

FINAL
CARMICHAEL WATER DISTRICT
FINAL MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE UPDATE

(LAFCo 08-10)

March 2, 2011

Sacramento Local Agency Formation Commission
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SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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EXECUTIVE SUMMARY

RECOMMENDATION

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

1. Carmichael 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 primarily uses 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 Carmichael Water District currently provides adequate services and facilities in the unincorporated areas of Carmichael. 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 Carmichael Water District to provide services:**

The Commission determines that the Carmichael Water District has completed a rate study for FY 2009-2014 to finance operations and maintenance costs, meet water quality standards, and capital improvements as set forth in the District Master Plan.

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

The Commission determines that Carmichael 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.

**CARMICHAEL WATER DISTRICT
DISTRICT PROFILE**

Date: February 2, 2011

Agency Name: Carmichael Water District

Date Established: 1916

Address: 7837 Fair Oaks Blvd, Carmichael, CA 95608

Website: www.carmichaelwd.org

Telephone: (916)483-2452 (FAX) (916) 483-5509

Administrator Name: Lynette S. Moreno

Title: Assistant General Manager

Name of Contact: Steve Nugent

Contact's E-mail Address: steve@carmichaelwd.org

Agency's Principle Act: Water Code Section 20500

Services Provided: Water

Latent Powers: Water and Power

Governing Body: Carmichael Water District Board of Directors, Water Code

Total Number of Employees: 29

Represented 14 # Unrepresented 15

Acreage/ sq. Miles within Agency: 10 Square Miles

Total Population within Agency: 44,406

Total Registered Voters within Agency: 21,821

Summary of Carmichael Water District Information	
Population	44,406
Area Served	10 square miles
Number of Connections	11,364
Number of Water Meters	9,641
Percent of Connections Metered	85%
Fluoridate Water	No
Water Supply Source(s)	Annual average
% groundwater	10% groundwater
% surface water	90% surface water
Total Annual Water Consumption	10,575 Acre feet
Average Monthly Consumption	287.15 MGD
Average Demand (Gallons per Minute-gpm)	6,600 GPM
Average Peak Demand-gpm	Fall/Winter 6,000 GPM Spring/Summer 20,000 GPM
Average Use per Meter/connection	Residential = 369 CCF
Miles of Distribution Lines	150.33 miles
Average Age	52 years
Miles of Transmission Lines	5.2 miles
Average Age	28 years
Number of Wells	3 active and 4 standby
Average Age	30 years
Number of Storage Tanks	3 including WTP Clearwell
Average Age	20 years
Total Storage Capacity	6 MG
Water Treatment Facilities	1 Surface Water Treatment Plant
Average Water Pressure	65 psi
Average Revenue per Meter/Customer	Residential = \$658.00
Debt Service per Customer	\$232.00
Annual Revenue	\$9,619,462
10-year average rate increases	3.55%
Annual Surcharge Revenue	N/A
Annual Operation and Maintenance Costs	\$4,929,482
Annual Average Capital Costs	\$1,573,829/year
Annual Miles of Pipeline Replacement	1.50 miles/year
Average Annual Operating Reserve	Maintain 25%
Annual Number of Leaks per Mile	0.3 leaks/mile
Average Surplus Production Capacity	10 MGD
Compliance with CDPH Standards	Yes

INTRODUCTION

Background Information

The Carmichael Water District is an Independent Special District.

- **Mission:** Providing the highest quality water at the lowest possible price.
- **Setting:** See attached map for District boundary

History

The District was formed in 1916. The District was established to provide water services. Enabling Statute Water Code Section 20500. (See History attached).

Services Provided

The District provides water supply management (groundwater and surface water), water storage, water treatment, water conveyance, water conservation, public education and public outreach to the Carmichael Community.

Management and Staffing Structure

Management Structure

General Manager

Assistant Manager

Department Managers: (Field Superintendent, Production Superintendent,
Customer Service Supervisor, Financial Services Supervisor)

Employment Structure

The District employs: 28 full time positions. In addition, the District employs on average one part-time/temporary position. (See organization chart attached). In addition, CWD utilizes contractors and consultants as described below:

- The type and purpose of contracts and consultants:
 - Contracts: Field Services/Construction, Water Quality Testing, Building and Grounds Services (Cleaning Services, Lawn Services, HVAC Maintenance)
 - Consultants: Engineering, Environmental, Auditing, Computer (IT)
- Purchasing process and competitive bidding practices

The District has provided Expense Authorization Regulation 3010 and Purchasing Regulation 3020. These documents are on file with LAFCo and have not been attached to this report.

- Awards and recognitions

Various Carmichael Water District Awards:

2008 SMUD Community Energy Award

2007 RWA Water Statesperson of the Year, Steve Nugent (General Manager)

2004 SAWWA Manager of the Year, Steve Nugent (General Manager)

2004 SAWWA Distribution Operator of the Year, District Employee

2004 ACWA's Clair A Hill Award

2003 BEREC (Business Environmental Resource Center) Pollution Prevention Award

2003 Governor's Employer Recognition Award (Semi-finalist)

2001 Itron Meter Reader of the Year, District Employee

- Ongoing training and personnel policies.

The District incorporates in-house training (departmental, full staff, topic specific), vendor supplied training, and technical/university level education in its training and education program. Employees participate in monthly District-wide staff meetings, safety committee, star committee, tailgate safety meetings, and departmental meetings that focus on training and education opportunities.

See Employee Training, Education and Conferences – Policy 4050 and Certification Training Memo to Board. (Note: These documents are on file with LAFCo and have not been included as an attachment to this report).

- Salaries, pay scales, and benefits

Carmichael Water District salaries and benefits are comparable/competitive with regional and industry standards.

Salary Range and Benefits are set by Board Policy: Performance Step Program – Policy 4040. In addition, the District conducts a Salary and Benefits Survey every 3 years based on ACWA Zone 4 averages of like agencies and also, completes salary and benefits survey per union contract.

- Pension system and practices.

The District is a member of CalPERS Retirement system.

CalPERS – formula 2% @ 55

(Information provided and is on file with LAFCo. Public Employees' Retirement System (PERS) District Employees' Contribution – Policy 4070 and also Employer Paid Member Contribution Rate Memo for FY 2010-2011).

- Financial reporting and auditing practices

The District provides the following reports to the Board of Directors.

Monthly: Budget and Income Statement, Balance Sheet, Disbursements
Quarterly: Fiscal Agent Activity
Annually: Year End Budget, Audit

- Organization structure

The District has a similar and comparable organizational structure to comparable water service providers within the Sacramento Region.

Municipal Service Review Information and Determinations

1. Growth and Population Projections

- Growth rate and population projections

The population statistics and growth projections were estimated from the Sacramento Area Council of Governments (SACOG) projections.

<u>Year</u>	<u>Population</u>	<u>Change</u>	<u>Annual % Growth</u>
2005	43,880	0	0
2010	44,406	526	1.2%
2015	44,095	-311	-0.7%

- Current level of demand for services

Water demand for calendar year 2009 was 10,575 acre/feet.

- What is the projected demand for services?

Projected water demand should be between 10,500 acre/feet and 12,500 acre/feet per year depending on seasonal fluctuations in temperature and rainfall. Historically the District's average has been approximately 12,500 acre/feet. Through conservation education and efforts, installation of water meters, and water management and planning the District 2020 objective (20% reduction) should be met.

- What is the current and projected water supply?

The District has surface water rights on the American River in the amount of 14,400 acre feet per year which is above the District's actual annual demand. In addition, the District has 6,400 acre feet of groundwater supply available on an annual basis.

Surface water is supplied from the Lower American River which flows from Folsom Lake through Lake Natoma. Surface water supply is controlled by flow releases through Folsom Dam and is dependent on Folsom Lake storage needs. Supply is more than sufficient for current and future needs. Current groundwater supply comes from three (3) active well sites and four (4) standby wells. Groundwater use is seasonal and sufficient to meet demand.

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

The District is relatively built out with approximately 3% of the District available for infill and rezoning or reuse.

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 primarily uses 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
Bajamont Water Treatment Plant	3501 Bajamont Way, Carmichael	1.20	SCADA operated WTP, office, backup power, (5) 300 hp variable frequency drive pumps	22 million gallon per day (MGD) microfiltration WTP
Dewey Tank and Pump Station	6701 Winding Way, Carmichael	0.30	SCADA controlled, (3) 75 hp variable frequency drive booster pumps, 1500 GPM (standby)	1 million gallon storage tank, booster pump station
LaVista Tank and Pump Station	3016 LaVista Ave, Carmichael	0.60	SCADA controlled, 1500 GPM well, and (2) booster pumps	3 million gallon storage tank, booster pump station and well
Garfield Well	3202 Garfield Ave, Carmichael	0.60	SCADA controlled, 150 hp fixed speed pump	1,550 GPM well pump
Willow Park Well	5226 Willow Park Ct, Carmichael	0.06	SCADA controlled, 150 hp variable frequency drive pump	1,300 GPM well pump
Winding Way Well	4515 Charleston Dr, Carmichael	0.03	150 hp fixed speed pump	1,400 GPM (standby) well pump
Barrett School Well	4243 Barrett Rd, Carmichael	0.05	SCADA controlled, 150 hp fixed speed pump	1,500 GPM (standby) well pump
Ladera Well	4525 Ladera Way, Carmichael	0.05	SCADA controlled, 150 hp fixed speed pump	1,500 GPM (standby) well pump

Barrett Road Well – was nearing a maximum contaminant level for perchlorate. The District has voluntarily disconnected it from the system. The District has three (3) additional sites available for groundwater facilities: Hidden River Well Site, Maddox Park Well Site, and Leos Lane Well Site.

Present and Planned Capacity of Public Facilities

- What is the current and projected service capacity?

The District's current capacity is 20,400 acre feet which is almost double the current need. The CWD has excess capacity to serve its customers.

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

District facilities are more than adequate to serve current and future population growth.

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

Performance measures include but are not limited to:

- Maintaining system pressure above 50 psi;
- Ability to meet highest peak day demand and fire flow requirements;
- Minimize frequency of water outages;
- No California Department of Public Health (CDPH) violations;
- Low customer complaints: (taste and odor, suspended solids, color, pressure);
- Low disinfection byproducts (DBP);
- Consistent and reliable water supply; and
- High quality (raw) water

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

The District starts with high quality American River surface water. The untreated water is filtered through three (3) Ranney collectors, which is a form of riverbank filtration, before being pumped through a state of the art microfiltration process. This process consistently produces water with a turbidity value of 0.03 NTU. The water is tested daily, quarterly, and annually as per regulatory requirements and meets or exceeds all CDPH/EPA regulatory requirements. Ninety percent of the District's water is produced with this technology. The water is pumped to customers at an average pressure of 72 psi.

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

The District has an annual percentage breakdown of 90% surface water and 10% groundwater. During peak summer months the ratio is 25% groundwater and 75% surface water.

- Describe water pressure and fire flows

System pressure ranges between 55 and 80 psi depending on the elevation within District boundaries. The target pressure is 72 psi leaving the WTP.

The District system meets or exceeds all fire flow requirements.

- Describe water leaks and interruptions

District crews repair water pipes throughout the District in a timely manner while the water pipes are in service. There are situations when these repair techniques cannot be performed. When this occurs, crews isolate the pipe section by shutting off valves and temporarily placing the water supply out-of-service for the time necessary to make the repairs. After repair or replacement of the broken pipe, it is thoroughly cleaned, disinfected, and flushed prior to being reconnected to the system. These activities are scheduled when possible and all work performed (whether scheduled or emergency) is done with care to minimize the interruptions to District customers.

- Describe compliance with the Water Forum Agreement

Carmichael Water District has participated in the Water Forum since its inception. Carmichael Water District has achieved its 2030 diversion goal and reduced demand lower than its historic baseline level of 12,000 acre feet. On April 19, 2010 the District's Board of Directors signed resolution number 04192010-1 authorizing the execution of the Water Forum's Updated Conservation Element which adopted the California Water Conservation Council's Best Management Practices (BMPs).

- Describe draught preparedness and emergency plans

In March of 2010 the District completed an update of the Water Shortage Contingency and Drought Plan. The plan includes drought stages and triggers that incorporate both regional and District specific conditions. The plan serves as a regulation for the prevention of unreasonable use of water during both water shortage and normal conditions. The document incorporates a response plan for each drought stage along with step-by-step processes for implementing the plan during both drought and emergency conditions. Resolution 03152010-3 adopted by the Board of Directors on March 10, 2010 establishes the Plan for the District.

(See Water Shortage Contingency and Drought Plan attached).

The District's Emergency Response Plan was updated in May 2010. Training is provided to employees on an annual basis to ensure that emergency awareness, stress the importance of all employees and their function within the team in an emergency (District wide and site specific). Practice drills are conducted periodically throughout the year. (This plan is on file with LAFCo and has not been attached to this report).

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

From 1996-2003 the District embarked on a Capital Improvement Program (CIP) for system replacements to make up for deferred maintenance from the previous 30 years. During that time the District invested \$50,000,000 on its water treatment (WT) and water distribution (WD) systems.

In 2003 the Board of Directors adopted a 2003-2103 (100 year) District Master Plan. This plan laid out the infrastructure replacement requirements and financial requirements associated with the Capital Improvement Program at \$1.5 – 2 million per year. The District has continued to invest in and maintain its Capital Improvement Program at this level.

The District identified its replaceable assets (Planned System Maintenance) in 2010 (WT, WD, office facilities, equipment, computers, etc.) and created a 100 year replacement cycle. This analysis brought forth an increased financial requirement to \$2.5 to 3 million per year for all Planned System Maintenance. Based on this analysis, the District will likely need to fund a major replacement project (i.e. WTP) through a Certificate of Participation (bond) every forty (40) years. Presently the District is funding its budget and Planned System Maintenance program on a pay-as-you-go basis through existing rates.

- Describe deferred maintenance

The District has continued to invest in and maintain its Capital Improvement Program at this level and has no plans to defer maintenance.

- Describe policies and practices for depreciation and replacement of infrastructure

The District's practice regarding depreciation and replacement of infrastructure are identified in the District's Master Plan.

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

Based on this analysis, the District will likely need to fund a major replacement project (i.e. WTP) through a Certificate of Participation (bond) every forty (40) years. Presently the District is funding its budget and Planned System Maintenance program on a pay-as-you-go basis through existing rates.

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

None noted.

Provide evidence of compliance with applicable regulatory standards

The following information has been provided and is on file with LAFCo:

CDPH Public Water System 2009 Annual Report
 DWR Public Water 2009 System Statistics
 District 2009 Water Quality Report
 District 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	District-Wide	Budget for FY 2010-11 \$618,403 Grant \$550,000	See description below
Water Conservation	District-Wide Regional Schools Community Events	Budget for FY 2010-11 \$250,000	See description below
Groundwater Management Planning Efforts	District SGA	Budget for FY 2010-11 \$25,000 - \$50,000	See description below
Public Education And Outreach	District-Wide Regional Schools Community Events	Budget for FY 2010-11 \$32,500	See description below
Aerojet	District	See description	See description

Contamination Partnership	Aerojet County of Sacramento	Dependent on projects and activities	below
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Water Meters Program

Federally Funded - Accelerated Meter Program

Carmichael Water District has secured a Federal Meter Grant that will fund an acceleration of the District’s metering program. The District was awarded a federal grant in the amount of **\$550,000** to install additional meters on properties during the 2010-2011 fiscal year. This is an exciting opportunity for the District to continue to move forward with the planned meter installation program at an accelerated rate at ***NO EXPENSE TO THE DISTRICT RATEPAYERS***. All work associated with the meter installation for this acceleration portion of the meter installation is paid for with the grant money.

In order to accelerate our program, the Board of Directors adopted a new resolution on June 21, 2010 amending the metering program. Staff and grant contractors are installing meters throughout the District at an accelerated rate. As of July 31, 2010 the District has 1,949 service connections remaining to be metered. By the end of the accelerated meter grant installations and the end of fiscal year 2010-2011, the District will have approximately 1,175 meter installations remaining. The new schedule for meter installation will likely move the scheduled meter program forward for completion of District wide metering by June 30, 2012 which is several years ahead of original schedule.

Water Conservation Program

The District’s water conservation program provides monitoring of consumer water usage to ensure compliance with District water conservation requirements; performs residential, multi-family, large landscape and commercial water audits yearly; meter reading and maintenance; and enforces District ordinance rules. The District is an active member of the Regional Water Authority Water Efficiency Program and currently a staff member is the Conservation Chair for the Sacramento Area Water Works Association. With the District’s recent adoption of the Water Forum’s Updated Conservation Element staff continues to implement the Best management Practices in regard to water conservation.

Groundwater Management Planning Efforts

Public Education and Outreach Program:

The District continuously maintains a presence at numerous public outreach events within the Carmichael community as well as participation in regional programs such as the Blue Thumb Campaign.

The District's website offers tips and seasonal water conservation information as well as an automated water waste reporting system.

Each year the District partners with the Kiwanis Club of Carmichael to create the Barrett Middle School "Carmichael Water Conservation Calendar". The goal of the art contest is to involve the students in educating our community about the importance of water conservation. The resulting calendar conveys a youthful view of the value of conserving water.

Along with public outreach events and the calendar contest, District staff maintains a school education program that includes both classroom visits and school wide assemblies focusing on educating student on the Hydrologic Cycle, water science, water conservation, and water quality.

District staff members are regular speakers for homeowner association meetings and community groups.

Aerojet Contamination Partnership

In 2003 as part of their environmental remediation activities, Aerojet installed a monitor well in Rancho Cordova at Rossmoor Bar. Rossmoor Bar is located in the American River Parkway directly across the river from the end of Landis Avenue. Samples from the test well detected the presence of NDMA in the range of 200-300 ng/l (nanograms per liter or parts per trillion.) Because of this, Aerojet has been directed by the regulatory agencies overseeing their environmental cleanup to install additional monitor wells within the Carmichael Water District Service Area. The purpose of these monitor wells is to determine if NDMA or any other contaminant has crossed under the American River into Carmichael.

In February of 2004 N-Nitrosodimethylamine (NDMA) was detected in an Aerojet monitor well located near Grant Avenue and Hollister. NDMA is a byproduct of combustion from Solid Rocket Fuel and is believed to be a possible carcinogen. Since that time Aerojet has installed seven monitor wells to identify the extent of the contaminant plume. Of the seven monitor wells, four wells are free of contaminants and three wells located at Amy Avenue, Ancil Hoffman Park and Grant Avenue have detections of NDMA ranging from 2 ppt to a high of 93 ppt.

In July of 2005 Carmichael Water District and Aerojet signed a Memorandum of Understanding (MOU) for a groundwater remediation project. The goal of the MOU is to capture, remediate and prevent migration of groundwater contaminant plumes from reaching CWD groundwater supply, without any financial impacts to CWD customers.

The Ground Extraction and Treatment Plant (GET L1) located at the Bajamont Way Water Treatment Plant has been operational since September 2007. The GET LA facility located inside Ancil Hoffman Park became operation in July 2010.

The goal of these projects is to help capture the groundwater contamination plume from Aerojet, protect CWD's groundwater supply, provide an irrigation supply to Ancil Hoffman Park (which will significantly reduce the County's water usage and consequently save them money on their annual water bill), provide water to help improve ponds at the Effie Yaw Nature Center and provide CWD some operational flexibility at the Bajamont Way Water Treatment Plant.

The following is on file with LAFCo. Article – Groundwater Remediation – Fast-track Response to Protect Groundwater Supply

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 Carmichael Water District currently provides adequate services and facilities in the unincorporated areas of Carmichael. 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

See FY 2010-2011 Budget attached.

Revenue

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

See Budget Revenue Description

Rates, Fees, Charges, and Assessments

- Describe rate setting methodology.

See District Rate Study

- 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 can raise rates in accordance with Proposition 218 and can place a special assessment (surcharge) on accounts. See Sample Proposition 218 Notice.

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

See comparison table attached.

Expenditures

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

As there are no real "industry standards" specific to water agencies as no two agencies are exactly alike, the District views itself internally to measure the progress that it's made and the service level that it's achieved. In an effort to improve on and increase its service level the District has done the following:

- Created and maintain a District 100 Year Master Plan (2003 – 2103) including the business (financial) plan;
- Embarked on a Capital Improvement Program that reduced leaks from 800+ per year in the mid-1990s to its current level of 80-100 per year;
- Accelerated its meter program from a scheduled completion date of 6/30/2017 to its new projected completion date of 6/30/2012;
- Established pressure zones and installed booster pump stations;
- Built and financed a state of the art microfiltration membrane water treatment plant and associated distribution pipelines;
- Expanded the WTP for higher reliance on surface water;
- Created and maintain Mutual Assistance Agreements with four (4) neighboring water agencies;
- Maintains interties with three (3) neighboring water agencies;
- Established and maintains District run Backflow and Cross-Connection program;
- Improved facilities and processes has reduced water quality complaints from 750 in mid-1990s to 43 in 2009; and

- Customer Satisfactory Survey of all customers to improve service.
- Describe the cost of service compared to industry standards and measurements.

As there are no real “industry standards” and measurements specific to water agencies as no two agencies are exactly alike, the District views itself internally to measure the cost of service and the service level that it’s achieved. Each year in the annual budget process, management staff completes an analysis of the cost of service of in-house work versus contracted work to ensure that the ratepayers are receiving the best quality work at an affordable cost reflecting the current market conditions.

Assets, Liabilities, Debt, Equity, and Reserves

- Provide the Book Value of Assets.

See Schedule of Book Value of Assets attached.
- Provide a list of equipment, land, and other fixed assets.

See Schedule of Fixed Assets attached.
- Provide a summary of long term debt and liabilities.

See Budget Debt Description
- Explain the agency’s bond rating; discuss reason for rating. Discuss amount and use of existing debt. Describe proposed financing and debt requirements.

See Budget Debt Description and Bond Rating Report attached/
1999 COP – Refinanced in 2010 = Amount of Debt \$28,550,000
ISA = Amount of Debt \$1,782,011
- Describe policies and procedures for investment practices.

See Investment Policy and Exhibit A – Policy 7000 - Annual Review of Investment Policy at the January meeting of the Board of Directors
- Describe policies and procedures for establishing and maintaining reserves/retained earnings.

See District Master Plan - Section 1.9 Financial Business Plan

Summary of Revenue Sources

Fiscal Year	2006/07	2007/08	2008/09	2009/10	Projected
Charges for Service	8,603,960	9,620,300	8,415,154	8,042,085	8,949,600
Property Taxes	0	0	0	0	0
Interest	311,953	284,209	77,365	80,855	100,000
Rental Income	0	1,414	1,414	1,414	1,414
HPTR	0	0	0	0	0
In-Lieu Fees	0	0	0	0	0
State & Federal Grants	0	0	410,000	0	522,500
Grants	0	0	0	0	0
Miscellaneous	114,219	98,326	24,770	119,455	45,948
Fund Balance Availab					
Total	9,030,132	9,004,249	8,928,703	8,243,809	9,619,462

Summary of Expenditures

Fiscal Year	2006/07	2007/08	2008/09	2009/10	Projected
Salaries & Wages	1,482,968	1,882,189	1,962,931	1,699,197	1,669,396
Services & Supplies	3,575,390	3,383,745	2,845,662	2,973,982	2,831,198
Long-Term Debt	2,295,802	2,136,123	2,306,193	1,452,177	2,643,828
Capital Improvements ¹	3,296,873	3,277,891	3,254,659	346,960	1,016,738
Equipment	332,239	373,229	455,361	655,423	656,903
Contingency ²	0	0	0	0	0
Total	10,983,272	11,053,177	10,824,806	7,127,739	8,818,063

Summary of Financial and Operational Information

	2009/10
Population	44,406
Area Served	10 sq miles
Developed Real Estate	93%
Undeveloped Real Estate	7%
Service Standard Ratios ¹	-----
Full Time Employees	28
Average Part-Time Employees	1
Total Annual Budget	\$8,933,435
Per Capita Spending	\$201.18
Total Annual Administrative Costs	\$1,688,000
% Annual Administrative Costs to Total	18.90%
Estimated Deferred Maintenance	0
Average Capital Improvements (5 Years)	\$1,573,829/year
Reserve Amount	\$408,137
Operational Cost per Employee	\$84,188
Average Property Tax Rate	N/A

LAFCo Determination

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

The Commission determines that the Carmichael Water District has completed a rate study for FY2009-2014 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.

Carmichael Water District has Mutual Assistance Agreements (MAA) with the following agencies:

Sacramento Suburban Water District
Fair Oaks Water District
Citrus Heights Water District
Del Paso Manor Water District

Carmichael Water District has interties with:
Fair Oaks Water District (1)
Citrus Heights Water District (1)
Sacramento Suburban Water District (4)

Joint Power Agreements:
ACWA JPIA
SGA
RWA
Integrated Regional Water Management Plan
California Oregon Transmission Project (COTP)

Other Agreements:
Sacramento County

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

The District has MAAs and interties in place with the above listed agencies. Also, the District is involved in the Regional Water Authority's Integrated Regional Water Management Planning effort.

- 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 has available supply to serve other agencies.

- 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 has one (1) megawatt of power capacity through the COTP. The District uses any/all opportunities to maximize its cost-sharing through membership organizations and other agencies.

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

None

- 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 completes an annual analysis as part of its budget process in order to maintain staffing and services costs that are cost effective and efficient.

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

The Board of Directors requires a complete budget analysis by management staff annually in order to reduce overhead and operational costs and maximize efficiency.

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

There is no duplication of infrastructure with other agencies.

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

The District maintains its facilities within District service area boundaries. It has no facilities outside its boundary.

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

Carmichael Water District is in the process of detaching APN 247-0060-018-0000 (7250 Sumter Dr, Fair Oaks, CA 95628) from the District to annex with Fair Oaks Water District.

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

- m) Please list any professional and industry memberships.

Carmichael Water District has membership in the following organizations:

Association of California Water Agencies – ACWA

American Water Works Association – AWWA

Regional Water Authority – RWA
Sacramento Groundwater Authority – SGA
Sacramento Area Water Works Association – SAWWA
Water Forum
Water Education Foundation – WEF
California Special District’s Association – CSDA
Carmichael Chamber of Commerce

LAFCo Determination

Regarding status of and opportunities for, shared facilities:

The Commission determines that Carmichael 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 year terms
- Is governing body landowner or population based? Landowner based
- 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 are compensated at a rate of \$144.70 per meeting per Remuneration and Reimbursement Policy 7030. Expenses are reimbursed in accordance to Training, Education and Conferences Policy 7080 and the Director – Conference Expense Policy.

Directors receive no other pay or benefits during or after their term of service.

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

Board of Directors scheduled meetings are once per month (generally the 3rd Monday night) at the District Office (7837 Fair Oaks Blvd, Carmichael, CA 95608) at 7:00 p.m.

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

Meeting rules, procedures, and programs for public notification of District operations, meetings, programs, etc. are in accordance to Board Meetings Policy 7100; Board Meeting Agenda Policy 7110; Board Meeting Conduct 7120; Board Actions and Decisions Policy 7130; Minutes of Board Meetings Policy 7140; Rules of Order for Board and Committee Meetings Policy 7150.

- How is public participation encouraged?

Posted on every agenda: The Board of Directors welcomes and encourages participation in meetings. Public testimony may be given on any agenda item as it is called and should be limited to three minutes per speaker. Matters not on the posted agenda may be addressed under Item, Public Comment. Please fill out a Speaker Card and turn it in at the staff table, either before or during the meeting.

To encourage participation: Board Meeting calendar, agendas, and meeting minutes are all posted on the District Website. In addition, all agendas are posted on the building at the District Office. Special notices are sent to customers for Public Hearings on rates and budgets. All Public Hearings are advertised in the Sacramento Bee and on the District's website.

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

Meetings are accessible to the public:

Evening Meetings at the District Office at 7:00 p.m.

Calendar of meeting posted and advertised for the Calendar Year in advance.

District Board Room has an occupancy rate of 85 with ample parking.

In the event of a Public Town Hall Meeting or when the District anticipates a larger audience, the District will rent out a Community Services facility (LaSierra) with a higher occupancy rate.

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

The District provides the following public education and outreach efforts:

- Website: continually updated to include the timeliest information (District reports, suggestions, water conservation activities and seasonal tips, agendas, minutes, about the District, contact information, projects, activities, events, water quality, links to organizations, etc.)
- Newsletters, Water Quality Report and Consumer Confidence Reports
- Billing inserts regarding upcoming changes, new items, suggestions, District updates

- Messages on billing statements – see website or contact District with questions/comments or for more information
- Surveys (direct mail and online)
- Free Water Audits of Properties
- Events/Booths (Community, Regional)
- Community Gardens
- Provide Facility Tours (public, school, homeowners, organizations, associations)
- Mentoring program (teen center)
- Volunteer/Community Service program (public, school, Boy Scouts, Coats for Kids – drop off location, Cell Phones for Soldiers – drop off location, Food Drive storage for Holiday drive)
- SJUSD Internship Program
- School Education – Water Awareness
- School Calendar Contest
- Speakers/Presentations (public, school, homeowners, organizations, associations)
- Meeting Facility (organizations)

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

Staff and Directors attend and participate in many community events throughout the year and are there to provide information, answer questions and listen to public concerns.

Typical events include:

- Carmichael Founder’s Day Booth
- Taste of Carmichael Booth
- 4th of July Parade – Float
- ½ Marathon Booth
- Facility Tours
- Speaking Engagements
- School Presentations
- Before/After Events/Meetings

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

Public access to District information is available on the District’s website. Most documents can be printed from the website. If a customer does not have access or needs assistance, District staff will print and mail documents to its customers/public. Items can also be picked up at the District Office during normal operating hours.

Most District reports are included in the agenda packet and all agenda items are posted on the District's website and can be printed from the site. All Board Packets are available at the District Office on the day of posting for customer pickup and available for the public at the Board Meeting.

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

N/A

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.)

Infrastructure replacement:

Over the last 15 years CWD has invested approximately \$80,000,000 in infrastructure replacement, process improvement and planning. The result of these activities has greatly improved water quality, reliability, asset management, planning, and provided stable rates for customers. For CWD to continue with these activities future Boards will need to continue with the process of increasing water rate between 2% - 3% per year to fund these activities.

Water Quality

Groundwater contamination from Aerojet will remain a concern of the District until it is fully remediated. Based on information and projections from Aerojet this will take several decades. CWD must remain involved in all aspects of the process to provide protection to the region's groundwater supplies.

Challenges to existing Water Rights and Increased Fees:

As new legislation is passed for Delta restoration and new requirements for water conservation are approved, water districts throughout the State will face unknown impact fees for Delta restoration. Some water agencies like CWD could also face challenges from the State Board and could potentially have water rights reduced.

Water Sales

CWD is beginning the process to market both surface and groundwater outside the District's service area. This process would increase District revenue and could assist in the protection of its water rights.

- Compliance with Environmental Justice requirements

The District is in compliance with all environmental requirements pertaining to the District and its projects.

- Compliance with regulatory reporting requirements

District regulatory reporting compliance:

- a. CDPH monthly reporting requirement (Good Standing).
- b. Sacramento Regional County Sanitation District (SRCSD) monthly reporting requirement (Good Standing).
- c. California Regional Water Quality Control Board (CRWQCB) quarterly reporting requirement (Good Standing).
- d. Air Quality Control Board annual reporting requirement (Good Standing).
- e. County of Sacramento Environmental Management annual reporting requirement (Good Standing).
- f. Department of Water Resources (DWR) annual reporting requirement (Good Standing).
- g. CalOSHA annual log (injuries) and periodic inspection (Good Standing).
- h. CalEPA annual reporting requirement (Good Standing).
- i. California Department of Highway Patrol annual reporting and inspection (vehicles) requirement (Good Standing).
- j. Air Quality Management District annual reporting and inspection (fuel tanks) requirement (Good Standing).

LAFCo Determination

Regarding other information as requested by the Commission:

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

Attachments:

District Map
District Background and Area History
Organization Chart
District Facilities Map
District Water Shortage Contingency and Drought Plan
District FY 2010-2011 Budget
District Five Year Budget FY 2009-2010 thru 2013-2014
District Revenue – Budget
District Rate Study for 2009-2014 Water Rates
Schedule – Book Value of Assets
Schedule – Fixed Assets
District Debt – Budget
Grand Jury Response

The following documents have been submitted but are not included:

District Master Plan 2003 - 2103
District 2005 Urban Water Management Plan