

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

*1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458*

June 1, 2011

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer **PB**
RE: **FINAL MUNICIPAL SERVICE REVIEW AND SPHERE OF
INFLUENCE UPDATE FOR SAN JUAN WATER DISTRICT (L AFC 16-10)
(CEQA: Exempt)**

RECOMMENDATION

1. Receive and File the San Juan Water District Final Municipal Service Review with Determinations and Sphere of Influence Update; and
2. Adopt Resolution 2011-12-0601-16-10 Approving the Final Municipal Service with Determinations and Sphere of Influence Update for San Juan Water District.

DISCUSSION:

On May 4, 2011, the Commission reviewed and heard public testimony on the Draft Municipal Service Review and Sphere of Influence Update for the San Juan Water District. The Draft MSR has been posted on the Commission website, and distributed to affected agencies and interested parties. No comments were received.

This Final Municipal Service Review is the result of collaboration with San Juan Water District. Your staff recognizes and appreciates the District's cooperation and their ongoing responsiveness to keep your Commission and the public informed.

RESOLUTION No. LAFC 2011-12-0601-16-10

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS FOR THE SAN JUAN WATER DISTRICT FINAL MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

WHEREAS, the Executive Officer set a public hearing for June 1, 2011, for consideration of the Final Municipal Service Review and Sphere of Influence Update; and

WHEREAS, at said hearing, the Sacramento Local Agency Formation Commission reviewed and considered the Executive Officer's Report and Recommendation, each of the policies, priorities and factors set forth in Government Code Sections 56425 et. seq. and Sacramento LAFCo policies, procedures and guidelines; and

WHEREAS, during the public hearing, an opportunity was given to all interested persons, organizations and agencies to present oral and written testimony and any other information concerning the proposal and related matters; and

WHEREAS, the Sacramento Local Agency Formation Commission on the May 4, 2011 conducted a public hearing, the Commission adopts the Resolution Making Determinations,

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED by the Sacramento Local Agency Formation Commission as follows:

1. The foregoing recitals; and each of them, are true and correct.
2. The Sacramento Local Agency Formation Commission adopts the recommendations set forth in the Final Municipal Service Review and Sphere of Influence Update for the San Juan Water District as set forth in Exhibit "A" attached hereto and incorporated herein.
3. The Sacramento Local Agency Formation Commission makes the following written determinations:
 - a. San Juan Water District provides efficient and adequate water service to its customers within its service territory. The Sphere of Influence shall be coterminous with District boundaries.
 - b. Municipal Service Review Determinations:
 - i. **Regarding growth in population expected for the District area:**

The Commission determines that the District is capable of continuing to provide water service in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its service area. The District utilizes 100 percent treated surface water supply system to meet the demands of its customers. The service population

demand is not expected to grow significantly. New growth will primarily result from reuse and infill development activity.

ii. Regarding present and planned capacity of public facilities, and adequacy of public services, including infrastructure needs or deficiencies:

The Commission determines that the San Juan Water District currently provides adequate services and facilities throughout its service area. However, the District recognizes that continued water line replacement, water meters, and infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District has established a rate structure and capital improvement program to facilitate a sustainable water system.

iii. Regarding financial ability of the San Juan Water District to provide services:

The Commission determines that the San Juan Water District has prepared the necessary documents that identified and evaluated infrastructure needs and the requisite rate study to finance operations and maintenance costs, meet water quality standards, and capital improvements as set forth in the District Master Plan.

iv. Regarding status of and opportunities for, shared facilities:

The Commission determines that San Juan Water District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water within Sacramento and Placer counties.

v. Regarding accountability for community service needs, including governmental structure and operational efficiencies:

The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts to the community it serves. The District has a five-member Board elected at large.

vi. Regarding other information as requested by the Commission:

The Commission determines that the District is managed effectively and efficiently.

ON A MOTION made by Commissioner _____, seconded by Commissioner _____, the foregoing Resolution No. LAFC **2011-12-0601-16-10** was adopted by the SACRAMENTO LOCAL AGENCY FORMATION COMMISSION, on this _____, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

By: _____

Christopher Tooker, Chair
SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

ATTEST:

Diane Thorpe
Commission Clerk

Attachments: Exhibit A – San Juan Water District Final MSR and SOI Update

SAN JUAN WATER DISTRICT
FINAL MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE UPDATE

(LAFCo 16-10)

June 1, 2011

Sacramento Local Agency Formation Commission
1112 I Street, Suite #100
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SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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Peter Brundage, Executive Officer
Donald J. Lockhart, Assistant Executive Officer
Diane Thorpe, Commission Clerk
Nancy Miller, Commission Counsel

EXECUTIVE SUMMARY

RECOMMENDATION

Staff recommends that the Sacramento Local Agency Formation Commission accept the Municipal Service Review for San Juan Water District and make the following determinations:

1. San Juan Water District provides efficient and adequate water service to its customers within its service territory. The Sphere of Influence shall be coterminous with District boundaries.
2. Municipal Service Review Determinations:

a. Regarding growth in population expected for the District area:

The Commission determines that the District is capable of continuing to provide water service in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its District boundaries. The District uses 100 percent treated surface water. The service territory is not expected to grow significantly and new growth will primarily result from reuse and infill development activity.

b. Regarding present and planned capacity of public facilities, and adequacy of public services, including infrastructure needs or deficiencies:

The Commission determines that the San Juan Water District currently provides adequate services and facilities in the unincorporated areas of San Juan. However, the District recognizes that continued water line replacement, water meters, and infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District has established a rate structure and capital improvement program to facilitate a sustainable water system.

c. Regarding financial ability of the San Juan Water District to provide services:

The Commission determines that the San Juan Water District has sufficient rates to finance operations and maintenance costs, meet water quality standards, and capital improvements as set forth in the District Master Plan. The District complies with Proposition 218 to establish rates.

d. Regarding status of and opportunities for, shared facilities:

The Commission determines that San Juan Water District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water.

e. Regarding accountability for community service needs, including governmental structure and operational efficiencies:

The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts to the community it serves. The District has a five-member Board elected at large.

f. Regarding other information as requested by the Commission:

The Commission determines that the District is managed effectively and efficiently.

Respectfully Submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

MUNICIPAL SERVICE REVIEW REQUIREMENTS

Introduction

The Cortese-Knox-Hertzberg Local Government Reorganization (CKH) Act of 2000 requires that each Local Agency Formation Commission (LAFCo) prepare Municipal Service Reviews and update Spheres of Influence for all cities and special districts within its jurisdiction.

A Sphere of Influence is defined by Government Code 56425 as:

A plan for the probable physical boundary and service area of a local agency or municipality.

A Municipal Service Review is defined by Government Code Section 56430 as:

A means of identifying and evaluating public services.

A Municipal Service Review may be conducted prior to, or in conjunction with, the update of a Sphere of Influence.

Requirements

The Commission shall include a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area;
- (2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies;
- (3) Financial ability of agencies to provide services;
- (4) Status of, and opportunities for, shared facilities;
- (5) Accountability for community service needs, including governmental structure and operational efficiencies; and
- (6) Any other information as requested by the Commission.

DISTRICT PROFILE

Date: May 4, 2011

Agency Name: San Juan Water District

Date Established: Established in 1954, by vote of the people, to purchase the water rights and ongoing operations from the North Fork Ditch Company, which resulted in continuous operations for over 150 years.

Address: 9935 Auburn Folsom Road, Granite Bay, CA 95746

Website: www.sjwd.org

Telephone: 916-791-0115 (FAX) 916-791-6986

Administrator Name: Shauna Lorance

Title: General Manager

Name of Contact: Shauna Lorance

Contact's E-mail: slorance@sjwd.org

Agency's Principle Act:

The District is a Community Services District formed under Section 61000 et seq., Title 6, Division 3 of the California Government Code

Services Provided:

Water treatment and distribution to five retail agencies, including San Juan Water District retail service area.

Latent Powers:

All authorized powers available under the Community Services District Act, with the exception of water as discussed above.

Governing Body:

Five elected directors, elected at large from the wholesale service area, which is contiguous with the agency boundaries. The agency boundaries encompass Citrus Heights Water District, Fair Oaks

Water District, Orange Vale Water Company, San Juan Water District retail service area, and the City of Folsom north of the American River.

Total Number of Employees:

San Juan Water District has 44 unrepresented employees, covering both the wholesale operations and the retail operations. The District has 18.7 full time equivalent wholesale positions and 26.3 full time equivalent retail positions.

Acreage/ sq. Miles within Agency:

The wholesale service area, which is the district's boundaries, includes Fair Oaks and Citrus Heights Water Districts, Orange Vale Water Company, City of Folsom north of the American River, and San Juan Water District retail service area. The wholesale service area is approximately 48 square miles.

The retail service area is approximately 17 square miles.

Total Population within Agency:

San Juan Water District retail service area includes 30,000 people. San Juan Water District wholesale service area includes 156,000 people.

Total Registered Voters within Agency:

| | |
|--------------------|---------------|
| Sacramento County: | 72,236 |
| Placer County: | <u>13,020</u> |
| Total | 85,256 |

| Summary of District Information | |
|---|---|
| Population | ~ 30,000 people retail, 156,000 wholesale |
| Area Served | 17 sq mi retail, 48 sq mi wholesale |
| Number of Connections | Just under 11,000 retail, five agencies wholesale |
| Number of Water Meters | Retail area entirely metered, just under 11,000 |
| Percent of Connections Metered | 100% of retail service area |
| Fluoridate Water | No |
| Water Supply Source(s) | 100% surface |
| % groundwater | |
| % surface water | |
| Total Annual Water Consumption | ~ 14 billion Gallons annually 43,142 Acre feet annually wholesale |
| Average Monthly Consumption | 3,595 acre feet per month |
| Average Demand (Gallons per Minute-gpm) | Not applicable on wholesale |
| Average Peak Demand-gpm | |
| Average Use per Meter/connection | Since large lots, use per acre would be more appropriate a comparison |
| Miles of Distribution Lines | 205 mi (Retail) |
| Average Age | N/A |
| Miles of Transmission Lines | 9.5 mi (Wholesale) |
| Average Age | |
| Number of Wells | 0 |
| Average Age | |
| Number of Storage Tanks/reservoirs | 3 retail, 1 wholesale |
| Average Age | ~30 yrs retail, 30 yrs wholesale |
| Total Storage Capacity | 4.6 million/64 million gallons |
| Water Treatment Facilities | One 120 mgd WTP facility |
| Average Water Pressure | 40 to 120 psi |
| Average Revenue per Meter/Customer | \$248.36 per capita |
| Debt Service per Customer | \$46 per capita/year |
| Annual Revenue | \$7,865,283 wholesale; \$7,444,075 retail |
| 10-year average rate increases | 8% |
| Annual Surcharge Revenue | May not apply |
| Annual Operation and Maintenance Costs | \$8,135,464 wholesale; \$8,070,642 retail |
| Annual Average Capital Costs | \$11,000,000 wholesale; \$1,500,000 retail |
| Annual Miles of Pipeline Replacement | ~ 0.2 to 1 mi/yr (typ.) |
| Average Annual Operating Reserve | \$3,000,000 wholesale; \$1,800,000 retail |
| Annual Number of Leaks per Mile | Not available |
| Average Surplus Production Capacity | Depends on time of year |
| Compliance with CDPH Standards | Compliance |

INTRODUCTION

Background Information

The San Juan Water District is an Independent Special District.

- **Mission:**

Our mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs. As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness. We further commit to communicate what we are doing, and why we are doing it.

- **Setting:**

See attached SJWD Wholesale Service Area - Figure A.

History

The District was formed in 1954, buying out the North Fork Ditch Company, which had operated for 100 years. The District was established to provide wholesale and retail water services

Services Provided

The District provides wholesale water service to the wholesale service area, which includes Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, San Juan Water District retail service area and the City of Folsom north of the American River.

The District provides retail water service to the San Juan Water District retail service area.

Management and Staffing Structure

Management Structure

General Manager

Assistant General Manager

Operations Manager, Engineering Manager, Finance and Administrative Manager

Employment Structure

The District employs: 44 full time positions. 18.7 FTE wholesale positions, and 26.3 FTE retail positions.

In addition, the District employs on average 1 part-time position (student) in the engineering department. (see attached Organization Chart)

- The type and purpose of contracts and consultants.

Contracts: construction and building, water quality testing, billing services, accounts receivables (water bill payments), landscape maintenance

Consultants: engineering, legal, auditing, public information

- Describe purchasing process and competitive bidding practices.

See attached Procurement of Supplies – Appendix B

- Please feel free to mention any awards or recognition the agency has received.

Limiting to the last couple of years:

2008 RWA Water Statesperson of the Year

2005 RWA Water Forum Major Hurdle Award

2006 Certificate of Achievement for Excellence in Financial Reporting, Government Finance Officers Association

2007 Certificate of Achievement for Excellence in Financial Reporting, Government Finance Officers Association

2008 Certificate of Achievement for Excellence in Financial Reporting, Government Finance Officers Association

- Describe ongoing training and personnel policies.

The District values keeping employees current and encourages excelling in their field of employment.

Please see attached Policy 6020 Education Program

- Are salaries, pay scales, and benefits comparable/ competitive with regional and industry standards?

The District completed a Competitive Market Survey in 2006. At this time, the District was competitive in salaries, pay scales, and benefits compared to regional agencies. The District is beginning the process of updating this information for further comparisons on the compensation at

the District. The compensation study reviews benefits at regional agencies as part of the process.

- Describe pension system and practices.

The District is a member of CalPers. The District has two retirement tiers. Both tiers are 3% at 60, with the first tier based on 12 months compensation and the second tier based on 36 months compensation.

- Describe financial reporting and auditing practices.

The Board of Directors receives monthly updates on expenditures, a quarterly update on budget status and investments. The Board of Directors hires an independent auditor on an annual basis to audit the District. The Auditors also review all expenditures by, and income to, the General Manager, Assistant General Manager and the Finance and Administrative Manager to confirm that proper management of funds at the District.

- Is organization structure similar with like service providers?

Yes, the organizational structure is similar to like service providers.

Municipal Service Review Information and Determinations

1. Growth and Population Projections

Type of Information to be provided:

- Please provide growth rate and population projections.

SJWD is estimating approximately 1% growth annually over the next five years.

- What is the current level of demand for services?

In 2009, SJWD treated 51,000 acre-feet of water, delivering 13,500 af of water to the SJWD retail service area. The maximum treatment rate was approximately 120 million gallons per day.

- What is the projected demand for services?

The projected water demand for the SJWD wholesale service area is an average of 55,000 acre feet annually.

- What is the current and projected water supply?

The current water supply is 82,300 acre feet annually

- Please provide any other information relevant to planning for future growth or changing demographics.

None at this time.

LAFCo MSR Determination

Regarding growth in population expected for the District area:

The Commission determines that the District is capable of continuing to provide water service in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its District boundaries. The District uses 100 percent treated surface water. The service territory is not expected to grow significantly and new growth will primarily result from reuse and infill development activity.

2. Facilities and Programs

A. Facilities

Summary of Facilities

| NAME | LOCATION | SIZE (Acres) | AMENITIES/SPECIAL FEATURES | DESCRIPTION |
|--------------------------|---------------------------------------|--------------|---|--|
| Peterson WTP | Located at District office | 2 | Conventional type treatment process for potable water supply | 120 million gallons per day water treatment plant |
| Hinkle Reservoir | Located at District office | 3 | Hypalon lined and covered water storage | 64 million gallon wholesale treated water storage reservoir |
| Bacon Pump Station | Across Auburn Folsom Road from office | NA | Pumps to three separate pump zones | ARC-N Zone – 3,600 gpm Sierra Zone – 5,250 gpm Bacon Zone – 15,000 gpm |
| Hinkle Pump Station | Located at District office | NA | Pumps to two separate pump zones; the SJWD retail service area as well as the City of Folsom Ashland service area | Crown Pt Zone – 2,880 gpm Ashland Zone – 5,500 gpm |
| Granite Bay Pump Station | Eureka Road and Auburn Folsom Road | NA | Pumps water into two separate pump zones for the water distribution system in Granite Bay | LGB Zone – 3,090 gpm UGB Zone – 740 gpm |
| ARC Pump Station | Horn Court | NA | Pumps water into the American River Canyon development in the City of Folsom during high water demand times of the year | 3,000 gpm |
| Kokila Reservoir | Sierra College Road | NA | Hypalon lined and covered water storage | 4.6 million gallon retail treated water storage reservoir |
| Douglas Pump Station | Auburn Folsom Road | NA | Pumps water into the LGB Zone during high water demand times | 600 gpm |

See attached SJWD Wholesale Service Area - Figure A

Present and Planned Capacity of Public Facilities

- What is the current and projected service capacity?

The District's current capacity at the WTP and existing water supply is capable of meeting the needs of present and planned population. The WTP will handle up to 120 million gallons per day. When combined with the 63 million gallons of operational storage, this will meet the water supplies for all planned development within the retail and wholesale service areas.

- What is the level of adequacy of services and facilities to serve current and future population?

District facilities are more than adequate to meet current and future populations.

- What Performance Measures are used by the District to determine service adequacy?

Water quality, water supply, and water pressure.

- Demonstrate the District's ability to meet water quality standards.

Please see the attached 2009 Consumer Confidence Report that is provided to all customers in the wholesale service area. SJWD has consistently provided water quality that exceeds all standards.

- Describe District's water supply sources and conjunctive use efforts.
(Percent groundwater/percent surface water)

SJWD wholesale provides treated surface water from Folsom Reservoir to all agencies within the wholesale service boundaries. The SJWD wholesale customer agencies have access to groundwater, except for the City of Folsom and SJWD retail service area, which do not have a groundwater supply available. SJWD wholesale supplies 100% surface water to all wholesale customer agencies.

- Describe water pressure and fire flows.

SJWD retail provides water supplies at pressures from 40 psi to 120 psi, due to the variance in elevations throughout the service area.

The District meets or exceeds all fire flow requirements.

- Describe water leaks and interruptions.

The District has minimal water service interruptions. In the few situations where repair of a water leak requires a water pipeline to be taken out of service, District staff knocks on each individual door to provide advance notice of the situation. Should a business, such as a hair salon, be impacted, the District has provided bottled water to ensure no damage to customers, such as hair dye. Once repaired, the pipeline is disinfected for additional protection and returned to service.

- Describe compliance with the Water Forum Agreement.

The District has fully complied with the Water Forum Agreement, including meeting the conservation element requirements. San Juan Water District retail service area is one of very few water agencies in the State of California that is currently meeting all the CUWCC BMPs.

- Describe draught preparedness and emergency plans.

The District has completed a joint shortage policy with the wholesale customer agencies for various stages of water shortages and drought. The District is in the final stages of updating the District's emergency plan.

Infrastructure Needs or Deficiencies/Capital Improvement Program

Provide the following information for wells, distribution lines, transmission lines, storage facilities, treatment facilities, and any other related infrastructure:

- Describe the District's Capital Improvement Program, as applicable.

The District has a ten-year capital plan for both the wholesale and retail service areas. The plan is based on the improvements/replacements that are necessary to continue to provide a reliable, high quality water supply. The capital plan is included in the District's five-year financial plan and this year's planned capital projects are fully funded.

- Describe deferred maintenance.

The District does not have any deferred maintenance. The District schedules maintenance as needed to maintain a well functioning water treatment and delivery system. The District does push out capital projects to the time when they are needed, not just wanted, based on an economic and risk evaluation.

- Describe policies and practices for depreciation and replacement of infrastructure.

The District is continuously funding replacement of infrastructure to avoid a large depreciation/failure of infrastructure without adequate funding to replace. The ten year capital plan provides for continuous replacement/updating of existing facilities.

- How will new or upgraded infrastructure and deferred maintenance be financed?

Infrastructure that increases capacity for new development will be funded by connection fees. Replacement and upgraded infrastructure for existing customers will be paid through reserves and water rates as practical. Large future

infrastructure costs, such as replacement of the 63 million gallon reservoir lining and covering will likely be funded through debt.

- List infrastructure deficiencies, if any; indicate if deficiencies have resulted in permit or other regulatory violations; if necessary, explain how deficiencies will be addressed.

The District does not have any current deficiencies that have resulted in permit or other regulatory violations.

Provide evidence of compliance with applicable regulatory standards.

Please see the following enclosed documents for further information:

- 2009 CDPH Water System Annual Report
- 2009 Consumer Confidence Report

B. Programs

Describe water meters, water conservation efforts, urban groundwater management planning efforts, public education and outreach, and any other applicable program

Summary of Programs

| PROGRAM NAME | LOCATION(S) | SIZE | DESCRIPTION |
|--|---|-----------|--|
| Water Meters | Entire district metered and billed on a metered basis | | |
| Water Conservation Program - wholesale | | \$281,295 | Salaries, public education, Water Efficient Landscape Garden |
| Water Conservation Program - retail | | \$450,890 | Meets all CUWCC BMPs, including rebates, education, irrigation assistance, and salaries |
| Groundwater Management Planning | Sacramento Groundwater Authority (SGA) | | The District supports the work of the SGA, as the wholesale service area encompasses areas that have access to groundwater |

| | | | |
|-------------------------------|--|--|---|
| Public Education and Outreach | | | The District maintains a web site, as well as active on facebook and a bi-monthly newspaper. Consumer confidence report mailed to all wholesale customers annually. |
|-------------------------------|--|--|---|

LAFCo Determination

Regarding present and planned capacity of public facilities, and adequacy of public services, including infrastructure needs or deficiencies:

The Commission determines that the San Juan Water District currently provides adequate services and facilities in its service territory. However, the District recognizes that continued water line replacement, water meters, infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District has established a rate structure and capital improvement program to facilitate a sustainable water system.

3. Financial Information

Budget (Please attach current budget.)

See attached 2010-2011 budget.

Revenue

- Describe all revenue sources (i.e., property taxes, special taxes, service charges, fees, rentals, assessments, grants, etc.).

Water sales, property taxes, interest income, connections and annexations

Rates, Fees, Charges, and Assessments

- Describe rate setting methodology.

Wholesale: The District develops a five-year financial plan that includes the planned expenses for debt repayment, fixed costs and variable costs. The five-year plan is then used to develop a debt repayment schedule, a service charge to cover most fixed costs, and an acre-foot charge that covers the remaining fixed costs and the variable costs associated with water supply. Each year, the budget is developed, and the recommended water rates reviewed to confirm adequacy. The Board of Director sets the rates and charges for each year as part of the budget process.

Retail: The District develops a five-year financial plan that includes the planned expenses for debt repayment, fixed costs and variable costs. The five-year plan is then used to develop a service charge, which covers most fixed charges including debt repayment, and a consumption charge that covers any remaining fixed costs as well as the cost for water supply, including energy costs for pump stations. Each year, the budget is developed, and the recommended water rates reviewed to confirm adequacy. The Board of Director sets the rates and charges for each year as part of the budget process.

- Explain constraints associated with agency's ability to generate revenue. What options are available – special assessments/ special taxes/ increases in sales tax/impact fees/grants, etc.?

The District has constraints associated with raising water rates from the wholesale customer agencies and retail customer's concern about increased costs. The District has the ability to raise water rates in accordance with proposition 218, as well as request voter approval of a tax if necessary.

- Please provide a comparison of rates and charges with similar service providers.

The District is comparable with neighboring water agencies for the cost of metered water service. However, with very few agencies completely billing on metered rates in the region, it is difficult to compare costs directly. As more agencies are 100% billing on metered rates, this will be a more effective comparison. SJWD's metered billing water rates are in the median range for the region.

Expenditures

- Describe the agency's service levels compared to industry standards and measurements.

SJWD wholesale provides exceptionally high quality surface water at very consistent pressures. The reliability of the water supply is extremely high when compared to the rest of California.

SJWD retail provides exceptionally high quality water at relatively high pressures throughout the service area. The variance in elevation results in the need to pump water to many areas within the service area. Even with the additional difficulties of maintaining pump stations, the reliability of the water supply is extremely high. SJWD retail does not have access to groundwater, so interties with other agencies are extremely valuable.

- Describe the cost of service compared to industry standards and measurements.

SJWD wholesale water supply costs are extremely low when compared to any other wholesale water supplier.

SJWD retail service is average for the region, due mainly to the additional costs associated with pumping the water supply throughout multiple elevations throughout the service area. The larger lots and lower density housing also play a big part in the water rates for the retail service area.

Assets, Liabilities, Debt, Equity, and Reserves

- Provide the Book Value of Assets.

See schedule of Book Value of Assets.

- Provide a list of equipment, land, and other fixed assets.

See Scheduled of Fixed Assets

- Provide a summary of long term debt and liabilities.

See Debt Obligations Section of Budget

- Explain the agency's bond rating; discuss reason for rating. Discuss amount and use of existing debt. Describe proposed financing and debt requirements.

The District currently has an AA+ bond rating due to strong financial standing, excellent management and policy direction. The District does not plan to issue any new debt in the next ten years.

- Describe policies and procedures for investment practices.

See attached Investment Policy

- Describe policies and procedures for establishing and maintaining reserves/retained earnings.

See attached Reserve Policy

Summary of Revenue Sources

Please note, the numbers below are from multiple sources and are provided for general information to provide information as timely as possible. The actual numbers may vary depending on whether obtained from audited statements or budgets. If exact numbers are needed, please do not hesitate to contact the District.

Wholesale

| Fiscal Year | 2007/08 | 2008/09 | 2009/10 Projected | 2010/11 Projected |
|------------------------|-------------------|-------------------|------------------------------|------------------------------|
| Charges for Service | 6,421,782 | 7,111,207 | 7,865,283 | 7,581,966 |
| Property Taxes | 917,780 | 911,083 | 843,602 | 850,000 |
| Interest | 999,627 | 485,500 | 276,744 | 175,000 |
| Rental Income | 0 | 0 | 0 | 0 |
| HPTR | 0 | 0 | 0 | 0 |
| In-Lieu Fees | 0 | 0 | 0 | 0 |
| COP Payments | 605,005 | 438,064 | 439,145 | 1,681,999 |
| Grants | 0 | 0 | 0 | 0 |
| Miscellaneous | 192,420 | 308,435 | 2,256,317 | 1,771,000 |
| Fund Balance Available | 19,405,320 | 14,217,408 | 16,372,071 | 12,592,139 |
| Total | 28,541,934 | 23,471,697 | 28,053,162 | 24,652,104 |

Retail

| Fiscal Year | 2007/08 | 2008/09 | 2009/10 Projected | 2010/11 Projected |
|------------------------|-------------------|-------------------|------------------------------|------------------------------|
| Charges for Service | 7,059,261 | 7,690,636 | 7,444,075 | 7,450,726 |
| Property Taxes | 917,779 | 911,083 | 843,602 | 850,000 |
| Interest | 407,903 | 362,221 | 191,355 | 87,500 |
| Rental Income | 0 | 0 | 0 | 0 |
| HPTR | 0 | 0 | 0 | 0 |
| In-Lieu Fees | 0 | 0 | 0 | 0 |
| COP Payments | 0 | 0 | 0 | 0 |
| Grants | 0 | 0 | 0 | 0 |
| Miscellaneous | 126,710 | 135,344 | 79,199 | 50,000 |
| Fund Balance Available | 10,247,975 | 11,373,502 | 10,888,202 | 8,865,110 |
| Total | 18,759,628 | 20,472,786 | 19,446,433 | 17,303,336 |

Summary of Expenditures Wholesale

| Fiscal Year | 2007/08 | 2008/09 | 2009/10 Projected | 2010/11 Projected |
|-----------------------------------|------------------|-------------------|------------------------------|------------------------------|
| Salaries & Wages | 2,507,514 | 2,201,248 | 2,284,075 | 2,333,492 |
| Services & Supplies | 2,731,850 | 2,859,886 | 3,083,176 | 3,491,348 |
| Long-Term Debt | 1,258,705 | 1,167,015 | 2,488,511 | 2,260,624 |
| Capital Improvements ¹ | 665,521 | 11,278,776 | 11,910,255 | 15,548,441 |
| Equipment | 39,895 | 35,987 | 51,173 | 50,000 |
| Contingency ² | 0 | 0 | 0 | 0 |
| Total | 7,203,485 | 17,542,912 | 19,817,190 | 23,683,905 |

Retail

| Fiscal Year | 2007/08 | 2008/09 | 2009/10 Projected | 2010/11 Projected |
|-----------------------------------|------------------|------------------|------------------------------|------------------------------|
| Salaries & Wages | 2,968,537 | 2,943,485 | 2,781,909 | 2,904,188 |
| Services & Supplies | 3,347,881 | 3,737,347 | 4,327,867 | 3,865,065 |
| Long-Term Debt | 507,766 | 580,281 | 1,389,831 | 1,241,389 |
| Capital Improvements ³ | 1,481,283 | 1,080,560 | 951,646 | 2,597,298 |
| Equipment | 70,479 | 53,584 | 60,147 | 60,000 |
| Contingency ⁴ | 0 | 0 | 0 | 0 |
| Total | 8,375,946 | 8,395,257 | 9,511,400 | 10,667,940 |

(1) Summary of Financial and Operational Information

| | 2009/10 wholesale | 2009/10 retail |
|--|------------------------------|---------------------------|
| Population | 156,000 | 30,000 |
| Area Served | 48 square miles | 17 square miles |
| Developed Real Estate | na | na |
| Undeveloped Real Estate | | |
| Service Standard Ratios ¹ | na | na |
| Full Time Employees | 18.7 FTE | 26.3 FTE |
| Average Part-Time Employees | 1 | 1 |
| Total Annual Budget | \$7,581,966 | \$7,450,726 |
| Per Capita Spending | \$48.60 | \$248.36 |
| Total Annual Administrative Costs | \$1,498,389 | \$1,195,171 |
| % Annual Administrative Costs to Total | 19.76 | 16.04 |
| Estimated Deferred Maintenance | 0 | 0 |
| Average Capital Improvements (4 Years) | \$13,468,000 | \$3,026,000 |
| June 2010 Total Reserve Amount, including restricted | \$24,688,000 | \$17,990,000 |
| June 2011 Projected Total Reserve Amount, including restricted | \$11,973,000 | \$15,566,808 |
| Operational Cost per Employee | na | na |
| Average Property Tax Rate | varies | varies |

1. For example, Park acres per 1000 residents

LAFCo Determination

Regarding financial ability of the Carmichael Water District to provide services:

The Commission determines that the San Juan Water District has completed a rate study for FY 2009-2014 to finance operations and maintenance costs, water quality standards, and capital improvements as set forth in the District Master Plan. The District prepares an annual and five-year budget and has approved rates that increase annually to meet projected expenditures.

4. **Status of and Opportunities for Innovation and Shared Facilities**

- a) Describe existing and/or potential shared facilities, infrastructure, and staff. Describe any joint power agreements or other agreements for sharing resources with other agencies.

The District has a joint site with the City of Roseville to construct a future joint storage facility. The joint storage facility will reduce the impact of two separate locations for storage facilities, as well as decrease the cost of construction.

The District's wholesale service is a perfect example of shared staff. The District provides treated water supply to five agencies rather than having five water treatment plants and associated staff.

The District owns a cooperative Pipeline, constructed with four wholesale customer agencies, as well SSWD, to transmit treated water westerly in the Sacramento region. SSWD included a significant amount of excess capacity to allow the involvement in the future of other water agencies as it becomes beneficial.

The District is involved in the Regional Water Authority, a joint power agreement to share resources and operate in a regional approach. For example, the Regional Water Authority has a joint conservation specialist that operates a regional conservation program. The Regional Water Authority is also involved in a planning document to coordinate the implementation of a regional conjunctive use program.

The Sacramento Groundwater Authority has developed a regional groundwater management plan.

- b) Describe existing and/or potential joint use planning.

The District participated in a groundwater modeling study conducted by the City of Roseville to better understand groundwater storage and recovery in the Sacramento Region.

The District is a participant in the Regional Water Authority's Integrated Regional Water Management Plan.

- c) Describe existing and/or potential duplication with existing or planned facilities or services with other agencies.

None.

- d) Describe availability of any excess capacity to serve customers or other agencies.

The District provides water treatment to SSWD when capacity is available in the Water Treatment Plant. There is additional capacity in the winter to provide additional treated water supply for conjunctive use programs.

- e) Describe any economies of scale in shared purchasing power, and any other cost-sharing opportunities that can be implemented by joint use or sharing resources.

The District is already a joint use agency, as SJWD provides water treatment and surface water supply for five agencies, rather than each having an individual water contract and treatment plant.

- f) Describe any duplication (overlap), or gaps in services or boundaries.

The District overlaps in boundaries the wholesale customer agencies of Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and the City of Folsom north of the American River. However, the services do not overlap, as SJWD provides treatment and supply, while the other agencies provide retail water delivery.

- g) Describe ongoing cost avoidance practices. (For example, if you hire contract vs. in-house employees, is the bidding process cost effective and efficient)?

The District utilizes outsourcing for mailing water bills, most accounts receivable, and payroll check services. The District also contracts with consulting firms to provide design services when specialized skills are required. The District also contracts for legal services.

- h) Describe any opportunities to reduce overhead and operational costs.

The culture at the District is to look for any opportunities to reduce costs when possible. Although there may be some that have been overlooked, we are not aware of any at this time.

- i) Describe any opportunities to reduce duplication of infrastructure with other agencies.

There is not any duplication of infrastructure with other agencies. On the contrary, the regional agencies have worked hard to work together whenever feasible.

- j) Identify any areas outside agency boundary which could be efficiently served by existing or proposed agency facilities.

The District does not have any facilities outside its boundaries.

k) Identify any areas within agency boundary which could be more efficiently served by another agency.

None identified.

l) Are your service plans compatible with those of other local agencies?

Not sure the intent of this question.

m) Please list any professional and industry memberships.

Association of California Water Agencies
Association of Metropolitan Water Agencies
American Water Works Association
Regional Water Authority
Sacramento Groundwater Authority
Water Education Foundation
American Water Research Foundation

LAFCo Determination

Regarding status of and opportunities for, shared facilities:

The Commission determines that San Juan Water District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water.

5. **Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies**

a) Explain the composition of the agency's governing board.

- Number of Directors: 5
- Nature/ Length of Terms: 4 years, staggered
- Is governing body landowner or population based? Population
- Are Directors elected or appointed? Elected
- Are elections or appointments at large or by district? At large

b) Explain compensation and benefits provided to the governing board, including any benefits that continue after term of service.

Directors receive \$125 per meeting, no more than one per day, up to 10 meetings per month. There are no benefits provided to Directors.

c) Where and how frequently does the governing board meet?

The Board meets twice a month.

d) Describe rules, procedures, and programs for public notification of agency operations, meetings, programs, etc.

Rules and proceedings of the Board are per the Rules of the Board (see attached). The District follows the Brown Act very strictly; posting of agendas are done at the District gate and building as well as on the District web site.

- How is public participation encouraged?

Public comments are encouraged throughout the meeting. Public comment is an agenda item, but the Board of Directors encourages public comments on any item being discussed.

- Are meetings accessible to the public, i.e., evening meetings, adequate meeting space, etc.?

The meetings are scheduled at 7:00 pm on Wednesday to allow transit to the District office after work. There is adequate parking and seating at all meetings.

e) Describe public education/outreach efforts, (i.e., newsletters, bill inserts, website, etc.)

The District maintains a website that is frequently updated.

The District has a Facebook account that is updated weekly.

Newsletters are available on the website and included with the bi-monthly water bills.

The District provides an annual Customer Confidence Report on the water quality.

Short messages are included on the bills.

- f) Describe level of public participation, and ways that staff and Directors are accessible to the public.

The District generally has one or two public members who attend our meetings and distribute the information to the advisory groups in the area. Staff is accessible to provide free services such as irrigation reviews or to help set timers. The Directors are all involved in the community in various ways and are always accessible to the public.

- g) Describe ability of public to access information and agency reports.

The District strongly supports any customer or public reviewing any information or reports available at the District. Key financial information is included on the District Web site.

- h) Describe any opportunities to eliminate service islands, peninsulas and other illogical service areas.

The District has worked with the City of Roseville to straighten out the boundary line between the two agencies. There are not any islands or peninsulas that are surrounded by another agency that could service that area.

LAFCo Determination

Regarding accountability for community service needs, including governmental structure and operational efficiencies:

The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts. The District has a five-member Board elected at large.

6. Issues, Concerns and Opportunities

Please provide information regarding any issues, concern, or opportunities related to operations (financial, managerial, legal, organizational, etc.)

Ongoing water shortages in California will continue to be a concern to agencies such as the District who have adequate water supply when the balance of power in the legislature is in the south area of the state where water supply is less reliable. The potential to charge fees to customers in the North for addressing water and environmental concerns for the southern part of the state is becoming more of a concern.

- Compliance with Environmental Justice requirements
SJWD is compliant with all environmental requirements pertaining to the District projects.
- Compliance with regulatory reporting requirements

The District is constantly researching to stay abreast of any new regulatory reporting requirements. The District is currently meeting all regulatory requirements and is current on all reporting requirements that we are aware of.

- Compliance with regulatory agencies and public health and safety issues.

The District is compliant with all regulatory agencies.

LAFCo Determination

Regarding other information as requested by the Commission:

The Commission determines that the District is managed effectively and efficiently.

