Calaveras
Local Agency Formation Commission
(LAFCo)

DRAFT

VALLEY SPRINGS PUBLIC UTILITY DISTRICT (PUD) (Water and Wastewater Service)

MUNICIPAL SERVICE REVIEW (MSR) AND SPHERE OF INFLUENCE (SOI) UPDATE

November 2020

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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 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.

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 Valley Springs Public Utility District. 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.

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

[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.

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]

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

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

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.

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 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 VALLEY SPRINGS COMMUNITY

2.1 Valley Springs Background

Valley Springs (formerly, Spring Valley and Valley Spring) is a census-designated place (CDP). The population was 3,553 at the 2010 census, up from 2,560 at the 2000 census. The Valley Springs PUD only serves 700 people and is a small part of the larger Valley Springs community. The town is located at the intersection of State Route 12 and Route 26. It is registered as California Historical Landmark #251.[3]

In 1885 the San Joaquin and Sierra Nevada Railroad completed a narrow-gage railroad from Brack's Landing to Valley Springs. There was an old train station known as "Kokines station". The line eventually became the property of Southern Pacific Railroad, and a standard-gauge line into Valley Springs was substituted. A post office was opened there in 1872, closed in 1879, and re-established in 1882.[4]

2.2 Valley Springs Population Data

There were 1,343 households, out of which 455 (33.9%) had children under the age of 18 living in them, 249 households (18.5%) were made up of individuals and 101 (7.5%) had someone living alone who was 65 years of age or older. The rest of the households were two or more people living together. The average household size was 2.65.

There were 1,017 families (75.7% of all households); the average family size was 2.97.

The population was spread out in age as follows:

VALLEY SPRINGS AREA CDP AGE DISTRIBUTION 2010

Under the age of 18	886 people	24.9%
Aged 18 to 24	254 people	7.1%
Aged 25 to 44	734 people	20.7%
Aged 45 to 64	1,060 people	29.9%
Aged 65 years of age or older	619 people	17.4%
TOTAL	3,553 people	100.0%

The median age was 42.7 years. For every 100 females, there were 98.0 males. For every 100 females age 18 and over, there were 95.0 males.

There were 1,530 housing units including 1,343 occupied and 187 vacant. Occupied units included 2,552 people (71.8% of the population) living in owner-occupied housing units and 1,001 people (28.2%) living in rental housing units.

Estimated median household income in 2016: $65,820 [5]

[3] Valley Springs". Office of Historic Preservation, California State Parks. Retrieved 2012-10-06.
[4] Durham, David L. (1998). *California's Geographic Names: A Gazetteer of Historic and Modern Names of the State*. Clovis, Calif.: Word Dancer Press. p. 841. ISBN 1-884995-14-4.
[5] http://www.city-data.com/city/Valley-Springs-California.html#b, June 11, 2018.

Valley Springs:	$65,820
CA:	$67,739

Valley Springs Township: $14,500*

*The median household income calculated from 154 responses Valley Springs Public Utility District Income Survey Report 2011.

2.3 Valley Springs Schools

Public elementary/middle schools in Valley Springs are as follows:[6]

- Toyon Middle School (Students: 515, Location: 3412 Double Spring Rd., Grades: 7-8)
- Jenny Lind Elementary School (Students: 467, Location: 5100 Driver Rd., Grades: KG-6)
- Valley Springs Elementary School (Students: 392, Location: 240 Pine St., Grades: KG-6)

2.4 Valley Springs Churches[7]

The following churches are located in Valley Springs are listed to show a sense of the communities within the area.

- SOS Ministries, 25 Main St, Valley Springs, (209) 772-2885
- Community United Methodist Church, 135 Laurel St. Valley Springs, 209-772-2429
- Calvary Chapel Valley Springs, 150 California St. Valley Springs, 209-772-9845
- Good Samaritan Community Covenant Church, 4684 Baldwin St. Valley Springs, 209-772-9845
- Church of Christ, 703 Paloma Road PO, Valley Springs, 209-772-9553
- Call to Worship Christian Fellowship, P.O. Box 723, 5678 Rippon Rd., Valley Springs, 95252

2.5 Fire Protection

Foothill Fire Protection District was formed in 2000. The Calaveras County Board of Supervisors and Calaveras LAFCo, in 1999 and 2000, took formal actions to implement reorganization of the fire protection districts in Calaveras County. At that time, responsibility for fire protection was transferred from Valley Springs Public Utility District to the newly created Foothill Fire Protection District. The District serves the communities of Valley Springs, Burson and Wallace along the SR 12 corridor, as well as the area around New Hogan Reservoir. The Foothill Fire Protection District's boundary area encompasses approximately 101 square miles.[8] The Calaveras Consolidated Fire Protection District (Cal-Co Fire) was formed by LAFCo on June 27, 2013. Prior to its formation, the Jenney Lind and Foothill Fire Protection Districts entered into a Joint Power Agreement to manage the affairs of the districts.

2.6 Valley Springs Business Community

Local business activities include Senders Market (Ace Hardware), Umpqua Bank, Mar-Val Food Stores, CVS Pharmacy and Round Table Pizza in the main shopping center area and Auto Zone and Dollar General on State Route 26.

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[6] http://www.city-data.com/city/Valley-Springs-California.html#b, June 11, 2018.
[7] https://www.bing.com/search?q=valley+springs+ca+churches&form=EDGSPH&mkt=en-us&httpsmsn=1&refig=3e7d98cb74674b0092ca81686251af4f&sp=2&qs=HS&pq=valley+sprin&sk=HS1&sc=8-12&cvid=3e7d98cb74674b0092ca81686251af4f&cc=US&setlang=en-US, July 3, 2018.
[8] Calaveras LAFCo, Calaveras Fire Protection Districts, Municipal Service Review, April 8, 2013.

2.7 Valley Springs Community Plan UPDATED SEPTEMBER 2020

The following description of Valley Springs is from the Valley Springs Community Plan as updated in September 2020:[9]

VISION

Valley Springs will have a small-town rural atmosphere, framed by open space vistas, agricultural lands, oak trees, rolling hills with tree-covered ridgelines, Castle Rock, and other prominent natural features.

New Hogan Reservoir will flourish as a community attraction and recreation destination, along with Pardee and Camanche Reservoirs, and the Mokelumne and Calaveras Rivers. Wildlife will continue to inhabit the surrounding community areas and coexist with local residents.

Valley Springs' historic core will evolve into a prosperous, walkable mixed-use district, building upon its original 18-block grid and its roots as a farming, ranching and late-1800s railroad town. The Town Center will serve as a focal point for tourism, commerce, public institutions, and public space for community interaction.

A diversity of housing types within and adjacent to the Town Center will support local businesses and provide homes for residents of all ages and a variety of backgrounds.

A safe and effective transportation network will provide pedestrians, bicyclists, and motorists with complete and attractive routes that honor Valley Springs' natural surroundings, agricultural and ranching heritage, and respond to surrounding community needs, from rural edges to residential neighborhoods to the Town Center.

Guiding Principals of the Valley Springs Community Plan

Maintain the small-town ambiance, community character, design, and scale for present and future generations of Valley Springs' residents.

Protect Valley Springs' natural, cultural, and visual resources, including oak woodlands and mature trees, dark night skies, peace and quiet, wildlife habitat, undeveloped open space, creeks and rivers, floodplains, and agricultural lands.Preserve view corridors along major roads with set backs, landscaping, and minimum sign use.

Expand Valley Springs' economic base and diversity with local

[9] Final Version, Valley Springs Community Plan Prepared for: Calaveras Council of Governments 444 E. St. Charles, Ste A San Andreas, CA 95249. Contact: Tyler Summersett Project Manager 209.754.2094
Prepared by: AECOM 2020 L Street, Suite 400 Sacramento, CA 95811
Contact: Jeff Henderson Project Manager 916.414.5800 October 07, 2010.

businesses that provide shopping, services, and jobs in the Town Center that better serve the needs of residents and businesses.
Large-scale industrial, businesses and retail uses are envisioned for near-by areas such as the Toyon Industrial Area east of Valley Springs.

Support existing, and encourage new, visitor and local-serving businesses, including tourism, outdoor recreation, education al, professional, medical, and new service commercial and light industrial businesses in the Town Center.

Preserve and revitalize the original, unique gridded street system, the 1862 Late House and grounds, and the railroad depot in the historic central core of Valley Springs. Ensure adequate parking and access to local highways, with sidewalks for access to the historic Town Center along the highways.

Summary of the Valley Springs Community Plan:

Develop parks, trails, and recreational facilities near the Town Center for children, youth, vulnerable populations, and adults to safely and efficiently engage in both organized and spontaneous activities.

Create greenway and park spaces for recreational and trail use utilizing the Cosgrove Creek and Spring Valley Creek riparian corridors, wetlands, and flood areas.

Protect the community's local underground and surface water resources, wetlands, watersheds, and floodplains, and ensure new growth does not occur in floodplains or negatively affect water supply or water quality.

Improve facilities and routes to support safe, efficient, and convenient motorized and nonmotorized transportation, including walking and bicycling for users of all ages and abilities.

Include a mix of housing types in new residential development to meet the needs of existing residents and future generations in all life stages and income categories, including senior housing.

Encourage conservation subdivision design in new residential development, with buffer zones and protection of on-site open space and natural and historic resources, including but not limited to agricultural areas, woodland, wetlands, trees, ridgelines, and wildlife habitat.

Ensure new development keeps pace with the availability of public services and infrastructure by focusing growth where facilities and services currently exist. New development and subdivisions should have public sewer and surface water. Services to outlying areas may be limited and will reflect actual costs of providing those services.

3 VALLEY SPRINGS PUBLIC UTILITY DISTRICT (VSPUD)

3.1 Valley Springs PUD Background

Valley Springs PUD was formed in April of 1948 as a public utility to provide water to the community of Valley Springs. A separate district, the Valley Springs Sanitary District (VSSD), was formed in January of 1940 to provide wastewater services to Valley Springs. In October of 1998, LAFCo adopted Resolution No. 98-01 approving a reorganization of VSPUD and VSSD. This action and a subsequent action by the County Board of Supervisors consolidated VSSD with VSPUD and designated VSPUD as the successor district to assume the functions of VSSD. The reorganization also provided for the annexation of additional territory to VSPUD.[10]

The boundaries of VSPUD extend from just north of Sequoia Avenue, south to Jean Street in the east and Daphne Street in the west, and from the end of Daphne Street in the west to just west of Lime Creek Road. The District has a boundary area of approximately 0.44 square miles or 190 acres. This is much smaller than the Foothill Fire Protection District which includes 101 square miles. [11]

3.2 Valley Springs PUD Contact Information[12]

The following information was provided by the Valley Springs PUD:

Mailing Address:
Valley Springs Public Utility District (VSPUD)
PO Box 284, 150 Sequoia Avenue, Valley Springs, CA 95252

Customer Service Hours:

Mon. - Wed - Fri. 7:00 am to 3:00 pm, Closed Tuesday and Thursday

E-mail: vspud@sbcglobal.net
Phone: (209) 772-2650 FAX: (209) 772-3069

Name of Contact Person: Dee Myshrall, Administrative Secretary

Staff: Michael D. Fischer, General Manager

Dee Myshrall, Administrative Secretary

Michael Page, Operator

Arlo Robertson, Operator

[10] Calaveras LAFCo, *Wastewater MSR*, 2005, p. IX-1.
[11] Calaveras LAFCo, Calaveras Fire Protection Districts, Municipal Service Review, April 8, 2013.
[12] Calaveras LAFCo, Valley Springs PUD Questionnaire, June, 2018.

3.3 Valley Springs PUD Board of Directors[13]

The following list shows the Board of Directors for the Valley Springs PUD:

Lucille Allee	President	1998 - 2020
Jeff Duke	Director	2016 - 2020
Paul Robertson	Director	2011 - 2022
Connie Gleason	Director	2005 –2022
Theresa Cardenas	Director	2011 - 2022

Board meeting time and place:
Fourth Wednesday of the Month at the VSPUD Administrative Office,
150 Sequoia Avenue, Valley Springs, CA at 6:00 p.m.

3.4 Valley Springs PUD Water System

3.4.1 Water Supply, Treatment and Distribution Background

Small community water treatment has posed an enormous problem for the drinking water regulatory community, drinking water professionals, and the people living in these communities. The Safe Drinking Water Act (SDWA) and subsequent regulations require that all water in the distribution system and at every tap connected to the distribution system comply. Water treatment usually consists of filtration and disinfection.

Water treatment standards essentially mandate central treatment for drinking water prior to entering the distribution system. No water that exceeds a primary standard may be used for drinking water. Primary standards have been developed to protect human health and are rigorously enforced by the California Department of Health Services.

For very small communities, this may be a cost that poses an undue burden. Often it could be a cost that has negative public health implications. For a very low-income family, the money spent on water treatment may not be available for other essentials.

Rather than spend that money, a community may apply for a variance or exemption.[14] Exemptions and variances are intended to be temporary solutions to regulatory compliance. They may, however, extend indefinitely leaving a community with no water that meets the regulation.[15]

Secondary standards are intended to protect the taste, odor or appearance of drinking water. California Code requires that, if a community water system experiences an exceedance of certain secondary standard, quarterly sampling must be initiated. Compliance is then determined based upon the average of four consecutive quarterly samples. Non-compliant water must then be treated to meet the secondary standards.

[13] Calaveras LAFCo, Valley Springs PUD Questionnaire, June, 2018.
[14] *A Variance or an Exemption is a State Department of Health Services permission to exceed an MCL or not comply with a treatment technique under certain conditions.*
[15] NSF International, "Feasibility of an Economically Sustainable Point-of-Use/Point-of-Entry Decentralized Public Water System Final Report", March 2005, p18. nsf.org/business/.../pdf/GrimesFinalReport_Dec05.pdf

Water distribution systems carry water for both domestic use and for fire protection. The distribution system should be sized to perform both functions simultaneously, delivering sufficient water volume and pressure. Pipes should be made of durable and corrosion-resistant materials, and alignments located in areas that are easy to access for repairs and maintenance.

Fire hydrants should be placed a maximum of 600 feet apart along the water mains and a maximum of 500 feet from the end of water lines.

Some water loss in the distribution system can be expected. Water loss is the difference between the volume of water pumped from the water supply well and the volume of water sold to users. A loss of water from 5% to 15% is considered acceptable.

3.4.2 Water Source

Valley Springs PUD relies entirely on well water for its retail water services. The District owns two wells: Well 4 and Well 6 (completed in 2011 at a cost of $1.82 million). The District financed the new well with a loan and partial grant from the USDA. The wells are located at 2778 Paloma Road and Watertown/Paloma Intersection.

3.4.3 Water Storage

There are three water storage tanks. In 2011, after five years of planning, VSPUD secured a loan/grant with USDA for a new Well and Storage Tank. The Tank added an additional 200,000 gallon capacity of water storage for Valley Springs.[16]

The District has a SCADA (Supervisory Control and Data Acquisition) system for remote control and monitoring of all District wells, tanks, and pumps.[17] The storage tanks have a combined storage of 0.49 MG of water. The most recent inspection and cleaning was completed in November 2015. The storage facilities would provide approximately 3.4 days of water based on average daily usage, while maintaining at least two hours of commercial fire flow (1,500 gpm).

The District has an intertie with CCWD's (Calaveras County Water District) Jenny Lind system for emergency purposes and fire flow needs. The District can receive up to 0.25 mgd through this intertie during emergency periods. This intertie also allows for CCWD to purchase water from VSPUD, which has occurred in the past prior to the expansion of the Jenny Lind treatment plant.

3.4.4 Water Distribution System

The Valley Springs water distribution system consists of five miles of mains that were originally installed in 1950 with galvanized steel pipes. Since then the entire system has been replaced with asbestos cement pipes and more recently with PVC pipes. The existing system is composed primarily of asbestos cement with nine percent composed of PVC and thee percent of galvanized steel. The pipelines range in size from one to 10

[16] Valley Springs PUD, http://vspud.com/about_us.html, July 10, 2018.
[17] Valley Springs PUD, 2017 Consumer Confidence Report.

inches in diameter. The system is considered to be in good condition according to the State Department of Public Health (DPH).[18]

3.4.5 Water Quality[19]

Valley Springs Public Utility District routinely monitors for constituents in drinking water according to Federal and State laws. Tables in the 2017 Consumer Confidence Report list all of the drinking water contaminants that were detected above the DLR (Detection Limit for purposes of Reporting) during the most recent sampling for the constituent. The presence of these contaminants in the water does not necessarily indicate that the water poses a health risk. The table does not include contaminants that were not detected by laboratory testing.

3.4.6 Water System Staff

The District is required to have a D1 and T1 certified chief operator. The District is exceeding these requirements. One operator has a T2 Certificate. The District manager has a T3 Certificate.[20]

3.4.7 Water Service Connections

The District has the following water service connections: [21]

Total Water Service Connections	278
Domestic Water Service Connections	186 (Includes one outside the District)
Commercial/Industrial/Institutional	81
Irrigation/Landscape	8
Agricultural	3

3.5 Valley Springs PUD Wastewater Collection and Treatment System

3.5.1 Wastewater Treatment Overview

Wastewater is the water that drains from sinks, showers, washers, and toilets. Wastewater also includes water used for some outdoor purposes, such as draining chlorinated pool water, commercial car washes and industrial processes. Underground sanitary sewer pipelines carry sewage to a wastewater treatment plant, where it is treated, sanitized and discharged to the air by evaporation or to surface waters as effluent.

Wastewater Treatment demand management strategies include the following:

- sewer infiltration and inflow (I&I) control
- industrial pretreatment and recycling
- water conservation

[18] Calaveras LAFCo, Water and Wastewater Municipal Service Review, June 18, 2012, Page 285.
[19] Valley Springs PUD, 2017 Consumer Confidence Report.
[20] Valley Springs PUD, 2018 response to Calaveras LAFCo Questionnaire.
[21] Valley Springs PUD, 2018 response to Calaveras LAFCo Questionnaire.

Service providers can reduce infiltration and inflow with capital improvements, such as pipeline rehabilitation, manhole cover replacement, and root eradication. They can also address sources on private property, such as broken service lines, uncapped cleanouts and exterior drains, through public education, incentives and regulatory strategies.
Communities use various techniques to prohibit discharge of unwanted pollutants or to reduce the quantity and strength of wastewater discharged to sewers. These techniques include the following:

1) Permit limitations on the strength and contaminant levels of industrial and commercial wastewater

2) Increased rates or surcharges on high-strength wastes

3) Incentives or requirements for water recycling and reuse within the industrial or commercial operation

Water conservation measures are effective for reducing average wastewater flows, but have less impact on peak flows, which are usually strongly influenced by infiltration and inflow contributions. Water conservation has little or no impact on organic loading to the treatment plant.

3.5.2 Wastewater Issues

The Regional Water Quality Control Board has jurisdiction over all waste discharges that ultimately reach the Sacramento River. The Regional Water Quality Control Board adopted a Water Quality Control Plan, Third Edition, for the Sacramento River Basin and the San Joaquin River Basin (hereafter Basin Plan), which designates beneficial uses, established water quality objectives, and describes an implementation program and policies to achieve those objectives for all waters of the Basin.

3.5.3 Valley Springs PUD Wastewater Treatment Plant

The following description of the existing Wastewater treatment plant is from the 2015 Initial Study and Mitigated Negative Declaration for the proposed wastewater treatment plant.

> *The Valley Springs Public Utility District (VSPUD) owns and operates a wastewater treatment plant (WWTP) at 214 Hwy. 12 serving the needs of the people and businesses located in the District. VSPUD currently serves almost 400 connections (300 residential connections and 81 commercial users) in the old town portion of the community of Valley Springs, California.*
>
> *Currently, the population served is estimated to be about 700 people, and the anticipated population within the 20 year planning horizon is 950 people at a 1.5 percent growth rate. Currently, treated wastewater effluent from the existing WWTP is stored and discharged through a land application process. However, the existing facilities are at risk from flooding under certain conditions.*

3.5.4 Wastewater Collection System

The wastewater collection system was originally installed in 1940. The system is composed of a combination of six-inch and eight-inch diameter mains consisting mainly of vitrified clay, plastic and small amounts of asbestos cement and galvanized steel. The District has 3.5 miles of pipeline and two lift stations.

In the past, the District had issues with infiltration and inflow; however, a smoke test of the entire system was completed in 2002 and improvements made to the 51 identified locations of infiltration by 2005. The District reported that the collection system is presently in good condition. The District has instituted a regular replacement schedule for the collection system and budgeted $100,000 in Fiscal year 2018-2019 for collection system repairs.

3.5.5 Wastewater Treatment Summary

The Valley Springs PUD wastewater collection and treatment system has the following numbers of customers:

Valley Springs PUD Wastewater Customers 2016[22]

TYPE	TOTAL
Residential	186
Commercial/Landscape	81
Agricultural	3
TOTAL	267

The following table shows the service demand for the Valley Springs PUD wastewater treatment plant.

Valley Springs PUD Wastewater Treatment Plant Demand[23]				
	2014	**2015**	**2016**	**2020**
Average Dry Weather Flow (mgpd)*	0.054	0.050	0.048	0.065
Peak Wet Weather Flow (mgpd)*	0.610	0.383	0.288	0.614

*mgpd =million gallons per day

The following table shows the capacity and condition of the Valley Springs PUD wastewater treatment plant.

Valley Springs PUD Wastewater Treatment Plant Capacity and Condition[24]			
Facility Name	**Capacity**	**Condition**	**Year Built**
Wastewater Treatment Plant	78,500 gpd*	Poor	1956
Aeration Pond 1	0.23 MG**	Poor	1956
Aeration pond 2	0.58 MG**	Poor	1956
Polishing pond	0.47 MG**	Poor	1956
Storage pond	77 acre feet	Poor	1956

[22] Valley Springs PUD, 2018 response to Calaveras LAFCo Questionnaire.
[23] Valley Springs PUD, 2018 response to Calaveras LAFCo Questionnaire.
[24] Valley Springs PUD, 2018 response to Calaveras LAFCo Questionnaire.

* gpd=gallons per day
** MG=Million Gallons
The two wastewater treatment plant operators have a Grade 2 Certification as required.

Average Dry Weather Flow is currently 65,000 gpd (0.065 mgpd) and the WTP capacity is 78,500 gpd. At Full capacity of the WTP can handle 381 water connections. The remaining capacity of the district is 114 additional wastewater connections. The district estimates the Charboneau Estates project will require 60 of the additional wastewater connections. Since the district committed those 60 connections 8-10 years ago there are 54 remaining connections. The district has an emergency agreement with CCWD for both water and wastewater emergencies.

3.5.6 New Treatment Plant Proposal

The following description of the proposed Wastewater treatment plant is from the 2015 Initial Study and Mitigated Negative Declaration for the proposed wastewater treatment plant. The new wastewater treatment plant has not yet been built.

> *The VSPUD proposes to construct a new wastewater treatment plant (WWTP) to reduce the risk of flooding, and eliminate the potential for raw and partially-treated sewage from being released into Cosgrove Creek and the Calaveras River during a flooded condition. The proposed Effluent Management and Wastewater Treatment Project (proposed Project) would:*
>
> *1) reduce the risk of flooding and eliminate the potential for effluent spills into Cosgrove Creek,*
>
> *2) reduce degradation/pollution of the shallow groundwater, and*
>
> *3) minimize the potential for nuisance odors.*
>
> *Overall, the proposed Project is needed to protect public health, preserve the environment, and foster community prosperity.*
>
> *The proposed Project includes: modifications to the existing Valley Springs WWTP, installation of approximately 1.5 miles of pipeline, and construction of a new WWTP and associated facilities.*
>
> *The proposed Project area was chosen following the completion of an Alternatives Analysis performed by VSPUD to evaluate long-term, reliable wastewater treatment and disposal options.*
>
> *Of the four alternatives analyzed, relocating the WWTP to a new location at the Coe Property was determined to be the best. This location is free of the constraints associated with the existing WWTP site, and offers*

available capacity to serve reasonable planned growth within the Community. [25]

[25] Valley Springs Public Utility District**,** Effluent Management and Wastewater Treatment Project, *Initial Study/Mitigated Negative Declaration*, *Prepared by* Stantec Consulting Services Inc. 101 Providence Mine Road, Suite 202, Nevada City, CA 95959May 2015, Page 1.1.

3.6 Valley Springs PUD Finances

3.6.1 Valley Springs PUD Rate Schedule

The following information on water and sewer rates is also available on the Valley Springs PUD website:

Water Rates:

MONTHLY REGULAR RATE: $30.50 base monthly rate
$ .75 each additional 1,000 gallons (1-17,000 gals.)
$1.50 each additional 1,000 gallons (17,001-57,000 gals.)
$2.00 each additional 1,000 gallons (over 57,001 gals.)

WATER
INFRASTRUCTURE FEE: 5.00 flat rate adjusted yearly on change in the Consumer Price Index for California

MOBILE HOME PARKS: $30.50 base rate per month for each lot-space occupied at any time during any month.
$ .75 each additional 1,000 gallons (1-17,000 gals.)
$1.50 each additional 1,000 gallons (17,001-57,000 gals.)
$2.00 each additional 1,000 gallons (over 57,001 gals.)

OUTSIDE DISTRICT RATES: $35.00 first 5,000 gallons plus regular rates for all water in excess of 5,000 gallons.

MISC. USER RATES: $100 first 3,500 gallons and $50 each 1,000 gallons thereafter.
All other uses shall be charged a monthly rate of $30.50 per unit.

WATER
SERVICE CONNECTION FEE: Actual cost to District for all work associated with connection of customer service line to District facilities.

WATER
ANNEXATION FEE: $765 per acre.

BUY-IN FEE: $775 per residential unit or $50/WSFU.
(WSFU = Water Supply Fixture Unit per 1997 UPC)

WATER CAPITAL IMPROVEMENT FEES BY TYPE OF USE:

TYPE OF USE	FEE
Residential Unit	$3,500 / ESFRU
Multiple Family Dwelling Unit	$3,500 / ESFRU
Hotel-Motel Units & Bed and Breakfasts	$1,200 / Bedroom+ $580 / Kitchen + $185 / WSFU

WATER CAPITAL IMPROVEMENT FEES BY TYPE OF USE continued

Mobile Home Park	$3,500 / SPACE
Restaurants & Markets	$3,500 + $185 / WSFU
Car Wash	$4,700 + $185 / WSFU
Laundromats	$4,700 + $185 / WSFU
All other Commercial Uses	$3,500 + $185 / WSFU
Remodeling or Expansion of Existing Residential Structure	$140 / WSFU
Remodeling or Expansion of Existing Commercial Structure	$2,500+$150 / WSFU
Schools (per classroom)	$3,500 + $175 / WSFU
Industrial	$3,500 + $185 / WSFU
Commercial, Industrial, any use that may generate High waste volumes or impose high BOD loads.	$3,500 + $185 / WSFU

ESFRU = Equivalent Single Family Residential Unit
ESFRU is any residential structure that contains not more than 30 WSFU. Modifications to existing buildings may be charged a capital improvement fee as noted above based on "water supply fixture units" (WSFU) when the number of additional WSFUs is three or more.

Residential premises that contain more than 20 WSFUs shall be charged a capital improvement fee determined as follows:

TOTAL WSFU x FEE (as set forth above)

Sewer Rates:

SEWER MONTHLY REGULAR RATE: $49.50 flat rate per dwelling unit

SEWER COMMERCIAL: Consumption of over 6,000 gallons of water per month will result in an additional $8.25 charge per 1,000 gallons usage.

MOBILE HOME PARKS: $49.50 per month for each lot-space occupied at any time during any month. Non-occupied spaces must be inspected by District personnel prior to monthly billing in order to be reduced to the $20 standby fee.

TRAILER PARK LAUNDROMATS: $20.00 / Machine

SEWER STANDBY: $20.00 per vacant lot with sewer lateral

INFRASTRUCTURE FEE**:** $5.00 flat rate adjusted yearly on change in the Consumer Price Index for California.

All other uses shall be charged a monthly rate of $49.50 per unit.

All fees, rates, and charges, shall be collected with all other charges levied shall be itemized and billed upon a single bill, and collected as one charge by District.

Continual over consumption of the 6,000 gallons per month during December, January and February will result in being charged commercial rate.

SEWER CAPITAL IMPROVEMENT FEES BY TYPE OF USE:

TYPE OF USE	FEE
Residential Unit	$7,130 / ESFRU
Multiple Family Dwelling Unit	$7,130 / ESFRU
Hotel-Motel Units & Bed and Breakfasts	$2,460 / Bedroom+ $1,250 / Kitchen +$360 / DFU
Mobile Home Park	$7,130 / SPACE
Restaurants & Markets	$7,130 + $360 / DFU
Car Wash	$7,500 + $360 / DFU
Laundromats	$7,500 + $360 / DFU
All other Commercial Uses	$7,130 + $360 / DFU
Remodeling or Expansion of Existing Residential Structure	$360 / DFU
Remodeling or Expansion of Existing Commercial Structure	$280 / DFU
Schools (per classroom)	$7,130 + $340 / DFU
Industrial	$7,130 + $360 / DFU
Any Commercial, Industrial, or other use that will Generate High waste volumes or impose high BOD loads.	$9,450 + $380 / DFU*

*(To be set by Board based on projected flow & BOD loading)

(ESFU) = Equivalent single family residential unit that contains not more than 20 WSFU and no more than 20 DFU.

(DFU) = Drainage fixture unit as set forth in the 2001 UPC.

Modifications to existing buildings shall be charges a capital improvement fee (CIF) as noted above based on “Drainage fixture units” (DFU) as defined in the 2001 Uniform Plumbing Code when the total number of added DFUs is three or more.

Residential premises that contain more than 20 DFUs shall be charged a capital improvement fee determined as follows: TOTAL DFU x FEE (as set forth above).

3.6.2 Valley Springs PUD Budget

The 2017-2018 Fiscal year Budget for the Valley Springs PUD is $493,950.00. The budget is shown below in a series of six tables. A budget is a plan for spending. The audit will show funds actually saved or spent.

The table below shows the Capital Projects Budget for wastewater collection and treatment. There are two projects shown for the current budget year, the Castle Rock Lift Station and the Collection System repairs. It is always difficult to budget for capital projects because they are so expensive. However, if the system is not maintained it cannot be sustained over time.

Valley Springs PUD Capital Projects Wastewater Budget 2018-2019

CAPITAL PROJECTS WASTEWATER	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
W & S District Equipment					
Sludge bed upgrade Fence around lift station					
Castle rock lift station engineering castle rock					8,000.00
Collection system repairs	260,000.00	300,000.00	400,000.00		100,000.00
WW plant improvements				400,000.00	
Vacuum Truck					
Value replacement					
Lift station upgrade					

The next table shows the administration expense since this is for both wastewater collection and treatment and water service. The administration expense is slightly higher than the previous year but still reduced from years past. Competent administration is essential for any special district. The elected Board of Directors oversees the administration and operation of the District but they rely on the administrators for day to day operations and compliance with State and Federal laws.

VALLEY SPRINGS PUD OPERATION AND MAINTENANCE EXPENSE BUDGET 2018-2019

	O&M EXPENDITURES	Actual Admin 2014-2015	Actual Admin 2015-2016	Actual Admin 2016-2017	Actual Admin 2017-2018	Proposed Admin 2018-2019
6000	Accounting					
6010	Administration		80.63		24.95	25.00
6020	Advertising			23.88		25.00
6030	Automobile/gas	287.53	261.43	266.99	239.77	240.00
6040	Bank fees	1,029.31	135.58	1,345.80	513.42	500.00
6070	Director fees					
6080	Electrical labor					
6090	Engineering					
6110	Fax alerts					
6140	Insurance sewer					
6150	Lab fees					
6160	Licenses and permits	112.00	60.00			
6180	Payroll		219.95			
6185						
6190	Petty cash					
6200	Postage					
6210	Printing					
6220	Legal and professional fees					
6240	Repairs / Maintenance	2,015.35	2,995.36	1,905.84	1,329.48	2,000.00
6250	Retirement Benefits			1,229.04		
6260	Security					
6270	Supplies & Materials	148.54	189.90	407.54	191.00	190.00
6280	Travel					
6290	Travel meals					
6300	Utilities	7,570.76	8,851.75	3,777.54	2,983.76	3,000.00
6999	Uncategorized	114.95		26.00	26.00	26.00
	TOTAL	**11,278.44**	**12,794.60**	**8,982.63**	**5,308.38**	**6,006.00**

The following two tables show the wastewater revenue and expenses. The greatest source of revenue is from the sewer fees and the revenue from taxes is much smaller.

VALLEY SPRINGS PUD
WASTEWATER COLLECTION AND TREATMENT REVENUE
BUDGET 2018-2019

	Revenue	Actual Sewer 2014-2015	Actual Sewer 2015-2016	Actual Sewer 2016-2017	Actual Sewer 2017-2018	Proposed Sewer 2018-2019
4000	Connection fee	635.00	15,041.47	32,905.80	10,074.10	**0.00**
4006	Plan check	200.00	200.00	0.00		
4010	Engineering income					
4020	New deposit	400.00	575.00	350.00	801.21	**300.00**
4030	Sewer sales	280,158.00	282,410.11	282,647.44	305,102.33	**305,102.00**
4040	Wash machine sales	1,180.00	1,200.00	1,160.00	1,220.00	**1,220.00**
4050	Water sales					
4060	Turn on fee					
4090	Infrastructure	21,472.87	22,430.04	21,252.25	22,148.37	**22,000.00**
4092	Late fees	1,155.32	1,272.67	1,417.87	1,285.65	**1,300.00**
4999	Adjustments	31.70	(863.21)	(1,211.74)	(3,838.17)	
7000						
7002		**204,151.49**	114,354.00	87,369.00		
7010	Tax revenue	51,386.68	53,290.10	53,294.97	34,819.64	**35,000.00**
7020	Interest					
7030	Misc. income	200.00	1,000.00	2,607.07	583.05	**600.00**
8000		4,000.00	4,000.00	4,000.00	4,000.00	**4,000.00**
	FIREHOUSE					
		356,620.00	**494,910.18**	**485,792.66**	**376,196.18**	**369,522.00**

The following table showing the wastewater collection and treatment expenses shows that the single greatest expense is for payroll.

VALLEY SPRINGS PUD
WASTEWATER COLLECTION AND TREATMENT EXPENSE
BUDGET 2018-2019

	O&M EXPENDITURES	Actual Sewer 2014-2015	Actual Sewer 2015-2016	Actual Sewer 2016-2017	Actual Sewer 2017-2018	Proposed Sewer 2018-2019
6000	Accounting	5,800.00	6,048.86	11,810.00	6,487.50	**6,400.00**
6010	Administration					
6020	Advertising	574.35	1,132.80	0.00	350.00	**350.00**
6030	Automobile/gas	2,046.47	1,211.80	6,806.35	4,157.60	**4,200.00**
6040	Bank fees					
6050	Consulting expense					
6070	Director fees	4,891.33	4,716.12	4,377.66	4,219.57	**4,100.00**
6075	Drilling					
6080	Electrical labor					
6090	Engineering	82,242.35	**129,522.99**	25,689.00	46,128.67	**50,000.00**
6090	WDR expenses			14,183.75	19,452.00	**19,000.00**
6095	Engineering - GRANT	187,163.15	98,516.69	80,047.55		
6110	Fax alerts					
6130						
6140	Insurance sewer	10,352.60	7,355.81	6,943.12	7,118.04	**7,200.00**
6150	Lab fees	6,066.00	5,921.50	6,295.06	5,499.00	**5,500.00**
6160	Licenses and permits	19,483.00	19,797.00	17,847.00	17,702.00	**17,500.00**
6170	Membership	835.83	1,115.90	993.10	899.30	**1,000.00**
6175	Flood					
6180	Payroll	127,921.33	109,395.35	105,918.64	113,353.73	**116,000.00**
6185	Medical	4,277.39	5,506.82	8,377.26	8,567.93	**8,400.00**
6190	Petty cash	200.00	150.00	100.00	50.00	
6200	Postage	754.50	714.50	726.50	621.00	**750.00**
6210	Printing					
6220		1,200.00	1,200.00	3,685.00	1,200.00	**1,100.00**
6240	Repairs / Maintenance	**279,132.17**	273,603.01	12,680.00	21,426.03	**24,000.00**
6240.1	Infrastructure			5,675.00	**217,716.71**	
6245	Inspection fee				(13.57)	
6250	Retirement Benefits	10,740.10	12,141.49	11,890.21	13,248.43	**13,500.00**
6260	Security	214.20	226.20	235.20	238.20	**200.00**
6270	Supplies & Materials	11,374.24	13,708.61	24,917.64	23,069.61	**24,000.00**
6280	Travel	1,040.40		397.35	257.00	
6290	Travel meals			291.85	20.00	**300.00**
6300	Utilities	28,580.91	35,000.42	41,961.04	40,387.49	**40,000.00**
6999	Uncategorized	50.00	256.30	47.94		

	Total	**784,940.32**	**727,242.17**	**391,896.22**	**552,056.24**	**343,500.00**

The following two tables show the water system revenue and expenses for Valley Springs PUD. Water sales are a large source of revenue but are less than sewer service fees.

VALLEY SPRINGS PUD WATER REVENUE BUDGET 2018-2019

	Revenue	Actual Water 2014-2015	Actual Water 2015-2016	Actual Water 2016-2017	Actual Water 2017-2018	Proposed Water 2018-2019
4000	Connection fee	2,875.00	16,721.46	12,653.30	10,074.10	
4006	Plan check	200.00	200.00	0.00		
4010	Engineering income					
4020	New deposit	400.00	575.00	350.00	801.21	300.00
4050	Water sales	178,501.85	177,476.22	181,460.46	193,668.70	194,000.00
4060	Turn on fee					
4090	Infrastructure	22,031.03	22,201.67	22,217.36	22,749.66	23,000.00
4092	Late fees	1,155.07	1,272.37	1,416.83	1,285.41	1,300.00
4999	Adjustments	31.64	18.72	50.35	(2.16)	
7001	Payment refund					
7002	USDA Loan Refund					
7010	Tax revenue	51,386.68	53,290.10		34,819.63	34,000.00
7020	Interest					
7030	Misc. income		1,000.00	318.13	666.00	
		256,581.27	**272,755.54**	**218,466.43**	**264,062.55**	**252,600.00**

In the table below for water service expenses the largest cost is for the loan repayment followed by payroll.

VALLEY SPRINGS PUD
WATER SERVICE EXPENSE BUDGET 2018-2019

	O&M EXPENDITURES	Actual Water 2014-2015	Actual Water 2015-2016	Actual Water 2016-2017	Actual Water 2017-2018	Proposed Water 2018-2019
6000	Accounting	5,800.00	6,048.86	11,810.00	6,487.50	6,000.00
6010	Administration					
6020	Advertising	278.25	97.00	0.00		
6030	Automobile/gas	1,186.90	614.19	2,753.33	1,616.72	1,800.00
6040	Bank fees					
6050	Consulting expense					
6070	Director fees	1,630.42	1,611.87	1,459.23	2,142.81	2,150.00
6075	Drilling					
6080	Electrical labor				4,277.47	500.00
6090	Engineering	6,037.71	6,255.74	9,701.50	12,249.81	9,000.00
6090	Connection expenses					
6110	Fax alerts					
6130	Insurance Water	10,352.63	7,355.81	6,943.14	7,118.06	7,000.00
6150	Lab fees	4,409.50	3,922.75	3,373.69	4,526.00	4,000.00
6160	Licenses and permits	350.00	1,536.00	2,018.00	697.00	
6170	Membership	1,248.82	1,535.90	1,893.10	1,814.30	1,800.00
6180	Payroll	66,376.69	57,231.48	55,641.09	57,120.24	58,000.00
6185	Medical	4,277.39	5,506.89	8,377.33	8,568.12	8,500.00
6190	Petty cash	200.00	150.00	100.00	50.00	
6200	Postage	754.50	714.50	726.50	621.00	650.00
6210	Printing					
6220	Legal and professional fees	1,200.00	1,200.00	1,335.00	1,100.00	1,100.00
6240	Repairs / Maintenance	12,764.66	**27,620.74**	343.12	44,992.90	10,000.00
6240.1	Infrastructure			786.68	30,724.33	
6245	Inspection fee				(13.55)	
6250	Retirement Benefits	10,739.86	12,141.32	11,275.66	12,820.50	13,000.00
6260	Security	214.20	226.20	235.20	238.20	240.00
6270	Supplies & Materials	**20,042.11**	14,125.70	11,907.69	19,106.03	10,000.00
6280	Travel	835.82		538.68	44.96	
6290	Travel meals			82.16		
6300	Utilities	9,974.92	10,946.81	14,849.91	13,877.93	14,000.00
6400	Water Conservation	599.75				
6999	Uncategorized	150.00	256.29	47.94		
7510	Loan Payment	56,065.00	55,495.00	61,536.00	56,295.00	60,000.00
		215,489.13	**214,593.05**	**207,734.95**	**286,475.33**	**207,740.00**

3.6.3 Valley Springs Audit

Net Position

The Valley Springs PUD had an audit performed by an independent auditor as required by law. The Statement of Net Position is shown below:

Valley Springs PUD Statements of Net Position June 30, 2017 (with comparative totals for June 30, 2016)[26]				
Assets and Deferred Outflows of Resources				
			TOTAL	
	Sewer	**Water**	**2017**	**2016**
Current Assets				
Cash and investments	$561,731	$1,082,517	$1,644,248	$1,485,600
Accounts receivable	41,441	19,416	60,857	47,311
Interest receivable	231	230	461	461
Note receivable	2,000	2,000	4,000	4,000
Prepaid expenses	7,773	7,773	15,546	14,115
Total current assets	613,176	1,111,936	1,725,112	1,551,487
Noncurrent assets				
Restricted assets-cash	5,475	5,475	1,0950	1,0550
Cap.assets, net of accum. Dep.	789,335	1,431,193	222,0528	2,395,379
Note Receivable	8,000	8,000	1,6000	20,000
Total noncurrent assets	802,810	1,444,668	2,247,478	2,425,929
Deferred outflows pension	21,122	21,122	42,243	15,738
TOTAL assets and deferred outflows of resources	$1,437,107	$2,577,726	$4,014,833	$3,993,154
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	20,981	9,128	30,109	29,379
Accrued interest	-	8,903	8,903	9,053
Accrued expenses	8,810	2,937	11,747	12,231
Curr. matur. of long-term debt	-	21,000	21,000	20,000
Total current liabilities	29,791	41,968	71,759	70,663
Noncurrent liabilities				
Customer deposits	5,475	5,475	10,950	10,550
Net pension liability	100,094	100,094	200,188	146,848
Long-term debt	-	1,166,000	1,166,000	1,187,000
Total noncurrent liabilities	105,569	1,271,569	1,377,138	1,344,398
Deferred inflows-pension	9,554	9,554	19,108	22,645
Net Position				
Net investment in capital assets	789,335	244,193	1,033,528	1,188,379
Unrestricted	502,858	1,010,442	1,513,300	1,367,069
Total Net Position	1,292,193	1,254,635	2,546,828	2,555,448
TOTAL liabilities, deferred inflows of resources and net position	$1,437,107	$2,577,726	$4,014,833	$3,993,154

[26] Valley Springs PUD Financial Statements and Independent Auditors' Report June 30, 2017 and 2016, Prepared by CSV Croce, Sanguinetti & Vander Veen Inc.3520 Brookside Road, Suite 141, Stockton CA 95219, (209)938-1010, January 31, 2018, Page 4.

The Net Position increased from 2016 to 2017 as shown above so that is generally considered positive for financial management.

Fund Net Position

The changes in the cash fund Net Position are shown below:

Valley Springs PUD Statements of Revenues, Expenses and Changes in Fund Net Position June 30, 2017 (with comparative totals for June 30, 2016)[27]				
			TOTAL	
	Sewer	**Water**	**2017**	**2016**
Operating revenues				
Water sales	-	200,937	200,937	191,853
Sewer sales	319,914	-	319,914	293,375
Grant revenue	87,369	-	87,369	114,354
Surcharges	21,252	22,217	43,469	44,632
Total operating revenue	428,535	223,154	651,689	644,214
Operating expenses				
Transmission and distribution	219,125	56,428	275,553	374,489
General and administrative	179,963	120,011	299,974	238,932
Depreciation	71,700	103,151	174,851	167,480
Total operating expenses	470,788	279,590	750,378	780,901
Operating loss*	(42,253)	(56,436)	(98,689)	(136,687)
Non-operating revenues (expenses)				
Property taxes	54,515	54,515	109,030	105,130
Interest income	3,375	3,375	6,750	4,370
Other income (expenses)	5,733	4,316	10,049	9,584
Interest expense	-	(35,760)	(35,760)	(36,353)
Total non-operating revenue	63,623	26,446	90,069	82,731
Change in net position	21,370	(29,990)	(8,620)	(53,956)
Net position, begin year	1,270,823	1,284,625	2,555,448	2,609,404
Net position, end of year	$1,292,193	$1,254,635	$2,546,828	$2,555,448

* The operating loss is offset by the tax revenue. It is desirable that the fees totally pay for the operation of the sewer and water systems.

The Operating Fund net position declined from the previous year.

[27] Valley Springs PUD Financial Statements and Independent Auditors' Report June 30, 2017 and 2016, Prepared by CSV Croce, Sanguinetti & Vander Veen Inc.3520 Brookside Road, Suite 141, Stockton CA 95219, (209)938-1010, January 31, 2018, Page 5.

Valley Springs PUD Cash and Investments

The following table shows the Cash and Investments for the Valley Springs PUD as of June 30, 2017.

Valley Springs PUD Cash and Investments June 30, 2017[28]			
	Carrying amount	**Bank Balance**	**Fair Value**
Unrestricted			
Deposits in commercial accounts			
Public checking and money market	865,153	866,576	
Investment in external investment pools			
Calaveras County Treasurer	8,335		8,335
California Local Agency Investment Fund (LAIF)	770,728		770,728
Petty cash	32		
Restricted			
Deposits in commercial accounts			
Public checking and money market	10,950	10,950	
Total cash and investments	$1,622,198	$877,526	

Investment in the County investment pool and the California Local Agency Investment Fund are considered suitable places for District funds and are safe for local government funds.

[28] Valley Springs PUD Financial Statements and Independent Auditors' Report June 30, 2017 and 2016, Prepared by CSV Croce, Sanguinetti & Vander Veen Inc.3520 Brookside Road, Suite 141, Stockton CA 95219, (209)938-1010, January 31, 2018, Page 14.

Long-term Debt

The Long-term Debt for the Valley Springs PUD is being paid down over time. The District has a $1,300,000 note payable to the United States Department of Agriculture, annual principal payments on October 1, semi-annual interest payments on April 1 and October 1, interest at 3.0%, secured and due October 1, 2050. The amounts due are shown below:

VALLEY SPRINGS PUD LONG-TERM DEBT[29]

Year ending June 30	Principal	Interest
2018	21,000	35,295
2019	21,000	34,665
2020	22,000	34,020
2021	23,000	33,343
2022	23,000	32,655
2023-2027	127,000	152,235
2028-2032	147,000	131,685
2033-2037	170,000	108,000
2038-2042	198,000	80,490
2043-2047	229,000	48,525
2048-2051	206,000	12,420
TOTAL	$1,187,000	$703,335

[29] Valley Springs PUD Financial Statements and Independent Auditors' Report June 30, 2017 and 2016, Prepared by CSV Croce, Sanguinetti & Vander Veen Inc.3520 Brookside Road, Suite 141, Stockton CA 95219, (209)938-1010, January 31, 2018, Page 21.

Valley Springs Capital Assets

The following table shows the Capital Asset activity for the Valley Springs PUD.

Valley Springs PUD Capital Asset Activity June 30, 2017[30]					
	Balance July 1, 2016	Additions	Disposals	Transfers	Balance June 30, 2017
Land (Nondepreciable capital asset)	36,690				36,690
Depreciable capital assets					
Building	81,022				81,022
Utility plant	262,352				262,352
Sewer plant	1,704,930				1,704,930
Office equip.	15,833				15,833
Water tank	78,691				78,691
Water storage	125,575				125,575
Emergency well	2,014,672				2,014,672
Wastewater improvements	266,401				266,401
Total depreciable capital assets	4,549,476				4,549,476
Less accumulated depreciation	(2,190,787)	(174,851)			(2,365,638)
Total depreciable capital assets, net	2,358,689	(174,851)			2,183,838
Total capital assets net*	$2,395,379	(174,851)			$2,220,528

*Includes land and depreciable capital assets.

Since Capital Assets do depreciate, it makes sense that the total for capital assets would be less than for the previous year.

Pension Plans[31]

All qualified permanent and probationary employees are eligible to participate in the 'District's separate Miscellaneous and PEPRA Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the

[30] Valley Springs PUD Financial Statements and Independent Auditors' Report June 30, 2017 and 2016, Prepared by CSV Croce, Sanguinetti & Vander Veen Inc.3520 Brookside Road, Suite 141, Stockton CA 95219, (209)938-1010, January 31, 2018, Page 19.
[31] Valley Springs PUD Financial Statements and Independent Auditors' Report June 30, 2017 and 2016, Prepared by CSV Croce, Sanguinetti & Vander Veen Inc.3520 Brookside Road, Suite 141, Stockton CA 95219, (209)938-1010, January 31, 2018, Page 21.

California Public Employees' Retirement System (CalPERS). Benefit provision under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The employer contribution for the year ended June 30, 2017 was $14,990. [32]

Deferred Compensation Plan[33]

Employees of the District may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is available to all full-time employees of the District. Under the plan, the employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, death, or unforeseeable emergency, Total employee contributions to the plan during the year ended June 30, 2017 was $11,800.

Joint Powers Agreement[34]

The District is exposed to various risks of loss related to torts, theft of, or damage to, and destruction of assets; errors and omissions; risk of loss to employees; and natural disasters. In order to insure for risks of loss, the District participates in a joint venture under a joint powers agreement with the special Districts Risk Management Authority (SDRMA).

[32] Valley Springs PUD Financial Statements and Independent Auditors' Report June 30, 2017 and 2016, Prepared by CSV Croce, Sanguinetti & Vander Veen Inc.3520 Brookside Road, Suite 141, Stockton CA 95219, (209)938-1010, January 31, 2018, Page 23.
[33] Valley Springs PUD Financial Statements and Independent Auditors' Report June 30, 2017 and 2016, Prepared by CSV Croce, Sanguinetti & Vander Veen Inc.3520 Brookside Road, Suite 141, Stockton CA 95219, (209)938-1010, January 31, 2018, Page 28.
[34] Valley Springs PUD Financial Statements and Independent Auditors' Report June 30, 2017 and 2016, Prepared by CSV Croce, Sanguinetti & Vander Veen Inc.3520 Brookside Road, Suite 141, Stockton CA 95219, (209)938-1010, January 31, 2018, Page 28.

4 VALLEY SPRINGS PUBLIC UTILITY DISTRICT MUNICIPAL SERVICE REVIEW

4.1 Growth and Population Projections for the Valley Springs Public Utility District Area[35]

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

4.1.1 Valley Springs Public Utility District Area Population Projections

The Mitigated Negative Declaration for a possible new wastewater treatment plant indicates that there will be only a small amount of growth in the Valley Springs PUD.

> *VSPUD is not a land use authority, and as such, does not hold the primary responsibility for implementing growth strategies. Calaveras County is the local land use authority and the County 2010 General Plan Housing Element addresses growth associated with these projects.*
>
> *Specifically, the Adequacy of Public Facilities and Infrastructure section of the Housing element. The Housing element has limited capacity to accommodate future development and the vacant sites inventory shows a total expected capacity of ten units.*[36]

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

MSR 1-1) The Valley Springs PUD is not a land use authority. The District should maintain close communication with the Calaveras County Planning Department regarding land use plans and future development.

MSR 1-2) It appears that the Valley Springs PUD area may not attract significant development in the near future.

MSR 1-3) In the past the District estimated that it could accommodate 80 additional connections. Using ADWF only an estimated number of new connections is 114 of which 60 connections are committed for the Charboneau Estates project.

MSR 1-4 Calaveras County adopted an updated Valley Springs Community Plan on September 22, 2020.

[35] California Government Code Section 56430. (a) (1)
[36] Valley Springs Public Utility District**,** Effluent Management and Wastewater Treatment Project, *Initial Study/Mitigated Negative Declaration*, *Prepared by* Stantec Consulting Services Inc. 101 Providence Mine Road, Suite 202, Nevada City, CA 95959May 2015, Page 2.200

4.2 Location and Characteristics of any Disadvantaged Unincorporated Communities (DUC) within or Contiguous to Valley Springs Public Utility District[37]

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 Valley Springs Public Utility District Area Disadvantaged Unincorporated Community Status

SB 244 defines disadvantaged unincorporated community as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.

SB 244 also requires LAFCos to consider disadvantaged unincorporated communities when developing spheres of influence. Upon the next update of a sphere of influence on or after July 1, 2012, SB 244 requires LAFCo to include in an MSR (in preparation of a sphere of influence update):

1) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere; and

2) 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 community within or contiguous to the sphere of influence.

In determining spheres of influence, SB 244 authorizes LAFCo to assess the feasibility of and recommend reorganization and consolidation of local agencies to further orderly development and improve the efficiency and affordability of infrastructure and service delivery.

While the entire CDP of Valley Springs is not considered a disadvantaged unincorporated community, the community of Valley Springs is disadvantaged, as documented in a 2011 Income Survey. Based on the income survey in May 2011, the community of Valley Springs was considered a Disadvantaged Unincorporated Community with a median household income of $14,500, which is significantly lower than the statewide median household income for the Valley Springs Census Designated place with an income of $60,883 for 2010.[38] More recent 2017 data for the Valley springs Census Designated Place shows a median family income of 62,417 for the entire Census Designated Place[39].

However is probable the income in the Valley Springs Community has increased during the past nine years since the 2011 Income Survey was prepared by the district. There is no incorporated city nearby that the area could be annexed to for better services.

[37] California Government Code Section 56430. (a) (2)
[38] Adams and Ashby Group, Valley Springs Community Income Survey May 2011.
[39] American Community Survey (in 2017 inflation –adjusted dollars) for the Valley Springs CDP

4.2.2 MSR Determinations on Disadvantaged Unincorporated Communities near Valley Springs Public Utility District

MSR 2-1) According to the most recent district median household survey prepared by the district, the area within the Valley Springs PUD is considered a disadvantaged unincorporated community.

4.3 Capacity and Infrastructure for Valley Springs PUD

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.[40]

4.3.1 Valley Springs PUD Infrastructure

The Valley Springs PUD infrastructure for water and wastewater services is described above in this report. The systems are adequate but have limited capacity for additional service.

4.3.2 MSR Determinations on Infrastructure for Valley Springs Public Utility District

MSR 3-1) The Valley Springs PUD water system is adequate and has additional capacity for the future.

MSR 3-2) The Valley Springs PUD wastewater collection system is maintained with upgrades funded for the immediate future.

MSR3-3) The Valley Springs PUD wastewater treatment system is over sixty years old and in "poor" condition according to the District.

MSR3-4) There is a lack of storage capacity for the wastewater treatment plant effluent to meet the State 100 year flood storage requirement. [41]

MSR 3-5) The Valley Springs PUD benefits from a Master Plan for the water and wastewater systems and a Capital Improvement Plan to assess funding needs and solutions for the future. The major projects are a tank project to address fire flow issues and working to afford a new sewer plant while trying to raise rates.

MSR 3-6 The district has an emergency contingency plan for water and wastewater through an emergency agreement with the CCWD.

[40] California Government Code Section 56430. (a) (3)
[41] Valley Springs PUD, 2018 response to Calaveras LAFCo Questionnaire.

4.4 Financial Ability to Provide Services[42]

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 Valley Springs Public Utility District

The Valley Springs PUD rate schedule, budget and audit information are shown above in this report.

4.4.2 MSR Determinations on Financing for Valley Springs Public Utility District

MSR 4-1 The Valley Springs PUD meets the requirements to have a Budget and an Audit. The District has this information available on its website.

MSR 4-2 The Valley Springs PUD should develop a Facilities Master Plan and a Capital Improvement Plan to show how improvements will be funded in the future.

MSR 4-3 The Valley Springs PUD uses tax revenue to fund the water and sewer operations. VSPUD tax revenue is solely used to pay for a USDA Loan for a new well in tank in 2011, A fee increase was turned down by a public vote in 2016.

MSR 4-4 The Valley Spring PUD participation in CalPERS is a benefit to the employees but could be a large financial cost to the District in the future.

[42] California Government Code Section 56430. (a) (4)

4.5 Status of and Opportunities for Shared Facilities[43]

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

4.5.1 Valley Springs PUD Facilities

The Valley Springs PUD water service and wastewater collection and treatment facilities are described above in this report. The water system is in good condition. The wastewater collection system is maintained but the wastewater treatment facilities are older and in poor condition.

4.5.2 MSR Determinations on Shared Facilities for Valley Springs Public Utility District

MSR 5-1 The Valley Springs PUD has a water intertie with the Calaveras County Water District Jenny Lind system which is available in case of emergencies.

MSR 5-2 The Valley Springs PUD does not share wastewater collection and treatment facilities with other districts. This may become necessary in the future for waste water treatment plant disposal.

MSR 5-3 The Valley Springs PUD works with the Calaveras County Auditor to maintain budgets, financial records, and investment of funds.

[43] California Government Code Section 56430. (a)(5)

4.6 Accountability for Community Service Needs, Government Structure and Operational Efficiencies [44]

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 Valley Springs PUD Government Structure

The Valley Springs PUD maintains a website for dissemination of information to the public. The Valley Springs Board of Directors holds meetings open to the public at the District Office.

4.6.2 MSR Determinations on Local Accountability and Governance

MSR 6-1	The Valley Springs PUD is fortunate to have five citizens willing to serve on the Board of Directors.
MSR 6-2	The Valley Springs PUD maintains a website for the public. The website includes budget and audit information.
MSR 6-3	The District Manager and staff provided all information requested by Calaveras LAFCo.
MSR 6-4	The District personnel maintains the proper certificates required to operate the water and wastewater systems.
MSR 6-5	The District should develop a Facilities Master Plan and a Capital Improvement Plan.

[44] California Government Code Section 56430. (a)(6).

5 VALLEY SPRINGS PUBLIC UTILITY DISTRICT SPHERE OF INFLUENCE UPDATE

5.1 Recommendation for Valley Springs Public Utility District Sphere of Influence

The Valley Springs PUD Sphere of Influence will remain the same as previously adopted by Calaveras LAFCo. The Sphere includes area outside of the District boundary that could be annexed in the future. A map of the Sphere of Influence is shown at the end of this report.

5.2 Present and Planned Land Uses in the Valley Springs Public Utility District Area, Including Agricultural and Open Space Lands[45]

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

The Valley Springs Public Utility District boundary includes residential, commercial, and public land uses. Residential areas are located north of SR 12. Local business activities primarily consist of commercial shopping areas located south of SR 12. Within the existing SOI, land uses include single-family residential, agricultural rural and commercial areas. Local business activities include Senders Hardware, Umpqua Bank, Mar-Val Food Stores, CVS and Round Table Pizza in the main shopping center area and a Napa Auto Parts on SR 12 in the District.

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

SOI 1-1] The Valley Springs Public Utility District is not a land use authority, and does not hold primary responsibility for implementing growth strategies.

SOI 1-2] The Valley Springs Public Utility District should stay in close contact with the Calaveras County Planning Department regarding proposed developments.

SOI 1-3] The estimated number of residents within VSPUD in 2018 was 737, based on analysis of the 278 existing connections[46] served and 2.65 average household size.

SOI 1-4] Population growth within the District has been minimal since 2010.

[45] California Government Code Section 56425 (e)(1)
[46] Valley Springs PUD, 2018 response to Calaveras LAFCo Questionnaire.

5.3 Present and Probable Need for Public Facilities and Services in the Valley Springs Public Utility District Area[47]

5.3.1 Municipal Service Background

There is a need for water and wastewater collection and treatment services in the Valley Springs area. This need will continue for the foreseeable future. The District has not increased the number of connections substantially in the past ten years. This means that the existing customers need to fund any repairs or upgrades to the systems.

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

SOI 2-1] There is a need for the Valley Springs PUD to supply water and wastewater collection and treatment services now and in the future.

5.4 Present Capacity of Public Facilities Present and Adequacy of Public Services[48]

5.4.1 Capacity Background

Key infrastructure for water service includes the District's groundwater supplies, two wells, approximately five miles of distribution mains, and three storage tanks. The District owns, operates and maintains wellhead treatment equipment for groundwater, which treats with chlorination at the site of each active well prior to pumping to the storage tanks. There were no needs identified with the water treatment system.

The District's key wastewater infrastructure include 3.5 miles of sewer pipelines, a WWTP, which includes a headworks and an aeration tank, two aeration ponds, a polishing pond, and a 92 acre-foot clay lined effluent storage reservoir. Effluent is disposed of by spray irrigation on 33 acres of land. Dried sludge is disposed of at a local landfill. The WWTP and ponds were constructed in 1956 and are in poor condition.

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

SOI 3-1] The water distribution system is considered to be in good condition according to DPH and has additional capacity for future development.

SOI 3-2] The wastewater collection system is adequate and improvements are being made with USDA loans and grants.

[47] California Government Code Section 56425 (e)(2)
[48] California Government Code Section 56425 (e)(3)

SOI 3-3] The wastewater treatment plant is in poor condition with minimal room for additional use.

SOI 3-4] The District would benefit from a Facilities Master Plan and Capital Improvement Plan to use as basis for needed funding and improvements.

5.5 Social or Economic Communities of Interest for Valley Springs Public Utility District[49]

5.5.1 Valley Springs Public Utility District Community Background

Valley Springs is a community both in the social and economic sense. The Valley Springs area includes schools, churches and businesses which require urban services such as sewer and water.

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

SOI 4-1] The Valley Springs PUD provides the infrastructure which allows the community of Valley Springs to function and develop.

5.6 Disadvantaged Unincorporated Community (DUC) Status[50]

5.6.1 Disadvantaged Unincorporated Communities

Based on the 2011 income survey it is probable the small area served by the Valley Springs PUD continues to be classified as a disadvantaged unincorporated community.

5.6.2 Valley Springs Public Utility District Disadvantaged Unincorporated Community Status

SOI 5-1 There is no incorporated city near to Valley Springs that could provide improved services.

[49] California Government Code Section 56425 (e)(4)
[50] California Government Code Section 56425 (e)(5)

APPENDIX A LOCAL GOVERNEMENT SPENDING 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

ABBREVIATIONS

AB	Assembly Bill
CA	California
CalPERS	California Public Employees' Retirement System
CCWD	Calaveras County Water District
CEQA	California Environmental Quality Act
CIF	Capital Improvement Fee
CIP	Capital Improvement Program
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
County	Calaveras County
DFU	Drainage fixture units
District	Valley Springs Public Utility District
DLR	Detection Limit for purposes of Reporting
DPH	Department of Public Health
DUC	Disadvantaged Unincorporated Community
EDU	equivalent dwelling unit
EPA	Environmental Protection Agency (US)
ESFRU	Equivalent Single Family Residential Unit
gpm	gallons per minute
I&I	sewer infiltration and inflow
IRWM	Integrated Regional Water Management Grant Program
JPA	Joint Powers Agreement
LAFCo	Local Agency Formation Commission
LAIF	California Local Agency Investment Fund
MCL	Maximum Contaminant Level
MG	million gallons
mg/L	milligrams per liter, parts per million

MSR	Municipal Service Review (LAFCo)
MW	Monitoring Well
O&M	Operations and Maintenance
PEPRA	California Public Employees' Pension Reform Act of 2013
PUD	Public Utility District
R&M	Repairs and Maintenance
SB	Senate Bill
SCADA	Supervisory Control and Data Acquisition
SDRMA	Special District Risk Management Authority
SDWA	Safe Drinking Water Act
SOI	Sphere of Influence (LAFCo)
SRF	State Revolving Fund
UPC	Uniform Plumbing Code
US	United States
USDA	United States Department of Agriculture
VSPUD	Valley Springs Public Utility District
VSSD	Valley Springs Sanitary District (now dissolved)
WQO	Water Quality Objective
WSFU	Water Supply Fixture Unit
WWTP	Wastewater Treatment Plant

DEFINITIONS

Acre Foot (AF): The volume of water that will cover one acre to a depth of one foot, 325,850 U.S. Gallons or 1,233,342 liters (approximately).

Agriculture: Use of land for the production of food and fiber, including the growing of crops and/or the grazing of animals on natural prime or improved pastureland.

Aquifer: An underground, water-bearing layer of earth, porous rock, sand, or gravel, through which water can seep or be held in natural storage. Aquifers generally hold sufficient water to be used as a water supply.

Available Supply: the quantity of groundwater, which can be withdrawn annually from a groundwater basin without exceeding safe yield of the basin.

Board of Directors: the legislative body or governing board of a district.

Board of Supervisors: the legislative body or governing board of a county.

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.

Capital Improvement Plan (CIP): is a short-range plan, usually four to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan. Essentially, the plan provides a link between a municipality, school district, parks and recreation department and/or other local government entity and a comprehensive and strategic plans and the entity's annual budget.

Census-Designated Place (CDP): a concentration of population identified by the United States Census Bureau for statistical purposes. CDPs are delineated for each decennial census as the statistical counterparts of incorporated places such as cities, towns, and villages. CDPs are populated areas that lack separate municipal government, but which otherwise physically resemble incorporated places. CDPs are delineated solely to provide data for settled concentrations of population that are identifiable by name but are not legally incorporated under the laws of the state in which they are located. They include small rural communities, colonias located along the U.S. border with Mexico, and unincorporated resort and retirement communities. The boundaries of a CDP have no legal status. Thus, they may not always correspond with the local understanding of the area or community with the same name. However, criteria established for the 2010 Census require that a CDP name "be one that is recognized and used in daily communication by the residents of the community" (not "a name developed solely for planning or other purposes") and recommend that a CDP's boundaries be mapped based on the geographic extent associated with residents' use of the place name.[51]

Certified Public Accountant (CPA): the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA.

[51] http://en.wikipedia.org/wiki/Census-designated_place, April 2, 2012

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.

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."[52]

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 Storm water 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.[53]

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

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

[52] California Government Code Section 56046
[53] State of California, http://bondaccountability.resources.ca.gov/Program.aspx?ProgramPK=14&Program=Integrated%20Regional%20Water%20Management&PropositionPK=4, May 30, 2018.

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.[54]
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.

Per Capita Water Use: The water produced by or introduced into the system of a water supplier divided by the total residential population; normally expressed in gallons per capita per day (gpcd).

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.[55]

Potable Water: Water of a quality suitable for drinking.[56]

pound-force per square inch gauge (Psig): a unit of pressure relative to the surrounding atmosphere.[57]

Proposition 13: (Article XIIIA 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.[58]

Proposition 218: (Article XIIID 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.[59]

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.

[54] http://ga.water.usgs.gov/edu/dictionary.html
[55] http://ga.water.usgs.gov/edu/dictionary.html#P, November 29, 2011.
[56] http://ga.water.usgs.gov/edu/dictionary.html
[57] http://www.convertunits.com/info/psig, March 27, 2012
[58] http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08
[59] http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08

Ranchette: A single dwelling unit occupied by a non-farming household on a parcel of 2.5 to 20 acres that has been subdivided from agricultural land.

Recharge: flow to groundwater storage from precipitation, infiltration from streams, irrigation, spreading basins and other sources of water.

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

Sanitary Sewer: A system of subterranean conduits that carries refuse liquids or waste matter to a plant where the sewage is treated, as contrasted with storm drainage systems (that carry surface water) and septic tanks or leech fields (that hold refuse liquids and waste matter on-site).

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.

Treatment Technique (TT): A required process intended to reduce the level of a contaminant in drinking water.

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.

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Valley Springs Sphere of Influence Map