

**CALAVERAS
LOCAL AGENCY FORMATION COMMISSION
(LAFCo)**

ADOPTED

UNION PUBLIC UTILITY DISTRICT

MUNICIPAL SERVICE REVIEW (MSR)

AND

SPHERE OF INFLUENCE (SOI) UPDATE

September 18, 2023

***Resolution 2023-0004 Service Review
Resolution 2023-0005 Sphere of Influence***

TABLE OF CONTENTS

1	INTRODUCTION	1
1.1	Local Agency Formation Commission (LAFCo) History	1
1.2	Preparation of the MSR and SOI	2
1.3	Role and Responsibility of LAFCo	2
1.4	Municipal Services Review Requirements	3
1.5	Municipal Services Review Process	4
1.6	Sphere Of Influence Update Process	4
1.7	Possible Approaches to the Sphere of Influence	6
1.8	Description of Public Participation Process	7
2	MURPHYS AREA	8
2.1	Murphys	8
2.1.1	Murphys History	8
2.2.1	Murphys Population Data	9
2.2	Vallecito	9
2.3	Douglas Flat	9
2.4	Carson Hill	10
2.5	Murphys Businesses	10
2.6	Schools	10
2.7	Murphys Fire Protection District	11
2.8	Murphys Sanitary District	11
3	UNION PUBLIC UTILITY DISTRICT (UPUD)	12
3.1	Union Public Utility District Background	12
3.1.1	Union Public Utility District History	12
3.1.2	Union Public Utility District Formation	13
3.2	Union Public Utility District Board of Directors and Staff	14
3.3	District Website Requirement	14
3.4	Facilities	14
3.5	Water Quality	15
3.6	Fee Schedule	17
3.7	Audit	18
3.8	Budget	18
4	UNION PUBLIC UTILITY DISTRICT MUNICIPAL SERVICE REVIEW	23
4.1	Growth and Population Projections for the Union Public Utility District Area	23
4.1.1	Union Public Utility District Area Population Projections	23
4.1.2	MSR Determinations on Growth and Population Projections for the Union Public Utility District Area	23
4.2	Location and Characteristics of any Disadvantaged Unincorporated Communities (DUC) within or Contiguous to Union Public Utility District	23
4.2.1	Determination of Union Public Utility District Area Disadvantaged Unincorporated Community Status	23
4.2.2	MSR Determinations on Disadvantaged Unincorporated Communities near Union Public Utility District	24
4.3	Capacity and Infrastructure	24
4.3.1	Infrastructure	24
4.3.2	MSR Determinations on Infrastructure for Union Public Utility District	24
4.4	Financial Ability to Provide Services	24
4.4.1	Financial Considerations for Union Public Utility District	24
4.4.2	MSR Determinations on Financing for Union Public Utility District	25

4.5	Status of and Opportunities for Shared Facilities	25
4.5.1	Facilities	25
4.5.2	MSR Determinations on Shared Facilities for Union Public Utility District	26
4.6	Accountability for Community Service Needs, Government Structure and Operational Efficiencies	26
4.6.1	Government Structure	26
4.6.2	MSR Determinations on Local Accountability and Governance	26
5	UNION PUBLIC UTILITY DISTRICT SPHERE OF INFLUENCE UPDATE	27
5.1	Recommendation for Union Public Utility District Sphere of Influence	27
5.2	Present and Planned Land Uses in the Union Public Utility District Area, Including Agricultural and Open Space Lands	27
5.2.1	Calaveras County General Plan and Zoning for Union Public Utility District SOI Area	27
5.2.2	SOI Determinations on Present and Planned Land Use for Union Public Utility District Area	27
5.3	Present and Probable Need for Public Facilities and Services in the Union Public Utility District Area	27
5.3.1	Municipal Service Background	28
5.3.2	SOI Determinations on Facilities and Services Present and Probable Need for Union Public Utility District	28
5.4	Present Capacity of Public Facilities Present and Adequacy of Public Services	28
5.4.1	Capacity Background	28
5.4.2	SOI Determinations on Public Facilities Present and Future Capacity for Union Public Utility District	29
5.5	Social or Economic Communities of Interest for Union Public Utility District	29
5.5.1	Union Public Utility District Community Background	29
5.5.2	SOI Determinations on Social or Economic Communities of Interest for Union Public Utility District	29
5.6	Disadvantaged Unincorporated Community Status	30
5.6.1	Disadvantaged Unincorporated Communities	30
5.6.2	Union Public Utility District Disadvantaged Unincorporated Community Status	30
	APPENDIX A LOCAL GOVERNMENT FUNDING ISSUES	31
	APPENDIX B AUDIT	35
	ABBREVIATIONS	40
	DEFINITIONS	42
	REFERENCES	45
	PREPARERS	46
	MAP	47

1 INTRODUCTION

1.1 Local Agency Formation Commission (LAFCo) History

This report is prepared pursuant to State legislation enacted in 2000 that requires Calaveras LAFCo to complete a comprehensive review of municipal service delivery and update the spheres of influence (SOIs) of all agencies under LAFCo's jurisdiction. This chapter provides an overview of LAFCo's history, powers and responsibilities. It discusses the origins and legal requirements for preparation of a Service Review commonly referred to as a Municipal Service Review (MSR). Finally, the chapter reviews the process for MSR review, MSR approval and SOI updates.

After World War II, California experienced dramatic growth in population and economic development. With this boom came a demand for housing, jobs and public services. To accommodate this demand, many new local government agencies were formed, often with little forethought as to the ultimate governance structures within a given region. A lack of coordination and adequate planning led to a multitude of overlapping, inefficient jurisdictional and service area boundaries, many of which resulted in the premature conversion of California's agricultural and open-space lands and duplication of services.

Recognizing this problem, in 1959, Governor Edmund G. Brown, Sr. appointed the Commission on Metropolitan Area Problems. The Commission's charge was to study and make recommendations on the "misuse of land resources" and the growing complexity of local governmental jurisdictions. The Commission's recommendations on local governmental reorganization were introduced in the Legislature in 1963; resulting in the creation of a Local Agency Formation Commission, or "LAFCo," operating in every county.

LAFCo was formed as a countywide agency to discourage urban sprawl and to encourage the orderly formation and development of local government agencies within its jurisdiction. LAFCo is responsible for coordinating logical and timely changes in local governmental boundaries; including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers and dissolutions of districts, as well as reviewing ways to reorganize, simplify, and streamline governmental structure.

The Commission's efforts are focused on ensuring services are provided efficiently and economically while agricultural and open-space lands are protected or conserved to the extent possible. To better inform itself and the public in compliance with the State Law; LAFCo conducts MSR's to evaluate the provision of municipal services for service providers within its jurisdiction.

LAFCo regulates, through approval, denial, conditions and modification, boundary changes proposed by public agencies or individual voters and landowners. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCo is empowered to initiate updates to the SOIs and proposals involving the dissolution, consolidation or formation of special districts, establishment of subsidiary districts, and any reorganization including such actions. Where LAFCo is not given specific authority, LAFCo actions must originate as petitions from affected voters or landowners, or by resolutions by affected cities or special districts.

A Plan for Services is required in Government Code Section 56653. A Plan for Services must include the following information: An enumeration and description of services to be provided, the level and range of those services, an indication of how those services are to be extended into the territory, an indication of any improvements or upgrading of structures, Information on how the services are to be financed.

1.2 Preparation of the MSR

Research for this Municipal Service Review (MSR) was conducted during the summer of 2018 and updated in 2022.

This MSR is intended to support preparation and update of Spheres of Influence, in accordance with the provisions of the Cortese-Knox-Hertzberg Act. The objectives of this Municipal Service Review (MSR) are as follows:

- ✓ To develop recommendations that will promote more efficient and higher quality service options and patterns
- ✓ To identify areas for service improvement
- ✓ To assess the adequacy of service provision as it relates to determination of appropriate sphere boundaries

While LAFCo prepared the MSR document, given budgetary constraints, LAFCo did not engage the services of experts in engineering, hydrology, geology, water quality, fire protection, accounting or other specialists in related fields, but relied upon published reports and available information. Insofar there is conflicting or inconclusive information LAFCo staff may recommend the District retain a licensed professional or expert in a particular field for an opinion.

Therefore, this MSR reflects LAFCo's recommendations, based on available information during the research period and provided by District staff to assist in its determinations related to promoting more efficient and higher quality service patterns; identifying areas for service improvement; and assessing the adequacy of service provision by the Union Public Utility District (UPUD). Additional information on local government funding issues in found in Appendix A at the end of this report.

1.3 Role and Responsibility of LAFCo

Local Agency Formation Commissions (LAFCOs) in California are independent agencies created by the California Legislature in 1963 for the purpose of encouraging the orderly formation of local government agencies and conserving and preserving natural resources. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) is the statutory authority for the preparation of an MSR, and periodic updates of the Sphere of Influence (SOI) of each local agency.

LAFCOs are responsible for coordinating logical and timely changes in local governmental boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structure, preparing a review of services called a MSR, and

preparing a SOI thereby determining the future “probable” boundary for each city and special district within each county.

The Commission's efforts are directed toward seeing that services are provided efficiently and economically while agricultural and open-space lands are protected. Often citizens are confused as to what LAFCo's role is. LAFCOs do not have enforcement authority nor do they have the authority to initiate a city or district annexation or detachment proceeding. LAFCOs may initiate consolidation or dissolution proceedings; however, these proceedings are subject to the voter approval or denial.

The Legislature has given LAFCOs the authority to modify any proposal before it to ensure the protection of agricultural and open space resources, discourage urban sprawl and promote orderly boundaries and the provision of adequate services.

The Governor's Office of Planning and Research (OPR) has issued Guidelines for the preparation of a MSR. This MSR adheres to the procedures set forth in OPR's MSR Guidelines.

A SOI is a plan for the probable physical boundaries and service area of a local agency, as determined by the affected Local Agency Formation Commission (Government Code §56076). Government Code §56425(f) requires that each SOI be updated not less than every five years, and §56430 provides that a MSR shall be conducted in advance of the SOI update.

1.4 Municipal Services Review Requirements

Effective January 1, 2001 and subsequently amended, LAFCo is required to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following six topics (Government Code §56430):

1. Growth and population projections for the affected area
2. The location and characteristics of any disadvantaged unincorporated communities (DUC) within or contiguous to the sphere of influence
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
4. Financial ability of agencies to provide services
5. Status of, and opportunities for shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies

1.5 Municipal Services Review Process

For local agencies, the MSR process involves the following steps:

- Outreach: LAFCo outreach and explanation of the project
- Data Discovery: provide documents and respond to LAFCo questions
- Map Review: review and comment on LAFCo draft map of the agency's boundary and sphere of influence
- Profile Review: internal review and comment on LAFCo draft profile of the agency
- Public Review Draft MSR: review and comment on LAFCo draft MSR
- LAFCo Hearing: attend and provide public comments on MSR

MSRs are exempt from California Environmental Quality Act (CEQA) pursuant to §15262 (feasibility or planning studies) or §15306 (information collection) of the CEQA Guidelines. LAFCo's actions to adopt MSR determinations are not considered "projects" subject to CEQA. The MSR process does not require LAFCo to initiate changes of organization based on service review findings, only that LAFCo identify potential government structure options.

However, LAFCo, other local agencies, and the public may subsequently use the determinations to analyze prospective changes of organization or reorganization or to establish or amend SOIs. Within its legal authorization, LAFCo may act with respect to a recommended change of organization or reorganization on its own initiative (e.g., certain types of consolidations), or in response to a proposal (i.e., initiated by resolution or petition by landowners or registered voters).

Once LAFCo has adopted the MSR determinations, it must update the SOI for each jurisdiction. The LAFCo Commission determines and adopts the spheres of influence for each agency. A CEQA determination is made by LAFCo on a case-by-case basis for each sphere of influence action and each change of organization, once the proposed project characteristics are sufficiently identified to assess environmental impacts.

1.6 Sphere Of Influence Update Process

The Commission is charged with developing and updating the Sphere of Influence (SOI) for each city and special district within the county.¹

An SOI is a LAFCo-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services and prevent duplication of service delivery. Territory cannot be annexed by LAFCo to a city or district unless it is within that agency's sphere.

¹ The initial statutory mandate, in 1971, imposed for no deadline for completing sphere designations. When most LAFCos failed to act, 1984 legislation required all LAFCos to establish spheres of influence by 1985.

The purposes of the SOI include the following:

- to ensure the efficient provision of services
- to discourage urban sprawl and premature conversion of agricultural and open space lands
- to prevent overlapping jurisdictions and duplication of services

LAFCo may not directly regulate land use, dictate internal operations or administration of any local agency, or set rates. LAFCo is empowered to enact policies that indirectly affect land use decisions. On a regional level, LAFCo promotes logical and orderly development of communities as it considers and decides individual proposals. LAFCo has a role in reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of current and future area residents and property owners.

The Cortese-Knox-Hertzberg (CKH) Act requires LAFCos to develop and determine the SOI of each local governmental agency within its jurisdiction and to review and update the SOI every five years, as necessary. LAFCos are empowered to adopt, update and amend a SOI. They may do so with or without an application. Any interested person may submit an application proposing an SOI amendment.

While SOIs are required to be updated every five years, as necessary, this does not necessarily define the planning horizon of the SOI. The term or horizon of the SOI is determined by each LAFCo.

LAFCo may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. In determining the SOI, LAFCo is required to complete an MSR and adopt the six determinations previously discussed. In addition, in adopting or amending an SOI, LAFCo must make the following five determinations as required in Government Code section 56425(c):

1. Present and planned land uses in the area, including agricultural and open-space lands
2. Present and probable need for public facilities and services in the area
3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide
4. Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.²

² California Government Code Section 56425 (e)(5)

The CKH Act stipulates several procedural requirements in updating SOIs. It requires cities to file written statements on the class of services to be provided and LAFCo must clearly establish the location, nature and extent of services provided by special districts.

By statute, LAFCo must notify affected agencies 21 days before holding the public hearing to consider the SOI and may not update the SOI until after that hearing. The LAFCo Executive Officer must issue a report including recommendations on the SOI amendments and updates under consideration at least five days before the public hearing.

1.7 Possible Approaches to the Sphere of Influence

LAFCo may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. Based on review of the guidelines of Calaveras LAFCo as well as other LAFCos in the State, various conceptual approaches have been identified from which to choose in designating an SOI. These seven approaches are explained below:

1) **Coterminous Sphere:**

A Coterminous Sphere means that the Sphere of Influence for a city or special district that is the same as its existing boundaries of the city or district. This is the recommendation in this report since there are no anticipated or contemplated annexations for the District at this time.

2) **Annexable Sphere:**

A sphere larger than the agency's boundaries identifies areas the agency is expected to annex. The annexable area is outside the district boundaries and inside the sphere of influence.

3) **Detachable Sphere:**

A sphere that is smaller than the agency's boundaries identifies areas the agency is expected to detach. The detachable area is the area within the agency bounds but not within its sphere of influence.

4) **Zero Sphere:**

A zero sphere indicates the affected agency's public service functions should be reassigned to another agency and the agency should be dissolved or combined with one or more other agencies.

5) **Consolidated Sphere:**

A consolidated sphere includes two or more local agencies and indicates the agencies should be consolidated into one agency.

6) **Limited Service Sphere:**

A limited service sphere is the territory included within the SOI of a multi-service provider agency that is also within the boundary of a limited purpose district which provides the same service (e.g., fire protection), but not all needed services. Territory designated as a limited service SOI may be considered for annexation to the limited purpose agency without detachment from the multi-service provider.

This type of SOI is generally adopted when the following conditions exist:

- a) The limited service provider is providing adequate, cost effective and efficient services
- b) The multi-service agency is the most logical provider of the other services
- c) There is no feasible or logical SOI alternative
- d) Inclusion of the territory is in the best interests of local government organization and structure in the area

Government Code §56001 specifically recognizes that in rural areas it may be appropriate to establish limited purpose agencies to serve an area rather than a single service provider, if multiple limited purpose agencies are better able to provide efficient services to an area rather than one service district.

Moreover, Government Code Section §56425(i), governing sphere determinations, also authorizes a sphere for less than all of the services provided by a district by requiring a district affected by a sphere action to “establish the nature, location, and extent of any functions of classes of services provided by existing districts” recognizing that more than one district may serve an area and that a given district may provide less than its full range of services in an area.

1.8 Description of the Public Participation Process

The LAFCo proceedings are subject to the provisions of California’s open meeting law, the Ralph M. Brown Act (Government Code Sections 54950 et seq.). The Brown Act requires advance posting of meeting agendas and contains various other provisions designed to ensure that the public has adequate access to information regarding the proceedings of public boards and commissions. Calaveras LAFCo complies with the requirements of the Brown Act.

The State MSR Guidelines provide that all LAFCOs should encourage and provide multiple public participation opportunities in the MSR process.

2 MURPHYS AREA

Union PUD serves Murphys, Vallecito Douglas Flat and Carson Hill. Since these four communities have separate identities (as noted below) it is important that the Union PUD work on unifying these areas so the residents will understand the importance of their water service from UPUD. The area is included in the Murphys Sanitary District and the Murphys Fire Protection District.

2.1 Murphys

2.1.1 Murphys History

Murphys is a separate community with a distinct history. John and Daniel Murphy were part of the Stephens-Townsend-Murphy Party, the first immigrant party to bring wagons across the Sierra Nevada to Sutter's Fort in 1844. They earned a living as merchants, but like many others, began prospecting when the California Gold Rush began. They first started in Vallecito, before moving to another location in 1848 which became "Murphys New Diggings," "Murphy's Camp," and eventually just "Murphys."

Like many other mining towns, fire was its bane and the town was destroyed three times by flames, in 1859, 1874, and 1893. After the second major fire, there was little gold left to mine, and so the town was never rebuilt to its boomtown condition. However, Murphys continued to thrive as a merchant center, supplying many of the silver mines in Nevada with provisions via Ebbetts Pass. The town is registered as California Historical Landmark #275.³ The first post office was established as Murphy's in 1851. The name was changed to Murphy in 1894, and finally to Murphys in 1935.⁴

The Ironstone Concours d'Elegance car show was held annually in Murphys at the Ironstone Vineyards. Proceeds from the event benefit the 4-H Club and Future Farmers of America. Also, Ironstone Vineyards hosts concerts when possible. Murphys is part of the Vallecito Union School District.

The Calaveras Chamber of Commerce describes Murphys as follows:⁵

The Gold Rush town of Murphys, Queen of the Sierra, sports a charming main street lined with a vast variety of shops, fine eateries, art galleries and architecturally appropriate new retail developments. Murphys is the hub of Calaveras wine country with the lion's share of wineries operating within a four mile radius. Romantic bed and breakfast inns and the historic Murphys Hotel complete the picture of this fast-growing community.

³ Office of Historical Preservation, California State Parks. <http://ohp.parks.ca.gov/ListedResources/Detail.aspx?num=275>. Retrieved 2012-10-06.

⁴ Durham, David L. (1998). *California's Geographic Names: A Gazetteer of Historic and Modern Names of the State*. Quill Driver Books. p. 808. ISBN 9781884995149.

⁵ <http://www.calaveras.org/about-calaveras/communities/>, February 9, 2013.

2.2.1 Murphys Population Data

The 2010 US Census reported that Murphys had a population of 2,213. The 2020 US Census reported a population of 1,995; so the population declined a small amount.

The Median Household Income in Murphys is \$45,282⁶ compared to \$63,783 for the State of California.⁷ Murphys Median Household Income is lower than 80% of the State Median Household Income (\$51,026) so Murphys would be considered a Disadvantaged Unincorporated Community (DUC).

2.2 Vallecito

Vallecito ("Little Valley" in Spanish; formerly, Murphy's Old Diggings, Valacito, Vallicita, Vallicito) is a census-designated place (CDP) with a population of 442 at the 2020 census, up from 427 at the 2000 census. The Median Household Income in Vallecito is \$46,736⁸ compared to \$63,783 for the State of California.⁹

The town is registered as California Historical Landmark #273. Nearby is Moaning Cavern, the largest cave chamber in California, which the Miwok Indians used as a burial ground.¹⁰

Vallecito was one of California's important early-day mining towns. Gold was discovered here by the Murphy brothers in 1849, and it was originally called "Murphys Diggings." The town was revitalized in 1852 when extremely rich deposits of gold were discovered running practically through the center of town.

The Vallecito Bell, cast at Troy, New York in 1853, was brought around Cape Horn. It was purchased from the ship with funds contributed by early-day residents and brought to Vallecito to be erected in a large oak tree in 1854. It was used to call the people together until February 16, 1939, when a severe wind blew the old tree down. The first post office opened in 1854 as Vallicita; the town's name was changed to Vallecito in 1940.¹¹

2.3 Douglas Flat

Douglas Flat (formerly, Douglasflat and Douglass Flat) lies at an elevation of 1965 feet. Douglas Flat was a roaring mining camp of the early 1850s. In 1857 the Harper and Lone Star Claims produced \$130,000 worth of gold. The so-called Central Hill Channel, an ancient river deposit from which vast quantities of gold have been taken, is located here. The town today is registered as California Historical Landmark #272. The first post office opened in 1879, and was closed for a time in 1891 before reopening. The town's name honors Tom Douglas, a 1850s merchant.¹²

⁶ 2021 American Community Survey 5-year Estimates.

⁷ [Murphys, CA Employment - Median Household Income, Unemployment Rate \(areavibes.com\)](#), November 30, 2021.

⁸ 2021 American Community Survey 5-year Estimates.

⁹ [Murphys, CA Employment - Median Household Income, Unemployment Rate \(areavibes.com\)](#), November 30, 2021.

¹⁰ <http://en.wikipedia.org/wiki/Cave>

¹¹ Durham, David L. (1998). *California's Geographic Names: A Gazetteer of Historic and Modern Names of the State*. Quill Driver Books. p. 841. [ISBN 9781884995149](#).

¹² Durham, David L. (1998). *California's Geographic Names: A Gazetteer of Historic and Modern Names of the State*. Quill Driver Books. p. 767. [ISBN 9781884995149](#).

2.4 Carson Hill

Carson Hill (also, Carson Flat and Melones and Slumgullion) is a ghost town at an elevation of 1447 feet about 4 miles south-southeast of Angels Camp. It was one of the most productive mining camps in the State, with nearly \$26 million in gold and quartz found in the area. Carson Hill is registered as California Historical Landmark #274. The town was served by the Sierra Railroad.

Unlike most of the places with "Carson" in their names in the American West, Carson Hill is not named after explorer Kit Carson, but instead it is named for Sgt. James H. Carson, a member of Colonel Jonathan D Stevenson's Regiment of First New York Volunteers. James H. Carson happened to be in Monterey when the California Gold Rush started and he made his way to Weber Creek near Placerville then moved south with the Angel and Murphy brothers (founders of Angels Camp¹³ and Murphys¹⁴ respectively). After splitting up at what is now Angels Camp, James H. Carson's group headed south and panned at a small tributary of the Stanislaus River, which they found incredibly rich in gold. They named this portion Carson Creek.

James H. Carson himself decided to move on to other locations, but was unsuccessful. He returned to Carson Creek, but never really cashed in on the success. He died in 1853 of rheumatism, near poverty.¹⁵

2.5 Murphys Businesses

According to the Murphys Chamber of Commerce,

Murphys is considered a Small Town with a population of 2,070 and 593 businesses. In 2018, three businesses were added to the Murphys Chamber of Commerce business directory. In 2017 only one business was added.

The economy of Murphys employs 842 people and has an unemployment rate of 5.3%. Some of the largest industries in Murphys are Wineries (28), Restaurants (26), and Professional Services (23).¹⁶

2.6 Schools

The Albert Michelson Elementary School is located in Murphys and includes grades K to 5. The School is part of the Vallecito Union School District. The Vallecito Union School District is located in the southeastern portion of Calaveras County. The District includes Vallecito, the historic town of Murphys, the resort and retirement community of Arnold, the majestic Calaveras Big Trees State Park, and to the county line just below the Bear Valley ski resort. The Vallecito Union School District is composed of two K-5 schools and

¹³ http://en.wikipedia.org/wiki/Angels_Camp,_California

¹⁴ http://en.wikipedia.org/wiki/Murphys,_California,

¹⁵ Durham, David L. (1998). *California's Geographic Names: A Gazetteer of Historic and Modern Names of the State*. Quill Driver Books. p. 755. ISBN 9781884995149.

¹⁶ Murphys.CABusinessDirectory-ChamberofCommerce.com, May 3, 2021.

one 6-8 middle school between Murphys and Arnold. Together, these schools house the K-8 population of approximately 590 students.¹⁷

The Murphys area is included in the Brett Harte Union High School District and most students attend Brett Harte High School in San Andreas CA. There is also a High School in Vallecito.

2.7 Murphys Fire Protection District

Murphys Fire Protection District was formed in 1935, after several severe fires occurred during the early 1930s and the community lost two sawmills and a lumber drying yard. Murphys FPD (MFPD) provides structural, wildland and all other categories of fire protection, including response to medical emergencies, vehicle accidents and public service assists. The Murphys Fire Protection District operates two fire stations.

MFPD is located in the southeastern portion of Calaveras County. The Murphys Fire Protection District is adjacent to Altaville-Melones FPD in the west, Ebbetts Pass FPD in the northeast, and Sheep Ranch in the north (protected by Central Calaveras FRPD). MFPD borders Tuolumne County in the southeast.¹⁸

2.8 Murphys Sanitary District

Murphys Sanitary District, (MSD) was formed on January 12, 1960 as an independent special district.¹⁹ The District was formed to provide wastewater services in the community of Murphys.

Murphys Sanitary District provides sewer collection and treatment services to residential and commercial businesses within the MSD boundaries. Murphys Sanitary District was organized in 1959 under Division VI of the California Health and Safety Code. The District covers an area of approximately 4 square miles and has a population of approximately 2,200 people.²⁰

The District maintains 63,000 linear feet, (11.9 miles) of sewer collection lines. These range from the largest diameter of 10 inches down to 4 inches, with the most common size being 6 inches. An average dry weather flow of 135,000 gallons per day of raw wastewater is treated to an advanced secondary level with a combination pond and filtration Wastewater Treatment Plant. Treated effluent is utilized for irrigation at the neighboring Hay Station Ranch vineyards. The District operates on an approximately \$1,000,000 annual budget.²¹

¹⁷ [About VUSD – About Us – Vallecito Union School District \(vallecitok12.com\)](http://vallecitok12.com), May 3, 2021.

¹⁸ Calaveras LAFCO, Countywide Fire Municipal Service Review, April 8, 2013, Pages 180-196.

¹⁹ State Board of Equalization Official Date.

²⁰ Murphys Sanitary District, <http://www.murphyssd.org/>, May 17, 2018.

²¹ Murphys Sanitary District, <http://www.murphyssd.org/>, May 17, 2018.

3 UNION PUBLIC UTILITY DISTRICT (UPUD)

3.1 Union Public Utility District Background

3.1.1 Union Public Utility District History

The following historical background for the Union Public Utility District is made available on the District's website:

Gold made Calaveras County, but it was water that made the mines. When gold seekers crowded into Murphys and the surrounding area in 1848 they soon discovered the importance of a reliable water supply. The Union Water Co. was formed in 1852 by the combination of companies already working to tap Angels Creek and the Mill Creek watershed. By 1854 the company had extended its reach to the North Fork of the Stanislaus River. Four years later it went into the high country to build Union Reservoir and improve its water supply through the long dry season. Also in 1858, the Union Water Co. acquired the Calaveras County Water Co., which had built a roughly parallel ditch from a North Fork diversion at McKays Point to Hunters Reservoir and then on to the mines. It was a better route and survived into the late twentieth century as the Upper Utica Canal.

In the late 1880s the Union Water Co. passed into the hands of the Utica Gold Mining Co. which already owned some of the richest mines in Calaveras County. The mining company expanded storage on the upper watershed by creating Lake Alpine in 1889-1892 and Utica Reservoir in 1903-1906. Its final reservoir was at Spicer Meadow, which was completed in 1929.

The Utica Company put its water to work running the heavy machinery of industrial mining. The first penstocks from what is now the Angels Forebay were run to the mines at Angels Camp in 1890 where the pressure of falling water was harnessed to operate air compressors, hoists and the stamp mills that processed the ore. It was also the dawn of the hydroelectric age. In 1895 the company set up a small power plant in Angels Camp and a thousand-foot transmission line to run electric lights in one of its mines. Other experimental plants followed, and in 1899 the Utica Powerhouse was built east of Murphys. When the Utica Mine closed in 1918, an air compressor assembly in Angels Camp was converted into a "temporary" electric generator. It served until a new Angels Powerhouse was constructed in 1940-1941.

Although built for mining, the network of ditches fed by the Utica system had been a source of water for domestic use and small-scale irrigation since the Gold Rush. For whatever reason, the Utica Company petitioned the forerunner of the Public Utilities Commission in 1926 to abandon its public utility service everywhere except Angels Camp. Alarmed at the prospect of losing their water supply, residents of the Murphys area organized the Calaveras Water Users Association and engaged in a legal battle with the company that lasted until 1939. A settlement agreement

guaranteed the right to purchase water from the Utica system, and the Association eventually became today's Union Public Utility District. Households and businesses in Angels Camp bought their water directly from the Utica system until 1984 when the city purchased the municipal water system.

When Emma Rose, who owned half of the Utica Mining Co., died in 1946 the company was sold to Pacific Gas & Electric. PG&E modernized the system, including replacement of the Utica Powerhouse in 1953-1954 and upgrades to the miles of ditches and flumes. The PG&E system was covered by two licenses issued by the Federal Energy Regulatory Commission (FERC). Project No. 2019 included the four upper reservoirs (Alpine, Union, Utica and Spicer Meadow), the diversion dam at McKays Point on the North Fork of the Stanislaus River and the Upper Utica Canal from McKays to Hunters reservoir on Mill Creek.

Then as now, the Lower Utica Canal carries water to the Utica Powerhouse, with diversions into UPUD's North Ditch and South Ditch and in more recent years to the Cademartori Water Treatment Plant, as well as to private users along the canal. The Angels project, FERC No. 2699, begins at the Angels Diversion Dam about three miles downstream from the Murphys Afterbay. From the diversion, water flows down the Angels Canal through Ross Reservoir to the Angels Forebay and then to the Angels Powerhouse. Additional diversions from the canal are made to the Dogtown Ditch and other small users, and to the City of Angels water treatment plant.²²

3.1.2 Union Public Utility District Formation

The Union Public Utility District (UPUD) was formed on July 26, 1946 as an independent special district. Governed by the California Public Utility District law²³, the UPUD was formed to provide agricultural and domestic water services. PG&E provided water to the UPUD service area until 1961 when UPUD acquired its water supply and distribution system from the Calaveras Water Users Association.

The boundaries of UPUD extend in the north to the Utica Canal, north of Murphys, and encompass the community of Murphys, Vallecito, and Douglas Flat; then the boundaries extend south along South Ditch to include the community of Carson Hill. The District has a boundary area of approximately 19.1 square miles.

²² UPUD website, [Where Does Your Water Come From? – UPUD \(upudwater.com\)](https://www.upudwater.com), April 19, 2021.

²³ Public Utilities Code §15501-17501.

3.2 Union Public Utility District Board of Directors and Staff

The Union PUD Board of Directors is as follows:²⁴

President – Eric Bottomley
Vice-President – Greg Rasmussen
Secretary – Tom Quincy
Treasurer – Bruce Tallakson
Director – Ralph Chick

The Board of Directors meets on the third Wednesday of each month at 5:30 p.m. at the District Office, 339 Main Street in Murphys.

The Board of Directors oversees the General Manager. The General Manager is responsible for the Board Clerk/Administrative Assistant, the Administrative Analyst, Customer Service, and Operations. There are three operators under the Operations Manager.

3.3 District Website Requirement

Every California independent special district is required to have and maintain a website by January 1, 2020. Senate Bill 929 added Government Code sections 6270.6 and 53087.8 to provide the public easily accessible and accurate information about the districts. The requirements for the District website are as follows:

- 1) Contact Information
- 2) Current Agenda
- 3) Financial Transaction Reports (as sent to State Comptroller)
- 4) Compensation Reports (as sent to State Comptroller)

The Union Public Utility District has a website, www.upudwater.org.

3.4 Facilities

The District relies directly on Utica Water & Power Authority (UWPA) for delivery of surface water from the North Fork Stanislaus River to UPUD facilities. The UPUD water treatment plant has a capacity of 2 million gallons per day, and the UPUD residential demand in 2010 was 1,034 acre feet. As of 2011, the District has 1,709 connections, which include 1,446 single and multi-family connections, 159 commercial and 104 irrigation meter connections. Average daily flow treated at the facility is 829,000 gallons.²⁵

Raw water is treated for the removal of harmful microorganisms through coagulation, filtration, and disinfection. The finished water's pH is adjusted for corrosion control, and chlorine is utilized for disinfection. No fluoridation is used.

²⁴ UPUD Website, [Board of Directors – UPUD \(upudwater.com\)](http://www.upudwater.com), November 30, 2021.

²⁵ UPUD Website, [About Us – UPUD \(upudwater.com\)](http://www.upudwater.com), April 19, 2021.

3.5 Water Quality

The Union Public Utility District reports the following regarding water quality testing:²⁶

UPUD routinely monitors for contaminants in your drinking water according to federal and state regulations. Our water is monitored for many different kinds of substances on a very strict sampling schedule, and the water we deliver must meet specific health standards. Here we show only those substances that were detected in our water (a complete list of all our analytical results is available upon request). Detecting a substance does not mean the water is unsafe to drink; our goal is to keep all detects below their respective maximum allowed levels.

The State recommends monitoring for certain substances less than once per year because the concentrations of these substances do not change frequently. In these cases, the most recent sample data are included, along with the year in which the sample was taken.

On June 8, 2020, UPUD's system exceeded the standard or maximum contaminant level (MCL) for Total Trihalomethanes (TTHM). UPUD is following Compliance Order #01-10-20R-001 directives and has supplied a Corrective Action Plan as required by Directive 5 of the Compliance Order. UPUD purchased and installed a new mixer in the Cademartori Reservoir in December 2020, and in March 2021 purchased and installed new aeration equipment at the water treatment plant storage tank to reduce the TTHM levels. This corrective action added aeration to the storage tank which will strip the TTHMs from the finished drinking water. Some people who drink water containing trihalomethanes in excess of the MCL over many years may experience liver, kidney, or central nervous system problems, and may have an increased risk of getting cancer. UPUD participated in the 4th stage of the U.S. EPA's Unregulated Contaminant Monitoring Rule (UCMR4) program by performing additional tests on our drinking water. UCMR4 sampling benefits the environment and public health by providing the U.S. EPA with data on the occurrence of contaminants suspected to be in drinking water, in order to determine if U.S. EPA needs to introduce new regulatory standards to improve drinking water quality. Unregulated contaminant monitoring data are available to the public, so please feel free to contact us if you are interested in obtaining that information. If you would like more information on the U.S. EPA's Unregulated Contaminants Monitoring Rule, please call the Safe Drinking Water Hotline at (800) 426-4791.

²⁶ UPUD, [2020-CCR-Rpt-Web-Ready-Ver-CA018768-1 WR.pdf \(upudwater.com\)](https://www.upudwater.com/2020-CCR-Rpt-Web-Ready-Ver-CA018768-1_WR.pdf), November 30, 2021.

Union Public Utility District Water Quality Report Regulated Substances 2020							
Substance Unit of Measure	Year Sampled	MCL (MRDL)	PHG (MCLG) (MRDLG)	Amount Detected	Range Low- High	Vio- la- tion	Typical Source
Chlorine (ppm)*	2020	[4.0 (asCl ₂)]	[4 as (Cl ₂)]	0.10	0.02- 0.45	No	Drinking water disinfectant added for treatment
Haloacetic Acids- (ppb)**	2020	60	NA	32.30	12.10- 32.30	No	By-product of drinking water disinfection
TTHMs Total Tri- Halo- methanes Site# 0510001- 900-310 Six Mile Road Murphys (ppb)	2020	80	NA	91.73	62.34- 108.85	Yes	By-product of drinking water disinfection
TTHMs Total Tri- Halo- Methanes Site# 0510001- 901-7551 Red Hill Road, Angels Camp (ppb)	2020	80	NA	90.52	64.05- 108.57	Yes	By-product of drinking water disinfection
Total Coliform Bacteria [Federal Revised Total Coliform Rule] (Positive Samples)	2020	TT (Treat- ment Tech- nique)	NA	0	NA	No	Naturally present in the environment
Total Coliform Bacteria [State Total Coliform Rule] (Positive Samples)	2020	1 positive monthly sample	(0)	0	NA	No	Naturally present in the environment

*ppm is parts per million

** ppb is parts per billion

3.6 Fee Schedule

The following table shows the UPUD Rate Schedule for water service fees:

Union Public Utility District Rate Schedule for Water Service Fees as of January 1, 2023		
Water Service	Monthly Fee	History
Support Utica Water and Power Authority	\$18.00	Started July 2, 1994, 4 th revision July 1, 2020
Domestic Water		
5/8 inch by 3/4 inch meter	\$56.63	\$56.83 2023 \$62.86 2024 \$69.15 2025 \$76.07 2026 \$83.68 2027
1 inch meter	\$84.82	\$84.82 2023 \$94.15 2024 \$103.57 2025 \$113.93 2026 \$125.32 2027
1 1/2 inch meter	\$155.31	\$155.31 2023 \$172.39 2024 \$189.63 2025 \$208.59 2026 \$229.45 2027
2 inch meter	239.89	\$239.89 2023 \$266.28 2024 \$292.91 2025 \$322.20 2026 \$354.42 2027
3 inch meter	\$437.24	\$437.24 2023 \$485.34 2024 \$533.87 2025 \$587.26 2026 \$645.99 2027
4 inch meter	\$719.17	\$719.17 2023 \$798.28 2024 \$878.11 2025 \$965.92 2026 \$1062.51 2027
6 inch meter	\$1424.01	\$1424.01 2023 \$1580.65 2024 \$1738.72 2025 \$1912.59 2026 \$2103.85 2027
Domestic Water Usage Charges (per HCF)	\$0.94	\$0.94 2023 \$1.04 2024 \$1.14 2025 \$1.25 2026 \$1.38 2027
Irrigation Water		
5/8 inch by 3/4 inch meter	\$32.83	\$32.83 2023 \$36.44 2024 \$40.08 2025 \$44.09 2026 \$48.50 2027
1 inch meter	\$45.16	\$45.16 2023 \$50.13 2024

		\$55.14	2025
		\$60.65	2026
		\$66.72	2027
1 ½ inch meter	\$75.97	\$75.97	2023
		\$84.33	2024
		\$92.76	2025
		\$102.04	2026
		\$112.24	2027
2 inch meter	\$112.95	\$112.95	2023
		\$125.37	2024
		\$137.91	2025
		\$151.70	2026
		\$166.87	2027
3 inch meter	\$199.24	\$199.24	2023
		\$221.16	2024
		\$243.28	2025
		\$267.61	2026
		\$294.37	2027
4 inch meter	\$322.51	\$322.51	2023
		\$357.99	2024
		\$393.79	2025
		\$433.17	2026
		\$476.49	2027
6 inch meter	\$630.67	\$630.67	2023
		\$700.04	2024
		\$770.04	2025
		\$847.04	2026
		\$931.74	2027
Irrigation Water Usage Charges (per HCF)	\$0.17	\$0.17	2023
		\$0.19	2024
		\$0.21	2025
		\$0.23	2026
		\$0.25	2027

3.7 Audit

Portions of the 2019 and the 2021 Audits are shown in Appendix B at the end of this report. The State requires special districts to prepare an audit every year or every two years. The most recent audit for the UPUD is for the year 2021. The Audit shows that the net position increased at the end of the fiscal year.

3.8 Budget

The 2022-2023 budget for the Union PUD is presented below in several tables. The first table shows the revenue, the following three tables show the expenses and the final table compares the revenue and expenses. A budget is a plan for spending. The actual amounts spent throughout the year may vary from the budgeted amounts. The largest increase in revenue is from a grant.

UNION PUBLIC UTILITY DISTRICT FINAL BUDGET FY 2022-2023			
Account Number		Approved Budget 2021-2022	Final Budget 2022-2023
REVENUES			
	Operating Revenues:		

Water Sales:			
01-4100/4105	Domestic and Irrigation	1,966,800	2,280,000
/4180	Other Water Related	15,000	30,000
01-4189	Meter Reset Fees	2,000	1,000
	Total Water Sales:	\$1,983,800	2,311,000
Connection Fees:			
01-4190	Domestic	210,000	98,000
01-4190	Irrigation	5,000	-
	Total Connection Fees:	\$215,000	98,000
	Total Operating Revenue =	\$2,198,800	2,409,000
Non-Operating Revenues:			
01-4181	Sale of Assets	-	-
01-4195	(CV Autogate (offsets expire in 01-03 6220)	3,000	7,100
01-4200	Interest Earned (LAIF* and Bank Accounts)	22,000	11,000
01-4300	Taxes	138,000	155,000
01-4420	Insurance Refunds	-	-
01-4440	Garage Rentals	1,200	1,200
01-4441	NCPA** Facilities Use Agreement	2,500	2,500
01-4450	Forest Meadows-Div. Wtr.	50	-
01-4460	Grant Income	-	1,377,000
01-4470	Loan Proceeds	-	-
	Non-Operating Revenues =	\$166,750	1,553,800
	TOTAL REVENUES:	\$2,365,550	\$3,962,800

*LAIF, Local Agency Investment Fund (Managed by State of California)

**NCPA, Northern California Power Agency

UNION PUBLIC UTILITY DISTRICT FINAL BUDGET FY 2022-2023			
Account Number		Approved Budget 2021-2022	Final Budget 2022-2023
EXPENSES			
Operating Expenses:			
Water Purchased:			
02-6003	Water Purchases	\$42,245	490,000
CIP/Capital Requests			
04-6205	Tule Cleaning		40,000
04-6205	Monge Ranch Bridge Line Relocation		500,000
03-6205	Backwash Project		1,550,000
03-6205	Increase Power at WTP (Water Treatment Plant)		175,000
04-6205	Ford F-150 4x4		45,000
04-6205	Vacuum Trailer		100,000
06-6205	Technology Upgrade		25,000
	Subtotal		2,435,000
Water Treatment Accounts:			
03-6100	Labor	75,000	83,991
03-6103	Overtime	5,000	4,256
03-6104	On-Call	17,880	18,000

03-6105	Water Treatment Certificate Bonus	1,500	1,500
03-6107	Temp Labor	7,000	1,000
03-6110	FICA*/Medicare (6.2%/1.45% Employer)	8,100	8,500
03-6200	Repairs and Maintenance	5,000	5,000
03-6201	Equipment Repairs	3,500	7,500
03-6202	Supplies	65,000	75,000
03-6204	Utilities	25,500	25,000
03-6205	Capital Expenditures/Equipment Purchases	10,000	-
03-6207	Permits	30,000	30,000
03-6208	Equipment Rental	2,000	2,000
03-6209	Uniforms	300	500
03-6212	Water Analysis	20,000	22,000
03-6214	Other	500	500
03-6215	Equipment Purchase to \$999	1,000	5,000
03-6216	Education	1,000	2,000
03-6220	Autogate Expense-Crestview	4,270	3,000
03-6299	Health Insurance-PEMCHA-Retire FT	-	-
03-6300	Health Insurance	35,820	40,135
03-6301	Worker's comp	5,500	4,160
03-6400	**CalPERS Contributions (Employer and Employee Contributions)	18,500	20,000
03-6450	Travel and Mileage	300	500
03-6500	Telephone	5,000	6,675
03-6801	Professional Services-Engineer	-	-
03-6803	Professional Services-Other	9,500	9,000
	Subtotal	\$357,170	375,216

*FICA, Federal Insurance Contributions Act

** CalPERS, California Public Employee Retirement System

UNION PUBLIC UTILITY DISTRICT FINAL BUDGET FY 2022-2023			
Account Number		Approved Budget 2021-2022	Final Budget 2022-2023
	Transmission and Distribution:		
04-6100	Labor	215,000	243,833
04-6103	Overtime	6700	3,000
04-6104	On-Call	10,920	11,000
04-6105	Transmission and Distribution Certificate Bonus	1,000	1,000
04-6107	Temporary Labor	2,000	50,000
04-6110	FICA/Medicare (6.2%/1.45% Employer)	18,000	24,000
04-6200	Repairs and Maintenance	2,000	5,000
04-6201	Equipment Repairs	7,500	7,500
04-6202	Supplies	20,000	30,000
04-6204	Utilities	5,000	4,000
04-6205	Capital Expenditures/Equipment Purchases	17,500	-
04-6206	Memberships	600	4,500
04-6207	Permits	500	500

04-6208	Equipment Rental	2,000	2,000
04-6209	Uniforms	900	2,000
04-6211	Gas, Oil and Fuel	15,000	24,000
04-6214	Other	200	-
04-6215	Equipment (to \$999)	1,250	3,000
04-6216	Education and Training	1,000	5,000
04-6300	Health Insurance	82,000	109,222
04-6301	Worker's Comp	17,000	10,500
04-6303	Unemployment	-	-
04-6400	CalPERS Contributions (Employer and Employee Contributions)	48,000	48,000
04-6450	Travel and Mileage	150	300
046500	Telephone	7,100	9,500
046801	Professional Services-Engineer	75,000	65,000
046804	Professional Services-Other	20,000	20,000
	Subtotal	\$576,320	682,855
	Customer Service*		
05-6100	Labor	105,000	-
05-6103	Overtime	2,000	-
05-6107	Temp Labor/PT	-	-
05-6110	FICA/Medicare (6.2%/1.45% Employer)	8,500	-
05-6300	Health Insurance	27,500	-
05-6301	Worker's Comp	750	-
05-6400	CalPERS Contributions (employer & Employee Contributions)	19,000	-
	Subtotal	\$162,750	-

*Customer service is now supervised by the General Manager.

UNION PUBLIC UTILITY DISTRICT FINAL BUDGET FY 2022-2023			
Account Number		Approved Budget 2021-2022	Final Budget 2022-2023
	Administration and General		
06-6100	Labor	78,000	295,000
06-6103	Overtime	6,000	4,500
06-6110	FICA/Medicare	8,000	24,000
06-6200	Repairs and Maintenance	1,000	5,000
06-6201	Equipment Repairs	300	500
06-6202	Office and Billing Supplies	10,000	5,000
06-6203	Copier Expense	5,000	3,700
06-6204	Utilities	3,500	2,500
06-6205	Capital Expenditures/Equipment Purchases	40,000	-
06-6206	Memberships	3,000	7,000
06-6207	Permits and Fees	800	300
06-6210	Postage	10,000	8,500
06-6213	Banking Fees	15,000	18,000
06-6214	Other	500	-
06-6215	Equipment (to \$999)	2,000	5,000
06-6216	Education and Training	2,000	7,000
06-6300	Health Insurance	26,000	80,600
06-6301	Worker's Comp	675	500
06-6302	General Insurance	25,000	25,000
06-6400	Cal PERS Contributions (Employer / Employee Contributions)	20,000	32,000
06-6450	Travel and Mileage	1,000	3,000
06-6500	Telephone/Internet	5,500	6,000
06-6801	Professional Services-Engineer	-	-
06-6802	Professional Services-Legal	3,000	17,000
06-6803	Professional Services-Accounting	10,000	9,000
06-6804	Professional Services-Other	30,000	50,000
06-6850	Election Expense	-	-
06-6860	UWPA Contribution (Utica Water and Power Authority)	417,000	-
06-6900	Bad Debts	-	-
06-6901	Contingencies	501,948	150,000
	Subtotal	\$1,225,223	759,000
	Total Operating Expenses:	\$2,363,708	4,742,171
	Non-Operating Expenses:		
	Liability-Debt Service	-	
	Admin-Debt Service Interest		
06-7102	Interest Expense-SRLF*	1,843	-
06-7103	Interest Expense-All Points/First Security Bank	-	-
06-7104	Interest Expense-West America	-	-
06-7105	Interest Expense-Davis Grunsky	-	-
	Subtotal	1,843	-
	Total Non-operating Expenses	\$1,843	-
	TOTAL EXPENSES	2,365,550	4,742,171

*SRLF, State Revolving Loan Fund

UNION PUBLIC UTILITY DISTRICT FINAL BUDGET FY 2022-2023			
Account Number		Approved Budget 2021-2022	Final Budget 2022-2023
Transfers In/(Out)			
	Transfer In From Reserve		
00-1400	Capital Replacement		45,000
00-1401	District Surplus		634,371
00-1406	Capital Improvement		100,000
	Subtotal		779,371
	Total Transfers In/(Out):		779,371
REVENUE VS EXPENSES			
	Total Operating Revenues	2,198,800	2,409,000
	Total Non-Operating Revenue	166,750	1,553,800
	Total Transfers In/(Out)		779,371
	TOTAL REVENUE	\$2,365,550	\$4,742,171
	Total Operating Expenses	\$2,363,708	\$4,742,171
	Total Non-Operating Expenses	1,843	-
	TOTAL EXPENSES=	\$2,365,550	\$4,742,171
	INCOME/CONTINGENCIES	(0)	(0)

Increase for 2023 is due to increased income and Grant Income of \$1,377,000 shown on page 18 above in this report.

4 UNION PUBLIC UTILITY DISTRICT MUNICIPAL SERVICE REVIEW

4.1 Growth and Population Projections for the Union Public Utility District Area²⁷

Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.

4.1.1 Union Public Utility District Area Population Projections

The 2019 Housing Element for Calaveras County states the following:²⁸

Union Public Utilities District (UPUD): UPUD's current district boundaries cover the area within and around the communities of Murphys, Douglas Flat, Vallecito, and Carson Hill. This area has experienced substantial demand for domestic water services. The agency has sufficient capacity to meet the demand during the Housing Element planning period. The vacant sites inventory shows a total expected capacity of 70 units in Murphys and Douglas Flat. Based on this information, UPUD has sufficient capacity to accommodate the additional units.

4.1.2 MSR Determinations on Growth and Population Projections for the Union Public Utility District Area

MSR 1-1) The community of Murphys is a commercial hub for Calaveras County. The population may increase slowly in the future.

4.2 Location and Characteristics of any Disadvantaged Unincorporated Communities (DUC) within or Contiguous to Union Public Utility District²⁹

Purpose: To comply with the State Law to examine any unincorporated areas which could be provided with better services by annexing to an adjacent city.

4.2.1 Determination of Union Public Utility District Area Disadvantaged Unincorporated Community Status

The Median Household Income in Murphys is \$45,282³⁰ compared to \$63,783 for the State of California.³¹ Murphys Median Household Income is lower than 80% of the State Median Household Income (\$51,026) so Murphys would be considered a Disadvantaged Unincorporated Community (DUC).

²⁷ California Government Code Section 56430. (a) (1)

²⁸ Calaveras County Housing Element, September 2019, Page 70.

²⁹ California Government Code Section 56430. (a) (2)

³⁰ 2021 American Community Survey 5-year Estimates.

³¹ [Murphys, CA Employment - Median Household Income, Unemployment Rate \(areavibes.com\)](https://areavibes.com/murphys-ca-employment-median-household-income-unemployment-rate), November 30, 2021.

4.2.2 MSR Determinations on Disadvantaged Unincorporated Communities near Union Public Utility District

MSR 2-1) Based on census income figures the community of Murphys is considered a Disadvantaged Unincorporated Community based on the Median Household Income being lower than 80% of the State of California Median Household Income.

4.3 Capacity and Infrastructure

Purpose: To evaluate the present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.³²

4.3.1 Infrastructure

Infrastructure for the UPUD is described on the District's website as follows:

The District relies directly on Utica Water & Power Authority (UWPA) for delivery of surface water from the North Fork Stanislaus River to UPUD facilities. The UPUD water treatment plant has a capacity of 2 million gallons per day (gpd), and the UPUD residential demand in 2010 was 1,034 acre feet. As of 2011, the District has 1,604 connections, which include 1,382 single and multi-family connections, 123 commercial and 99 irrigation meter connections. Average daily flow treated at the facility is 850,000 gpd.³³

4.3.2 MSR Determinations on Infrastructure for Union Public Utility District

MSR 3-1) The UPUD has adequate infrastructure to deliver water to the family, commercial and agricultural customers since the treatment plant has a capacity of 2 mgd and the average daily flow of 850,000 gpd.

4.4 Financial Ability to Provide Services³⁴

Purpose: To evaluate factors that affect the financing of needed improvements and to identify practices or opportunities that may help eliminate unnecessary costs without decreasing service levels.

4.4.1 Financial Considerations for Union Public Utility District

The Union Public Utility District provided the Budget and the Audit for this report. The District maintains adequate financial records.

³² California Government Code Section 56430. (a) (3)

³³ UPUD Website, [About Us – UPUD \(upudwater.com\)](http://upudwater.com), April 19, 2021.

³⁴ California Government Code Section 56430. (a) (4)

4.4.2 MSR Determinations on Financing for Union Public Utility District

MSR 4-1) The Union Public Utility District works within a budget and has an adopted fee schedule. The District has an outside auditor review the finances every two years as provided for in the law.

4.5 Status of and Opportunities for Shared Facilities³⁵

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

4.5.1 Facilities

The Union PUD works with the City of Angels Camp and the Utica Water and Power Authority as part of a Joint Powers Authority (JPA) to obtain funding for needed equipment. The UPUD website reports the following:

The Union Public Utility District (UPUD), City of Angels Camp (City) and Utica Water and Power Authority (UWPA) are pleased to announce that the California Office of Emergency Services (Cal OES) awarded the agencies \$590,000 in grant funding through the Community Power Resiliency Grants Program in mid-March. City, UPUD and UWPA are all part of a Joint Powers Authority (JPA).

This purpose of this grant is to help cities and special districts take measures to keep critical systems and services operational during power outages. This is a 100% grant, with no local match required and funds must be spent by October 2021.

The City will use the funds to purchase and install three backup generators, including one for the City's fleet vehicle fueling station (police, fire, and public works), the second for the City's Water Treatment Plant and the third for the Sierra Hope Food Bank.

The UPUD will purchase three backup generators, including one for its administration/system controls building, the second for its maintenance shop / chlorine dose station on Sheep Ranch Road and a third for its remote chlorine dose station on Redhill Road.

The UWPA will purchase three backup generators, including one to power a water flow control gate valve at the Murphys Afterbay, the second to backup spillway gate controls at Hunters Reservoir in Avery, and the third for a trailer-mounted generator that all JPA members can use. New and upgraded emergency communications equipment will also be purchased.

³⁵ California Government Code Section 56430. (a)(5)

The City, UPUD and UWPA are grateful to Cal OES for providing these grant funds and look forward to installing the equipment as soon as possible, to help critical services operational during the upcoming fire season and expected Public Safety Power Shutoffs (PSPS) season. More information can be found at uticawater.com, upudwater.com and angelscamp.gov.

4.5.2 MSR Determinations on Shared Facilities for Union Public Utility District

MSR 5-1) The Union Public Utility District works with other agencies including the City of Angels Camp and the Utica Water and Power Authority to secure grant funding and maintain safety equipment.

4.6 Accountability for Community Service Needs, Government Structure and Operational Efficiencies³⁶

Purpose: To consider the advantages and disadvantages of various government structures that could provide public services, to evaluate the management capabilities of the organization and to evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

4.6.1 Government Structure

The Union Public Utility District has a five member Board of Directors and the Board has public meetings. The District maintains a website.

4.6.2 MSR Determinations on Local Accountability and Governance

MSR 6-1) The Union PUD has a five member Board of Directors. The Board holds advertised public meetings.

MSR 6-2) The Union PUD has a website. The District should ensure that the required documents are posted on the website.

MSR 6-3) The District meets the many requirements of the State Law with regard to water quality, budgeting, preparation of outside audits, training for workers and other laws.

³⁶ California Government Code Section 56430. (a)(6).

5 UNION PUBLIC UTILITY DISTRICT SPHERE OF INFLUENCE UPDATE

5.1 Recommendation for Union Public Utility District Sphere of Influence

The Sphere of Influence for the Union Public Utility District should remain the same as the District Boundary. The District can accommodate the small amount of growth that is expected.

5.2 Present and Planned Land Uses in the Union Public Utility District Area, Including Agricultural and Open Space Lands³⁷

5.2.1 Calaveras County General Plan and Zoning for Union Public Utility District SOI Area

The Calaveras County General Plan Housing Element shows that the Union Public Utility District might accommodate an increase of 70 housing units if services can be provided by both the Union PUD and the Murphys Sanitary District.³⁸ The Districts will have to work together with the County to make sure that any development occurs in an orderly fashion.

Comments regarding the Calaveras County Housing Element from the Murphys area noted the following:³⁹

- * "Vacation homes in Murphys and Arnold are taking up all the workforce rental housing options."
- * "Infrastructure won't support multi-family development."
- * "Consider mobile homes and mobile home parks for affordable housing."

5.2.2 SOI Determinations on Present and Planned Land Use for Union Public Utility District Area

SOI 1-1] The Calaveras County General Plan and Zoning will accommodate the expected growth for the Union PUD area which is approximately 70 additional homes.

5.3 Present and Probable Need for Public Facilities and Services in the Union Public Utility District Area⁴⁰

5.3.1 Municipal Service Background

The Union Public Utility District supplies Drinking water to the residents of the District. Within a smaller area the Murphys Sanitary District supplies wastewater collection and treatment to homes and businesses within that District.

³⁷ California Government Code Section 56425 (e)(1)

³⁸ Calaveras County Housing Element 2019, Page 68.

³⁹ Calaveras County Housing Element 2019, Comments Received.

⁴⁰ California Government Code Section 56425 (e)(2)

5.3.2 SOI Determinations on Facilities and Services Present and Probable Need for Union Public Utility District

SOI 2-1] The Union PUD is able to supply water to the customers of the District and will be able to do so for the foreseeable future.

5.4 Present Capacity of Public Facilities Present and Adequacy of Public Services⁴¹

5.4.1 Capacity Background

The UPUD has adequate water supply but it is still necessary for water customers to conserve water as much as possible, especially during drought years. The District website explains as follows:

Residents who live in the greater Murphys and Angels Camp area are being asked to curb water use by 15% compared to 2020 usage. This voluntary request was approved by the Union Public Utility District, City of Angels Camp and Utica Water and Power Authority.

This move comes after the State Water Resources Control Board (SWRCB) sent notice to Utica that its water supply from the Stanislaus River was under a sweeping curtailment order that impacts the Sacramento and San Joaquin River watersheds and their tributaries. Fortunately, Utica's water supply comes from previously-stored water, which is not subject to curtailment.

Angels Former City Administrator, Melissa Eads, said while the region is fortunate to have reliable water supplies during this drought, she encourages residents to look for ways to cut back. "We acknowledge customers have made sacrifices in past years to save water, and we are grateful for those efforts," Eads said. "With the approval of this 15% voluntary conservation target, we're not asking residents to let their lawns and gardens die. What we'd like to see is our community members paying close attention to their water usage and avoiding obvious water waste, such as leaks, overwatering landscaping and unnecessary indoor water use. With small changes, we should be able to come together as a community and be part of the statewide solution to this water crisis."

The UPUD Board approved the 15% voluntary target on August 18, the Utica Board on August 24, and the City on September 7. With all members on the same page regarding water conservation, the JPA instructed staff to continue providing the community at large with updated information about how to conserve water indoors and outdoors to meet the 15% conservation target.

"While UWPA is fortunate to have water deliveries to meet our agricultural customers' needs during this drought, we need to be thinking ahead in case

⁴¹ California Government Code Section 56425 (e)(3)

we have another dry year,” said Ralph Chick, UWPA Board President. “Any water we save this year could be stored in high-country reservoirs and saved for next year in case conditions get even worse.”

City of Angels Mayor Alvin Broglio echoed these sentiments. “We should all be trying to conserve water during this drought,” Broglio said. “Let’s try to hit that 15% target and hope we have a wet winter.”

UPUD President Eric Bottomley thanked customers for their cooperation during a summer with record heat waves. “I just want to express my Board’s gratitude to people who are doing what they can to use water in an efficient manner,” Bottomley said. “I know people need water more than ever during this hot, dry summer and we appreciate anything you can do to pitch in on saving water in case next year is dry.”

All UPUD, City and UWPA customers will receive water conservation information on their bills or via letter this month and in the months to come.⁴²

5.4.2 SOI Determinations on Public Facilities Present and Future Capacity for Union Public Utility District

SOI 3-1] The Union Public Utility District has sufficient source water to supply the District for the foreseeable future; however, California experiences periodic drought years and it is necessary for the water customers to conserve water as much as possible, especially water for landscaping.

5.5 Social or Economic Communities of Interest for Union Public Utility District⁴³

5.5.1 Union Public Utility District Community Background

The Union Public Utility District is centered on the community of Murphys which is an economic hub. Although Murphys is not an incorporated city, the necessary services are supplied by various special districts.

5.5.2 SOI Determinations on Social or Economic Communities of Interest for Union Public Utility District

SOI 4-1] The Union Public Utility District supports the community of Murphys by supplying drinking water, a necessary service.

⁴² [UPUD, Utica and Angels Camp Approve 15% Voluntary Water Conservation Targets – UPUD \(upudwater.com\)](#) January 5, 2022.

⁴³ California Government Code Section 56425 (e)(4)

5.6 Disadvantaged Unincorporated Community Status⁴⁴

5.6.1 Disadvantaged Unincorporated Communities

The Median Household Income in Murphys is \$45,282⁴⁵ compared to \$63,783 for the State of California.⁴⁶ Murphys Median Household Income is lower than 80% of the State Median Household Income (\$51,026) so Murphys would be considered a Disadvantaged Unincorporated Community (DUC).

5.6.2 Union Public Utility District Disadvantaged Unincorporated Community Status

SOI 5-1] The community of Murphys would be considered a Disadvantaged Unincorporated Community based on the Median Household Income being lower than 80% of the State of California Median Household Income.

⁴⁴ California Government Code Section 56425 (e)(5)

⁴⁵ 2021 American Community Survey 5-year Estimates.

⁴⁶ [Murphys, CA Employment - Median Household Income, Unemployment Rate \(areavibes.com\)](https://areavibes.com/murphys-ca-employment-median-household-income-unemployment-rate), November 30, 2021.

APPENDIX A LOCAL GOVERNMENT FUNDING ISSUES

1 Municipal Financial Constraints

Municipal service providers are constrained in their capacity to finance services by the inability to increase property taxes, requirements for voter approval for new or increased taxes, and requirements of voter approval for parcel taxes and assessments used to finance services. Municipalities must obtain majority voter approval to increase or impose new general taxes and two-thirds voter approval for special taxes.

Limitations on property tax rates and increases in taxable property values are financing constraints. Property tax revenues are subject to a formulaic allocation and are vulnerable to State budget needs. Agencies formed since the adoption of Proposition 13 in 1978 often lack adequate financing.

1.1 California Local Government Finance Background

The financial ability of the cities and special districts to provide services is affected by financial constraints. City service providers rely on a variety of revenue sources to fund city operating costs as follows:

- Property Taxes
- Benefit Assessments
- Special Taxes
- Proposition 172 Funds
- Other contributions from city or district general funds.

As a funding source, property taxes are constrained by statewide initiatives that have been passed by voters over the years and special legislation. Seven of these measures are explained below:

A. Proposition 13

Proposition 13 (which California voters approved in 1978) has the following three impacts:

- Limits the ad valorem property tax rate
- Limits growth of the assessed value of property
- Requires voter approval of certain local taxes.

Generally, this measure fixes the ad valorem tax at one percent of value; except for taxes to repay certain voter approved bonded indebtedness. In response to the adoption of Proposition 13, the Legislature enacted Assembly Bill 8 (AB 8) in 1979 to establish property tax allocation formulas.

B. AB 8

Generally, AB 8 allocates property tax revenue to the local agencies within each tax rate area based on the proportion each agency received during the three fiscal years preceding adoption of Proposition 13. This allocation formula benefits local agencies, which had relatively high tax rates at the time Proposition 13 was enacted.

C. Proposition 98

Proposition 98, which California voters approved in 1988, requires the State to maintain a minimum level of school funding. In 1992 and 1993, the Legislature began shifting billions

of local property taxes to schools in response to State budget deficits. Local property taxes were diverted from local governments into the Educational Revenue Augmentation Fund (ERAF) and transferred to school districts and community college districts to reduce the amount paid by the State general fund.

Local agencies throughout the State lost significant property tax revenue due to this shift. Proposition 172 was enacted to help offset property tax revenue losses of cities and counties that were shifted to the ERAF for schools in 1992.

D. Proposition 172

Proposition 172, enacted in 1993, provides the revenue of a half-cent sales tax to counties and cities for public safety purposes, including police, fire, district attorneys, corrections and lifeguards. Proposition 172 also requires cities and counties to continue providing public safety funding at or above the amount provided in FY 92-93.

E. Proposition 218

Proposition 218, which California voters approved in 1996, requires voter- or property owner-approval of increased local taxes, assessments, and property-related fees. A two-thirds affirmative vote is required to impose a Special Tax, for example, a tax for a specific purpose such as a fire district special tax.

However, majority voter approval is required for imposing or increasing general taxes such as business license or utility taxes, which can be used for any governmental purpose. These requirements do not apply to user fees, development impact fees and Mello-Roos districts.

F. Mello-Roos Community Facilities Act

The Mello-Roos Community Facilities Act of 1982 allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District (a "CFD") which allows for financing of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt.

A CFD is created by a sponsoring local government agency. The proposed district will include all properties that will benefit from the improvements to be constructed or the services to be provided. A CFD cannot be formed without a two-thirds majority vote of residents living within the proposed boundaries. Or, if there are fewer than 12 residents, the vote is instead conducted of current landowners.

In many cases, that may be a single owner or developer. Once approved, a Special Tax Lien is placed against each property in the CFD. Property owners then pay a Special Tax each year.

If the project cost is high, municipal bonds will be sold by the CFD to provide the large amount of money initially needed to build the improvements or fund the services. The Special Tax cannot be directly based on the value of the property. Special Taxes instead are based on mathematical formulas that take into account property characteristics such

as use of the property, square footage of the structure and lot size. The formula is defined at the time of formation, and will include a maximum special tax amount and a percentage maximum annual increase.

If bonds were issued by the CFD, special taxes will be charged annually until the bonds are paid off in full. Often, after bonds are paid off, a CFD will continue to charge a reduced fee to maintain the improvements.

G. Development Impact Fees

A county, cities, special districts, school districts, and private utilities may impose development impact fees on new construction for purposes of defraying the cost of putting in place public infrastructure and services to support new development.

To impose development impact fees, a jurisdiction must justify the fees as an offset to the impact of future development on facilities. This usually requires a special financial study. The fees must be committed within five years to the projects for which they were collected, and the district, city or county must keep separate funds for each development impact fee.

1.2 Financing Opportunities that Require Voter Approval

Financing opportunities that require voter approval include the following five taxes:

1. Special taxes such as parcel taxes
2. Increases in general taxes such as utility taxes
3. Sales and use taxes
4. Business license taxes
5. Transient occupancy taxes

Communities may elect to form business improvement districts to finance supplemental services, or Mello-Roos districts to finance development-related infrastructure extension. Agencies may finance facilities with voter-approved (general obligation) bonded indebtedness.

1.3 Financing Opportunities that Do Not Require Voter Approval

Financing opportunities that do not require voter approval include imposition of or increases in fees to more fully recover the costs of providing services, including user fees and Development Impact Fees to recover the actual cost of services provided and infrastructure.

Development Impact Fees and user fees must be based on reasonable costs, and may be imposed and increased without voter approval. Development Impact Fees may not be used to subsidize operating costs. Agencies may also finance many types of facility improvements through bond instruments that do not require voter approval.

Water rates and rate structures are not subject to regulation by other agencies. Utility providers may increase rates annually, and often do so. Generally, there is no voter approval requirement for rate increases, although notification of utility users is required. Water providers must maintain an enterprise fund for the respective utility separate from other funds, and may not use revenues to finance unrelated governmental activities.

2 *Public Management Standards*

While public sector management standards do vary depending on the size and scope of an organization, there are minimum standards. Well-managed organizations do the following eight activities:

1. Evaluate employees annually.
2. Prepare a budget before the beginning of the fiscal year.
3. Conduct periodic financial audits to safeguard the public trust.
4. Maintain current financial records.
5. Periodically evaluate rates and fees.
6. Plan and budget for capital replacement needs.
7. Conduct advance planning for future growth.
8. Make best efforts to meet regulatory requirements.

Most of the professionally managed and staffed agencies implement many of these best management practices. LAFCo encourages all local agencies to conduct timely financial record-keeping for each city function and make financial information available to the public.

3 *Public Participation in Government*

The Brown Act (California Government Code Section 54950 et seq.) is intended to insure that public boards shall take their actions openly and that deliberations shall be conducted openly.

The Brown Act establishes requirements for the following:

- Open meetings
- Agendas that describe the business to be conducted at the meeting
- Notice for meetings
- Meaningful opportunity for the public to comment

Few exceptions for meeting in closed sessions and reports of items discussed in closed sessions.

According to California Government Section 54959:

Each member of a legislative body who attends a meeting of that legislative body where action is taken in violation of any provision of this chapter, and where the member intends to deprive the public of information to which the member knows or has reason to know the public is entitled under this chapter, is guilty of a misdemeanor.

Section 54960 states the following:

(a) The district attorney or any interested person may commence an action by mandamus, injunction or declaratory relief for the purpose of stopping or preventing violations or threatened violations of this chapter by members of the legislative body of a local agency or to determine the applicability of this chapter to actions or threatened future action of the legislative body

APPENDIX B AUDIT

UNION PUBLIC UTILITY DISTRICT STATEMENT OF NET POSITION June 30, 2019 ⁴⁷ AND June 30, 2021 ⁴⁸		
	2019	2021
ASSETS		
Current Assets		
Cash and investments	\$2,096,949	\$2,327,301
Accounts receivable, net	153,596	216,101
Due from other governments	74,131	
Interest receivable	13,946	2,086
Prepaid insurance	36,857	37,046
Total current assets	2,375,479	2,582,534
Non-current assets		
Restricted cash and investments	596,813	811,607
Property, plant and equipment-net of accumulated depreciation	4,910,022	5,025,983
Total non-current assets	5,506,835	5,837,590
Total assets	7,882,314	8,420,124
DEFERRED OUTFLOWS OF RESROUCES	143,339	98,181
LIABILITIES		
Current liabilities		
Accounts payable	22,792	37,096
Current portion of long-term debt	119,580	125,920
Total current liabilities	143,372	163,016
Non-current liabilities		
Compensated absences	56,045	59,969
Long-term debt	1,002,457	753,829
Net pension liability	386,997	437,543
Total non-current liabilities	1,445,499	1,251,251
Total liabilities	1,587,871	1,414,267
DEFERRED INFLOWS OF RESOURCES	22,442	5,449
NET POSITION		
Net investment in capital assets	3,787,985	4,146,234
Restricted for SRLF (State Revolving Loan Fund)	446,348	658,331
Restricted for debt service	150,465	153,276
Unrestricted	2,030,542	2,140,748
Total net position	\$6,415,340	\$7,098,589

⁴⁷ Union Public Utility District, Independent Auditor's Report and Financial Statements, June, 30, 2019, prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 15, 2020, Page 3.

⁴⁸ Union Public Utility District, Independent Auditor's Report, June 30, 2021, prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 13, 2022, Page 3.

UNION PUBLIC UTILITY DISTRICT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION June 30, 2019 ⁴⁹ AND June 30, 2021 ⁵⁰		
	2019	2021
Operating Revenue		
Water sales	\$1,649,501	1,980,159
Transfer connection and meter fees	86,000	142,000
Total operating revenue	\$1,735,501	\$2,122,159
Operating Expense		
Water treatment	392,865	736,289
Transmission and distribution	631,771	539,861
Administrative and customer services	304,709	327,206
Depreciation	271,092	287,652
Total operating expense	1,600,437	1,891,008
Operating income/(loss)	135,064	231,151
Non-operating Revenue/(Expense)		
Property taxes	121,532	137,869
Interest income	45,559	14,855
Other income	4,928	3,800
Interest expense	(31,450)	(25,271)
Total non-operating revenue/(expense)	140,560	131,253
Net income Before Contributions	275,624	
Capital Contributions	192,411	
Change in Net Position	468,035	362,404
Net Position		
Beginning of year	5,947,305	6,736,185
End of year	\$6,415,340	\$7,098,589

The net position was increased from the beginning of the fiscal year to the end of the fiscal year. This shows that the District finances are improved.

⁴⁹ Union Public Utility District, Independent Auditor's Report and Financial Statements, June, 30, 2019, Prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 15, 2020. Page 4.

⁵⁰ Union Public Utility District, Independent Auditor's Report, June 30, 2021, prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 13, 2022, Page 4.

UNION PUBLIC UTILITY DISTRICT STATEMENT OF CASH FLOWS		
June 30, 2019 ⁵¹ and June 30, 2021 ⁵²		
	2019	2021
Operating Activities		
Receipts from customers and users	\$1,740,061	\$2,076,969
Payments to suppliers for goods and services	(710,866)	(945,708)
Payments to employees for services	(611,548)	(609,092)
Net cash provided by operating activities	417,647	522,169
Non-capital Financing Activities		
Property taxes received	121,523	137,869
Other income	4,928	3,800
Net cash provided by non-capital financing activities	126,541	141,669
Capital and Related Financing Activities		
Acquisition of capital assets	(13,228)	(327,322)
Grant income received-capital contribution	182,888	-
Principal paid on long-term debt	(116,531)	(122,709)
Interest paid on long-term debt	(31,450)	(25,271)
Net cash provided by capital and related financing activities	21,679	(475,302)
Investing Activities		
Interest received	38,778	22,386
Net cash provided by investing activities	38,778	22,386
Net increase in Cash and Investments	604,555	210,922
Cash and Investments		
Beginning of year	2,089,207	2,927,986
End of year	2,693,762	3,138,908
Reconciliation of Cash and investments to the Statement of Net Position		
Cash and investments	2,096,949	2,327,986
Restricted cash and investments	596,813	811,607
		\$3,138,908
Cash Flows from Operating Activities		
Operating income (loss)	135,064	231,151
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	271,092	287,652
(Increase) Decrease in accounts receivable	4,560	(45,190)
(Increase) Decrease in prepaid expenses and inventory	(411)	2,332
(Increase) Decrease in deferred outflows of resources	31,810	35,951
Increase (Decrease) in payables and accrued expenses	(3,897)	211
Increase (Decrease) in net pension liability	(31,568)	25,267
Increase (Decrease) in deferred inflows of resources	1,431	(14,045)
Increase (Decrease) in compensated absences	9,566	(1,160)
Net Cash Provided by Operating Activities	\$417,647	\$522,169

⁵¹ Union Public Utility District, Independent Auditor's Report and Financial Statements, June, 30, 2019, Prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 15, 2020, Page 5.

⁵² Union Public Utility District, Independent Auditor's Report, June 30, 2021, prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 13, 2022, Page 5.

Union Public Utility District Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	June 30, 2019 ⁵³	June 30, 2021 ⁵⁴
Cash and Investments	\$2,096,949	2,327,301
Restricted Cash and Investments	596,813	811,607
Total Cash and Investments	\$2,693,762	3,138,908

Cash and investments consist of the following:

	June 30, 2019	June 30, 2021
Cash on hand	\$200	\$200
Deposits with financial institutions	354,678	333,808
Cash with fiscal agents	150,370	153,276
Local Agency Investment Fund (LAIF)	2,188,514	2,651,624
Total Cash and Investments	\$2,693,762	\$3,138,908

Union Public Utility District Property, Plant, and Equipment

Union Public Utility District Capital Assets ⁵⁵				
	Balance 7-1-2018	Additions	Retire- ments	Balance 6-30-2019
Capital assets, not being depreciated				
Land	\$117,464	-		\$117,464
Construction in progress	15,799	4,036		19,835
Total Capital assets, not being depreciated	133,263	4,0365		137,299
Capital assets, being depreciated				
Treatment plant	6,822,939	-		6,822,939
Utility system-infrastructure	3,176,179	1,427		3,177,606
Donated property	232,427	-		232,427
Buildings and equipment	611,726	7,765		619,487
Total capital assets, being depreciated	10,843,271	9,192		10,852,459
Less accumulated depreciation for				
Treatment plant	(3,428,895)	(149,368)		(3,578,259)
Utility system-infrastructure	(1,820,325)	(87,109)		(1,907,434)
Donated property	(125,526)	(4,649)		(130,175)
Building and equipment	(433,902)	(29,966)		(463,868)
Total accumulated depreciation	(5,808,648)	(271,092)		(6,079,736)
Total capital assets, being depreciated, net	5,034,623	(261,900)		4,772,723
Total capital assets, net	\$5,167,886	\$(257,864)		\$4,910,022

⁵³ Union Public Utility District, Independent Auditor's Report and Financial Statements, June, 30, 2019, Prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 15, 2020. Page 9.

⁵⁴ Union Public Utility District, Independent Auditor's Report, June 30, 2021, prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 13, 2022, Page 9.

⁵⁵ Union Public Utility District, Independent Auditor's Report and Financial Statements, June, 30, 2019, Prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 15, 2020. Page 12.

Union Public Utility District Capital Assets ⁵⁶				
	Balance 7-1-2020	Additions	Retire- ments	Balance 6-30-2021
Capital assets, not being depreciated				
Land	117,464	-	-	\$117,464
Construction in progress	357,328	-	(225,722)	131,606
Total Capital assets, not being depreciated	474,792	-	(225,722)	249,070
Capital assets, being depreciated				
Treatment plant	6,822,939	285,122	-	7,108,061
Utility system-infrastructure	3,181,450	262,974	-	3,444,424
Donated property	232,427	-	-	232,427
Buildings and equipment	624,308	4,948	-	629,256
Total capital assets, being depreciated	10,861,124	553,044	-	11,414,168
Less accumulated depreciation for				
Treatment plant	(3,726,402)	(165,928)	-	(3,892,330)
Utility system-infrastructure	(1,994,543)	(87,109)	-	(2,081,652)
Donated property-	(134,824)	(4,649)	-	(139,473)
Building and equipment	(493,834)	(29,966)	-	(523,800)
Total accumulated depreciation	(6,349,603)	(287,652)	-	(6,637,255)
Total capital assets, being depreciated, net	4,511,521	265,392	-	4,776,913
Total capital assets, net	\$4,986,313	265,392	(225,722)	\$5,025,983

⁵⁶ Union Public Utility District, Independent Auditor's Report, June 30, 2021, prepared by Bryant L. Jolley, Certified Public Accountants, 901 N Street, Suite 104, Firebaugh, CA 93622, Phone 559.659.3045, July 13, 2022, Page 12.

ABBREVIATIONS

AB	Assembly Bill
ACWA	Association of California Water Agencies
AF	Acre-feet
AFA	Acre-feet per annum
CCWD	Calaveras County Water District
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CFD	Community Facilities District
CKH Act	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
COA	City of Angels Camp
County	Calaveras County
District	Union Public Utility District
DUC	Disadvantaged Unincorporated Community
EPA	Environmental Protection Agency (US)
ERAF	Educational Revenue Augmentation Fund
FERC	Federal Energy Regulatory Commission
FPD	Fire Protection District
FRPD	Fire and Rescue Protection District
LAFCO	Local Agency Formation Commission
LAIF	Local Agency Investment Fund
MCL	Maximum Contaminant Level
MCLG	Maximum Contaminant Level Goal
MRDL	Maximum Residual Disinfectant Level
MRDLG	Maximum Residual Disinfectant Level Goal
MSR	Municipal Service Review (LAFCO)
MSD	Murphys Sanitary District
OES	Office of Emergency Services

OPR	Office of Planning and Research (California)
PEMCHA	Public Employees Medical and Health Care Act, <u>Government Code § 22751, et. seq.</u>
PG&E	Pacific Gas and Electric Company
PHG	Public Health Goal (water quality)
ppb	parts per billion
ppm	parts per million
PSPS	Public Safety Power Shutoff
PUD	Public Utility District
SB	Senate Bill
SCADA	Supervisory Control and Data Acquisition
SOI	Sphere of Influence (LAFCO)
SRLF	State Revolving Loan Fund
SWRCB	State Water Resources Control Board
TT	Treatment Technique
TTHM	Total Trihalomethanes
UCMR	Unregulated Contaminant Monitoring Rule (EPA)
UPUD	Union Public Utility District
UWPA	Utica Water & Power Authority
WTP	Water Treatment Plant

DEFINITIONS

California Environmental Quality Act (CEQA): A State Law requiring State and local agencies to regulate activities with consideration for environmental protection. If a proposed activity has the potential for a significant adverse environmental impact, an environmental impact report (EIR) must be prepared and certified as to its adequacy before taking action on the proposed project.

Community Facilities District: Under the Mello-Roos Community Facilities Act of 1982 (Section 53311, et seq.) a legislative body may create within its jurisdiction a special tax district that can finance tax-exempt bonds for the planning, design, acquisition, construction, and/or operation of public facilities, as well as public services for district residents. Special taxes levied solely within the district are used to repay the bonds.

California Water Environment Association: Founded in 1927, the California Water Environment Association is a not-for-profit public benefit association of 10,000-plus water quality professionals who work for public agencies and collection systems, engineering firms, and equipment and service suppliers. CWEA members are responsible for cleaning California's water and returning it safely to the environment. CWEA educates and certifies water quality professionals, disseminates technical information, and promotes sound policies to benefit society through protection and enhancement of our water environment.⁵⁷

Environmental Impact Report (EIR): A report required pursuant to the California Environmental Quality Act that assesses all the environmental characteristics of an area, determines what effects or impact will result if the area is altered or disturbed by a proposed action, and identifies alternatives or other measures to avoid or reduce those impacts. (See California Environmental Quality Act.)

Infrastructure: Public services and facilities such as sewage-disposal systems, water-supply systems, and other utility systems, schools and roads.

Inhabited territory: Inhabited territory means territory within which there reside 12 or more registered voters. The number of registered voters as determined by the elections officer, shall be established as of the date a certificate of filing is issued by the executive officer. All other territory shall be deemed "uninhabited."⁵⁸

IRWM: The Integrated Regional Water Management (IRWM) Grant Program is a competitive grant program first created under the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50) with continuing funding provided by the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coast Protection Bond Act of 2006 (Proposition 84). Complementary funding was also provided by the Disaster Preparedness and Flood Prevention Bond Act or 2006 (Proposition 1E) for Stormwater Flood Management Grant Program.

The program is administered by the Department of Water Resources to award funds to local public agencies and non-profit organizations, for projects and programs to improve water supply reliability and improve and protect water quality. Such projects and programs must be consistent with an adopted IRWM Plan.⁵⁹

Land Use Classification: A system for classifying and designating the appropriate use of properties.

⁵⁷ California Water Environment Association, <http://www.cwea.org/about.shtml>, August 29, 2018.

⁵⁸ California Government Code Section 56046

⁵⁹ State of California, <http://bondaccountability.resources.ca.gov/Program.aspx?ProgramPK=14&Program=Integrated%20Regional%20Water%20Management&PropositionPK=4>, May 30, 2018.

Leapfrog Development: New development separated from existing development by substantial vacant land.

Local Agency Formation Commission (LAFCo): A five-or seven-member commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexation to special districts or cities, consolidation of districts, and merger of districts with cities. Each county's LAFCo is empowered to approve, disapprove, or conditionally approve such proposals. The LAFCo members generally include two county supervisors, two city council members, and one member representing the general public. Some LAFCOs include two representatives of special districts.

Maximum Contaminant Level (MCL): The designation given by the U.S. Environmental Protection Agency (USEPA) to water-quality standards promulgated under the Safe Drinking Water Act. The MCL is the greatest amount of a contaminant that can be present in drinking water without causing a risk to human health.⁶⁰

Maximum Contaminant Level Goal (MCLG): the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency (USEPA).

Maximum Residual Disinfectant Level (MRDL): The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residential Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

Percolation: The downward movement of water through the soil or alluvium to a ground water table.

pH: a measure of the relative acidity or alkalinity of water. Water with a pH of 7 is neutral; lower pH levels indicate increasing acidity, while pH levels higher than 7 indicate increasingly basic solutions.⁶¹

Potable Water: Water of a quality suitable for drinking.⁶²

Proposition 13: (Article XIII A of the California Constitution) Passed in 1978, this proposition enacted sweeping changes to the California property tax system. Under Prop. 13, property taxes cannot exceed 1% of the value of the property and assessed valuations cannot increase by more than 2% per year. Property is subject to reassessment when there is a transfer of ownership or improvements are made.⁶³

⁶⁰ <http://ga.water.usgs.gov/edu/dictionary.html>

⁶¹ <http://ga.water.usgs.gov/edu/dictionary.html#P>, November 29, 2011.

⁶² <http://ga.water.usgs.gov/edu/dictionary.html>

⁶³ http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08

Proposition 218: (Article XIII D of the California Constitution) This proposition, named "The Right to Vote on Taxes Act", filled some of the perceived loopholes of Proposition 13. Under Proposition 218, assessments may only increase with a two-thirds majority vote of the qualified voters within the District. In addition to the two-thirds voter approval requirement, Proposition 218 states that effective July 1, 1997, any assessments levied may not be more than the costs necessary to provide the service, proceeds may not be used for any other purpose other than providing the services intended, and assessments may only be levied for services that are immediately available to property owners.⁶⁴

Public Health Goal (PHG): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

Regulatory Action Level (AL): The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

Secondary Drinking Water Standards (SDWS): MCLs for contaminants that affect taste, odor, or appearance of the drinking water. Contaminants with SDWSs do not affect the health at the MCL levels.

Sphere of Influence (SOI): The probable physical boundaries and service area of a local agency, as determined by the Local Agency Formation Commission (LAFCo) of the county.

Urban: Of, relating to, characteristic of, or constituting a city. Urban areas are generally characterized by moderate and higher density residential development (i.e., three or more dwelling units per acre), commercial development, and industrial development, and the availability of public services required for that development, specifically central water and sewer service, an extensive road network, public transit, and other such services (e.g., safety and emergency response). Development not providing such services may be "non-urban" or "rural". CEQA defines "urbanized area" as an area that has a population density of at least 1,000 persons per square mile (Public Resources Code Section 21080.14(b)).

Urban Services: Utilities (such as water, gas, electricity, and sewer) and public services (such as police, fire protection, schools, parks, and recreation) provided to an urbanized or urbanizing area.

Variances and Exemptions: Department permission to exceed an MCL or not comply with a treatment technique under certain conditions.

Zoning: The division of a city by legislative regulations into areas, or zones, that specify allowable uses for real property and size restrictions for buildings within these areas; a program that implements policies of the general plan.

⁶⁴ http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08

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