Disposal capacity needs to be enhanced to serve projected growth through 2025.

- 47) VSPUD will need additional capacity to serve all planned and proposed development within its boundaries and SOI. The WWTP's remaining capacity has been reserved for in-fill and a development that is on hold.
- 48) Based on Angels' growth projections, the current plant should have sufficient capacity to serve the City beyond 2030.
- 49) Portions of the Angels collection system north of SR 4 are at maximum capacity and are failing. The City is proposing a new sewer line to serve these areas; however, it is presently unfunded.
- 50) Should development occur at the pace that WCSD anticipates, an additional treatment plant will be necessary by 2020.
- 51) SASD maximizes its capacity during work days, and does not have the capacity to serve the proposed development in the area. In order to serve any significant new development, the District will require a new treatment plant.
- 52) Although there is remaining capacity in CCWD's Country Houses, Indian Rock, Southworth, and Wilseyville Camp facilities, these communities are built-out with little or no growth potential, according to the County's General Plan. While CCWD's Sequoia Woods has some remaining treatment capacity, there is reportedly no remaining disposal capacity in the system.
- 53) In areas of potential high growth, which includes Wallace, Valley Springs, San Andreas, and Copper Cove, agencies should make efforts to complete long-term growth projections in order to adequately plan and time capacity improvement needs.
- 54) Systems with relatively high I/I that need related infrastructure improvements include Angels, MSD, San Andreas Sanitary District (SASD) and CCWD's La Contenta and Forest Meadows.
- 55) Significant plant improvements are in progress for CCWD's Copper Cove tertiary facility to comply with the Time Schedule Order issued by RWQCB.
- 56) *(Moved to item #49 above)*

#### Adequacy of Public Services

- 57) EBMUD and WCSD have historically had a high rate of violations. Angels, CCWD, and MSD had low rates of violations between 2000 and 2009.
- 58) Since 2005, significant enforcement actions issued by RWQCB include a Notice of Violation issued to the City of Angels in 2010, an Administrative Civil Liability Order issued to SASD in 2009, a Clean-up and Abatement Order issued to VSPUD in 2006, and a Clean-up and Abatement Order issued to CCWD for the Forest Meadows WWTP in 2005. There are no wastewater providers in Calaveras County that are currently operating under active cease and desist orders.
- 59) All of the providers complied with effluent quality standards between 99 and 100 percent of the days in 2009.
- 60) SASD and VSPUD had significantly higher sewer overflow rates than the other providers between 2008 and 2010.

61) Angels, CCWD, EBMUD, and WCSD are considered well-managed and generally follow best management practices. SASD, VSPUD, MSD, and MHSD could improve upon a few best management practices, such as capital planning and advanced growth planning.

62) Providers should initiate or improve upon existing capital improvement planning to more adequately plan for future growth and minimize deferred maintenance. A capital improvement plan should generally include anticipated timing for proposed projects. Updates should be made annually to capital plans based on actual outcomes and adjusting for any changes in available financing and anticipated growth.

#### Growth and Population Projections

63) Demand for wastewater services is affected directly by population and economic growth, water conservation efforts, and groundwater infiltration and inflow.

64) Although most developments are on hold pending economic recovery, there is potential for significant growth in certain communities in Calaveras, should many of the previously planned and proposed developments come to fruition. Agencies are being conservative about short-term growth estimates and are wary to estimate long-term growth potential.

#### Financial Ability of Agencies to Provide Services

65) Most of the service providers follow best practices by annually updating their rates and connection fees. Notably, VSPUD and MHSD have not updated wastewater rates in several years, and MHSD charges the lowest rates in the County. It is recommended that these districts review their rates annually and increase rates as appropriate to fund services.

66) City of Angels has the most stable revenue base due to reliance on rates rather than property taxes, and has weathered the recession without drawing down its financial reserves.

67) VSPUD and MSD have the lowest rates of capital reinvestment in their wastewater infrastructure. These agencies invested substantially less in their capital assets than they consumed due to wear and tear.

68) Angels, CCWD, EBMUD, MHSD and SASD had healthy rates of capital reinvestment, and have managed to spend more on new infrastructure than they have consumed due to wear and tear over the past five years.

69) Wastewater operating costs tend to be higher for smaller service providers and for providers without compact service areas. Notably, MHSD has relatively low operational spending levels; this may be due to its low rates and low rate of capital reinvestment.

#### Status of, and Opportunities For, Shared Facilities

70) Facility sharing among the wastewater providers is limited to CCWD disposing of Six Mile Village waste into the City of Angels treatment system, and WCSD contracting with CCWD for operation and maintenance services.

71) There is the potential for VSPUD to dispose of excess waste into CCWD's La Contenta system should the need arise, contingent upon expansion of the La Contenta system and an agreement with CCWD.

72) The City of Angels, CCWD and SASD are considering a joint sludge disposal facility, due to the increased cost of disposing in the local landfill.

73) Recycled water availability in dry years could service irrigation needs downhill in the UPA service area and enable UPUD and/or Angels to commit more of its water resources to growth in domestic water users.

74) A potential equipment and personnel sharing opportunity may be the sharing of closed circuit television (CCTV) and trained personnel between the various providers. CCTV equipment is a significant investment. By sharing the equipment, agencies could reduce costs.

75) The service providers formerly held collaborative discussions on facility sharing issues through a technical advisory team, but the collaboration disintegrated. LAFCO may wish to consider facilitating these providers afresh to promote collaboration focused on addressing issues raised in the 2012 MSR.

#### Accountability for Community Service Needs

76) Angels, CCWD, EBMUD, SASD, VSPUD, and WCSD demonstrated accountability based on the measures of contested elections, constituent outreach efforts, and disclosure practices.

77) MHSD and MSD have had little governing body and constituent interest as demonstrated by a lack of contested elections.

78) It is recommended that MHSD and MSD create and maintain websites to improve transparency and inform the public.

#### Governmental Structure and Operational Efficiencies

79) Annexation of extraterritorial service areas is an option that would promote logical boundaries. Providers that are providing service outside of their boundaries include MSD and SASD.

80) The southern boundary of VSPUD abuts with CCWD's La Contenta service area. It is recommended that both districts coordinate to clearly delineate where CCWD is presently and plans to serve in the future to mitigate potential confusion and encroaching by CCWD into VSPUD's adopted boundaries.

81) As growth and development occur around the County, certain high growth areas will require clearly delineated planned service areas for CCWD to communicate to nearby districts and county planners where CCWD intends to provide service. A potential option to address this issue may be a limited service sphere for CCWD to define clearly areas that CCWD can feasibly serve in the future.

82) A long-term option is to consolidate the wastewater systems along the SR 4 corridor and pool financial resources for an enhanced treatment system.

83) WCSD has initiated the process to transfer water and wastewater services to CCWD.

84) MHSD and MSD are smaller districts with minimal staffing and accountability challenges—both districts had difficulty responding in a timely manner with LAFCO requests for information. Three governance alternatives were identified with regard to these two districts: 1) contract for operation and maintenance services with another provider, 2) dissolution of the districts and services assumed by an existing overlapping agency, or 3)



dissolution of the districts and formation of new CSDs to take on wastewater as well as other services in the two areas.

## **CITY OF ANGELS**

### Growth and population projections

- 85) The City's estimated population in 2009 according to DOF was 3,575.
- 86) The population of the City of Angels grew by 19 percent between 2000 and 2009 with more rapid growth prior to 2005.
- 87) Non-residents including weekday workers, shoppers and visitors also contribute to the City's total population and demands on various services.
- 88) The City's 2020 General Plan estimates a population growth rate of between 1.8 and 2.5 percent per year over the planning horizon. Based on these growth rates, the City would have a population of between 5,200 and 6,000 in 2030.
- 89) Pending development activity consists of one new planned subdivision, and build-out of existing approved projects. Build-out of all projects would yield approximately 275 to 325 new residential dwelling units, which would increase the population by between 595 and 703 residents.

### Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

- 90) The City uses approximately 1,450 acre-feet of water per year (or 91 percent) out of its contract allocation of 1,600 acre-feet.
- 91) Based on current supply information, the City will need to acquire additional water supplies from the UPA projects or increase the production of recycled water by 2015 to meet its future water demands unless the golf course makes greater use of reclaimed water.
- 92) In the event of a drought, the City's water deliveries from UPA are unknown. The City, in concert with UPA and UPUD, need to determine both safe annual yield during drought conditions and curtailment procedures.
- 93) The WTP needs improvements to the flock basin and an increase in capacity. The City has maximized capacity at the WTP and needs to expand the facility to accommodate existing and future demand as peak daily flows have exceeded treatment plant capacity on two occasions.
- 94) Other water service related infrastructure needs include a two million gallon storage facility to improve emergency preparedness and replacement of a single area of pipeline deemed in the worst condition. Settling ponds and a pipeline to the WWTP are needed to discharge backwash water properly.
- 95) A second water main connecting the WTP to the distribution system is needed. Overall, the Department of Health Services found that the City's WTP, storage tank and distribution system are well maintained and operated and that the plant is able to reliably serve the needs of the City.
- 96) The City reported that the current average dry weather flow is between 0.3 and 0.35 mgd—using up to 58 percent of the plant's capacity.

97) Proposed improvements to the system will allow future development to be accommodated through 2028 assuming an annual growth rate of not more than 2 percent.

98) Infrastructure needs and deficiencies related to the collection system include the Altaville pipeline, which has reached maximum capacity and is experiencing failures. The City is proposing a new sewer line to serve these areas which would reroute discharge; however, there is presently no funding for this project.

99) The reclaimed water sprayfields, reservoirs and pump houses need to be connected to the SCADA system to prevent illegal discharges due to system failures.

100) Wastewater services offered by the City appear to be adequate based on treatment effectiveness, response times and planning efforts. The City could improve upon its regulatory compliance based on the recent NOV, as well as its peaking factors and overflow rates, which were both above the median rate throughout the County.

#### Financial ability of agencies to provide services

101) The City reported that its current financing level is generally adequate to deliver services. The City's water and wastewater enterprises are almost entirely supported by rates, so the recession has not affected the City as much as agencies reliant on property taxes.

102) Angels' water and wastewater enterprises appear to be financially healthy, as indicated by capital reinvestment rates and financial reserve ratios. The City's water operating costs per connection were higher than other service providers in FY 10-11.

103) The City has quantified capital improvement needs in its Water and Wastewater Master Plans. Planned water capital improvement projects included in the CIP total \$5.6 million, and wastewater capital improvement projects total \$4.9 million. The City should prepare a capital improvement plan for future capital expenditures.

104) The City's rates and fees were last updated in 2011. The City's water and wastewater rates are the highest in the County, while connection fees are comparable to other providers in Calaveras.

#### Status of, and opportunities for, shared facilities

105) The City presently practices facility sharing by treating and disposing of wastewater from Six Mile Village for CCWD.

106) The City of Angels is a member of the Utica Power Authority (UPA) that owns and operates the Utica Hydroelectric Project and the Angels Hydroelectric Project.

107) The City is cooperating in the creation of a joint sludge disposal facility with CCWD and SASD. In addition, over the long-term, the City may receive flows from CCWD's Vallecito and Douglas Flat communities, as well as the County fairgrounds. The City has also been approached to provide recycled water to property owners on Wittle Rd. for grazing.

108) No further opportunities for facility sharing were identified with regard to water services.

Accountability for community service needs, including governmental structure and operational efficiencies

109) The City demonstrated full accountability through its disclosure of information as indicated by the City's cooperation in providing all requested information, meeting for interviews, and providing review and comments during the MSR process.

110) Accountability is best ensured when contested elections are held for governing body seats, constituent outreach is conducted to promote accountability and ensure that constituents are informed and not disenfranchised, and public agency operations and management are transparent to the public. The City of Angels demonstrated accountability with respect to all of these factors.

**CALAVERAS COUNTY WATER DISTRICT**

Growth and population projections

111) The estimated population in 2010 in CCWD bounds was 45,870. There were approximately 19,551 residents in CCWD water service areas, and 6,888 residents in CCWD wastewater service areas.

112) There are a number of planned or proposed developments in or adjacent to CCWD service areas. The larger projects are in and near the Copper Cove area (4,345 potential dwelling units). Other growth areas include Vallecito (117 potential new units), Ebbetts Pass (704 potential new units), Jenny Lind/La Contenta (910 potential new units) and Southworth (22 potential units).

113) CCWD is planning for growth in irrigated agricultural acreage.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

114) Water services appear to be adequate based on State inspection reports, compliance rates with drinking water regulations, a recent record of regulatory compliance, response times, and planning efforts. The District could improve by providing information on its existing domestic water service areas.

115) CCWD will eventually need to increase water supplies, treatment capacity, and storage, and extend the distribution system to serve growth in the Copper Cove and Jenny Lind service areas.

116) Water treatment capacity is adequate to serve existing connections. State inspection reports indicate that CCWD's WTPs are well-run and well-maintained. The Ebbetts Pass WTP is approaching capacity for peak demand, primarily due to the increased reliance in recent years of Blue Lake Springs MWC on CCWD for water supplies. The Jenny Lind WTP needs flood control improvements.

117) Water storage capacity is adequate in most service areas.

118) From a cost perspective, pipeline replacement is the most significant water infrastructure need. CCWD's water loss rate is relatively high. The Ebbetts Pass and Sheep Ranch distribution systems include water mains in poor condition that need replacement. The West Point distribution system needs more pipeline capacity to provide adequate fire flow.

119) CCWD engages in a variety of water planning efforts, and has prepared master plans for its Copper Cove, Ebbetts Pass, Jenny Lind and West Point systems. Water planning efforts appear adequate. .

120) CCWD will eventually need to increase wastewater treatment capacity, storage and extend the collection systems to serve growth in the Arnold, Copper Cove, La Contenta and Jenny Lind service areas.

121) The Copper Cove WWTP needs to be upgraded to comply with regulatory requirements.

122) CCWD's wastewater treatment plant capacity is not adequate to serve existing connections. The Copper Cove and Vallecito/Douglas Flat WWTPs need more storage and disposal capacity. La Contenta needs more disposal capacity. The Arnold WWTP needs another clarifier. The Millwoods system needs a settling basin.

123) CCWD wastewater collection system needs include replacement of force main segments in Forest Meadows and Six-Mile Village. Septic tank discharge pipelines and septic tank lids need to be replaced in Millwoods and Six-Mile Village to prevent overflows and reduce infiltration and inflow. The La Contenta system needs improvements, and CCWD needs to evaluate the causes of high infiltration and inflow in the La Contenta system.

124) Wastewater services offered by CCWD appear to be adequate based on treatment effectiveness, response times and planning efforts.

#### Financial ability of agencies to provide services

125) The District reported that its current financing level is not adequate to deliver services, and that additional funding is needed to deliver adequate service levels.

126) CCWD has quantified capital improvement needs in its Water and Wastewater Master Plans. Planned capital improvement projects included in the CIP total \$100 million.

127) The District's operating costs are higher than other providers. Its capital reinvestment rate was healthy during the housing boom but has failed to keep pace with depreciation during the recession. Unrestricted financial reserves were relatively low compared with other providers, particularly in the wastewater operation.

128) CCWD's rates and fees were last updated in 2011. The District's water and wastewater rates are near the average in the County. Connection fees are comparable to other providers in Calaveras in most areas, although La Contenta wastewater connection fees and Ebbetts Pass water connection fees are higher than average.

129) CCWD capital outlays have been significantly lower than depreciation, indicating a low capital investment rate, during the recession. Financial reserves were somewhat sparse.

#### Status of, and opportunities for, shared facilities

130) CCWD has interties with VSPUD and Blue Lake Springs MWC for emergency water sharing. UPA relies on CCWD's upstream storage and conveyance facilities. CCWD relies on CPUD facilities for supplemental water supplies in its West Point service area. The District collaborates with other Mokelumne River stakeholders on a conjunctive use project, and participates in regional water planning. CCWD provides contract staffing services to Wallace CSD.

131) There are opportunities for facility-sharing with other agencies, including EBMUD and CPUD, to convey Mokelumne River water supplies to areas in Western Calaveras.

132) With regard to wastewater services, facility sharing practices and collaboration efforts include discharging to City of Angels treatment facilities, financing of a regional wastewater study, and collaboration with EBMUD on joint solutions to wastewater capacity needs in the Lake Camanche area.

133) CCWD is cooperating in the creation of a joint sludge disposal facility with the City and SASD. In addition, over the long-term, CCWD may dispose flows from CCWD's Vallecito and Douglas Flat communities to the City of Angels.

#### Accountability for community service needs, including governmental structure and operational efficiencies

134) CCWD demonstrated full accountability through its disclosure of information as indicated by the District's cooperation in providing all requested information, meeting for interviews, and providing review and comments during the MSR process.

135) Accountability is best ensured when contested elections are held for governing body seats, constituent outreach is conducted to promote accountability and ensure that constituents are informed and not disenfranchised, and public agency operations and management are transparent to the public. CCWD demonstrated accountability with respect to all of these factors.

136) Local accountability is limited by the large, nearly countywide nature of the District. Constituents within CCWD water and wastewater service areas do not exercise as much local control through the election process as in smaller districts. County residents outside CCWD water and wastewater service areas participate in elections.

137) Several small districts rely on CCWD to some extent for contract maintenance services or wholesale water service. These districts face some challenges in terms of service adequacy. A service option for such districts is to transfer services to CCWD with subsequent dissolution by LAFCO. While CCWD is open to such an option, it does not actively seek out possible consolidations. Interested districts must approach CCWD. For example, Wallace CSD had expressed interest in takeover of its water and wastewater functions by CCWD.

138) Although CCWD's principal act prevents it from providing wastewater services within the territory of a city or special district without its consent, the act does not clearly prevent CCWD from providing water services within the territory of another water provider without its consent. LAFCO has the authority to close this loophole when updating the CCWD SOI for domestic water service.

## **CALAVERAS PUBLIC UTILITY DISTRICT**

### Growth and population projections

139) The population within the CPUD boundary area was 5,089 residents in 2009.

140) If built, planned and proposed developments would add new housing units and jobs in areas such as Toyon, Saddleback, Mountain Ranch Road, and along Gold Strike Way.

141) Growth projections within the CPUD area involve substantial growth in housing units in and around San Andreas and Mokelumne Hill, and substantial growth in the job base in San Andreas by 2035.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

142) CPUD has adequate capacity to provide service to existing water connections. The District has adequate water rights to supply projected growth in demand well past 2030. CPUD has adequate treatment capacity to accommodate near-term growth, and plans to initiate WTP expansion planning in the next 10-15 years to accommodate long-term growth needs.

143) CPUD infrastructure needs include aging pipelines, water pressure issues, reservoir deficiencies, and storage capacity. Jeff Davis Reservoir is leaking, and Schaads Reservoir needs significant improvements which CPUD plans to do by 2013. Storage facilities in Golden Hills and Paloma lack capacity to meet District standards. Pressure-reducing stations along the transmission main need to be rebuilt to increase capacity.

144) The CPUD water loss rate is relatively high. There are aging pipelines within the system. CPUD has a plan to replace 25 percent of its pipelines by 2030, which will address a portion of the elderly steel mains.

145) Water services in the CPUD service area were identified as generally adequate with well operated and maintained systems.

Financial ability of agencies to provide services

146) Financing is adequate to deliver minimally adequate services to the CPUD systems. However, CPUD reported that additional funding is needed for paid staffing to provide adequate service levels.

147) CPUD has the lowest service rates and connection fees among the service providers. The District should consider updating its rates so that they are comparable to area providers and enhance revenue sources for capital improvements and additional staffing.

148) CPUD appears to have adequate financial reserves.

149) CPUD capital outlays have not kept pace with depreciation in recent years.

Status of, and opportunities for, shared facilities

150) The Agency practices facility sharing by supplying raw water to CCWD through its Schaads Reservoir.

151) There are opportunities for collaboration between CPUD and CCWD to ensure adequate financing of substantial infrastructure needs at Schaads Reservoir.

152) There may be opportunities to use existing CPUD facilities for tapping Mokelumne River water to serve surface water to Valley Springs and nearby growth areas outside CPUD bounds. CCWD reported that it has been discussing facility-sharing with EBMUD for several years for gaining access to Mokelumne River water supplies for these areas. It appears appropriate for CCWD and CPUD to explore more expedient opportunities to deliver surface water to such areas.

Accountability for community service needs, including governmental structure and operational efficiencies

153) Accountability is promoted by somewhat active interest in serving on the governing body, as indicated by recently contested elections.

154) Local accountability is promoted by the relative small size of the District and the inherent degree of local control.

155) CPUD conducts master planning and capital improvement planning, and provided growth projections to LAFCO. Planning efforts appear to be adequate.

156) CPUD demonstrated a limited degree of accountability through its outreach efforts and disclosure of information. The District does maintain a website, although the website does not contain a service area map, rates or financial information. CPUD responded to the LAFCO questionnaire, but did not respond to all LAFCO requests for information.

157) There are accountability and management challenges at Mokelumne Hill Sanitary District (MHSD) whose bounds overlap the northwestern portion of CPUD. Governance options include consolidation of MHSD with CPUD or CCWD to promote enhanced accountability and management practices for wastewater services to the Mokelumne Hill area.

**MOKELUMNE HILL SANITARY DISTRICT**

Growth and population projections

158) The estimated number of residents in 2010 was 771, based on the number of residential connections and average household size in the County.

159) The population growth within MHSD's boundaries has historically averaged less than one percent annually between 2000 and 2010.

160) The District anticipates continued limited growth in the future with approximately one additional connection annually, which would increase the District's population by six percent from 2010 to 2030. By comparison, the countywide growth rate for the same period is projected to be 40 percent by the Department of Finance.

161) There are no significant planned or proposed developments of greater than 10 dwelling units within the vicinity of MHSD that could possibly be served by the District.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

162) The MHSD system has sufficient capacity to serve existing connections and significant remaining capacity to serve anticipated demand well into the future, as only 58 percent of the District's capacity is in use.

163) The District reported that the treatment plant is generally in good condition, but there is a need to upgrade the chlorination system, which has occasionally stopped working in the past.

164) The District identified 40 percent of the collection system as being in good condition, and the other 60 percent is in poor condition and needs to be replaced.

165) Additional facility and equipment needs that may enhance district efficiency are a space at the plant with a computer, an internet connection, a printer, and a company vehicle.

166) Wastewater services offered by the District appear to be minimally adequate based on overflow rates, peak flows, response times, and treatment effectiveness. The District could improve upon 1) planning efforts, which are absent, 2) accountability and transparency, and 3) regulatory compliance, as the District had a slightly higher rate of violations per population served than the median rate throughout the County.

#### Financial ability of agencies to provide services

167) The District reported that while the current financing level is adequate to deliver services presently, additional financing will be necessary to increase staffing levels in the future in order to comply with state reporting, monitoring and training demands.

168) The District has not quantified long-term capital improvement needs, but instead addresses capital needs on an annual basis.

169) MHSD has a relatively low capital investment rate compared with other providers. The District invested less in its capital assets than it consumed due to wear and tear.

170) MHSD has the lowest service rates and connection fees among the service providers. The District should update its rates to finance appropriate capital replacement and adequate service levels.

#### Status of, and opportunities for, shared facilities

171) MHSD does not presently practice facility sharing, but hopes to collaborate with other districts on a joint sludge disposal facility in the future.

#### Accountability for community service needs, including governmental structure and operational efficiencies

172) MHSD demonstrated minimal accountability through its disclosure of information as indicated by the District's failure to respond in a timely manner to LAFCO requests for information.

173) Accountability is constrained by a lack of constituent outreach efforts, including the absence of a website, and limited interest in serving on the governing body, as indicated by uncontested elections.

174) Meeting transparency could be improved by holding board meetings at a public facility.

175) Potential governance alternatives identified for the District to improve operational efficiencies include 1) contracting with CCWD for operation and maintenance services, 2) dissolution and absorption of wastewater services by an existing agency in the area, or 3) dissolution and creation of a new agency to take on wastewater and other services in the community, such as water and fire services.



## MURPHYS SANITARY DISTRICT

### Growth and population projections

176) The District has experienced approximately 25 percent growth between 2000 and 2010. The estimated residential population in the District bounds was 1,532 in 2010.

177) The District reported that it anticipates slower growth in the future, but has not developed formal population projections.

178) Construction of all 144 planned and proposed units within the District's boundaries and connection to the District's system would result in a population increase of approximately 325 or 21 percent.

179) The District reported that there are limited opportunities for growth outside of the District's boundaries, as a majority of the surrounding area is at a lower elevation than the District's wastewater treatment plant, given the cost to pump wastewater up to the plant.

### Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

180) The District reported that the ponds and treatment facility are generally in good condition and there are no immediate infrastructure needs or deficiencies related to the secondary treatment operations of the facility. Improvements would be necessary if the District chose to pursue treating at tertiary standards, which was the intent of improvements that were completed in 2002.

181) Due to existing contract limitations with regard to discharge, the District's actual inflow is 93 percent of its permitted capacity. Additional disposal capacity is needed or else the District needs to upgrade to tertiary treatment.

182) Based on the existing inflow capacity and ADWF, the WWTP is operating at 81 percent capacity.

183) Based on the actual ADWF per connection and the existing inflow capacity of the system, the system presently has space for approximately 183 additional connections.

184) Of the total collection system, 10 percent of the piping needs to be replaced as it is older and composed of clay. The District plans to address five problem areas by 2016, which will cost an estimated \$1.3 million.

185) Wastewater services offered by the District appear to be adequate based on regulatory compliance status, treatment effectiveness rate, overflow rates, and response times. The District could improve upon its infiltration and inflow rates based on its peaking factor, and its planning efforts, which are minimal.

### Financial ability of agencies to provide services

186) The District reported that its financing level is adequate and that it is able to fund any necessary upgrades.

187) MSD has a relatively low capital investment rate compared with other providers. The District invests substantially less in its capital assets than it consumed due to wear and tear.

188) MSD has adequate financial reserves, which have grown somewhat during the recession.

189) The auditor found a significant deficiency relating to a need for oversight of the District's financial reporting process.

190) MSD rates were last updated in 2009 and are comparable to other providers in the County. The District's connection fees were last updated in 2007 and are also comparable to other providers throughout the County.

#### Status of, and opportunities for, shared facilities

191) The District does not presently practice facility sharing; however, it does practice cost sharing with regard to purchasing supplies and emergency support.

#### Accountability for community service needs, including governmental structure and operational efficiencies

192) MSD demonstrated minimal accountability through its disclosure of information as indicated by the District's failure to respond in a timely manner to LAFCO requests for information.

193) Accountability is constrained by a lack of constituent outreach efforts, including the absence of a website, and limited interest in serving on the governing body, as indicated by uncontested elections and historical board vacancies and turnover.

194) Potential governance alternatives identified for the District to improve accountability include 1) MSD retaining an independent firm to conduct an organizational management review, 2) dissolution and absorption of wastewater services by an existing agency in the area, or 3) dissolution and creation of a new agency to take on wastewater and other services in the community, such as water and fire services.

195) Annexation of extraterritorial service areas is an option that would promote logical boundaries, as MSD is providing service outside of its boundaries to the vineyard.

### **SAN ANDREAS SANITARY DISTRICT**

#### Growth and population projections

196) The estimated number of residents served by SASD in 2010 was 1,658, based on analysis of the number of residential connections served.

197) The District anticipates approximately two to three new connections annually, which would result in a growth in population of eight percent between 2010 and 2030. District projections may be underestimated given the number of developments that showed interest prior to the economic recession.

198) There are a total of 351 proposed or planned new dwelling units within the District's boundaries, based on interest indicated by developers, which would increase the District's population by 790 (48 percent). Many of these potential developments are on hold until the economy improves.

199) As San Andreas is the county seat of Calaveras County and has a high school, there is a substantial influx in population during the day, resulting in increased demand for wastewater services.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

200) The District's average dry weather flow uses 73 percent of the WWTP's capacity; however due to a substantial influx of people during weekdays, the WWTP is essentially at capacity.

201) Needs and deficiencies at the WWTP include increased capacity.

202) The WWTP is operating well, having been upgraded recently to comply with an RWQCB Administrative Civil Liability Order related to contaminants and to bring the District into compliance with discharge limitations to surface waters..

203) The District reported a problem with infiltration and inflow, as peak wet weather flows exceed permitted wet weather capacity of the plant and permitted wet weather discharge.

204) Wastewater services offered by the District appear to be minimally adequate with a recent Civil Liability Order, the highest overflow rate and highest peaking factor among the providers. It is anticipated that due to completion of the improvements the District's level of service will improve.

Financial ability of agencies to provide services

205) The District reported that financing is adequate.

206) The District has the highest level of spending per connection among the wastewater providers in the County.

207) SASD rates are comparable to other providers, while connection fees in the high growth area are the highest in the County.

208) Capital investments by SASD have significantly outpaced capital depreciation between FY 06-07 and FY 10-11.

209) Financial reserves appear to be adequate, and have not been eroded during the recession.

Status of, and opportunities for, shared facilities

210) The District does not presently practice facility sharing with other agencies.

211) SASD is cooperating in the creation of a joint sludge disposal facility with CCWD and the City of Angels.

Accountability for community service needs, including governmental structure and operational efficiencies

212) The District demonstrated a high degree of accountability through its constituent outreach efforts and disclosure of information during the MSR process.

213) It is recommended that the District develop and maintain a website to enhance accountability.

214) Annexation of SASD extraterritorial service areas is an option that would promote logical boundaries. The District currently provides service outside of its bounds to seven residential connections located on Gold Strike Road.

## VALLEY SPRINGS PUBLIC UTILITY DISTRICT

### Growth and population projections

215) The estimated number of residents within VSPUD in 2010 was 650, based on analysis of connections served and average household size.

216) Population growth within the District's bounds has been minimal (approximately five percent) between 2000 and 2010.

217) Based on planned and proposed developments that were in the application process prior to the recession, growth has the potential to more than double the District's current number of connections.

218) Three planned or proposed developments within the District's bounds or SOI would add a total of 613 connections to the District's existing 272 connections. With the addition of these connections over the next 15 to 20 years, the projected population growth rate from 2010 to 2030 is 225 percent.

### Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

219) The District reported that the WWTP and ponds are generally in good condition.

220) The effluent storage reservoir needs improvements to allow the District to keep pH and BOD levels within required levels. The District reported that the size of the reservoir makes it difficult to control levels, which has led RWQCB to issue a Notice of Violation to the District for multiple exceedances.

221) The District was using 77 percent of the wastewater system's permitted capacity as of 2009.

222) There is a shortfall of land area for disposal, which will limit the system's long-term growth potential. Options to manage long-term growth include 1) collecting and discharging to CCWDs La Contenta WWTP (contingent upon expansion of the La Contenta system), 2) discharging into Cosgrove Creek during winter months, and 3) acquisition of additional land.

223) The collection system is considered to be in good condition. The District had infiltration and inflow challenges, but has since fixed many of the problem areas and instituted a regular replacement schedule for the system.

224) Wastewater services offered by the District appear to be adequate based on low infiltration and inflow rates, regulatory compliance status, treatment effectiveness rate, and response times. The District could improve upon its capital planning and long-term growth planning which are minimal.

225) The District is in need of a surface water source to supplement the areas groundwater. The District has approached CCWD regarding a surface water supply to serve proposed large subdivisions in the vicinity of VSPUD; however, these discussions have been put on hold until development picks up again.

226) Based on the District's average daily demand, the District is using on average 20 percent of its capacity; however, during periods of peak demand, the District uses up to 47 percent of its capacity.

227) The distribution system is considered to be in good condition according to DPH.

Financial ability of agencies to provide services

228) VSPUD reported that its financing level is minimally adequate to deliver services.

229) The District has a healthy rate of capital investment in its water enterprise. VSPUD has a low rate of wastewater capital reinvestment, having invested substantially less in its capital assets than was consumed due to wear and tear.

230) VSPUD should consider substantively updating its rates, which were last raised in 2006, to ensure that necessary capital improvements are fully funded.

Status of, and opportunities for, shared facilities

231) VSPUD does not presently practice facility sharing with other wastewater agencies.

232) The District has a water intertie with the CCWD Jenny Lind system, which is available in case of emergencies.

233) There is the possibility of VSPUD discharging into CCWD's La Contenta WWTP; however, this is contingent upon increasing the capacity of CCWD's system and an agreement with CCWD.

234) Future opportunities for facility sharing with regard to water services may include receiving treated water through CCWD's system. Discussions with CCWD have paused as new developments have been put on hold.

Accountability for community service needs, including governmental structure and operational efficiencies

235) The District demonstrated a high degree of accountability through its constituent outreach efforts and disclosure of information during the MSR process.

236) The southern boundary of VSPUD abuts with CCWD's La Contenta service area. It is recommended that both districts coordinate to clearly delineate where CCWD is presently and plans to serve in the future to mitigate potential confusion and encroaching by CCWD into VSPUD's adopted boundaries.

237) VSPUD provides water service to one connection outside of its boundaries. Annexation of extraterritorial service areas is an option that would promote logical boundaries.

**WALLACE COMMUNITY SERVICES DISTRICT**

Growth and population projections

238) The estimated residential population in the District bounds was approximately 214 in 2010.

239) The District has experienced a rapid pace of growth between 2000 and 2010—more than doubling the number of connections served. Growth in demand began to plateau in 2006 due to the economic downturn; however, the District anticipates that development will resume and demand for district services will continue to grow at a high rate.

240) Based on estimates of potential developments, the District is anticipating approximately 290 additional service connections in the next 10 to 15 years by about 2025. This would increase the District's population to approximately 882 residents—more than tripling the present population.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

241) To mitigate concerns of groundwater overdraft, eliminate obstacles to development and provide a backup to the current system, the District is in the process of searching for a surface water source. Additionally, WCSD faces the challenge of transporting the water to the community.

242) The District has faced challenges complying with iron and manganese MCLs.

243) Major WTP infrastructure needs and deficiencies include 1) installation of a new computerized control system, 2) installation of equipment to gain regulatory approval and activate Well #2, and 3) back-up power sources for the wells..

244) During periods of peak demand, the District uses up to 66 percent of its treatment capacity. Based on the current peak demand rate, the water treatment plant will require additional capacity around 2018.

245) Major infrastructure needs and deficiencies identified for the WWTP and spray fields include 1) improved trickling filter access, 2) a computerized control system, 3) replacement of the trickling filters, 4) activating the spray fields, 5) installation of a disposal holding tank, and 6) electrical upgrades.

246) The collection system is generally in fair condition. The District reported a need to install flushing ports in the collection lines to allow technicians to find and flush out blockages. Further infrastructure needs and deficiencies for the collection system are unknown.

247) Approximately 27 percent of the WWTP's permitted capacity is being used. Based on the existing flow per connection the plant may be able to handle a total of 364 connections.

248) Once the existing plant has reached capacity, an additional mirror plant will be constructed. Should development occur at the pace that the District anticipates, a new plant would be necessary by about 2020.

249) Wastewater services offered by the District appear to be adequate based on low infiltration and inflow rates, treatment effectiveness rate, sewer overflow rate, response times, and planning efforts. The District could improve upon its regulatory compliance as it has the highest rate of priority violations among the providers.

Financial ability of agencies to provide services

250) WCSD reported that its financing level is insufficient to provide adequate services due to the District's debt load, small size and fixed costs of service. The District had expected new growth to help reduce its average cost per connection and provide a larger base over which to spread fixed costs.

251) WCDSD has a low rate of capital reinvestment, having invested substantially less in its capital assets than was consumed due to wear and tear. The District is deferring maintenance of District facilities.

252) The District's financial reserves in its water system appear to be adequate, but its wastewater system has relatively low financial reserves.

253) The District's water and wastewater rates are among the highest in the County, while the District's connection fees are comparable to other providers.

254) As part of the divestiture process, WCDSD is in the process of forming an assessment district to finance necessary improvements to existing facilities to bring them into compliance with State regulatory requirements and CCWD standards.

Status of, and opportunities for, shared facilities

255) WCDSD practices cost reduction by contracting with CCWD for maintenance and operation of WCDSD facilities, collaborating with CCWD on volume purchases, and CCWD and the City of Angels on equipment maintenance.

256) No further facility sharing opportunities for water and wastewater services were identified.

Accountability for community service needs, including governmental structure and operational efficiencies

257) WCDSD demonstrated a high degree of accountability through its constituent outreach efforts and disclosure of information during the MSR process.

258) WCDSD has initiated the process to transfer water and wastewater services to CCWD.

The foregoing resolution was duly passed by the Calaveras Local Agency Formation Commission at a regular meeting held on May 21, 2012, by the following roll call vote:

Ayes: Tryon, Spellman, Lavaroni, Lynch, Neuman and Paque

Noes: none

Absentions: none

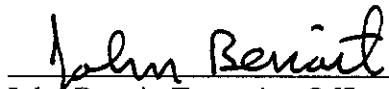
Absent: Tyrrell

Signed and approved by me after its passage this 21st day of May 2012.



Anita Paque, Chair  
Calaveras LAFCO

Attest:



John Benoit, Executive Officer

CALAVERAS LOCAL AGENCY FORMATION COMMISSION,