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Countywide Water and Wastewater Municipal Service Review

Riverside Local Agency
Formation Commission

LAFCO 2019-01-1,2,3,4,5

Volume 3

**Coachella Valley/Eastern
Region Water and
Wastewater Agencies**

City of Blythe, City of Coachella, City of Indio, City of Palm Springs, Chiriaco Summit County Water District, Coachella Valley Water District, Desert Water Agency, Imperial Irrigation District, Mission Springs Water District, Palo Verde Irrigation, Valley Sanitary District, County Service Area 51 (Desert Center/Lake Tamarisk), County Service Area 62 (Ripley), and County Service Area 122 (Mesa Verde)

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Acronyms and Abbreviations

AFY	Acre-Feet per Year
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees Retirement System
CCF	One Hundred Cubic Feet
CFD	Community finance District
CFS	Cubic Feet Per Second
CIP	Capital Improvement Program/Plan
CKH Act	Cortese-Knox-Hertzberg Reorganization Act of 2000
CSA	County Service Area
DUC	Disadvantaged Unincorporated Community
DWR	Department of Water Resources
EDU	Equivalent Dwelling Unit
EIR	Environment Impact Report
ERP	Emergency Response Plan
ERRP	Enhanced Recharge and Recovery Program
GASB	Governmental Accounting Standards Board
GPM	Gallons Per Minute
HCF	One Hundred Cubic Feet
IRRP	Integrated Recharge and Recovery Program
IRWM	Integrated Regional Water Management
JPA	Joint Powers Authority
KGAL	One Thousand Gallons
LAFCO	Local Agency Formation Commission
LHMWD	Lake Hemet Municipal Water District
MET	Metropolitan Water District of Southern California
MG	Million Gallons
MGD	Million Gallons per Day
MHI	Median Household Income
MSR	Municipal Service Review
NPDES	National Pollutant Discharge Elimination System
OPEB	Other Post-Employee Benefits
PEPRA	Public Employees' Pension Reform Act
RWQCP	Regional Water Quality Control Plant
RWRF	Regional Water Reclamation Facility
SCADA	Supervisory Control and Data Acquisition
SCAG	Southern California Associations of Governments
SR	State Route
SSMP	Sewer System Management Plan
SSO	Sanitary Sewer Overflow
SWRCB	State Water Resources Control Board
SWP	State Water Project
SWTP	Surface Water Treatment Plant
UCR	University of California, Riverside
UWMP	Urban Water Management Plan
WRF	Water Reclamation Facility
WWTP	Wastewater Treatment Plant

1. Executive Summary

The Countywide Water and Wastewater MSR Study focuses on 12 cities and 32 special districts (29 independent districts and 3 County Service Areas) for a total of 44 public agencies, which currently provide water, and/or sewer services to residents within Riverside County. For ease of presentation, the agencies are divided into three separate reports by sub-region: 1) Western County (Volume 1), 2) Pass/Mountain Area (Volume 2), and 3) Coachella/Eastern County (Volume 3).

This report (Volume 3) is focused on the Coachella/Eastern County sub-region only. The four cities and 10 special districts considered in Volume 3 include:

- City of Blythe
- City of Coachella
- City of Indio
- City of Palm Springs
- Chiriaco Summit County Water District
- Coachella Valley Water District
- Desert Water Agency
- Imperial Irrigation District
- Mission Springs Water District
- Palo Verde Irrigation District
- Valley Sanitary District
- County Service Area 51 (Desert Center/Lake Tamarisk)
- County Service Area 62 (Ripley)
- County Service Area 122 (Mesa Verde)

Municipal Service Review Determinations

The Riverside Local Agency Formation Commission (LAFCO) is required to conduct periodic reviews of each service provider, and to adopt determinations addressing current service levels and the ability of each agency to continue to provide adequate services into the future. Specifically, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review municipal services before updating spheres of influence (SOIs), and to prepare a written determination addressing each of the following:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. 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.

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.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

Sphere of Influence Determinations

This report does not include analyses of agency spheres of influence or make recommendations regarding potential sphere amendments. This report could, however, be used as background and support information should Riverside LAFCO decide to pursue specific agency sphere changes in the future.

MSR Approach and Review Opportunities

A collaborative approach has been used throughout the preparation of this Municipal Service Review (MSR). Multiple opportunities were provided for input from public agencies. Initially, draft statistical profiles of each agency were developed and provided to each agency and LAFCO for review and comment. Throughout September and November 2018, individual Draft agency reports were completed and distributed to each agency and LAFCO for additional review and comment.

Distribution of this Public Review Draft of the MSR, which incorporates all agency and LAFCO comments received to date, provided another opportunity for public agencies, LAFCO, and the general public to review and comment on the MSR-SOI Draft report. A Final Draft MSR is anticipated to be completed by March 2019 which will allow a fourth opportunity for affected agencies to review and provide comments. In addition, public hearings will be conducted by LAFCO to consider the Draft and Final versions of the MSR-SOI Study, allowing additional opportunities for comment before the Commission.

City and Special District Summaries

The following provides an overview of the recommended MSR determinations on an agency-by-agency basis:

City of Blythe: The City provides both water and sewer services both within and outside its corporate limits. The City of Blythe has approximately 19,389 residents and is far from built out. Palo Verde Irrigation District overlaps the City of Blythe (non-potable agricultural water only). The City appears to have adequate water and sewer system capacity to meet the needs of existing and future residents. The ratio of unrestricted reserves for the City's water fund reflects a negative balance and is not typical for enterprise fund services; it appears that the City utility has been operating utilizing restricted funds to offset the impact that negative economic factors

might have had over the past ten years. However, with the rates revised in 2017, both the water and sewer funds are projected to improve. The City adopted a Five-Year Sewer Rate Study that became effective in FY 2016-2017. These rates address needed funds due to increases in operating costs and capital replacement projects. No alternative government structure options were identified for further consideration at this time.

City of Coachella: The City supplies water and sewer service within a 28.95-square-mile service area. Coachella Valley Water District overlaps the City of Coachella (water & sewer). The City is estimated to be home to approximately 45,635 residents. The City's population is expected to continue to grow at a high rate for the foreseeable future. Population projections for 2035 are estimated at 128,700. The source water supply (groundwater) is larger than demand in all years, and the City is not expected to have any supply shortfalls during normal water years or during single-dry water years. The ratio of unrestricted reserves and/or cash balances for the sanitary fund reflects unacceptable balances for typical enterprise fund services. It appears that the City utilities has been operating utilizing restricted funds to offset the impact that negative economic factors might have had over the past ten years. However, the City adopted a Five-Year Sewer Rate Study which became effective in FY 2016-2017. These rates address needed funds due to increases in operating costs and capital replacement projects. These rates address needed funds due to increases in operating costs and capital replacement projects. No alternative government structure options were identified for further consideration at this time.

City of Indio: The City is the sole water purveyor for the residents and businesses of Indio. The City's current population is projected at 87,883. As one of the fastest growing municipalities in the Coachella Valley, the City is expected to increase to over 110,000 residents by 2040. Valley Sanitation District overlaps a portion of the City of Indio (sewer only), Desert Water Agency overlaps portions of the City of Palm Springs and Cathedral City (water & sewer), and a small portion of Mission Springs Water District (water & wastewater). The City plans to meet its future supply needs through a combination of ground water, recycled water, and surface water. The City's water infrastructure systems are aging. However, the ratio of unrestricted reserves and/or cash balances for the water fund reflects positive balances for typical enterprise fund services. Recent water and sewer rate adjustments also help fund increases in operating costs, capital replacement projects and offset lower water sales. No alternative government structure options were identified for further consideration at this time.

City of Palm Springs: The City's 2018 population is estimated to be 47,706. The City provides sewer service within the 45 square mile city limits. Water service is provided by the Desert Water Agency. All sewage generated within the City wastewater system is sent to the City's 10.9 MGD wastewater treatment plant for processing. No capacity issues have been identified. Thereafter, 75 percent of the plant output is sent to the Desert Water Agency for tertiary treatment. Due to the age of the major mechanical equipment at the wastewater treatment plant, the City prepared a comprehensive Capital Improvement Plan for upgrading the wastewater treatment plant. The City's Wastewater Unrestricted Fund balance ratio is approximately 290 percent of annual expenditures including operations, facilities and wastewater treatment expenses, a very positive

ratio position. No alternative government structure options were identified for further consideration at this time.

Chiriaco Summit County Water District: The District provides water to a 400-acre portion of a remote unincorporated area in the County of Riverside. The District is approximately 67 miles west of the City of Blythe and 28 miles east of the City of Coachella. The District service population is estimated at 49. There is no significant growth anticipated in the area due to limited water resources and public services available to the area. The District utilizes water supplies from one primary source: imported water via the Colorado River Aqueduct operated by the Metropolitan Water District. Groundwater is unacceptable due to high levels of fluoride. A severely disadvantaged community, the District generally operates at breakeven, with little capacity to fund system replacements or improvements. Unrestricted water fund reserves are negative. The District does not have a website. Due to its remote and separated location from other water purveyors or cities, no alternative government structure options were identified for further consideration at this time.

Coachella Valley Water District: Coachella Valley Water District (CVWD) serves domestic water through 108,000 connections to approximately 290,000 customers and sewer service through 94,000 connections. CVWD covers portions of Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, and Coachella. The 123-mile Coachella Canal and its underground water delivery system is managed by CVWD and used to irrigate nearly 60,000 acres of farmland. The District provides wastewater collection and treatment services to all or a portion of the cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, La Quinta, Palm Desert, Palm Springs and Rancho Mirage. By 2040, the District's retail service population is expected to increase to 527,100 residents. No supply or capacity issues for sewer or water service have been identified. Overall, the District water, sewer and CIP funds are considered stable and self-sustaining for operational, capital and debt service activities. Rate increases had been implemented over the last several years to accommodate increased expenditures for maintenance and capital improvements. No alternative government structure options were identified for further consideration at this time.

Desert Water Agency: Desert Water Agency (DWA) currently has about 23,000 domestic water connections that serve approximately 63,600 people (including seasonal population) and is responsible for providing wastewater collection service within portions of Palm Springs, Cathedral City, and unincorporated Riverside County. DWA provides water service through two separate systems (potable and recycled) within its service area. By 2040, the District's retail service population is expected to increase to 67,200 residents. No supply or capacity issues for sewer or water service have been identified. Overall, the District water, sewer and CIP funds are considered stable and self-sustaining for operational, capital and debt service activities. Rate increases have been implemented over the last several years to accommodate increased expenditures for maintenance and capital improvements. No alternative government structure options were identified for further consideration at this time.

Imperial Irrigation District: The Imperial Irrigation District (IID) is one of the largest irrigation districts in the nation. The IID Water Department is responsible for the operation and maintenance of the extensive open channel delivery system providing an annual entitlement of 3.1 million acre-feet, less water transfer obligations, to nearly one-half million acres for agricultural, municipal and industrial use. Of the water IID transports, approximately 97 percent is used for agricultural purposes, making possible Imperial County's ranking as one of the top ten agricultural regions nationwide. The remaining three percent of its water deliveries supply seven municipalities, one private water company and two community water systems as well as a variety of industrial uses and rural homes or businesses. IID supplies no water to areas of Riverside County. IID provides electric power to more than 150,000 customers in the Imperial Valley and parts of Riverside and San Diego counties. In Riverside County, IID provides electric service to the communities of La Quinta, Indio, Coachella, and portions of the cities of Indian Wells, Palm Desert and Rancho Mirage, as well as the unincorporated communities within Riverside County including Thousand Palms, Bermuda Dunes, Oasis, Thermal, Mecca, the Salton Sea, North Shores, Sky Valley, Indio Hills, Chiriaco Summit and Joshua Tree National Park. For the purposes of this Municipal Service Review (MSR), IID provides no water or wastewater services within Riverside County. Further, IID's electric service in Riverside County is by contract, outside of IID's corporate boundaries. A SOI was approved by LAFCO in 2006 as well as a recommendation that IID submit an application to LAFCO to annex area served into the District. No application has been submitted to date.

Mission Springs Water District: Mission Springs Water District (MSWD) provides water service to approximately 40,000 people in their water service area. The District also provides sewer service to approximately 26,000 people in Desert Hot Springs, Desert Crest Country Club and Dillon Mobile Home Park. By 2040, growth within the MSWD service territory is expected to increase by approximately 86 percent, or 32,500 residents to over 70,000. The MSWD water supply and distribution system includes three separate and distinct water supply and distribution systems with the largest of the three systems serving the community of Desert Hot Springs; the surrounding communities of West Garnet (located south of Interstate 10 and West of Indian Avenue); and North Palm Springs. The two smaller systems, Palm Springs Crest System and West Palm Springs Village System, are located approximately five miles west of Desert Hot Springs. These two communities are located on the north side of Interstate 10 (I-10) abutting the Morongo Indian Reservation. No supply or capacity issues for sewer or water service have been identified. Overall, the District's water, sewer and CIP funds are considered stable and self-sustaining for operational, capital and debt service activities. Rate increases had been implemented over the last several years to accommodate increased expenditures for maintenance and capital improvements. No alternative government structure options were identified for further consideration at this time.

Palo Verde Irrigation District: The Palo Verde Irrigation District (PVID) provides irrigation water services to areas within Riverside and Imperial Counties. The majority of the area it serves is in the County of Riverside. This MSR will only review areas within the boundaries of Riverside County. The District's service area is approximately 131,298 acres and includes the City of

Blythe, Ripley, Nicholls/Warm Springs, Mesa Verde and a portion of Imperial County. The population in its service area is approximately 23,000. The only local water supply available to PVID for distribution is Colorado River water. The District's water system diverts water from the Colorado River at the Palo Verde Diversion Dam where water is conveyed through over 244 miles of canals to cultivate farmlands. Agricultural runoff is collected by PVID's 141-mile drainage system, which returns flows to the Colorado River. PVID is not required to develop an Urban Water Management Plan. However, during all water years, no reductions in supply are expected for PVID supplies. Overall, the District water and CIP funds are considered stable and self-sustaining for operational, capital and debt service activities. No alternative government structure options were identified for further consideration at this time.

Valley Sanitary District: The Valley Sanitary District (VSD) service area primarily consists of residential areas with moderate commercial, industrial, and public land use encompassing much of the City of Indio, portions of the City of La Quinta and City of Coachella, and unincorporated areas of the County of Riverside. VSD provides collection system services to a population of approximately 88,000. Population is forecasted to increase by about 46 percent from 2015 to 2040 to over 128,000. The existing wastewater collection system consists of over 246 miles of pipes, associated infrastructure and a wastewater treatment plant (WWTP). The current capacity of the WWTP is 12.5 million gallons per day (MGD). Ultimately, the plant is expected to have a 20 MGD capacity. Average daily flow through the WRF in 2017 was approximately 7 MGD. No capacity issues for sewer service have been identified. Overall, the District sewer funds are considered stable and self-sustaining for operational, capital and debt service activities. No alternative government structure options were identified for further consideration at this time.

County Service Area 51 (Desert Center/Lake Tamarisk): County Service Area 51 (CSA 51) services three communities consisting of Eagle Mountain, Desert Center, and Lake Tamarisk. Its service area encompasses approximately 680 acres and serves an estimated population of 540. Eagle Mountain is a vacant area, and although it is within the service area of CSA 51, it does not receive any services from the CSA. Desert Center consists of gas station, convenient stores, single-family residences, and a mobile home park. Lake Tamarisk is a small community surrounding Lake Tamarisk. Since CSA 51 is so small there is no specific growth projection linked to the area. The District's only water source is local groundwater. Groundwater is treated to remove fluoride before delivery to customers. The CSA has a dual water distribution system that allows for conveyance of potable water for domestic purposes and non-potable water for landscaping purposes. The CSA owns its own wastewater treatment plant (WWTP) that operates at about 50% of capacity, making it adequate for the foreseeable future. The CSA operates at breakeven or modest deficit. As annual operational and/or capital improvement shortfalls occur, Riverside County Supervisors augment revenues from other funds to maintain the CSA's solvency. No alternative government structure options were identified for further consideration at this time.

County Service Area 62 (Ripley): County Service Area 62 (CSA 62) services the unincorporated community of Ripley of approximately 400 residents. It is one of the oldest

communities in the desert, and is predominantly agriculturally based. It is approximately ten miles southwest of the City of Blythe, south of 1-10. Today, Ripley consists of single-family residences, mobile home parks, and a community center. The service area of the CSA encompasses approximately 355 acres. Since CSA 62 is so small, there is no specific growth projection linked to the area. The CSA operates and maintains two wells, one of which is to be used only for emergency purposes. The existing water treatment plant is owned and operated by the CSA and was recently upgraded to treat high TDS, iron and manganese. There are no auxiliary water sources available to CSA 62. CSA 62 serves 110 wastewater connections within Ripley. The CSA owns and operates its own wastewater treatment plant (WWTP). The capacity of the WWTP is .05 MGD, and it is currently treating an average daily flow of .037 MGD making the plant capacity sufficient for the foreseeable time frame. The CSA operates at breakeven or modest deficit. As annual operational and/or capital improvement shortfalls occur, Riverside County Supervisors augment revenues from other funds to maintain the CSA's solvency. No cost avoidance opportunities have been identified in this review.

County Service Area 122 (Mesa Verde): County Service Area 122 (CSA 122) services the unincorporated community of Mesa Verde. The community is located directly south of the Interstate 10 and the Blythe Airport, west of the City of Blythe. The area is primarily a mobile home community consisting of about 1,200 residents. The CSA is approximately 454 acres in size. Since CSA 122 is so small there is no specific growth projection linked to the area. The CSA currently services 300 water connections. Water demand has been similar for the past number of years (approximately 300 AFY). There has been no formal planning for projected water demands in the area. The community of Mesa Verde uses septic systems. The use of septic systems has not been found to affect the water quality in Mesa Verde. The CSA operates at breakeven or modest deficit. As annual operational and/or capital improvement shortfalls occur, Riverside County Supervisors augment revenues from other funds to maintain the CSA's solvency. No cost avoidance opportunities have been identified in this review.

Municipal Service Review Determinations

1. Growth and population projections for the affected area

Projections of growth provided by the agencies, Census data, Urban Water Management Plans, Sewer Master Plans and other resources indicate that significant growth will occur throughout Riverside County's Coachella/Eastern County Region over the next 20 years. Of the principal cities in the region, only the City of Palm Springs is expected to experience low to moderate growth in population. Only four agencies, Chiriaco Summit County Water District, CSA 51, CSA 62 and CSA 122, are projected to experience no or very limited population growth. The Coachella Valley Water District is projected to have a population growth of over 80 percent over the next 20 years.

2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

Within the Coachella/Eastern County Region, Riverside LAFCO has identified a number of disadvantaged unincorporated communities (DUCs) within or contiguous to the agency spheres of influence. All identified DUCs are currently provided water and sewer service by existing agencies through contract or have the opportunity to connect to such services in the future should homeowners elect to do so. Identified DUCs in the Coachella/Eastern County Area in or adjacent to their SOI:

Adjacent to the City of Blythe

- 1) 10th Ave./N. Broadway Ag area
- 2) Colorado River Rd. Area

Cathedral City

- 1) San Miguel Dr.
- 2) Tri Palm Estates Country Club
- 3) Ivey Ranch area

City of Coachella and Coachella Valley WD

- 1) 54th Ave./Harrison Street
- 2) Thermal
- 3) Fillmore St./54th Street
- 4) Fillmore St./Airport Blvd. Area
- 5) Indio Hills Area
- 6) Mecca Area
- 7) North Shore Area
- 8) Oasis Area
- 9) Vista Santa Rosa Area

City of Desert Hot Springs and Mission Springs WD

- 1) Dillon Rd./N. Indian Canyon Drive combined with North Palm Springs
- 2) Mission Lakes country Club
- 3) Palm Dr./Dillon Rd.

City of Palm Springs:

- 1) Dillon Rd./N. Indian Canyon Dr. (Carefree MHP).

Desert Water Agency:

- 1) Cabazon Area DUC (near Interstate 10) about six miles east of the City of Banning
- 2) Cherry Valley Area DUC near the northern edge of the City of Beaumont between the Cities of Calimesa and Banning

- 3) Whitewater Area DUC near Interstate 10, approximately three miles west of the City of Palm Springs

Valley Sanitary District:

- 1) Carver Tract Area DUC, south of Interstate 10, and west of the SR 86

3. **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**

Based on expected supplies from the Colorado River and the State Water Project as well as data and reports supplied by the agencies (such as Urban Water Management Plans and replenishment strategies and plans), the water service providers within the Coachella Valley/Eastern Region have adequate identified groundwater resources to meet future needs.

Wastewater providers, through upgrading existing facilities and constructing new facilities, can also meet future wastewater needs within the region. The agencies generally adequately address infrastructure needs and deficiencies through master plans, capital improvement plans and other long-range planning documents. As stated above, identified DUCs in the Coachella Valley/Eastern Region are currently provided water and sewer service or have the opportunity to connect to such services in the future. Isolated agencies, such as CSCWD and CSAs 51 and 122, rely upon the use of septic systems.

4. **Financial ability of agencies to provide services**

The agencies were found to have prepared comprehensive annual budgets, maintain annual capital improvement plans, and maintain adequate and appropriate reserves. Four very small agencies (i.e. County CSAs and Chiriaco Summit CSD) are financially subsidized by the County and/or eligible for infrastructure grant/low interest funding. For most of the agencies within the Coachella Valley/Eastern Region, other than CSA 51, the amount of reserves held is matched to CIP and other infrastructure improvements. CSA 51 has operated often in a deficit, and the County has augmented funding from other sources. Chiriaco Summit CWD reports that it does not have a formal CIP but is developing one in 2019. All agencies reviewed reported unqualified audits prepared in accordance with generally accepted accounting standards.

5. **Status of, and opportunities for, shared facilities**

There is extensive agency collaboration within the Coachella/Eastern County Region. Excess capacity, facilities and staff are made available whenever possible. The agencies increase opportunities for shared facilities through joint powers agreements, inter-ties, service agreements and industry groups. Some examples include:

City of Blythe: The City has a formal mutual aid agreement with Riverside County Fire Department and CAL FIRE; the City coordinates operations and maintenance with the Palo Verde ID where needs occur.

City of Coachella: The Coachella Valley Regional Water Management Group (CVRWVG) was formed in 2008 for coordinating the water resources planning activities of the five Coachella Valley public water suppliers, including the Coachella Water Authority.

City of Indio: The City of Indio is a member of the Eastern River Interoperable Communications Authority (ERICA) to assist members in meeting public safety communication needs; the Coachella Valley Water District has emergency intertie connections with the Indio Water Authority and the City of Coachella; the City also participates in the East Valley Reclamation Authority (EVRA) and the Coachella Valley Regional Management Group (CVRWVG)..

City of Palm Springs: Agreements signed in 1977, including subsequent amendments, allow the Agua Caliente Band of Cahuilla Indians (ACBCI) and the City of Palm Springs to work closely together on development projects on reservation lands.

Coachella Valley Water District: The District is a contractor of the State Water Project (SWP) and a Colorado River water importer through water rights and contracts with the federal government; CVWD has an agreement to treat sewage flows from a portion of the Desert Water Agency (DWA) service territory; the District is a member of the Coachella Valley Regional Water Management Group (CVRWVG) which coordinates the water resources planning activities of the five Coachella Valley public water suppliers.

Desert Water Agency: The District is a member of the Coachella Valley Regional Water Management Group (CVRWVG) which coordinates the water resources planning activities of the five Coachella Valley public water suppliers.

Mission Springs Water District: The District is a member of the Coachella Valley Regional Water Management Group (CVRWVG) which coordinates the water resources planning activities of the five Coachella Valley public water suppliers.

Palo Verde Irrigation District: On September 1, 2005, the District entered into the Lower Colorado River Multi-Species Conservation Program with nine other participating California agencies and one investor-owned utility. This agreement is intended to meet California's funding requirement for a 50-year, \$628,180,000 comprehensive species conservation and habitat management program.

Valley Sanitary District: On December 18, 2013, the District entered into a joint powers agreement with the City of Indio to form the East Valley Reclamation Authority (the "JPA") to plan, program, finance, design and operate a reclaimed water facility to bring a sustainable water supply and manage the water resources for the customers of the Indio Water Authority (a blended component unit of the City) and the District.

County Service Area 62 (Ripley): CSA 62 and 122 currently share the same administrative office located in the Ripley Community Center.

County Service Area 122 (Mesa Verde): CSA 62 and 122 currently share the same administrative office located in the Ripley Community Center.

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

The governing bodies of the agencies are locally accountable through adherence to applicable government code sections, open and accessible meetings, and dissemination of information. With the exception of Chiriaco Summit County Water District, CSA 51, CSA 62 and CSA 122, that are very small agencies, all agencies have websites, which help to promote transparency and accountability as well as allowing public oversight of agency activities.

The Imperial Irrigation District (IID) serves electrical services only in the SOI area in Riverside County, outside of its agency boundary of Imperial County. Customers in Riverside County do not have elected representatives on the IID Board of Directors but cities served nominate representatives to an advisory board who provide input to the District Board. This issue has been in the news in 2018-19 with no resolution being discussed. In 2006, Riverside LAFCO approved the SOI and a recommendation that IID apply to annex territory in Riverside County. No application has been submitted to date.

None of the agencies reviewed expressed interest in reorganization reviews as being opportunities for their agency.

Some agencies lack mapping capabilities. All agencies are encouraged to develop standardized mapping systems and submit updated maps to LAFCO on a regular basis.

7. **Any other matter related to effective or efficient service delivery, as required by commission policy**

No other matters related to effective or efficient service delivery were identified under Commission policy.

2. Introduction

In 1997, the State Legislature convened a special commission to study and make recommendations to address California's rapidly accelerating growth. The Commission on Local Governance for the 21st Century focused their energies on ways to empower the already existing Local Agency Formation Commissions (LAFCOs), originally established in 1963. The Commission's final report, *Growth Within Bounds*, recommended various changes to local land use laws and LAFCO statutes. Assembly Speaker Bob Hertzberg incorporated many of the recommendations of the Commission into the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (AB 2838). The law provided LAFCOs with additional responsibilities and powers.

Municipal Service Reviews

Beginning in 2001, LAFCOs in each county in California were required to review and, as necessary, update the sphere of influence (SOI) of each city and special district. SOIs are boundaries, determined by LAFCO, which define the logical, ultimate service area for cities and special districts. No SOI can be updated, however, unless the LAFCO first conducts a Municipal Service Review (MSR). MSRs evaluate how agencies currently provide municipal services within their agency service area and evaluate the impacts on those services from future growth and other changes that may occur over the next 10 to 20 years. The MSR report is also required to identify potential opportunities to address any shortfalls, gaps, and/or impacts on services and governmental structure that may currently exist or are anticipated in the future.

The MSR process does not require LAFCO to initiate changes of organization based on service review determinations. California Government Code §56430 does require, however, that LAFCOs, upon receipt and consideration of an MSR, adopt written findings addressing each of the following areas:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. 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.
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.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

Spheres of Influence

In 1972, LAFCOs were given the power to establish spheres of influence (SOIs) for all local agencies under their jurisdiction. As defined by the Cortese-Knox-Hertzberg Reorganization Act of 2000 (CKH Act), LAFCO's governing law, "sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission (Government Code §56076). SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. The requirement for LAFCOs to conduct MSR was established by AB 2838 as an acknowledgment of the importance of SOIs and recognition that periodic updates of SOIs should be conducted on a five-year basis (Government Code §56425(g)) with the benefit of better information and data through MSR (Government Code §56430(a)).

LAFCO is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they 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 with the existing sphere of influence.

This report does not include analyses of agency spheres of influence or make recommendations regarding potential sphere amendments. This report could, however, be used as background and support information should Riverside LAFCO decide to pursue specific agency sphere changes in the future.

Disadvantaged Unincorporated Communities (DUCs)

Senate Bill 244 was a significant piece of LAFCO-related legislation passed in 2011. This bill required LAFCO to make determinations regarding disadvantaged unincorporated communities or (DUCs). DUCs are defined as inhabited, unincorporated territory that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual household income (MHI). According to the 2012-2016 five-year American Community Survey data, 80 percent of the statewide median household income is \$51,026.

Government Code §56375 specifically prohibits LAFCOs from approving an annexation to a city of any territory greater than 10 acres where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation unless an application to annex

the disadvantaged unincorporated community has also been filed. Within this MSR, each agency description includes a review of applicable DUCs (if any) for that agency and how water and wastewater services are currently provided to that area.

Countywide Water and Wastewater Municipal Service Review

The Countywide Water and Wastewater MSR focuses on 12 cities and 32 special districts for a total of 44 public agencies which currently provide water and/or sewer services to residents within Riverside County. For ease of presentation, the agencies are divided into three separate reports by sub region: 1) Western County, 2) Pass/Mountain Area, and 3) Coachella/Eastern County. This report is focused on the Coachella/Eastern County subregion only. Table 1, below, identifies the agencies studied by subregion and the service(s) provided.

Table 1 – Riverside County Agencies and Services Reviewed

	Services Provided	
	Water	Wastewater
Western Agencies		
1. City of Corona	✓	✓
2. City of Hemet	✓	✓
3. City of Norco	✓	✓
4. City of Perris		✓
5. City of Riverside	✓	✓
6. City of San Jacinto	✓	✓
7. Eastern Municipal Water District	✓	✓
8. Edgemont Community Services District		✓
9. Elsinore Valley Municipal Water District	✓	✓
10. Home Gardens County Water District		✓
11. Home Gardens Sanitary District	✓	
12. Jurupa Community Services District	✓	✓
13. Lake Hemet Municipal Water District	✓	✓
14. Rancho California Water District	✓	✓
15. Rubidoux Community Services District	✓	✓
16. San Bernardino Valley Municipal Water District	✓	
17. Temescal Valley Water District	✓	✓
18. West Valley Water District	✓	
19. Western Municipal Water District	✓	✓
Pass/Mountain Area Agencies		
20. City of Banning	✓	✓
21. City of Beaumont		✓
22. Beaumont-Cherry Valley Water District	✓	
23. Cabazon County Water District	✓	
24. Fern Valley Water District	✓	
25. High Valley Water District	✓	
26. Idyllwild County Water District	✓	✓
27. Pine Cove County Water District	✓	
28. Pinyon Pines County Water District	✓	
29. San Geronio Pass Water Agency	✓	
30. Yucaipa Valley Water District	✓	✓

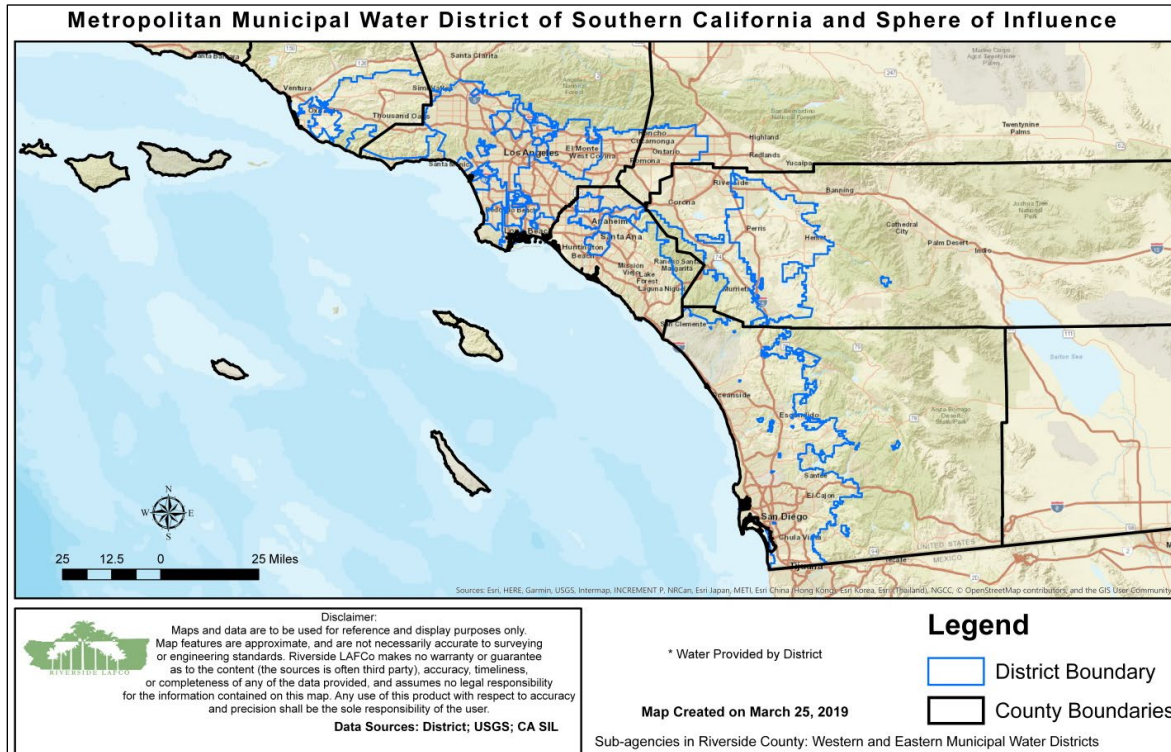
	Services Provided	
	Water	Wastewater
Coachella/Eastern County Agencies		
31. City of Blythe	✓	✓
32. City of Coachella	✓	✓
33. City of Indio	✓	
34. City of Palm Springs		✓
35. Chiriaco Summit County Water District	✓	
36. Coachella Valley Water District	✓	✓
37. Desert Water Agency	✓	✓
38. Imperial Irrigation District*	✓	✓
39. Mission Springs Water District	✓	✓
40. Palo Verde Irrigation District	✓	
41. Valley Sanitary District		✓
42. County Service Area 51 (Desert Center/Lake Tamarisk)	✓	✓
43. County Service Area 62 (Ripley)	✓	✓
44. County Service Area 122 (Mesa Verde)	✓	

* provides only electricity in Riverside County

Metropolitan Water District of Southern California

The Metropolitan Water District of Southern California's (Metropolitan) mission is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way. Today, Metropolitan serves Riverside County as part of a 5,200-square-mile service area that also includes Los Angeles, Orange, San Bernardino, San Diego and Ventura counties.

Exhibit 1 – MET Service Area Map



MET was established in 1928 under a special act of the California Legislature to build and operate the 242-mile Colorado River Aqueduct that would bring water to southern coastal areas. Southland residents voted for a major bond in the depths of the Great Depression to fund the herculean construction effort through the desert to deliver essential water supplies and generate badly needed jobs.

In 1960, MET, along with 30 other public agencies, signed a long-term contract that made possible the construction of the State Water Project, including reservoirs, pumping plants and the 444-mile California Aqueduct, which currently serves urban and agricultural agencies from the San Francisco Bay to Southern California, including Riverside County. As the largest of the now 29 agencies, Metropolitan contracts with the State Department of Water Resources, which owns and operates the State Water Project, for slightly less than half of all supplies delivered to Metropolitan.

More than 1,800 employees and many contractors perform a wide range of water management, planning, conservation and other activities to serve Metropolitan's 26 public member agencies. Metropolitan provides more than 50 percent of the region's water through imported supplies and investments in new local projects including recycled water and conservation. Each member agency is entitled to at least one director; additional directors are based on each member agency's assessed valuation.

Metropolitan ratepayers have also invested over two billion dollars to build the Diamond Valley Lake and reserve, the largest local reservoir in California, located within Riverside County, which stores water that can be used to supply the region in dry years or during emergencies. Diamond Valley Lake has a surface area of 4,500 acres and capacity of 810,000 acre-feet of water. Adjacent to Diamond Valley is Lake Skinner and the Robert A. Skinner Water Treatment Plant that has capacity to treat up to 630 million gallons per day for the Eastern and Western MWD's and for the San Diego Water Authority service areas. Without this essential water source, Southern California would face water rationing three years ago during the recent drought cycle.

As referenced above, the two Metropolitan member agencies in Riverside County, Eastern and Western MWD's, are wholesale water suppliers to many of the other water purveyors within Riverside County. Each of these agencies are described in more detail as to their service areas and supply capabilities under their sections of the report.

Mutual Water Companies

Assembly Bill 54 (Solorio) was enacted in 2011 and added several requirements and responsibilities to managers of Mutual Water Companies (MWCs) effective January 1, 2012.

Corporations Code § 14301.1 requires that each mutual water company submit to the LAFCO for its county a map showing its service area by December 31, 2012. In addition, a MWC must respond to a request for non-confidential information from a LAFCO in conjunction with that agency's preparation of a municipal service review or sphere of influence. Government Code §56430(c) and (d) also allow a LAFCO conducting a municipal service review to investigate whether a MWC that operates a public water system is in compliance with the federal and state Safe Drinking Water Acts.

The following MWCs responded to Riverside LAFCO request for information or have been identified as providing service within cities or water agencies in Riverside County. Several MWC's in the County have not responded to LAFCO's 2013 request for a map of their service area.

Table 2 – Mutual Water Companies – Coachella Valley/Eastern County Subregion

Company Name	Address	Connections/Population	Contact
Boe Del Heights Mutual Water Company	P.O. Box 1057 Indio	116/325 (Being consolidated into the Indio Water Authority system)	Joe Mendoza (760) 347-3785
Carver Tract Mutual Water Company	P.O. Box 2466 Indio	188/300	Dee Rodriguez (760) 342-6266
Mesquite Mutual Water Company	50334 Jackson Street Coachella	16/25	Irma Fernandez (760) 863-4362
Myoma Dunes Mutual Water Company	79-050 Avenue 42 Bermuda Dunes	2465/6159	Mark Meeler (760) 722-1967
Thermal Mutual Water Company	P.O. Box 939 Thermal	36/100	Carmen Fernandez (760) 398-1279
Whitewater Mutual Water Company	879 N. Palm Canyon Drive Palm Springs	Information unavailable	Stan Clark (760) 325-5880

3. Riverside County Overview

Riverside County is the fourth largest county in California by population, stretching nearly 200 miles across and comprising over 7,200 square miles of fertile river valleys, low deserts, mountains, foothills and rolling plains. Riverside County shares borders with Imperial, Orange, San Diego, and San Bernardino Counties, extending from within 14 miles of the Pacific Ocean to the Colorado River. Geographically, the County is mostly desert in the central and eastern portions, but has a Mediterranean climate in the western portion. Most of Joshua Tree National Park is located in the County.

Taking its name from the City of Riverside, the County was formed in 1893 from a small portion of San Bernardino County and a larger part of San Diego County. In May 1893, voters living within an area carved from San Bernardino County and San Diego County approved formation of Riverside County. On May 9, 1893, the County officially formed and began charting a course under its newly elected Board of Supervisors. The County's early years were linked to agriculture but commerce, construction, manufacturing, transportation and tourism soon took hold, contributing substantially to the region's rapid growth.

Recent years have brought dramatic population growth. Between 1980 and 1990, the number of residents grew by over 76 percent, making Riverside the fastest-growing county in California. By 1992, the County was "home" to over 1.3 million residents, more than the entire population of 13 states, among them Maine, Nevada, Hawaii and New Hampshire. Since 1992, the population has nearly doubled. As depicted in Table 3 and Table 4, below, population and employment growth within Riverside County between 2015 and 2040 is projected to outpace every other county within the Southern California Association of Governments (SCAG) region with exception of Los Angeles.

Table 3 – Population by County

County	2000	2010	2015	2040	Difference 2015-2040
Imperial	143,151	175,594	182,390	282,024	99,634
Los Angeles	9,543,983	9,827,070	10,158,776	11,513,435	1,354,659
Orange	2,853,893	3,017,089	3,157,074	3,464,487	307,413
Riverside	1,557,271	2,191,800	2,316,438	3,167,584	851,146
San Bernardino	1,719,190	2,038,771	2,111,256	2,731,321	620,065
Ventura	756,902	853,188	853,188	965,210	112,022

Source: 2015-2040 SCAG RTP/SCS

Table 4 – Employment by County

County	2000	2010	2015	2040	Difference 2015-2040
Imperial	54,080	56,480	76,000	124,609	48,609
Los Angeles	4,444,600	4,140,040	4,463,010	5,225,707	762,697
Orange	1,516,770	1,492,940	1,633,000	1,898,685	265,685
Riverside	513,740	591,850	742,000	1,174,500	432,500
San Bernardino	587,340	652,830	729,000	1,028,132	299,132
Ventura	323,200	322,560	363,000	419,808	56,808

Source: 2015-2040 SCAG RTP/SCS

Water Supply Reliability and Policy Issues - Riverside County and California

The State of California and the region of Riverside County have been substantially impacted over the past five years of drought now being recognized as the one of the worst droughts in the State history. Since a majority of the water supply is imported, the continuing drought has an impact upon the current and future livelihood and economic viability of the region. Governor Brown and the State Water Resources Control Board (SWRCB), as the overseer of policy issues of water in the State of California, have taken actions to respond to the ongoing drought conditions in the state.

A summary of the actions taken to date include:

- On January 17, 2014, the Governor issued a proclamation of a State of Emergency under the California Emergency Services Act based on drought conditions;
- On April 25, 2014, the Governor issued a proclamation of a continued State of Emergency under the California Emergency Services Act based on continued drought conditions; and
- On April 1, 2015, the Governor issued an Executive Order that, in part, (1) directs the State Water Resources Control Board (SWRCB) to impose restrictions on water suppliers to achieve a statewide 25 percent reduction in potable urban usage through February 28, 2016; and, (2) requires commercial, industrial, and institutional users to implement water efficiency measures.
- On April 17, 2015, the SWRCB issued conservation standards (targets) for each of the hundreds of water agencies in the state. Implementation began June 1, 2015. Each agency was designated a target reduction of eight percent, an amount in the lower range of the tiers of between six to 36 percent. Under the approved regulations, each agency is required to report water usage each month and will face the potential of penalties or fines for not achieving the established targets

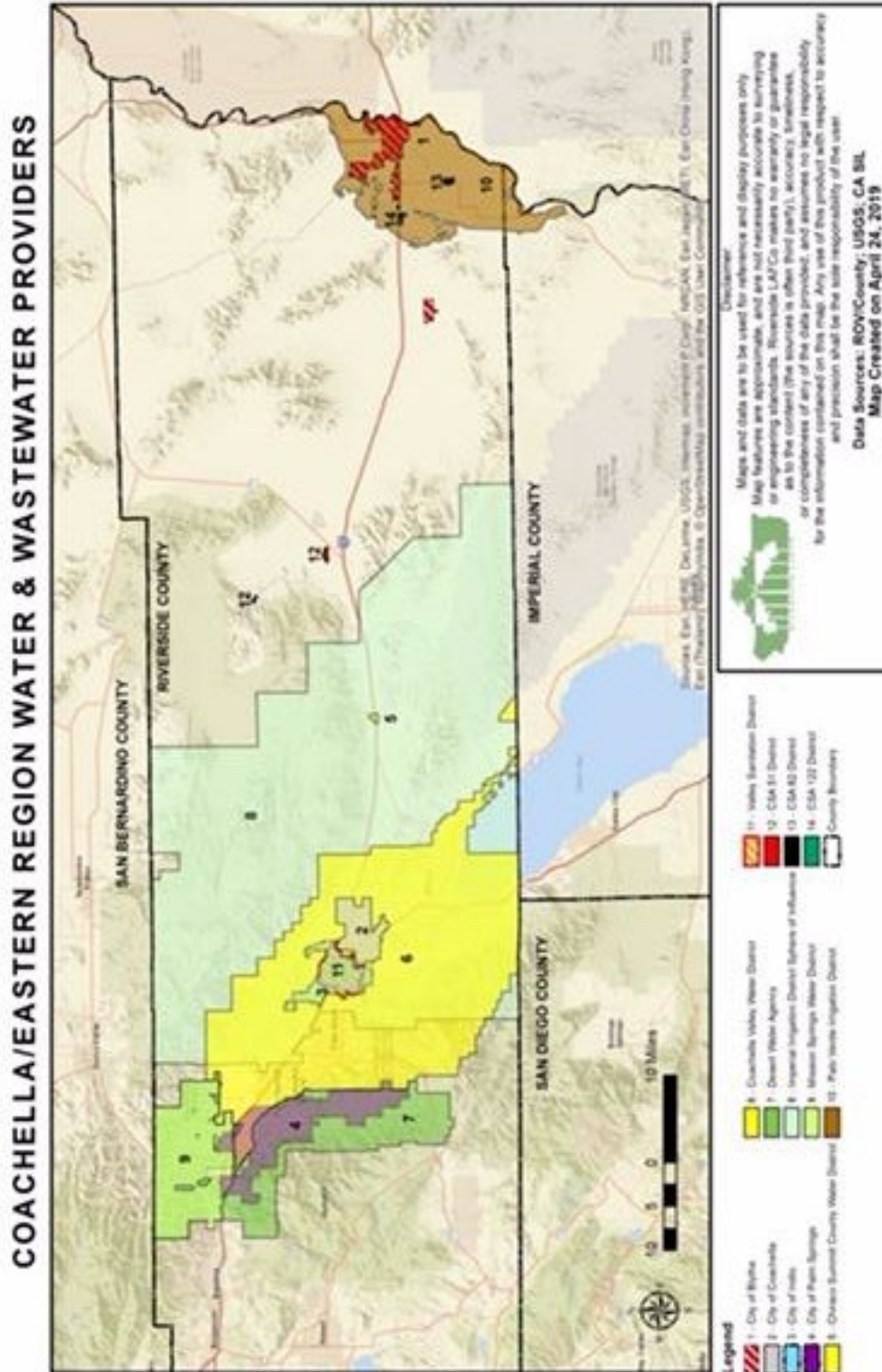
Although the Governor declared an end to California’s historic five-year drought last year in June 2018, he signed two new laws that will require cities and water districts across the state to set permanent water conservation rules, even in non-drought years. The two bills, SB 606 by Sen. Robert Hertzberg (D-Van Nuys) and AB 1668 by Assemblywoman Laura Friedman

(D-Glendale), require cities, water districts and large agricultural water districts to set strict annual water budgets, potentially facing fines of \$1,000 per day if they are not met, and \$10,000 per day during drought emergencies. Under the bills, each urban water provider will be required to come up with a target for water use by 2022. Fines for agencies failing to meet their goals can begin in 2027. The targets must be approved by the State Water Resources Control Board between now and then and will vary by city and county.

Standards will be based on a formula that is made up of three main factors: an allowance of 55 gallons per person per day for indoor water use — dropping to 50 gallons by 2030; a yet-to-be determined amount for residential outdoor use that will vary depending on regional climates; and a standard for water loss due to leak rates in water system pipes. The new laws make it likely that water agencies will need to offer more rebates for homeowners and business owners who replace lawns with drought-tolerant plants and who purchase water efficient appliances. The agencies could also limit the hours and days of lawn watering, even when droughts are not occurring.

Governor Brown and the Legislature are discussing further actions proposed to deal with the drought and to provide incentives for developing new or alternative water supplies. Funding from prior voter approved water bonds have been appropriated and additional assistance in coordinating efforts with Federal agencies is being considered. At this point, it is expected that water supply and demand management will continue to be very high priority topics within the State and among local government agencies, including LAFCOs.

4. Coachella Valley/Eastern Region – Water and Wastewater Agencies



City of Blythe

Overview/History

In the early or mid-1870s, William Calloway, an engineer and a former captain of the 1st California Infantry Regiment, explored an area across the Colorado River from Ehrenberg, Arizona and found its potential for development. Calloway made preliminary surveys and filed land claims under the Swamp Land Act of 1850. He interested the wealthier Thomas Henry Blythe, who was born in Mold, Wales, to undertake development and settlement of an "empire" located next to the Colorado. On July 17, 1877, Blythe filed his first claim for Colorado River water on what was to become the "Blythe Intake."

Frank Murphy and Ed Williams, who were involved on the cattle industry in southeastern Arizona, came to the area in 1904 and were convinced it was well suited for cattle and farming. With the Hobson brothers from Ventura County, they bought Blythe's estate and formed the Palo Verde Land and Water Company.

On August 8, 1916, the California Southern Railroad reached Blythe from the desert station of Rice, then known as Blythe Junction. The dramatic growth in the valley following this event attracted national attention. Production totals increased annually from virtually nothing to near \$8,000,000 in few years, primarily from cotton and cottonseed. The Atchison, Topeka and the Santa Fe Railroad began leasing the line in 1921 and acquired it in the end of 1942.

In 1935, the completion of Boulder Dam extinguished the destructive annual floods in the valley. As noted on the City of Blythe's 50th anniversary, some 40 crops were grown in the farms, and large cattle feed lots were another aspect of the agriculture industry.

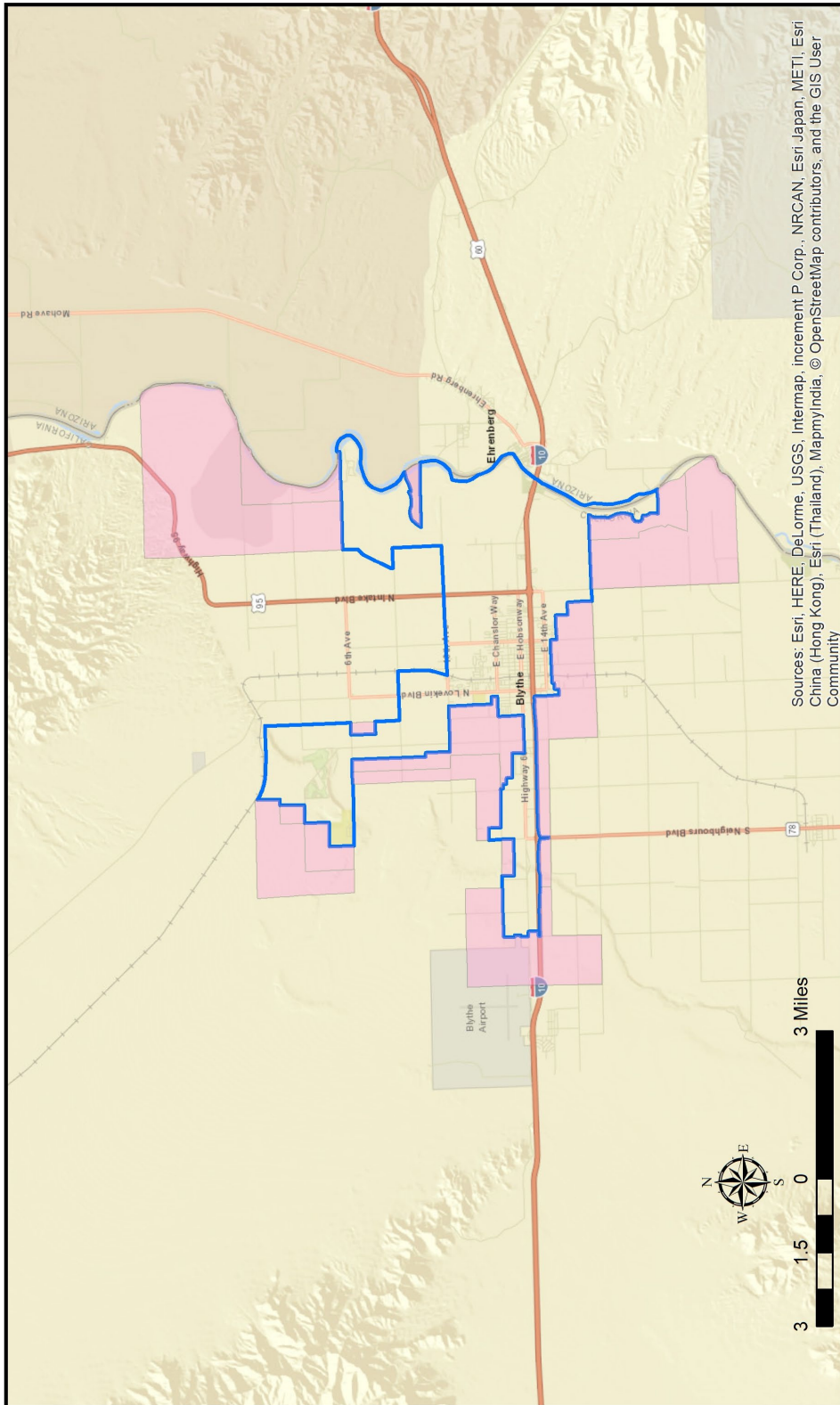
During World War II, Blythe was the site of United States Army Air Forces facilities at the Blythe Airport and the Gary Field. The first automobile bridge over the Colorado River between Blythe and Ehrenberg was constructed in 1928 to replace a cable ferry service. In 1972, Interstate 10 was built through the City, as the main thoroughfare.

The City of Blythe encompasses an area of approximately 26.8 square miles and is situated 265 feet above sea level. Blythe experiences a California desert climate with winter temperatures averaging 55-75 degrees, and summer temperatures averaging 85-110 degrees. Annual rainfall is approximately three inches per year.

In 2016, the voter-approved recreational use of cannabis in California has resulted in the cannabis industry becoming drawn to the economically declined City due to lower land prices, water, and potentially lower taxes compared to other parts of the state. One of the proposed cannabis facilities, Palo Verde Center, is projected to be one of the largest in North America.

Exhibit 2 – City of Blythe

City of Blythe and Sphere of Influence



Legend

- City Boundary
 - Sphere of Influence
 - Sphere of Influence Adopted: 2007
 - City Boundary Adopted: 2007
 - * Sewer & Water Provided by City
- Map Created on March 25, 2019**

Disclaimer:

Maps and data are to be used for reference and display purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. Riverside LAFCo makes no warranty or guarantee as to the content (the sources is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

Data Sources: County of Riverside; USGS; CA SIL



City of Blythe

City of Blythe – Agency Profile

General Information			
Agency Type	General Law City		
Principle Act	California Government Code §36501		
Date Formed	July 21, 1916		
Services	Full service; police service provided by contract with Riverside County Sheriff's Department. Sanitation and street sweeping services are provided by CR&R. All other services are provided by the City of Blythe.		
Service Area			
Location	Eastern Riverside County		
Square Miles/Acres	26.8 square miles/17,150 acres		
Total Connections	Water - 3,400 Sewer - 3,302		
Population Served	19,389		
Water Infrastructure			
Facilities	5 active wells; 7 stand-by wells, 3 treatment facilities (all at less than 40% capacity)		
Storage Capacity	5.4 MG		
Primary Source of Supply	The City obtains its own groundwater from the Palo Verde Valley Groundwater Basin.		
Water Rates (single-family home)	Single tier rates: Residential \$1.97 KGAL, Commercial \$1.7 KGAL, Industrial \$2.06 KGAL		
Sewer Infrastructure			
Facilities	58 miles of pipeline, one treatment plant (activated sludge)		
WWTP Capacity (MGD)	Average dry weather flow: 1.3 MGD, Max flow: 2.4 MGD		
Primary Disposal Method	Percolation/evaporation ponds		
Sewer Rates (single-family home)	Residential: \$32.46/month, Commercial: \$1.88 to 4.28 KGAL		
Budget Information - FY 2017-2018 (Water & Sewer Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$2,998,661	\$2,924,735	\$73,926
Sewer Fund	\$3,308,400	\$2,898,631	\$409,769
Combined Funds	\$6,307,061	\$5,823,366	\$483,695
Capital Expenditures	FY 2017-2018 \$420,000	Long-Term Planned Expenditures \$5,708,000 2018-2019 to 2019-2020 CIP	
Water Fund Balance/Reserves	\$9,162,719		
Sewer Fund Balance/Reserves	\$9,348,005		
Agency Net Position	\$32,106,517		
Governance			
Governing Body	Five member city council elected at-large: The City Council meets on the second Tuesday of every month at 6:00 p.m. in the Council Chambers, located at Blythe City Hall, 235 N. Broadway, Blythe, CA 92225.		
Agency Contact	Anthony Baldizzone, 760-922-6611: abaldizzone@cityofblythe.ca.gov		

Sources: 2017-2018 City Budget, 2017 audited financial statements, questionnaire responses

City of Blythe

Growth and Population Projections

The California State Department of Finance estimates the City’s 2018 population to be 19,389. This estimate includes a state prison population within the City boundaries of approximately 5,700. Adjusting for the prison population yields a water service area population of about 13,689. As shown in Table 5, below, between 2020 and 2040, growth is expected to increase by approximately 49 percent, or 7,210 residents.

Table 5 – City of Blythe Population Projections, 2020-2040

2020	2025	2030	2035	2040
14,838	16,382	18,087	19,970	22,048

Source: City of Blythe 2015 Urban Water Management Plan (adopted 2018)

The City’s current General Plan (at full development based upon current land use designations) would support a potential population of nearly 90,000. City planners, however, expect a 2025 population of 24,563. This forecast would represent a 27 percent increase over 2018 numbers. Full development is expected to take place over a 40 to 50 year time period.

Disadvantaged Unincorporated Communities (DUCs)

Riverside LAFCO has determined that there are two DUCs within the City’s sphere of influence:

- 10th Avenue and North Broadway, considered an agricultural area
- Colorado River Road, immediately adjacent to the Colorado River

These DUCs are currently either on private wells and individual septic systems, private development systems or connected to a retail purveyor system. The County of Riverside contracts for fire service.

Present and Planned Capacity of Public Facilities

The City is the sole water purveyor for the residents and businesses of Blythe. The City also provides sewer collection service and wastewater treatment.

Currently, the City’s wastewater treatment plant is operating at less than 50 percent of full capacity, the water treatment plant is at 39 percent of full capacity, the water treatment system at Hidden Beaches is at 24 percent of capacity, and the water treatment system at Mesa Ranch is at nine percent of full capacity.

Water Services

The Public Works Department maintains and operates a water production and treatment plant. The City’s water distribution system ties into the City’s wells that extract Colorado River water from Palo Verde Irrigation District’s (PVID’s) unquantified water right of Colorado River water.

City of Blythe

PVID overlaps the City of Blythe (non-potable agricultural water only). The water is pumped and treated at the City's water production and treatment facility located at Ronchette Road.

The City has used groundwater since the early days of its formation in 1916. However, many of the initial wells have since been abandoned. Today, there are a total of 15 groundwater wells that the City owns and maintains. Twelve of these wells are located within the City's main core or "Blythe Proper," two are located in the Mesa Ranch Area, and one is located in the Hidden Beaches Resort area. The earliest of these wells (Well 8) was drilled in 1950. The most recent wells (Wells 18 and 19) were drilled in 2006-2007. Only five of the City's wells are currently active full-time. The other wells are standby, seasonal, or inactive.

The City's current active production capacity within the main core (Blythe proper) of the City is 3,975 GPM. Because of water quality concerns related to iron and manganese, the City constructed a water filtration and treatment plant in 2007. The facility, located in the northeast area of the City, includes groundwater supply wells, filtration treatment equipment, and a reservoir storage tank all on one site. As part of this project, the City replaced Wells 1 and 16 with two new wells (Wells 18 and 19). Both Wells 18 and 19 are equipped with pumps capable of supplying 1,500 GPM of raw groundwater into the filtration treatment system. The City monitors its other wells for iron and manganese concentrations, in addition to other constituents. Active wells in the City receive wellhead treatment. This includes either iron or manganese treatment in addition to the standard chlorination, or chlorination only (for those wells not affected by iron and manganese).

The City has not had a problem with water quality or meeting the demand of its customers.

As part of its annual budget process, the City of Blythe adopts an annual Capital Improvement Plan that includes a water fund and a sewer fund that finance annual improvements to its water and wastewater systems.

The City is planning to extend water services to the Blythe Airport directly north of CSA 122. Tentative plans for the extension of water services from the City to the Mesa Verde area were discussed in 2005 and, as a result, the City's Capital Improvement Plan included the City's Redevelopment Agency funds to implement the plan. Existing plans would allow CSA 122 to drill a well adjacent to the City's proposed well for the Blythe Airport. There would be two separate water systems with an inter-tie for emergency purposes. The CSA will maintain and operate the water facilities inclusive of the water treatment plant. However, the ownership of those facilities is still being discussed, whether it is the CSA or the County.

Groundwater

The City's sole source of water supply is groundwater produced from the Palo Verde Valley Groundwater Basin. Further, due to Palo Verde Irrigation District's long-standing Colorado River water rights, and the legal definition of groundwater in the basin, there are no terms in place which limits the amount of groundwater available to the City. As a result, the extent of the City's

City of Blythe

infrastructure is the only limitation on the volume of water that the City can supply. Theoretically, if the City desires to increase the volume of groundwater, the City can do so by drilling more wells and adding additional treatment infrastructure (if necessary due to water quality).

Supply and Demand Assessment

During normal water years, no reductions in supply are expected for the City’s groundwater supplies. The projected normal water year supplies and demands from 2020 to 2040 are shown in Table 6, below. The source water supply is larger than demand in all years, and the City is not expected to have any supply shortfalls during normal water years or any issues providing a reliable and consistent supply of water.

Table 6 – City of Blythe Normal Year Water Supply and Demand Projections, 2020-2040

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Supply Totals	6,900	6,900	6,900	6,900	6,900
Demand Totals	<u>3,640</u>	<u>4,019</u>	<u>4,437</u>	<u>4,899</u>	<u>5,409</u>
Difference	3,260	2,881	2,463	2,001	1,491

Source: Blythe 2015 Urban Water Management Plan (adopted 2018)

The projected single-dry water year supplies and demands from 2020 to 2040 are shown in Table 7.

Table 7 – City of Blythe Single-Dry Year Water Supply and Demand Comparison Projections

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Supply Totals	6,900	6,900	6,900	6,900	6,900
Demand Totals	<u>3,931</u>	<u>4,340</u>	<u>4,792</u>	<u>5,291</u>	<u>5,841</u>
Difference	2,969	2,560	2,108	1,609	1,059

Source: Blythe 2015 Urban Water Management Plan (adopted 2018)

Groundwater Pumping

The provisions of the Law of the River and the constant recharge of the Palo Verde Groundwater Basin secure both PVID’s and the City’s water supplies for the foreseeable future.

Wastewater/Sewer

The City’s regional wastewater treatment plant (WWTP) has a capacity of 3.6 MGD and an average daily flow of 1.2 MGD. The WWTP provides secondary treatment. Approximately six miles west of the City of Blythe is the Blythe Airport, which has a small stand-alone wastewater system. The City plans to extend wastewater services to the airport, which would add the sewer flows in the Airport vicinity to the regional WWTP.

City of Blythe

Emergency Preparedness (Supply Interruption Capability)

As the City uses only groundwater for its water supply, the City’s water supply reliability is based entirely on the reliability of the Palo Verde Valley Groundwater Basin. The basin is considered a very reliable source of supply since it is continually replenished by the adjacent Colorado River. Nonetheless, because the basin is considered to be Colorado River water, the recent droughts and PVID’s transfer agreements impact the City to a small degree. Thus far, any supply impacts on the City have been mostly policy-level impacts as opposed to physical supply restrictions. The City does not anticipate any material impacts to the City’s groundwater supplies. The wastewater plant has emergency power systems onsite.

Financial Ability to Provide Services

As of June 30, 2017, the City reported a drop in its Net Position, the value of assets and funds on hand for operations and capital investment, to \$32,106,517, a decrease of \$386,055 from the prior year, or about one percent. On June 30, 2017, the Water Fund Net Position balance was \$9,162,719. This is a decrease of \$708,039, or 7.2 percent, during a period of drought including demand management restrictions and fewer water sales overall. Unrestricted funds stood at a negative \$1,535,208.

On June 30, 2017, the Wastewater Fund Net Position balance was \$9,348,095. This is a decrease of \$732,492 from the prior year, or 7.3 percent. The Sewer Fund Unrestricted Net Position was \$737,189.

Table 8 – City of Blythe Financial Information

	FY 2015	FY 2016	FY 2017
Total City Revenues	\$ 17,785,115	\$ 16,555,470	\$ 17,915,743
Total City Expenditures	<u>-17,633,489</u>	<u>-17,284,764</u>	<u>-18,206,316</u>
Revenues minus Expenditures	\$ 151,626	\$ -729,294	\$ -290,573
City Net Position	\$ 33,122,676	\$ 32,492,572	\$ 32,106,517
Water Fund			
Water Fund Revenues	\$ 2,416,396	\$ 2,490,442	\$ 2,584,050
Water Fund Expenditures	<u>-2,339,593</u>	<u>-2,265,350</u>	<u>-2,659,958</u>
Revenues minus Expenditures	\$ 76,803	\$ 225,092	\$ -75,908
Ending Net Position	\$ 10,210,963	\$ 9,870,758	\$ 9,162,719
Sewer Fund			
Sewer Fund Revenues	\$ 2,931,179	\$ 3,045,462	\$ 3,172,974
Sewer Fund Expenditures	<u>-2,742,080</u>	<u>-2,521,914</u>	<u>-2,791,853</u>
Revenues minus Expenditures	189,099	523,548	381,121
Ending Net Position	\$ 10,264,757	\$ 10,080,587	\$ 9,348,095

Sources: City Financial Statements 2015, 2016 & 2017

City of Blythe

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District's water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3-Year Revenue/Expenditure Budget Trends

The Water Fund overall has been experiencing slight deficit spending over the last several years. However, this has been attributed primarily to planned capital expenditures and cash flows due to lower water sales.

In like manner, the Sewer Fund has also seen a modest decline in net position, not due to negative operating income, but rather, system capital expenditures.

2. Ratios of Revenue Sources

The City receives 98 to 99 percent of its water fund and sewer fund revenues from charges and fees for services, no revenue from property taxes, and about 1 to 2 percent from miscellaneous other sources.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

The City's unrestricted fund balances (reserves) of the sewer and water utility funds are \$737,189 and (\$1,535,208), respectively.

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The City's Water Fund unrestricted cash reserve ratio is 21 percent of annual expenditures. This fund ratio represents a modest ratio position although the balance has been decreasing somewhat over the past three years. The City's Sewer Fund unrestricted cash reserve ratio is approximately 40 percent of annual expenditures, again, a modest but positive ratio position.

The ratios of unrestricted reserves for both the Water Fund and Sewer Fund reflect a different and less financially secure picture for typical enterprise fund services.

City of Blythe

4. Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City’s ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10 percent or less would reflect a very stable ratio. The City’s Water Fund has reasonable debt, including refinancing of prior debt to reduce long-term expenses and to pay for needed capital projects over time.

The Water Fund, as of June 30, 2017 carried a total debt (i.e. capital leases, state revolving fund loans (0 percent rate) and refunding bonds) of \$11,087,243. The Sewer Fund total debt (i.e., capital leases and refunding bonds), as of June 30, 2018 stood at \$2,643,150

The Water Fund's annual debt service ratio to total expenditures is approximately 11 percent, a reasonable ratio. The Sewer Fund debt service ratio to total expenditures is approximately five percent, a very reasonable level.

5. Rate Structures

The City's water rate structure is based by the size of the meter and amount of water used. The most common water rate would be that of a residence which includes a meter charge of \$10.66, a state revolving fund repayment of \$9.00, and an additional \$1.97 per 1,000 gallons of consumption. Rates are adjusted every July 1.

Sewer rates were increased in the 2016-2017 Fiscal Year to \$32.46 per EDU (Equivalent dwelling unit) per month fixed charge and for higher volume non-residential users, a charge per 1,000 gallons of usage ranging from \$1.88 to \$4.37.

These rates address needed funds due to increases in operating costs, capital replacement projects, lower water sales and the need for emergency rate stabilization funds. The City has no standby charges.

Table 9 – Adopted Water Rates - City of Blythe*

	FY 2017	FY 2018	FY 2019
Fixed Monthly Charge	\$10.66	\$11.28	\$11.93
SF Residential commodity rate	\$1.97	\$2.09	\$2.22
MF Residential commodity rate	\$1.82	\$1.93	\$2.05
Commercial commodity rate	\$1.72	\$1.82	\$1.93

*Rates based on 3/4" meter; commodity rates in 1,000 gal. units

Table 10 – Adopted Sewer Rates - City of Blythe*

	FY 2017	FY 2018	FY 2019
Residential Fixed Monthly Charge	\$32.46	\$33.11	\$33.78
Non-residential User Charge Rate (per 1,000 gallons)	\$1.88-\$4.37	\$1.92-\$4.46	\$1.96-\$4.55

*Monthly fixed charge applies to Residential and Low water use commercial customers. High water use customers (e.g., car washes, bakeries, laundromats) are based upon monthly water use.

City of Blythe

6. Capital Improvement Program/Plan

The City has developed a reasonable CIP for water and sewer facility infrastructure improvements, given the size and scope of the water and sewer operations. The City's current 5-Year CIP reflects approximately \$5.7 million in improvements for water and sewer infrastructure, with approximately \$420,000 programmed for FY 2017-18 (representing about 8 percent of total water and sewer fund expenditures).

The City's water and sewer funds do not receive tax revenues and must recover the cost of providing services through user rates.

Key sewer improvement projects included in the City's CIP are, among others, lift station rehabilitation, WWTP clarifier rehabilitation, building roof replacement and a new emergency generator.

Key water improvement projects included in the City's CIP are, among others, valve exercise and replacement program, hydrant replacement program, reservoir booster pump replacement and chlorine pump repairs.

7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

As most cities and government agencies in California, the City has a pension liability and post-employment liability. The 2017 Annual Financial Statements report that the City has a \$17,827,834 million unfunded pension liability and is making the required payments to offset the liability over time. The City also has entered into a program for OPEB obligations funding a defined benefit post-employment healthcare plan. Net OPEB obligation at FY year-end June 30, 2017 was \$ 1,408,728.

A full explanation of Pension Liability and OPEB is contained in the Notes section of the City of Blythe, California Annual Audit Report Year Ended June 30, 2017.

Status and Opportunity for Shared Facilities/Services

The City participates in a number of ways to share municipal services, including:

- The Blythe Fire Department has formal mutual aid agreement with Riverside County Fire Department and CAL FIRE.
- The City coordinates operations and maintenance with the Palo Verde ID where needs occur.

Government Structure and Accountability

The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments.

City of Blythe

The City Council consists of five members, elected by the City at-large, who serve four-year staggered terms. After each election, the City Council appoints a Mayor and a Vice-Mayor from its own membership to serve a two-year term. The Mayor is responsible for presiding over City Council meetings, representing the City Council at various business and ceremonial events, and executing all ordinances, resolutions and contracts. The Vice-Mayor performs these duties in the absence of the Mayor.

As a legislative body, the City Council is responsible for the enactment of local laws (ordinances), the adoption of the City’s annual Operating and Capital Budget, review and adoption of proposed policies, agreements, contracts and other City business items. The City Council also sits as the governing board for the Successor Agency to the Blythe Redevelopment Agency.

The City Council can be contacted through the City Clerk, whose office is located at City Hall, 235 North Broadway, Blythe, CA 92225.

The City Council meets on the second Tuesday of every month at 6 p.m. in the Council Chambers, located at Blythe City Hall, 235 N. Broadway, Blythe, CA 92225.

Table 11 – City of Blythe City Council Members

Council Member	Term Expires
Mayor Dale Reynolds	December 2020
Vice Mayor Eric Egan	December 2020
Joseph DeConinck	December 2022
Johnny Rodriguez	December 2022
Joseph Halby	December 2022

The City’s website is user-friendly and has easy access to City Council agendas, minutes, public notices, budgets, audits and other key City documents. A phone number to communicate with the City Clerk is listed, as are phone numbers for City department heads. The City also has a sign-up service for on-line city news and updates.

LAFCO Policies Affecting Service Delivery

There are no specific LAFCO policies applicable to the City unless a SOI or annexation application is submitted to LAFCO.

City of Coachella

Overview/History

The history of the city and town of Coachella dates back more than 100 years to 1898 when the Coachella Valley was merely a part of the great undeveloped sand waste of the Colorado River basin. At that time, a heavy growth of mesquite and greasewood covered the valley.

This area came into being as a place on the map when Jason L. Rector, known as the town's founder, established a mesquite wood terminal on a Southern Pacific Railroad from where lumber was hauled to market in Los Angeles. This spur or siding was named "Woodspur" and did a thriving business.

The town site was also known as Woodspur for the first three years of its existence. Mr. Rector relinquished the lumber business and developed a plan for surveying the valley. His next step was to put down a well to test the idea that an abundance of water was available for irrigation.

Settlement in the area did not begin until Rector, aided by his brother Lon B. Rector, had a well dug on the raw desert four miles east of Indio. This first well tapped a large artesian aquifer.

With abundant well water now assured, the Rectors then set about laying a town site on land owned by Jason Rector. A name had to be selected for the future town, and the suggestion was made that it be called Rector. However, Mr. Rector declined the honor and proposed the name of "Conchilla," from the Spanish meaning of little shells, or "Land of the Little Shells" named for all of the little shells found in the area.

This name was agreed upon. The developers formally laid out the town site in January 1901, and sent a prospectus to the printers, which was to announce the opening of the new town and the tremendous agricultural possibilities in the surrounding area. But the printers returned the prospectus with Conchilla spelled Coachella (misreading the letter "n" for an "a" and misreading the "i" as an "e"). Rather than delay their announcement, Mr. Rector and the others decided to accept the name, which was also adopted by the Valley.

When it was found out that Mr. Rector had struck water in that arid region, the news traveled and people became drawn to the area. Before him, large amounts of money had been expended by many who were interested in the development of the section, but without success. By the well-directed efforts of Mr. Rector, irrigation was made possible and new citizens were located on homesteads to which the prior rights had been forfeited by previous settlers, who had abandoned their claims because water was unavailable. Erecting an adobe house, Mr. Rector advertised the fact that he was prepared to locate settlers at a cost of \$10 per filing.

City of Coachella

In 1902, Mr. Rector established and became president and manager of the Coachella Valley Produce Association, and shipped the first fruit ever raised in the Valley via train. In fact, for several years the entire crops of the Valley were distributed through this company. Three years later, after a very successful business, an ice plant was erected in connection with other interest and continued for several years. Ice was manufactured by the most modern methods at the time and at a lower cost than in almost any other part of Southern California.

In 1904, Mr. Rector built the first pre-cooling plant, and for a time it was the largest in existence. The company was organized as the Coachella Valley Refrigerating Company, of which Mr. Rector was the sole owner.

In 1905, the A.N. Towne Estate, under the Coachella Land & Water Company, caused the town to be platted, later selling out to Mr. Rector, who in turn sold to Strong & Dickinson. He, along with others, having previously installed a water system with over two miles of pipe and planted all the ornamental trees gracing the town, made it an attractive business opportunity.

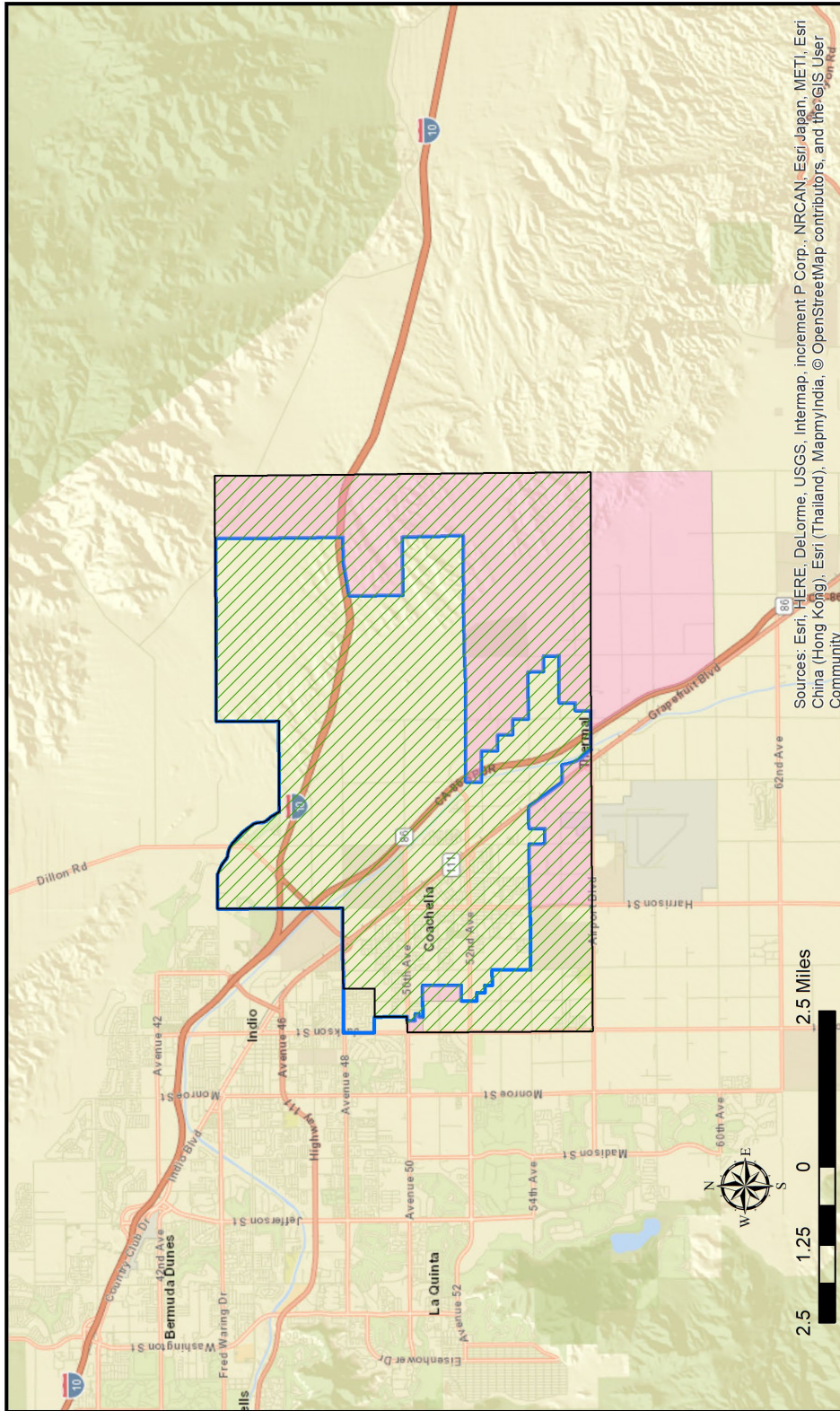
Most of the land in the whole Valley passed through his hands. In 1911, he made the only hand-drawn map of the Valley. In addition to his holdings in the Valley, Mr. Rector had a home in Los Angeles. He maintained an active interest in the area until his death, and acted as the town's unofficial mayor. Jason L. Rector had the satisfaction of seeing a well-organized town sprout out of the desert before he died on September 24, 1919, in Los Angeles.

Coachella remained a town until incorporation on December 13, 1946, after residents voted by a 5-1 majority to form a city. Coachella first began as 2.5 square miles. The area of land between what is now First through Ninth Streets was then called Fourth North and Fourth South.

The City provides a full array of municipal services to its residents. Both the Coachella Water Authority and the Coachella Sanitary District are component parts of the City government.

Exhibit 3 – City of Coachella

City of Coachella and Sphere of Influence



Legend

- * Water Provided by City
- ** Sewer Served in Specific Areas

Sphere of Influence Adopted: 2005
 City Boundary Adopted: 2014

Map Created on March 25, 2019

Disclaimer:
 Maps and data are to be used for reference and display purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. Riverside LAFCo makes no warranty or guarantee as to the content (the sources is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

Data Sources: County of Riverside; USGS; CA SIL

City of Coachella

City of Coachella – Agency Profile

General Information			
Agency Type	General Law City		
Principal Act	California Government Code 36501		
Date Formed	December 13, 1946		
Services	Full service city. Police services provided by contract with Riverside County Sheriff's Department. Both the Coachella Water Authority and the Coachella Sanitary District are component parts of the city government.		
Service Area			
Location	Eastern Riverside County, the easternmost city in the region collectively known as the Coachella Valley. It is located 28 miles east of Palm Springs.		
Square Miles/Acres	28.95 sq. miles/18,528 acres		
Total Water/Sewer Connections	Water: 8037 (2015) Sewer: Estimated 8,200 EDU's		
Population Served	45,953		
Water Infrastructure/Capacity			
Facilities	6 wells, 120 miles of pipeline, 2 booster stations, 3 reservoirs		
Storage Capacity	10.5 MG		
Primary Source of Supply	Groundwater. Basin groundwater replenishment is provided by the Coachella Valley Water District		
Water Rates (single-family home)	2 Tier rate structure, commodity rate: \$1.50-1.65/HCF; ¾ inch meter: \$13.80/month.		
Sanitary Infrastructure/Capacity			
Facilities	91 miles of pipeline; 2 lift stations		
Treatment Plant Capacity (MGD)	4.5 MGD capacity. 2.7 MGD average. Treatment provided by the Coachella Sanitary District (City Department).		
Primary Disposal Method	Full secondary treatment with oxidation ditches for denitrification. Waste activated sludge sent to drying beds for dewatering and then to landfill for alternate daily cover material.		
Sewer Rates (single-family home)	Residential: \$41.81/month, Commercial (¾ inch): \$39.98/month plus \$1.98-14.14/HCF depending on strength.		
Budget Information - FY 2017-2018 (Water & Sanitary Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$7,838,000	\$7,680,741	\$157,259
Sanitary Fund	\$6,991,700	\$7,931,056	(\$939,356)
Combined Funds	\$14,829,700	\$15,611,797	(\$782,097)
Capital Expenditures	FY 2017-2018 \$243,320	Long-Term Planned Expenditures \$48,069,000	
Water Fund Balance	\$18,046,928	Source: 2016/2017 CAFR	
Sanitary Fund Balance	\$5,542,774		
Agency Net Position	\$216,617,439		
Governance			
Governing Body	Five member city council, elected at-large		
Agency Contact	Cástulo R. Estrada – Utilities Manager; cestrada@coachella.org ; (760)-501-8113		

Sources: 2017-2018 City Budget, 2016-2017 CAFR, 2017-2018 Water and Sewer Rates, Questionnaire Responses

City of Coachella

Growth and Population Projections

The California State Department of Finance estimates the City’s 2018 population at 1/1/18 to be 45,635. According to the City’s General Plan, between 2005 and 2010, the City’s population increased by nearly one-third, jumping from 30,879 to 40,704 in only five years. And, the City’s population is expected to continue to grow at a high rate for the foreseeable future. The Southern California Association of Governments 2012 Regional Transportation Plan estimates that Coachella could grow to 70,200 by 2020 and 128,700 by 2035. This is a tremendous amount of growth that the City must be prepared to accommodate.

Table 12 – City of Coachella Population Projections, 2015-2035

	2015	2020	2025	2030	2035
City population	55,452	70,200	89,716	109,216	128,700
WSA population	40,947	55,783	71,278	91,078	116,377

Source: City of Coachella Urban Water Management Plan (2015)

Disadvantaged Unincorporated Communities (DUCs)

Riverside LAFCO has determined that there are four DUCs within the City of Coachella’s sphere of influence. They are 1) 54th Avenue/Harrison Street, 2) Thermal, 3) Fillmore Street/54th Street and 4) Fillmore Street/Airport Boulevard. These DUCs are currently either on private wells and individual septic systems, private development systems or connected to a retail purveyor system. They are served by the County of Riverside Fire Department.

Present and Planned Capacity of Public Facilities

The Coachella Water Authority (CWA) and the Coachella Sanitary District (CSD) are a component of the City of Coachella with a City Council/Mayor form of government. The CWA and CSD are located approximately 130 miles east of Los Angeles and approximately 40 miles east of the City of Palm Springs, in Riverside County. Coachella, along with nine other cities comprises a geographical area commonly known as “The Coachella Valley.” Coachella is one of the smaller cities in the Coachella Valley with a growing population of 45,000 residents. Coachella Water Authority has a little over 8,000 service connections for both water and wastewater. The City continues to grow with increasing demands on the existing water and wastewater system. The Coachella Water Authority was formed in 1957 and the Sanitary District in 1948.

The City of Coachella provides the following water-related services: domestic water delivery, wastewater collection and reclamation, and local drainage control. In addition, the City manages the Coachella Sanitary District that operates a 4.5 MGD secondary treatment wastewater facility. The Coachella Valley Water District overlaps the City of Coachella (water and sewer). The City also plans to develop a recycled water system in the future. Currently, the City is participating in a Coachella Valley-wide recycled water feasibility study spearheaded by the Coachella Regional Water Management Group (CVRWVG) as part of the Coachella Valley IRWM Plan. CWA’s

City of Coachella

current water supply source is the Whitewater River Sub-basin produced from CWA owned and operated wells, which is continually replenished by CVWD. Currently, the City limits extend beyond CWA's current water distribution service area.

The City is not nearly built out, and has large undeveloped parcels and agricultural areas, mostly east of Highway 86. Most agricultural areas are not served by CWA's water system, and rely on Coachella Canal water and privately owned and operated wells. As undeveloped and agricultural lands are developed into residential or other land uses, they will be served by CWA and become part of CWA's service area.

Water

According to the City's Urban Water Management Plan (2015), Coachella Water Authority's (CWA's) existing water system consists of different pressure zones, groundwater wells, storage reservoirs, booster pumping stations, and distribution facilities. The current water system is divided into two pressure zones, the Low Zone and the 150 Zone. The Low Zone area is generally south of 48th Avenue, bounded by Van Buren on the west, the Coachella Valley Storm Channel on the east, and 54th Avenue on the south. The Low Zone provides water service to the majority of the City and, as the City continues to grow, the Low Zone will extend further east. The 150 Zone service area is generally north of 48th Avenue and supplies primarily commercial and light industrial users along Interstate 10 freeway corridor. There are three storage reservoirs within the City, the 1.5 MG Dillion Road Reservoir, the 3.6 MG Mecca Reservoir, and the 5.4 MG Well 18 Reservoir.

CWA has a total reservoir storage capacity of approximately 10.5 MG. Approximately 1.5 MG lies within the 150 Zone. CWA operates two booster pumping stations, the Mecca Reservoir Booster Pump Station (Well 12 Booster) and the Well 18 Reservoir Booster Pump Station (Well 18 Booster). The Well 12 Booster supplies the Low Zone and takes suction from the 3.6 MG Mecca Reservoir and the Well 18 Booster supplies both the 150 Zone and Low Zone, and takes suction from the 5.4 MG Well 18 Reservoir.

CWA's distribution system network consists of approximately 120 miles of pipeline, which range from 4-inches to 36-inches in diameter. Approximately 65 percent of the distribution system network consists of 6-inch and 8-inch diameter pipes, while 26 percent of the distribution system network is comprised of pipes that are 12 inches in diameter. All pipes that have a diameter of 16-inch and greater are defined as transmission mains and comprise approximately 3.5 percent of the distribution system network. The City currently requires new pipelines to be at least 8-inches in diameter. It is estimated that a majority of pipes in the City's water distribution system network were installed between year 1940 and year 1990. The older pipes reside in the southerly section of the lower zone and the newer pipes are up to the northerly section. Asbestos cement (AC) is the most common pipeline material in the City, according to operations staff; with the remaining pipelines being either polyvinyl chloride (PVC) or ductile iron (DI) and lined steel.

City of Coachella

Groundwater

As described, CWA has one principal source of water supply - local groundwater pumped from the CWA owned wells. There are currently six wells within the City’s distribution system. All six wells are currently operational. The total pumping capacity of active wells is approximately 11,400 gallons per minute (GPM) or 16.5 million gallons per day (MGD).

Supply and Demand Assessment

During normal water years, no reductions in supply are expected for any of the City’s supplies. The projected normal water year supplies and demands from 2020 to 2035 are show in Table 13, below. The source water supply is determined by the demand in all years, and the City is not expected to have any supply shortfalls during normal water years or any issues providing a reliable and consistent supply of water.

Table 13 – Coachella Water Authority Normal Year Water Supply and Demand Comparison Projections, 2020-2035

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)
Supply Totals	4,072	5,203	6,649	8,496
Demand Totals	4,072	5,203	6,649	8,496
Difference	0	0	0	0

Source: Coachella Urban Water Management Plan (2015)

The effects of a local drought are not immediately recognized since CWA relies on the East Whitewater River Subbasin for its sole source for urban water supplies, again simulating a large conjunctive use reservoir. Even though localized drought conditions should not affect supply, CWA participates in several ongoing water conservation measures, basin-wide recharge plan with CVWD, and has a water shortage contingency plan to put into action as appropriate to reduce the demand during critical drought years. The projected single-dry water year supplies and demands from 2020 to 2040 are shown in Table 14.

Table 14 – Coachella Water Authority Single-Dry Year Water Supply and Demand Comparison, 2020-2035

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)
Supply Totals	4,072	5,203	6,649	8,496
Demand Totals	4,072	5,203	6,649	8,496
Difference	0	0	0	0

Source: Coachella Urban Water Management Plan (2015)

City of Coachella

Wastewater/Sewer

The City of Coachella sewer system consists of sewers that collect local flows generated from the City's residential, commercial, and industrial areas and discharge to the City's Avenue 54 wastewater treatment plant (WWTP) with a capacity of 4.5 million gallons per day (MGD). The System collects flow by gravity from the majority of the area and discharges into the WWTP.

There are two pump stations, one located on the west side near the Coachella Valley High School and one located on Polk Street and Avenue 52.

The City of Coachella's collection system includes about 90 miles of sanitary sewers ranging in size from 4 inches to 54 inches in diameter.

The Coachella system has over 1,580 manholes as identified by a manhole survey.

Emergency Preparedness (Supply Interruption Capability)

Extended multi-week supply water shortages, due to natural disasters or accidents that damage all water sources, are unlikely. As discussed previously, the City has the ability to produce water from three individual groundwater basins creating water production flexibility. The City also maintains a sound preventative maintenance program for its water distribution system. According to the City, auxiliary generators are available and improvements have been made to water facilities to minimize loss of these facilities during an earthquake or any disaster causing an electric power outage.

The City has developed a Sewer System Management Plan (SSMP) for sewer operations that includes appropriate personnel listings, resource inventories, locations for emergency operations centers, response procedures, and the steps necessary to resume normal operations.

Financial Ability to Provide Services

As of June 30, 2017, the City was able to report a positive increase in its Net Position, the value of assets and funds on hand for operations and capital investment, to \$216,617,440, an increase of \$3,155,514 over the prior year and an increase in balance in its unrestricted net position to \$17,017,679. On June 30, 2017, the CWA Fund Net Position balance was \$24,181,806. This is an increase of \$2,003,818, during a period of drought including demand management restrictions. The CWA Fund unrestricted Net Position was \$140,715.

On June 30, 2017, the CSD Fund Net Position balance was \$14,364,018. This is a decrease of \$114,135 over the prior year. The Sewer Fund Unrestricted Net Position was a negative \$2,816,736.

City of Coachella

Table 15 – City of Coachella Financial Information

	FY 2014-15	FY 2015-16	FY 2016-17
Total City Revenues	\$ 51,218,157	\$ 52,653,229	\$ 47,725,781
Total City Expenditures	<u>-38,937,026</u>	<u>-39,017,687</u>	<u>-44,570,268</u>
Revenues minus Expenditures	\$ 2,281,131	\$ 13,635,542	\$ 3,155,514
City Net Position	\$ 199,826,384	\$ 213,461,926	\$ 216,617,440
CWA Fund			
Fund Revenues	\$ 6,795,227	\$ 5,991,334	\$ 6,976,582
Fund Expenditures	<u>-5,213,161</u>	<u>-5,843,703</u>	<u>-6,172,237</u>
Revenues minus Expenditures	\$ 1,582,066	\$ 147,631	\$ 804,345
Ending Net Position	\$ 24,489,689	\$ 24,024,849	\$ 24,181,806
CSD Fund			
Fund Revenues	\$ 5,480,180	\$ 5,411,565	\$ 5,763,890
Fund Expenditures	<u>-5,022,192</u>	<u>-5,251,661</u>	<u>-5,256,501</u>
Revenues minus Expenditures	\$ 457,988	\$ 159,904	\$ 507,389
Ending Net Position	\$ 14,947,269	\$ 14,478,153	\$ 14,364,018

Sources: City CAFRs 2015, 2016 & 2017

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District’s water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3-Year Revenue/Expenditure Budget Trends

The CWA Water Fund Net Position, overall, has been experiencing a slight surplus as well as occasional deficit spending over the last several years. However, this has been attributed primarily to planned capital expenditures and cash flows due to lower water sales occasioned by a statewide drought declaration (most evident in 2016). Income from operations, while varying from year-to-year, remains positive

The CSD Sewer Fund Net Position, in like manner, varies from year-to-year within a narrow range and operating income is positive.

City of Coachella

2. Ratios of Revenue Sources

The City receives 98 to 99 percent of its water fund and sewer fund revenues from charges and fees for services, no revenue from property taxes, and about 1 to 2 percent from miscellaneous other sources.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

The City's unrestricted fund balances (reserves) of the sewer (CSD) and water utility (CWA) funds are (\$2,816,736) and \$140,715, respectively.

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The City's Water Fund ratio of unrestricted cash and investments to annual expenses is about 56 percent.

The City's Sewer Fund Unrestricted Net Position balance ratio is negative compared to annual fund expenditures and there is no unrestricted cash and investments as of June 30, 2017.

The ratios of unrestricted reserves and/or cash balances for both the water fund and sewer fund reflect marginal and unacceptable balances, respectively, for typical enterprise fund services; this increases the impact that negative economic factors might have on more elastic revenues due to varying water sales based upon the economic picture and drought over the past ten years.

4. Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the City's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10 percent or less would reflect a very stable ratio. The City's Water Fund has reasonable debt, including refinancing of prior debt to reduce long-term expenses and to pay for needed capital projects over time.

During September 2005 and again in September 2011, the CSD entered into loan commitments from the State of California and the U.S. Department of Agriculture (USDA), respectively. Total loan balances at June 30, 2017 are \$15,991,898. Interest rates range from 2.3 percent to 2.375 percent.

Wastewater Revenue Refunding Bonds (USDA) were issued in September 2005 by the Coachella Financing Authority for the CSD to finance on-going capital improvements. Interest accrues at 4.125 percent. Additionally, Wastewater Revenue Bonds were issued in October 2015, on behalf of the CSD with interest rates ranging from 2.00 percent to 5.00 percent per annum. Total wastewater bond principal outstanding at June 30, 2017 is \$8,287,000.

Two Water Fund Revenue Bond issues (July 2008 and December 2012) total \$13,355,502 as of June 30, 2017.

City of Coachella

The Water Fund's annual debt service ratio to total expenditures is approximately 8 percent, a reasonable ratio. The Sewer Fund debt service ratio to total expenditures is approximately 28 percent, high but necessary due to sewer treatment plant expansion costs.

5. Rate Structures

The City's current water user monthly charge (for a ¾ inch meter) is \$13.80. A two-tier system for water use ranges from \$1.50 to \$1.65 per 100 cubic feet of usage.

The City adopted a Five-Year Sewer Rate Study which became effective in FY 2016-2017. Fixed monthly charges (¾" meter) range from \$41.81 in FY 2016-2017 to \$49.74 in FY 2020-2021. These rates address needed funds due to increases in operating costs and capital replacement projects.

Table 16 – Adopted Water Rates - City of Coachella*

	FY 2017
Fixed Monthly Charge	\$13.80
User Charge Rate (per HCF):	-
Tier 1	\$ 1.50
Tier 2	\$ 1.65

*Rates based on ¾" meter; rates apply to single family, multi-family, commercial, industrial and municipal customers

Table 17 – Adopted Sewer Rates - City of Coachella*, 2017-2021

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Fixed Monthly Charge	\$41.81	\$44.22	\$45.99	\$47.83	\$49.74
User Charge Rate (per HCF) depending upon strength	\$1.98-\$14.14	\$3.15-\$7.91	\$3.28-\$8.23	\$3.41-\$8.56	\$3.55-\$8.90

*Monthly fixed charge applies to single family customers, billed semi-annually on property tax bill.; sewer usage charge applies to all classes except single family customers.

6. Capital Improvement Program/Plan

The City develops an annual Capital Improvement Plan as part of the annual budgeting process. The plan provides a five-year forecast, including funding and timelines for identified infrastructure and facility improvements.

The 2016-2017 projects for water totaled \$132,354 and for sewer, \$232,383 was allocated for a Recycled Water Plan. The 2014-2015 to 2018-2019 CIP for water totaled \$1.9 million including new well development, water quality systems, pipeline replacements and upgrades. The sewer CIP totaled \$2.9 million for supervisory control and data acquisition projects (SCADA), lift stations and septic to sewer programs.

City of Coachella

7. Pension Liability and Other Post-Employment Benefits Liability

As most cities and government agencies in California, the City has a pension Liability and Post Employment Liability. The 2017 CAFR reports that the City has a \$14.0 million unfunded pension liability and is making the required payments to offset the liability over time. The City also has entered into a program for OPEB obligations funding a defined benefit post-employment healthcare plan. Net OPEB obligation at FY year-end June 30, 2017 was \$1,997,307.

A full explanation of Pension Liability and OPEB is contained in the Notes section of the 2017 CAFR.

Status and Opportunities for Shared Facilities/Services

CWA produces all of its water supplies from the Coachella Valley Groundwater Basin, specifically, the East Whitewater River Subbasin, which is continuously replenished at the local and regional level pursuant to a variety of water supply projects and programs. The East Whitewater River Subbasin is regionally managed by Coachella Valley Water District (CVWD), CWA, and the Indio Water Authority. CVWD has statutory authority to replenish local groundwater supplies and collect assessments necessary to support a groundwater replenishment program as provided in the County Water District Law.

The Coachella Valley Regional Water Management Group (CVRWMG) was formed in 2008 for coordinating the water resources planning activities of the five Coachella Valley public water suppliers; the Coachella Water Authority, Coachella Valley Water District (CVWD), Desert Water Agency, Indio Water Authority and Mission Springs Water District, and for developing an Integrated Regional Water Management Plan (IRWMP). Valley Sanitary District was later admitted to the Group.

Government Structure and Accountability

City Council members are elected officers identified in Government Code Section 87200 and file Statements of Economic Interests (Form 700) with the City Clerk's Office. Copies of the Statements of Economic Interests filed by the above elected officers may be obtained by visiting the offices of the Fair Political Practices Commission (FPPC) or the City Clerk. The City Clerk's Office is located at 1515 Sixth Street, Coachella, California 92260.

The City Council meets on the second and fourth Wednesday of the month beginning at 6:00 p.m. in the City Council Chambers, 1515 6th Street, Coachella.

City of Coachella

Table 18 – City of Coachella City Council Members

Council Member	Term Expires
Steven Hernandez, Mayor	November 2022
Josie Gonzalez	November 2022
Megan Beaman Jacinto	November 2022
Emmanuel Martinez	November 2020
Phillip Bautista	November 2020

The City’s website is user-friendly and has easy access to City Council agendas, minutes, public notices, budgets, audits and other key City documents. Phone numbers and email addresses for City Council members are listed, as are phone numbers for City department heads. The City also has Facebook and Twitter accounts and a sign-up service for on-line City news and updates.

LAFCO Policies Affecting Service Delivery

There are no specific LAFCO policies applicable to the City unless an application for change of SOI or annexation is submitted for consideration.

City of Indio

Overview/History

Incorporated in 1930, the City of Indio was the first in the Coachella Valley. The City encompasses approximately 38 square miles, with a sphere of influence that adds approximately 22 square miles north of Interstate 10. The existing land uses include commercial, limited industrial, and residential. The majority of land use can be classified as residential, varying in density from equestrian and country estates to high-density multi-family dwellings. The proposed future land uses within the sphere of influence include open space, residential, resource recovery, specific plans (assumed mixed use), business park, and a small amount of community commercial.

The City was born out of necessity, as a railroad town that sprang to life in 1876 as the Southern Pacific Railroad built lines between Yuma, Arizona and Los Angeles, California. The engines needed a place to refill their water, and the workers needed somewhere to recharge their own batteries. Shortly after the City of Indio, named after a Spanish variation of “Indian,” was founded, the first permanent building – The Southern Pacific Depot Station and Hotel – was erected. Hoping to attract and retain workers, the hotel quickly became the center of all social interactions in Indio, a place where one could find fine dining and Friday night dances, a welcome reprieve from life in the difficult desert terrain.

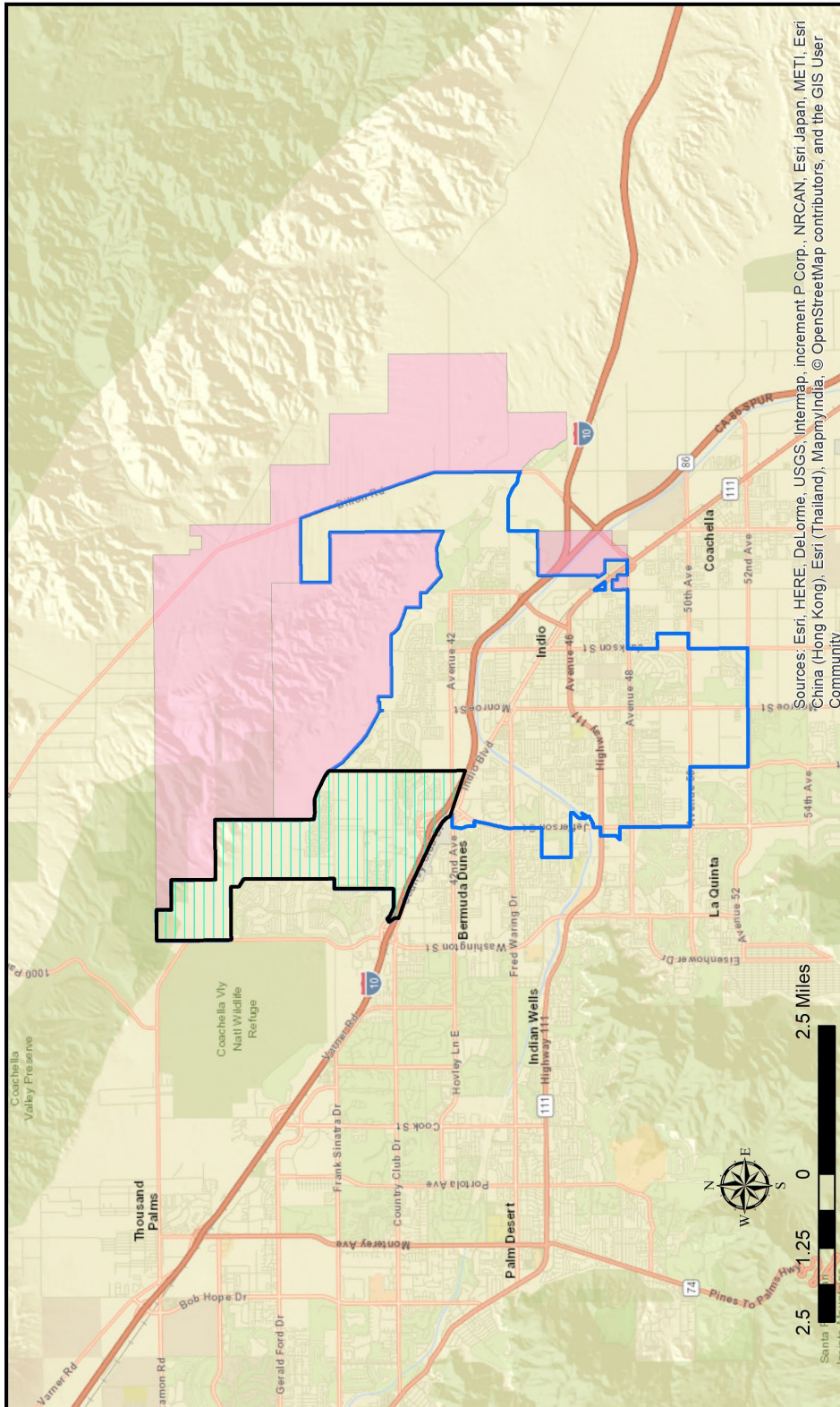
By the turn of the century, Indio had blossomed into a promising agricultural region. Ingenious farmers irrigated the land first through wells and later by accessing the All-American Canal, which allowed crops such as onions, cotton, grapes, citrus, and dates to thrive in the otherwise arid climate.

In 1907, Indio began work as the home of the USDA’s Date Station. Scientists researched date cultivation, learning the techniques of farmers from the Persian Gulf and Northern Africa, where dates are native. The data collected through this initiative bolstered date production in Indio, and today the area produces all of the United States 41.4 million pound annual output. Every year, Indio holds the National Date Festival.

The Indio Water Authority (IWA) was formed as a Joint Powers Authority (JPA) in 2000, wholly owned by the City and Indio Redevelopment Agency, to be the legislative and policy entity responsible for delivering water to residents of the City for all municipal water programs and services. The five elected members of the City Council serve as the five members of the IWA Commission.

Exhibit 4 – City of Indio

City of Indio and Sphere of Influence



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Legend

- City Boundary
- Sphere of Influence
- Water Provided By Coachella Valley Wastewater District
- Sphere of Influence Adopted: 2009
- City Boundary Adopted: 2012
- * Water Provided by City

Map Created on March 25, 2019

Disclaimer:

Maps and data are to be used for reference and display purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. Riverside LAFCo makes no warranty or guarantee as to the content (the sources is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

Data Sources: County of Riverside; USGS; CA SIL



City of Indio

City of Indio – Agency Profile

General Information			
Agency Type	General law city		
Principal Act	California Government Code 36501		
Date Formed	May 16, 1930		
Services	Indio is a full service city. Fire services are provided by CAL FIRE under contract by Riverside County Fire Department.		
Service Area			
Location	Eastern Riverside County		
Square Miles/Acres	38 square miles / 19,840 acres		
Total Water/Sewer Connections	22,851		
Population Served	87,000		
Water Infrastructure/Capacity			
Facilities	20 wells, 7 reservoirs, 344 miles of water mains		
Storage Capacity	18.75 MG		
Primary Source of Supply	Groundwater		
Water Rates (single-family home)	\$21.16 base charge plus 4-tier rate charge (per HCF) based on usage		
Budget Information - FY 2017-2018 (Water & Sewer Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund (Indio Water Authority)	\$28,866,855	\$26,191,154	\$2,675,701
Capital Expenditures	FY 2017-2018 \$7,400,000	Long-Term Planned Expenditures CIP 2016-2017 through 2020-2021 (5-year): \$149,000,000	
Water Fund Balance	\$15,888,539	Source: 2016-2017 Financials	
Agency Net Position	\$137,917,552		
Governance			
Governing Body	Five-member Board of Directors currently elected to the Indio City Council. Meetings held the first Tuesday of each month at 5:00 p.m. in the Council Chamber at Indio City Hall		
Agency Contact	Manager of Finance: Brian Kinder, bkinder@indio.org, (760) 6251-1859		

Sources: Basic Financial Statements, Indio Water Authority, June 30, 2017; Urban Water Management Plan (2015); Indio Water Authority 2017-2018 Operating and Capital Budgets; City Municipal Questionnaire; Forecasted 2016-2017 to 2020-2021 Capital Improvement Program (2012 forecast)

City of Indio

Growth and Population Projections

The California State Department of Finance estimates the City’s 2018 population to be 87,883.

IWA service area population is projected forward based on the growth rate for the City of Indio, an average of 1.5 percent annually. Between 2015 and 2040, growth is expected to increase by approximately 45 percent, or over 34,000 residents.

Table 19 – City of Indio (Indio Water Authority) Population Projections, 2015-2040

2015	2020	2025	2030	2035	2040
75,847	84,634	90,893	97,152	103,410	110,162

Source: City of Indio (Indio Water Authority Urban Water Management Plan 2015)

Since the establishment of IWA, service connections have increased from approximately 12,100 to approximately 23,000 active meter accounts in 2018, with the majority of the new growth occurring north of Interstate 10. In 2015, IWA supplied 18,208 AF of water to businesses and residents. As one of the fastest growing municipal utilities in the Coachella Valley, IWA is committed to maintaining a sustainable water supply for its residential and commercial customers. IWA extracts groundwater to meet the needs of its existing customers. The groundwater is drawn from the Whitewater River Subbasin, and is delivered to the service area via a pressurized distribution system of 326 miles of pipe supplied by 10 currently active wells. The IWA also has emergency intertie connections with Coachella Valley Water District (CVWD) and the City of Coachella.

The Valley Sanitation District overlaps a portion of the City of Indio (sewer only). The Desert Water Agency overlaps portions of the City of Palm Springs and Cathedral City (water and sewer) and a small portion of the Mission Springs Water District (water and wastewater).

Since 2005, IWA has established active water conservation, water reuse and groundwater recharge planning efforts to ensure adequate water availability and system capacity to meet the growing needs of the City. These planning efforts include: residential and commercial landscape and irrigation upgrade rebates, water audits, water conservation kits, washing machine and toilet rebates, water waster mobile app and hotline, budget-tiered rate structure, water conservation workshops, water misuse program, and a Memorandum of Understanding between IWA and Valley Sanitation District (VSD) to collaborate in the construction of capital improvement projects that support water reuse and groundwater recharge efforts.

Disadvantaged Unincorporated Communities (DUCs)

Riverside LAFCO has determined that there is one DUC within the sphere of influence of the City. The DUC is designated the Carver Tract located at the corner of Avenue 48 and Van Buren Street. The Carver Tract Mutual Water Company currently provides water services, and the County of Riverside Fire Department provides fire services.

Present and Planned Capacity of Public Facilities

IWA currently owns and operates 20 groundwater wells with a total capacity of approximately 65 MGD. There are seven storage reservoirs in IWA's system with an existing storage capacity of 18.75 million gallons (MG). The total pumping capacity in the system is 86.5 MGD, and the firm capacity is 68.7 MGD. The existing IWA distribution system consists of one large main zone and two small high zones, which are pumped via the booster pumps at the Shadow Lake and Terra Lago booster stations. Approximately 326 miles of distribution system pipes serve these zones. Pipelines range in diameter from 2 inches to 24 inches.

IWA plans to meet its future supply needs through a combination of ground water, recycled water, and surface water. Given IWA's goal to limit groundwater pumping to 20,000 AFY, additional sources of supply would be needed in the near future for sustainable groundwater management. The supply sources discussed above are capable of meeting the projected demands. However, since neither the recycled water plant nor the SWTP would be online in the foreseeable future, IWA may have to utilize more than 20,000 AFY of groundwater to meet demands in the near term if demands increase as anticipated. While water quality is generally good, impending new Chromium (VI) maximum contaminant level that is lower than 10 ppb may necessitate additional treatment due to elevated naturally occurring Chromium (VI) levels system-wide. The blending of groundwater and canal water for non-potable use could help offset well supplies that are high in Chromium (VI).

Water

IWA's distribution system currently has one large main pressure zone and two smaller development-based higher zones. As IWA plans for future growth, mainly towards the northeast in the new service area, new pressures zone will need to be created. A previous recommendation to divide the main zone into two smaller zones (to address low pressure and water age issues in the western parts of the system) has been adopted in this Master Plan. In the 2015-2020 time period, three new zones are created. The existing system storage is sufficient to meet IWA's storage needs in the immediate future. However, additional storage of 3.5 MG and 5.5 MG is required in the 2016-2020 and 2021 build-out time periods. The existing booster stations will have to be upgraded so that the booster station capacity can fulfill the larger of maximum day demand plus fire flow or the peak hour demand with the single largest pump at each booster station out of service. Additional pumping of 5 MGD and 28 MGD is required in the 2016-2020 and 2021 build-out time periods to meet these needs.

Imported Supply

Historically, the groundwater basin source has shown signs of overdraft, which could impact reliability in the very long term. The IWA is studying future alternative supply programs to propose to utilize purchased imported water supplies that will be exchanged for Colorado River water to reduce reliance on groundwater supplies. Due to the priorities, associated water rights, and exchange agreements, the imported water supplies have historically been very reliable.

City of Indio

However, the CVWD and potential future IWA transfer and exchange programs are potentially vulnerable to shortages resulting from climatic, environmental and/or legal conditions. State Water Project (SWP) supplies have been dramatically cut in recent years due to the on-going drought condition as well as legal and regulatory decisions to reduce exports from the Delta to mitigate further negative impacts on the Delta smelt population. Colorado River water supplies may also be vulnerable to legal and climatic issues.

Groundwater

The currently utilized water supply is entirely groundwater, primarily from the lower aquifer in the Lower Whitewater River Subbasin. The Whitewater River Basin is an unadjudicated aquifer. IWA pumps groundwater from multiple wells as needed to meet demands within its service area. Groundwater levels in the basin have been steadily declining as a result of overdraft since 1936, which is not sustainable in the long term. However, due to groundwater replenishment, the aquifer is now in a relatively healthy state. Nonetheless, the outcome of the lawsuits and negotiations between the Agua Caliente Band of Cahuilla Indians, Coachella Valley Water District, and Desert Water Agency may have significant impact on the future of water rights and groundwater management within the basin.

Supply and Demand Assessment

During normal water years, no reductions in supply are expected for any of the IWA supplies. The projected normal water year supplies and demands from 2020 to 2040 are shown in Table 20, below. The source water supply is larger than demand in all years, and the IWA is not expected to have any supply shortfalls during normal water years or any issues providing a reliable and consistent supply of water.

Table 20 – City of Indio Normal Year Water Supply and Demand Comparison Projections, 2020-2040

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Supply Totals	27,010	32,360	45,130	47,480	49,250
Demand Totals	<u>26,820</u>	<u>30,090</u>	<u>34,790</u>	<u>39,060</u>	<u>42,910</u>
Difference	190	2,270	10,340	8,420	6,340

Source: Urban Water Management Plan (2015)

No reductions are assumed for the City’s purchased, water, groundwater, or recycled water supplies. The projected single-dry water year supplies and demands from 2020 to 2040 are shown in Table 21.

Table 21 – City of Indio (IWA) Single-Dry Year Water Supply and Demand Comparison Projections, 2020-2040

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Supply Totals	27,010	32,360	40,830	43,180	44,950
Demand Totals	26,820	30,090	34,790	39,060	42,910
Difference	190	2,270	6,040	4,120	2,040

Source: Urban Water Management Plan (2015)

The projections in the 2015 Urban Water Management Plan do not reflect the impact of the recent historic drought on demand and the resulting long-term conservation and water efficiency standards. In other words, the demand projections will be revised downward in the next UWMP.

Groundwater Pumping

Historically, the groundwater basin has shown signs of overdraft, which could impact reliability in the very long term. Regionally, the implementation of Coachella Valley Water District’s groundwater replenishment program provides a significant component of the funding required to ensure groundwater levels are maintained to mitigate potential overdraft conditions of the basin. IWA’s Urban Water Use Efficiency and Conservation Program continues to implement Demand Management Measures (DMMs) and other conservation programs to decrease the annual volume of water consumed.

Recycled Water

The IWA and Valley Sanitary District (VSD) have formed the East Valley Reclamation Authority, a Joint Powers Authority (JPA), to facilitate the implementation, finance, management, and operation of the recycled water program. IWA and VSD will continue to collaborate on the recycled water program including pursuing funding, defining a financial plan, siting facilities, and identifying the detailed steps needed for program implementation. It is anticipated that VSD share in the cost to maximize the usage of recycled water within the region.

The IWA will pursue both Federal and State grant funding for the proposed project. If funding were provided through either Federal or State grants, IWA proposes to fund the remaining balance of the project’s cost through bonds and/or rate revenue. If grant funding from neither Federal nor State agencies were available, IWA would likely delay or phase the proposed project until adequate funding becomes available.

Emergency Preparedness (Supply Interruption Capability)

The future alternative supply programs propose to utilize purchased imported water supplies that will be exchanged for Colorado River water to reduce reliance on and back up groundwater supplies during supply interruptions. Due to associated water rights and exchange agreements, the imported water supplies have historically been very reliable.

City of Indio

However, the CVWD and potential future IWA transfer and exchange programs are potentially vulnerable to shortages resulting from climatic, environmental and/or legal conditions. SWP supplies have been dramatically cut in recent years due to the on-going drought condition as well as legal and regulatory decisions to reduce exports from the Delta to mitigate further negative impacts on the Delta smelt population. Colorado River water supplies may also be vulnerable to legal and climatic issues.

The wastewater plant has emergency power systems for its use, making recycled water highly reliable.

Financial Ability to Provide Services

As of June 30, 2017, the City reported a decrease in its Net Position, the value of assets and funds on hand for operations and capital investment, to \$525,909,000, a decrease of \$19,334,000 over the prior year and a decrease in balance in its unrestricted net position to a negative \$31,075,000. On June 30, 2017, the Water Fund Net Position balance was \$137,917,552. This is an increase of \$277,756, during a period of drought; including demand management restrictions and less sales overall. The Water Fund Unrestricted Net Position was \$15,287,054.

Table 22 – City of Indio Financial Information, 2015-2017

	FY 2015	FY 2016	FY 2017
Total City Revenues	\$ 118,806,725	\$ 101,736,000	\$ 109,789,000
Total City Expenditures	<u>-126,008,482</u>	<u>-106,189,000</u>	<u>-127,962,000</u>
Revenues minus Expenditures	\$ -7,201,757	\$ -4,453,000	\$ -18,173,000
Net Position	\$ 549,759,340	\$ 545,243,000	\$ 525,909,000
Water Fund (IWA)			
Water Fund Revenues	\$ 18,767,417	\$ 19,195,358	\$ 22,363,744
Water Fund Expenditures	<u>-30,005,199</u>	<u>-22,088,027</u>	<u>-22,358,271</u>
Revenues minus Expenditures	\$ -11,237,782	\$ -2,892,669	\$ 5,473
Ending Net Position	\$ 138,195,308	\$ 136,805,392	\$ 137,917,552

Sources: City CAFRs 2015, 2016 & 2017

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District’s water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

City of Indio

1. 3-Year Revenue/Expenditure Budget Trends

The water fund overall net position has been experiencing deficits (2015 prior period adjustment) as well as recovery in spending over the last several years. However, this has been attributed primarily to planned capital expenditures and cash flows due to lower water sales. A new budget-based tiered rate structure and five-year rate increases were adopted by the City Council in 2013 and implemented through 2018 to accommodate these changes in water uses and planned expenditures for infrastructure.

2. Ratios of Revenue Sources

The IWA receives 98 to 99 percent of its water fund and sewer fund revenues from charges and fees for services, no revenue from property taxes, and about 1 to 2 percent from miscellaneous other sources.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The City's unrestricted Water Fund Net Position balance ratio is approximately 68 percent of annual expenditures. This fund ratio represents a positive ratio position.

The ratios of unrestricted reserves for the water fund reflect an appropriate balance for typical enterprise fund services; this minimizes the impact that negative economic factors might have on more elastic revenues due to varying water sales based upon the economic picture and drought over the past ten years.

4. Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the IWA's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10 percent or less would reflect a very stable ratio. The City's Water Fund has reasonable debt.

In June 2015, the Indio Water Authority issued \$51,065,000 of Water Revenue Refunding Bonds Series 2015A, and \$9,150,000 of Water Revenue Refunding Bonds Series 2015B (Taxable). The proceeds were used to refund the Authority's 2006 Water Revenue Bonds, finance certain capital improvements to the Authority's water system (only proceeds of the Series 2015A bonds), and to pay costs of issuance of the bonds.

The IWA's annual debt service ratio to total expenditures is approximately 19 percent, somewhat high but necessary to reduce long-term expenses including refinancing of prior debt and to pay for needed capital projects over time.

5. Rate Structures

The last scheduled water rate increase became effective January 1, 2018. Fixed monthly charges shown in Table 23, below, are for a 5/8" or 3/4" meter size, the most common meter sizes in the system. Commodity rates are measured in HCF (100 cubic feet of usage).

Table 23 – Adopted Water Rates - City of Indio, 2018

	Residential	Commercial
Fixed Monthly Charge	\$21.16	\$21.16
User Charge Rate (per HCF):		
Tier 1	\$1.05	\$1.41
Tier 2	\$1.58	\$1.41
Tier 3	\$2.11	\$2.11
Tier 4	\$3.16	\$3.16
Tier 5	\$4.20	\$4.20

6. Capital Improvement Program/Plan

The IWA adopts a Capital Improvements Program and budget each year and then makes mid-year adjustments as necessary.

The IWA does not receive tax revenues and must recover the cost of providing services through user rates, capacity charges, grants and long-term debt. With the 2018 rate increases, the water funds are projected to generate sufficient revenues to cover operating costs, build working capital reserves, fund a rate stabilization reserve and provide for capital investment in water infrastructure.

IWA's capital outlay program includes two capital improvement project funds along with the vehicle and equipment replacement fund. Total capital outlays from all these funds in FY 2017-18 totals \$2.7 million.

The primary objective of the capital outlay program is to replace assets that have reached or surpassed their useful life, to construct new projects that assist IWA in achieving higher service and reliability standards and improve long-term operating efficiencies.

The Water Capital Impact Fee (Fund 310) budget is \$1.2 million and is used for:

- Highway 111 water main from Oasis Street to Arabia
- Avenue 44 water main from Salpare Place to Dillon Road

The Supplemental Water Supply Fund (Fund 015) budget is \$1.2 million and is used for the first phase of a recycled water facility and a non-potable water project.

The Equipment Replacement Fund budget totals \$150,000, funded by transfers from the Operating Fund, and incorporates anticipated replacement needs.

City of Indio

6. Reserve Funds

Currently, IWA has six reserve funds with varied target levels of funding dependent upon operational needs and the Board's approval. The funding of these reserves reflects the importance of the adopted policies to ensure prudent fiscal management, long-term operational solvency, along with the preservation of adequate service levels.

Two of these reserves are restricted, which are the rate stabilization and water transfer reserve funds. The equipment or capital reserve funds can be used with authorization through the budgetary process, and are administered by IWA's General Manager. The remaining two reserve funds are for operational needs and emergencies. These two funds are administered by the General Manager to meet day-to-day operational needs or respond to a natural disaster or other emergency if needed. The budgeted surplus of \$2.6 million for FY 2017-2018 will help replenish the reserve funds based upon their priority.

7. Pension Liability and Other Post-Employment Benefits Liability

As most cities and government agencies in California, the City has a pension liability and Post-Employment Liability. The 2017 CAFR reports that the City has an \$83.8 million unfunded pension liability (Miscellaneous and Safety) and is making the required payments to offset the liability over time.

The City also administers a single-employer defined benefit plan, which provides medical insurance benefits to eligible retirees, and their dependents in accordance with certain labor agreements. The City on a pay-as-you-go basis makes payments. For FY 206-2017, the City contributed \$1,673,423 toward then current premiums.

IWA's staff are employees of the City of Indio and a portion of these obligations are assignable to IWA. A full explanation of Pension Liability and OPEB is contained in the Notes section of the 2017 CAFR.

Status and Opportunities for Shared Facilities/Services

Eastern Riverside County Interoperable Communications Authority

The Eastern Riverside Interoperable Communications Authority (ERICA) was created in July 2008 by a Joint Exercise of Powers Agreement between public agency parties located in Riverside County, California. ERICA was formed to enable the members to acquire real, personal and intangible property and to plan, design, finance, construct, operate, and maintain public safety radio communication systems, facilities and related structures to assist the Members in meeting public safety communication needs. The goal and intent of the ERICA is one of voluntary cooperation among cities for the collective benefit of cities in Riverside County.

The City of Indio is a member of the ERICA and is responsible for the accounting records of the joint venture.

City of Indio

East Valley Reclamation Authority

The East Valley Reclamation Authority (EVRA) was created on December 18, 2013 under a joint powers agreement between The City of Indio through the Indio Water Authority (IWA) and the Valley Sanitary District (VSD) to plan, implement and operate a recycled water program including the tertiary or enhanced treatment of water, as well as the lease, ownership, operation and maintenance of Facilities and the financing costs relation to public capital improvements.

Primary funding for the EVRA is through contributions from the IWA and the VSD. The EVRA is governed by a Board appointed by the IWA and VSD and administered by either the IWA or VSD based on a rotation determined by the Board. For the fiscal year ended June 30, 2016, the IWA was the administrator of the EVRA and therefore maintains the books and records of the EVRA. The IWA's contribution to the EVRA for the fiscal year ended June 30, 2017 was \$25,000 for operations.

Interties

The IWA also has emergency intertie connections with Coachella Valley Water District (CVWD) and the City of Coachella.

Regional Coordination

The Coachella Valley Regional Water Management Group (CVRWMG) was formed in 2008 for coordinating the water resources planning activities of the five Coachella Valley public water suppliers, Coachella Water Authority, Coachella Valley Water District (CVWD), Desert Water Agency, Indio Water Authority and Mission Springs Water District, and for developing an Integrated Regional Water Management Plan (IRWMP). Valley Sanitary District was later admitted to the Group. Since 2010, CVRWMG has won approximately \$20 million in various state grants to fund programs and projects within the valley and IWA has been a beneficiary of some of these funds for conservation and Chromium-6 compliance.

Government Structure and Accountability

The Indio City Council consists of five members, elected at-large to four-year overlapping terms.

The Council authorized the transition of the City's election system from at-large to by-district commencing with the November 2018 general municipal election.

Council members must be residents of the City. The Mayor, whose position rotates annually, conducts council meetings and represents the City on ceremonial occasions. The City Council serves as the legislative board for the municipality, establishes policy, passes ordinances, adopts annual appropriations, and sets priorities for the City. In addition to serving as the policy makers, the City Council is responsible for numerous land use decisions within the City's borders, including the General Plan.

City of Indio

The City has a council-manager form of municipal government, where the City Council appoints the City Manager, who is responsible for the day-to-day administration of city business. The City Manager appoints and supervises all City department directors. The City Council also appoints the City Attorney and members to various municipal advisory boards and commissions. Current City Council members and terms are shown below in Table 24.

Table 24 – City of Indio City Council Members

Council Member	Term Expires
Waymond Fermon	November 2022
Oscar Ortiz	November 2022
Glenn Miller	November 2020
Lupe Ramos Watson	November 2020
Elaine Holmes	November 2022

The City’s website is user-friendly and has easy access to City Council agendas, minutes, public notices, budgets, audits and other key City documents. City Council meetings are videotaped and accessible for on-line viewing. Phone numbers and email addresses for City council members are listed, as are phone numbers for City department heads. The City also has Facebook and Twitter accounts and a sign-up service for on-line city news and updates.

LAFCO Policies Affecting Service Delivery

In July 2018, IWA entered into a financing agreement with the California State Water Resources Control Board to consolidate the Boe Del Heights and Waller Tract mutual water systems into the IWA system. This is a culmination of a five-year process. The consolidation of Waller Tract is anticipated to be completed by the second quarter of 2019. The construction will include new water mains, hydrants, valves, and other accessories and individual water meters as well as the abandonment of the existing inadequate water production and distribution facilities. These two consolidations further LAFCO’s policies regarding improving efficiency and effectiveness of municipal services.

A similar construction in Boe Del Heights is expected to be completed by March 2019. The only difference is metering; the State Water Board authorized IWA to install water meters in Boe Del Heights in 2016 and residents in the area are now metered and are IWA customers. However, the upgrade of the distribution infrastructure in the area will improve water supply and reliability as well as flow for fire suppression.

City of Palm Springs

Overview/History

For thousands of years, the Coachella Valley was home to the Agua Caliente Band of Cahuilla Indians. During the winter months, they established their village around the natural hot mineral springs (current site of the Spa Resort Casino). In summer, to escape the extreme temperatures of the desert floor, the small band moved to the canyons where it was more comfortable because of the higher elevation.

In 1877, the Southern Pacific Railroad completed its line through the desert to the Pacific Ocean. A Congressional policy established that every odd section of land for ten miles on either side of the track became the property of the railroad (a section is defined as one square mile). The even-numbered sections remained the property of the federal government.

Throughout the 19th century, various explorers, colonizers, and soldiers came through the desert, but it was not until 1853 that the United States Topographical Engineers mentioned the oasis of palm trees and springs, which they called "Palm Springs." The name did not stick at that time, however. After California became a state in 1850, various stage routes crossed the desert, and "Big Bill Bradshaw's" freight line began to stop at what Bradshaw called "Agua Caliente." The place was known by that name or variations of "Palm Valley" until 1890 when Harry McCallum referred in a letter to his post office address in "Palm Springs."

In 1884, Judge John Guthrie McCallum of San Francisco and his family became the first non-Indians to settle in the area. McCallum, with the assistance of local Indians, built a 19-mile stone-lined ditch from the Whitewater River into Palm Springs bringing in pure, precious water for irrigation. In 1886, Dr. Wellwood Murray, of nearby Banning, opened Palm Springs' first hotel in 1886. It was called the Palm Springs Hotel and was conveniently located directly across the road from the Indian Bathhouse where guests could take advantage of its warm, curative waters.

In 1909, Dr. Harry and Nellie Coffman started their sanatorium, The Desert Inn, which was originally a place for those afflicted with tuberculosis. The Inn later became a world-renowned resort hotel catering to the very wealthy, which included captains of industry and well-known millionaires such as the Vanderbilt and Hearst families.

Palm Springs was incorporated in 1938 with Philip Boyd as the first Mayor. World War II brought rapid growth to Palm Springs with many new housing developments and businesses. The Desert Museum opened its doors in 1938, the same year that Palm Springs opened the first high school; and in 1948 it was combined with the Desert School District to form the Palm Springs Unified School District. Prior to this, high school students from the area were bused daily to nearby Banning. A public library was established in 1939, and the Desert Hospital opened in 1951.

City of Palm Springs

In the 1950s, about 3,000 sections of land were transferred to the Agua Caliente Band of Cahuilla Indians. This created a checkerboard pattern of growth, still evident in the area today. The Agua Caliente Band of Cahuilla Indians also holds title to the fan palm oases of Palm, Murray and Andreas Canyons.

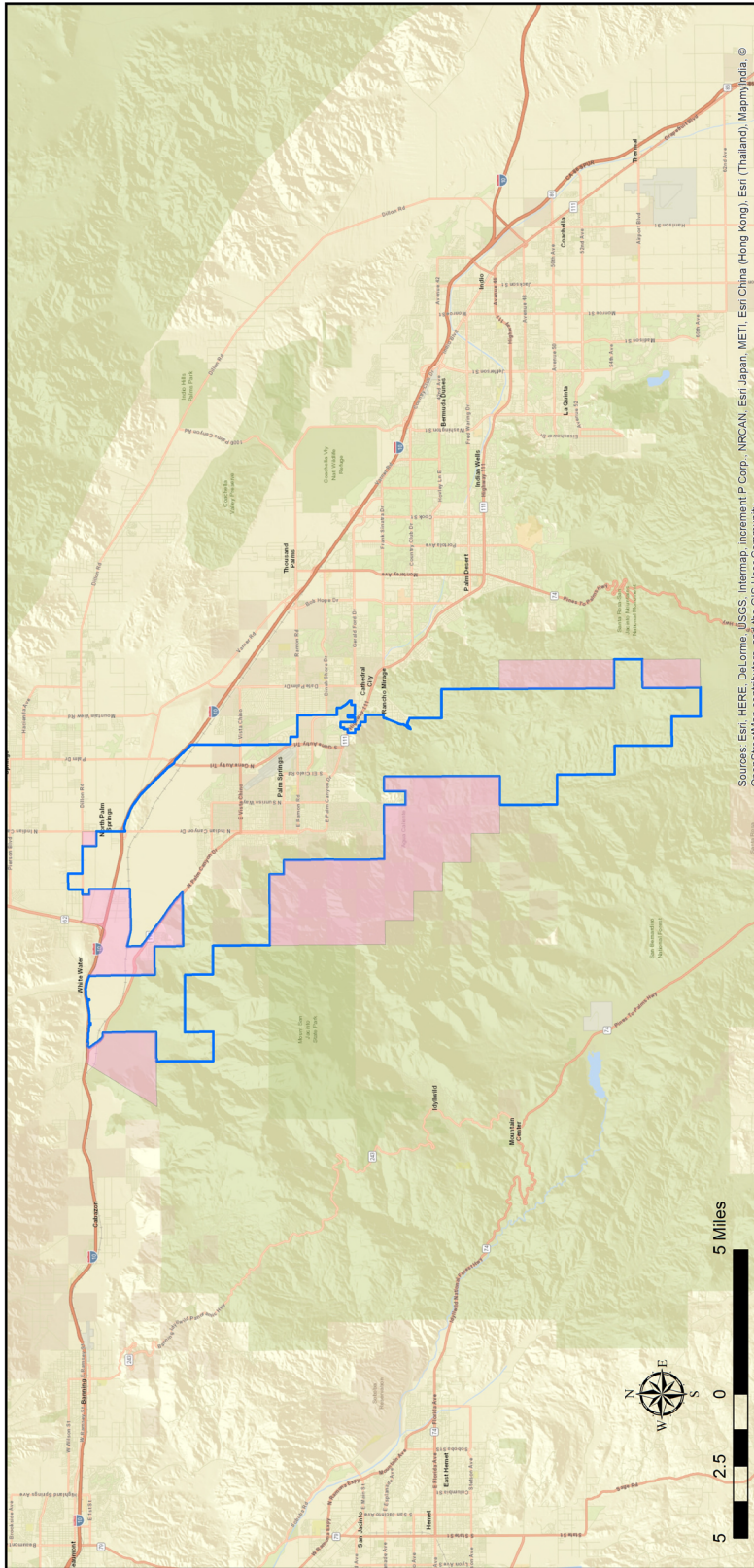
Hollywood discovered Palm Springs as early as about 1919. The desert was considered a choice filming spot for many silent films; and stars such as Rudolph Valentino, Ernest Torrence, and Theda Bara could be easily spotted in town. Since then, Palm Springs has become known as "The Playground of the Stars." Many have had homes in the City or have stayed at famous places such as the El Mirador Hotel and Charles Farrell's Racquet Club. Spotting a movie star walking down the street, shopping or in a restaurant was a common occurrence.

The City provides a full array of municipal services to its residents, including public safety, public improvements, sanitation, sewer, highways and streets and aviation. Water service is provided by the Desert Water Agency for a majority of the City located south of the Whitewater River, and by Mission Springs Water District for the northerly portion of the City located north of the Whitewater River.

City of Palm Springs

Exhibit 5 – City of Palm Springs

City of Palm Springs and Sphere of Influence



Disclaimer:
 Maps and data are to be used for reference and display purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. Riverside LAFCo makes no warranty or guarantee as to the content (the sources is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

Data Sources: County of Riverside; USGS; CA SIL

Legend

- City Boundary
- Sphere of Influence

Sphere of Influence Adopted: 2009

* Sewer Provided by City

Map Created on March 25, 2019

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Swisstopo, Esri (Thailand), Swisstopo, © OpenStreetMap contributors, and the GIS User Community

City of Palm Springs

City of Palm Springs – Agency Profile

General Information			
Agency Type	Charter City; CA Const., Art. XI, 5(b); California Govt. Code §34450		
Date Formed	April 20, 1938		
Services	Full service city including public safety, public improvements, sanitation, sewer, highways and streets and aviation		
Service Area			
Location	Eastern Riverside County in the western portion of the Coachella Valley		
Square Miles/Acres	45 square miles/28,800 acres		
Total Water/Sewer Connections	44,200 EDU's in 2012		
Population Served	47,706		
Sewer Infrastructure/Capacity			
Facilities	265 miles of sewer, 5 lift stations, 1 wastewater treatment plant		
Treatment Plant Capacity (MGD)	Plant capacity is rated at 10.9 MGD. Annual average flow rate for 2017 was 5.8 MGD. Primary and secondary treatment.		
Primary Disposal Method	25 percent of final WWTP effluent is disposed of to one of 6 unlined evaporation/percolation ponds (23.3 acres total). 75 percent is conveyed via pipeline to the Desert Water Agency (DWA), Wastewater Reclamation Plant (WRP) for tertiary treatment.		
Sewer Rates	Residential: \$20.00/month Commercial/industrial: \$20.00/month plus \$1.98/fixture		
Budget Information - FY 2017-2018 (Sewer Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Sewer Fund	\$11,805,000	\$11,488,940	\$316,060
Capital Expenditures	FY 2017-2018 \$5,271,487	Long-Term Planned Expenditures \$55,000,000 (20-year Plan)	
Wastewater Fund Balance/Reserves	\$68,981,419	Source: 2018 CAFR	
Agency Net Position	\$118,005,600		
Governance			
Governing Body	Five member city council elected at-large		
Agency Contact	David H. Ready, City Manager, Doug Loar (Veolia Co.)		

Sources: Norco Urban Water Management Plan (2015); City website; City municipal questionnaire; Adopted 17-18 Budget; Adopted 5-Year Capital Improvement Program/Plan FY 18-22

City of Palm Springs

Growth and Population Projections

The California State Department of Finance estimates the City’s 2018 population to be 47,706. As expected in an area reaching build-out conditions, the City’s projected population over the next 13 years is expected to slow significantly when compared to growth experienced in previous decades and more significant growth projections in other parts of the Coachella Valley. Between 2018 and 2030, growth is expected to increase by approximately 1.3 percent per year, or 13,133 residents over the 12-year period.

Table 25 – City of Palm Springs Population Projections, 2015-2030

2015	2020	2025	2030
46,175	49,997	53,766	60,839

Source: Riverside LAFCO: Western Coachella Valley MSR (2007)

According to the City’s General Plan, 87,600 acres of land are located within the City and Sphere of Influence. Almost 70 percent of available jobs within Palm Springs are categorized within three employment sectors: retail and entertainment, health care and other services, and government and local services. In contrast, manufacturing and transportation represent only 9 percent of jobs within the City. Employment is projected to increase to 55,800 jobs by the year 2030. At an average annual rate of 1.8 percent, this is relatively faster than population and household growth.

Disadvantaged Unincorporated Communities (DUCs)

Riverside LAFCO has determined that there is one DUC within the sphere of influence of the City, located at the corner of Dillon Rd. and N. Indian Canyon Dr. (known as the Carefree Mobile Home Park). Park sewage treatment and disposal is accomplished through a private community septic/leach line system. Domestic water is furnished from on-site groundwater wells and the County provides Fire Services by contract.

Present and Planned Capacity of Public Facilities

Wastewater Treatment Plant

The original wastewater treatment plant was constructed in 1960, and is now over 50 years old. Major expansion of the wastewater treatment plant to its current 10.9 million gallon per day (MGD) capacity was completed in 1983.

Due to the age of the major mechanical equipment at the wastewater treatment plant, the City prepared a comprehensive Capital Improvement Plan for the wastewater treatment plant, realizing the need to focus on major capital projects to replace aging equipment and improve inefficient wastewater treatment processes at the wastewater treatment plant over the next 20 years.

City of Palm Springs

The Capital Improvement Plan, approved by the City Council on April 21, 2010, assessed all of the major unit processes at the City's wastewater treatment plant, and recommended a 20 year program consisting of over 30 projects (some of which may be combined into single projects for better cost efficiencies) estimated to cost \$67,000,000. The focus of the 20-year wastewater treatment plant Capital Improvement Plan is not on increasing the capacity of the WWTP; the current 10.9 MGD capacity will be more than adequate beyond a 20-year horizon. For the 2010/2011 Fiscal Year, wastewater flow into the WWTP was at annual average rate of 5.696 MGD, well below the 10.9 MGD capacity. Assuming a conservative projected future City growth rate of 1,000 people per year, the 10.9 MGD capacity will not be exceeded for over 30 years. The 20-year wastewater treatment plant Capital Improvement Plan considered repair and rehabilitation of the outdated equipment and processes used at the wastewater treatment plant, and the need to appropriately plan for replacement of the equipment with current technology that will improve the City's ability to efficiently treat wastewater flows.

Over the last eight years, the City has completed rehabilitation of the two anaerobic digesters, construction of a new reclaimed water pump station, improvements to the gravity thickeners, construction of an entirely new electrical system, installation of a new backup power generator, and installation of a new WWTP perimeter security fence. Also, as part of its CIP, the City recently completed a \$20 million construction project to upgrade the WWTP in late 2018. The project consists of a new influent junction box, a new headworks including metering structure, two mechanical screens with isolation gates, a bypass channel with isolation gates, an influent pump station equipped with four vertical solids-handling turbine pumps, two primary clarifiers, two scum pump stations, two sludge pump stations, one sludge de-gritting station, replacement weir covers for two existing gravity thickeners, a prefabricated electrical building, and associated piping and electrical equipment.

Wastewater

The City's Sanitary Sewer Collection System is composed of approximately 250 miles of clay, gravity flow, 6" to 42" diameter collection lines, approximately 5,000 pre-cast concrete and brick manholes; and five sewer lift stations. Therefore, Board Order No. 2006-0003 applies directly to the City's sanitary sewer collection system. The City's sanitary sewer and stormwater conveyance systems are separate. Sewer System Overflows (SSOs) have occurred in the sanitary sewer collection system at various locations around the City. Trouble areas where increased potential for SSOs has been identified and they are inspected and cleaned on a regular schedule. Veolia Water NA (Veolia) has been contracted by the City to manage the development and implementation of the Sewer System Management Plan (SSMP) and to oversee compliance with the Regional Board's requirements.

Emergency Preparedness (Supply Interruption Capability)

The City has developed an SSMP for sewer operations that includes appropriate personnel listings, resource inventories, locations for emergency operations centers, response procedures, and the steps necessary to resume normal operations when emergencies might occur.

City of Palm Springs

Financial Ability to Provide Services

As of June 30, 2018, the City reported as Net Position, the value of assets and funds on hand for operations and capital investment, \$118,005,600.

On June 30, 2018, the Wastewater Fund Net Position balance was \$68,981,419. This is an increase of \$5,382,878 over the prior year. The Wastewater Fund Unrestricted Net Position was \$25,770,842.

Table 26 – City of Palm Springs Financial Information, 2016-2018

	FY 2016	FY 2017	FY 2018
Total City Revenues	\$ 175,132,000	\$ 171,219,000	\$ 189,964,000
Total City Expenditures	<u>-146,707,000</u>	<u>-171,438,000</u>	<u>-269,657,000</u>
Revenues minus Expenditures	\$ 28,425,000	\$ -219,000	\$ -79,693,000
Ending Net Position	\$ 198,947,000	\$ 197,698,000	\$ 118,005,600
Wastewater Fund			
Sewer Fund Revenues	\$ 10,804,125	\$ 11,839,056	\$ 12,838,798
Sewer Fund Expenditures	<u>-6,539,225</u>	<u>-7,009,637</u>	<u>7,455,920</u>
Revenues minus Expenditures	\$ 4,264,900	\$ 4,829,419	\$ 5,382,878
Ending Net Position	\$ 57,949,122	\$ 63,598,541	\$ 68,981,419

Sources: City CAFRs 2016, 2017 & 2018

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District’s water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3 Year Revenue/Expenditure Budget Trends

The wastewater fund overall has been experiencing a significant surplus year-over-year for the last several years. In 2012, the City adopted increased sewer rates, phased in over 5 years from 2012 through 2016. Current sewer rates, unchanged since July 1, 2016, have proven sufficient to fund day-to-day operations, planned capital expenditures and build necessary fund balances.

City of Palm Springs

2. Ratios of Revenue Sources

The wastewater fund receives 98 to 99 percent of its sewer fund revenues from charges and fees for services, no revenue from property taxes, and about 1 to 2 percent from miscellaneous other sources.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

As of June 30, 2018, the City’s total unrestricted Net Position (reserves) was (\$169,979,211). Of that amount, the unrestricted Wastewater fund balance (reserves) represented \$25,770,842.

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The City’s Wastewater Unrestricted Fund balance ratio is approximately 290 percent of annual expenditures including operations, facilities and wastewater treatment expenses, a very positive ratio position.

The ratio of unrestricted fund balances for the wastewater fund reflects an appropriate balance for typical enterprise fund services; this minimizes the impact that negative economic factors might have utility operations.

4. Annual Debt Service Expenditures to Total Annual Expenditures

Currently, the City’s Wastewater Fund has no long-term debt obligations; however, the City has financed its recent WWTP Upgrade project and entered into a financing agreement with the state pursuant to the Clean Water State Revolving Fund Loan, and will finance up to \$28.8 million at 1.7% interest over a 30 year term. Debt service payments of approximately \$1 million will commence in September 2019

5. Rate Structure

Sewer rate increase, approved in the 2012 Fiscal Year through 2017 Fiscal Year adjusting the rate to \$20.00 per EDU (Equivalent dwelling unit) per month fixed charge for residential users. For commercial and industrial users, a monthly minimum of \$20.00 is charged plus \$1.98 per fixture. These rates address needed funds for operating costs and capital replacement projects.

Table 27 – Adopted Sewer Rates - City of Palm Springs, 2018

	FY 2018
Residential Fixed Monthly Charge	\$20.00
Commercial/Industrial Minimum Monthly Charge	\$20.00
Commercial/Industrial Monthly Fixture Charge	\$1.98

6. Capital Improvement Program/Plan

The focus of the 20-year wastewater treatment plant Capital Improvement Plan is not on increasing the capacity of the WWTP; the current 10.9 MGD capacity will be more than adequate

City of Palm Springs

beyond a 20-year horizon. For the 2010/2011 Fiscal Year, wastewater flow into the WWTP was at annual average rate of 5.696 MGD, well below the 10.9 MGD capacity. Assuming a conservative projected future City growth rate of 1,000 people per year, the 10.9 MGD capacity will not be exceeded for over 30 years. The 20-year wastewater treatment plant Capital Improvement Plan considered repair and rehabilitation of the outdated equipment and processes used at the wastewater treatment plant, and the need to appropriately plan for replacement of the equipment with current technology that will improve the City's ability to efficiently treat wastewater flows.

The Capital Improvement Plan approved by the City Council on April 21, 2010, assessed all of the major unit processes at the City's wastewater treatment plant, and recommended a 20 year program consisting of over 30 projects (some of which may be combined into single projects for better cost efficiencies) estimated to cost \$67,000,000. To date, the City has completed approximately \$12,000,000 of these projects, leaving \$55,000,000 currently unfunded that must be completed.

7. Pension Liability and Other Post-Employment Benefits Liability

As most cities and government agencies in California, the City has a pension Liability and Post Employment Liability. The 2017 CAFR reports that the city has a \$167.8 million unfunded pension liability and is making the required payments to offset the liability over time.

The City has entered into a program for OPEB obligations for medical benefits for retirees. As of June 30, 2018, Net OPEB obligation stood at \$141.6 million.

A full explanation of Pension Liability and OPEB is contained in the Notes section of the 2018 CAFR.

Status and Opportunities for Shared Facilities/Services

Agreements signed in 1977, including subsequent amendments, allow the Agua Caliente Band of Cahuilla Indians (ACBCI), or Tribe, and the City of Palm Springs to work closely together on development projects on reservation lands. These agreements define the process by which development projects on the reservation are reviewed.

Throughout the geographical area of Palm Springs runs a series of "checkerboard" square miles designated as reservation land. This land includes three types of ownerships:

1. Tribal Trust
2. Allotted to a Tribal Member (and either leased or not leased)
3. Fee Land

For additional information on ACBCI, please visit their website at www.aquacaliente.org.

City of Palm Springs

Government Structure and Accountability

The City of Palm Springs, a charter city, is governed by a five-member City Council, elected at large.

The City Council holds regular meetings on the first and third Wednesdays of the month beginning at 6 p.m. in the Council Chamber at City Hall, 3200 E. Tahquitz Canyon Way.

Citizens can watch meetings live on Palm Springs Community Television Channel 17 or online at www.palmspringsca.gov. City Council agendas are available on the City's Web site after 7:00 p.m. the Thursday before the upcoming Council meeting.

On April 19, 2018, the Palm Springs City Council adopted Resolution No. 24406 declaring its intent to transition to district-based elections in response to a threat of litigation asserting a violation of the California Voting Rights Act (CVRA). While the City maintains its position that its election system does not violate the CVRA or any other provision of law, the cost of litigation is prohibitive and the public interest would be better served by transitioning to a district-based electoral system. The transition was completed on December 19, 2018, through adoption of Ordinance No. 1971, and has established five City Council Districts, with elections in Districts 1, 2 and 3 to be held in 2019, and Districts 4 and 5 to be held in 2021.

Table 28 – City of Palm Springs City Council Members

Council Member	Term Expires
Robert Moon, Mayor	November 2019
J.R. Roberts, Pro-Tem	November 2019
Geoff Kors	November 2019
Lisa Middleton	November 2021
Christy Holstege	November 2021

The City's website is user-friendly and has easy access to City Council agendas, minutes, public notices, budgets, audits and other key City documents. City Council meetings are videotaped and accessible for on-line viewing. Phone numbers and email addresses for City council members are listed as are phone numbers for City department heads. The City also has Facebook and Twitter accounts and a sign-up service for on-line city news and updates.

LAFCO Policies Affecting Service Delivery

There are no Riverside LAFCO policies that specifically affect development associated with the City of Palm Springs.

Chiriaco Summit County Water District

Overview/History

Originally known as Shaver Summit, Chiriaco Summit is the high point of Box Canyon Road, which at the time was a gravel road that paralleled the Bradshaw Trail from the Coachella Valley to Blythe. Joe Chiriaco, an entrepreneur from Alabama, purchased the land. After traveling west to attend a college football game in the Rose Bowl in 1925, he decided to stay in California and found employment with the Los Angeles Bureau of Water and Power (now Los Angeles Department of Water and Power or LADWP). He heard of plans to pave Box Canyon Road, so he purchased Shaver Summit and broke ground on a service station and general store. The hearsay proved true, and on August 15, 1933, the same day that cars began traveling over the brand-new U.S. Route 60, Shaver Summit was open for business.

Even more bustle came to the area when construction began on the Colorado River Aqueduct in the mid-1930s. This project of epic scale, which brought water to Riverside from Lake Havasu, tunneled through the mountains north of town. Joe Chiriaco worked on the project as a surveyor. At this same time, he met his wife Ruth, a nurse from the Coachella Valley.

In 1942, Joe had an unlikely visitor – General George S. Patton. Patton had the daunting task of training a million men to endure the harsh conditions of the Sahara in northern Africa, and he had found the right place – 18,000 square miles of Mojave and Colorado Desert – the entire southeast corner of California and part of Arizona. The area would later become known as the California/Arizona Maneuver Area (CAMA). Patton chose a site a mile east of Shaver Summit to establish the headquarters of his operation, Camp Young. During the time the base was active, Joe was visited by countless soldiers who were drawn “like bees to blossoms” to his well-stocked general store. Operations were conducted there until 1944, when the Allies declared victory in the Sahara.

In 1945, after Patton died in a freak automobile accident in Germany, the Chiriacos established a memorial to him at the Summit. In 1958, a post office was established, and the town was renamed Chiriaco Summit. The construction of Interstate 10 in the 1960s, replacing U.S. Route 60 and bypassing Box Canyon Road, meant that the Summit was no longer the only high point on the route, but the name stuck and remains to this day. A new post office supply depot opened in the 2000s, and the ZIP codes "92201" and "9-2-0-1" designations were established to represent Chiriaco Summit.

In 1989, the Bureau of Land Management and Patton’s estate expanded the Chiriacos’ memorial and opened a museum on the site of Camp Young to honor Patton and interpret the history of the Desert Training Center. The centerpiece of the museum is “The Big Map,” a 5-ton jigsaw relief map created by LADWP depicting the area traversed by the Colorado River Aqueduct. The map, later used by Patton’s staff, also illustrates the locations of the 11 training camps that

Chiriaco Summit County Water District

comprised Patton's mammoth operation. Also located at the museum is a statue of Patton, which can be seen from Interstate 10.

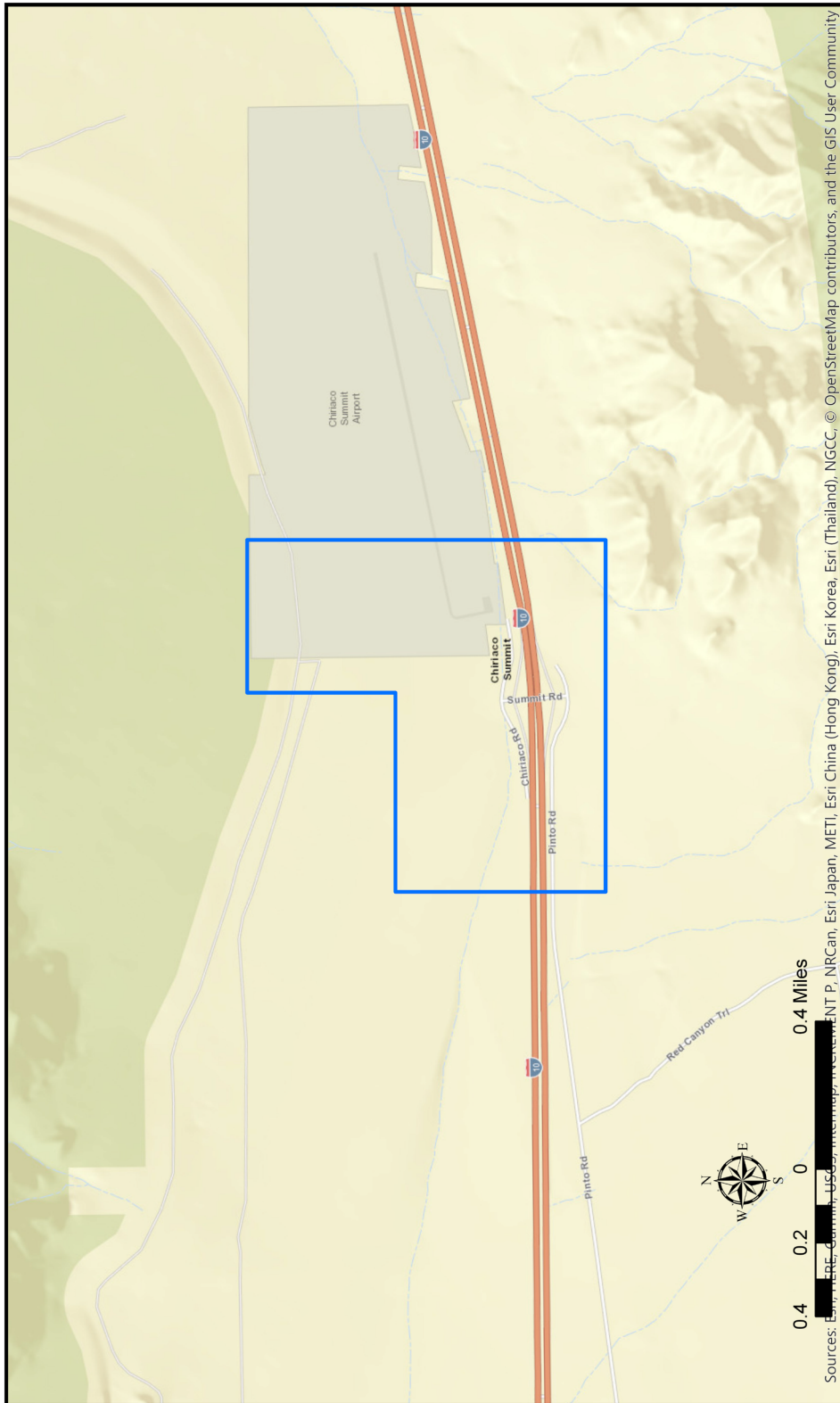
The Chiriacos both died in 1996. A Golden Palm Star on the Palm Springs Walk of Stars was dedicated to them in 2015. The businesses at Chiriaco Summit, which include a gas station, store, motel and airport, are now tended to by their son Robert and daughter Margit. Chiriaco Summit Airport has a 4,600-foot runway. In 1999, electricity from the Imperial Irrigation District electrical grid finally reached Chiriaco Summit, freeing the town from its dependence on Diesel generators.

Chiriaco Summit County Water District (CSCWD) is located in a remote unincorporated area in the County of Riverside. The District is approximately 67 miles west of the City of Blythe and 28 miles east of the City of Coachella. There are approximately 20 dwelling units, a restaurant, two museums, and a motel. The service area of the District encompasses approximately 480 acres and serves an estimated population of 49. The District office is located 62450A Chiriaco Road, #C in Chiriaco Summit, California.

Chiriaco Summit County Water District

Exhibit 6 – Chiriaco Summit County Water District

Chiriaco Summit County Water District and Sphere of Influence



Legend



Sphere of Influence Adopted: 2006
 ** Sphere of Influence is Coterminous with Boundary
 * Water Provided by the District

Map Created on March 25, 2019

Disclaimer:

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Data Sources: ROV; USGS; CA SIL

Chiriaco Summit County Water District

Chiriaco Summit County Water District - Agency Profile

General Information			
Agency Type	County Water District; Water Code §30000 et seq.		
Date Formed	2000		
Services	Water supply, treatment and retail service		
Service Area			
Location	Eastern Riverside County		
Square Miles/Acres	480 acres		
Land Uses	Residential/commercial		
Dwelling Units	20		
Water Connections	26		
Population Served	49 permanent and 400 transient		
Prior Municipal Service Review	2007		
Water Infrastructure/Capacity			
Facilities	Approved filtration technology used: Evoqua (Siemens) Memcor Microfiltration System		
Storage Capacity	5,000-gallon tank for finished water		
Primary Source of Supply	Metropolitan Water District (Colorado River Aqueduct water)		
Water Rates (single-family home)	4 Tier rates, residential and commercial: \$11.13 to \$17.32 per HCF (subsidized by 80% - community is qualified disadvantaged community); monthly service charge – ¾ inch \$15.00		
Budget Information - FY 2016-2017 (latest available) (Water Fund)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$181,263	\$155,103	\$26,160
Capital Expenditures	FY 2017-2018 N/A	Long-Term Planned Expenditures N/A	
Water Fund Balance	\$440,014	Source: 2017 audited financials	
Agency Net Position	\$440,014		
Governance			
Governing Body	Five member Board of Directors elected at-large		
Agency Contact	Eduardo Guevara, Office Manager, 760-227-3227: e.guevara@cswaterdistrict.org		

Sources: 2017 audited financials, CSWD Board Resolution No. 2016-1, Questionnaire responses

Chiriaco Summit County Water District

Growth and Population Projections

The District provides water services to an estimated population of approximately 49 people. There is no significant growth anticipated in the area due to limited water resources and public services available to the area.

Disadvantaged Unincorporated Communities (DUCs)

The Chiriaco Summit community is served by the District and has a co-terminus SOI. There are no DUCs within or adjacent to the District SOI.

Present and Planned Capacity of Public Facilities

The current water system satisfies drinking water standards. There have been no notices of violation in the past four years. The District performs routine maintenance of the existing water system as budgeted on an annual basis.

The District acknowledges the need to seek alternatives for additional water sources. The agreement with MWD for Colorado River water was intended to be a temporary source until the District found an alternative water source.

There has been no future planning for projected water demand in the area.

Water to be used for domestic purposes is pre-treated with a pool filter and delivered to a Memcor treatment system or microfiltration membrane system. From the membrane system it is transmitted into a 5,000 gallon storage tank.

Water

The District provides water services to an estimated population of approximately 49 people. There is no significant growth anticipated in the area due to limited water resources and public services available to the area.

At the time the District was formed the plans were for the residents to assess themselves and pay for a water distribution system and water treatment plant. To date that has not occurred due to the small population and the increased cost to construct a plant.

Imported Water

Chiriaco Summit has an agreement with the Metropolitan Water District of Southern California (MET) to take a very small portion of MET's entitlement of Colorado River water.

The water available to the District is from the Colorado River Aqueduct. Raw untreated Colorado River water from the aqueduct flows into a siphon to the District's 300,000-gallon open concrete storage reservoir, with connection attachments to an irrigation and a fire line.

Chiriaco Summit County Water District

Groundwater

Alternative water sources include an on-site well approximately 1,000 ft. deep with a high concentration of fluoride making that source not acceptable for potable water use.

Supply and Demand Assessment

Chiriaco Summit is exempt from the state requirement to perform an Urban Water Management Plan (fewer than 3000 in population and less than 3000 acre-feet production annually).

Water use forecast, as provided by the District in 2018, is as follows:

Table 29 – Annual Water Demand

	2023 (thousand gallons)	2028 (thousand gallons)	2038 (thousand gallons)
Single Family	1,911	2,256	2,730
Agriculture	N/A	N/A	N/A
Industrial	N/A	N/A	N/A
Commercial	4,971	5,865	7,000
Miscellaneous	539	636	770
Total (thousand gallons)	7,421	8,757	10,500
Total (acre-feet)	22.8	26.9	32.2

Emergency Preparedness (Supply Interruption Capability)

If CSCWD’s MWD connection were to fail, alternative water sources are high in fluoride content from well water in the short term.

Financial Ability to Provide Services

As of June 30, 2017, the CSCWD was able to report a positive increase in its Net Position, the value of assets and funds on hand for operations and capital investment, to \$440,014, an increase of \$378,437 over the prior two years. On June 30, 2017, the Water Fund Net Position balance was \$28,037,131. The largest portion of this increase in net position was the forgiveness of \$361,306 in debt for FY 2016.

Table 30 – CSCWD Financial Information, 2015-2017

	FY 2015	FY 2016	FY 2017
Total CSCWD Revenues	\$ 229,782	\$ 119,200	\$ 181,263
Total CSCWD Expenditures	<u>-141,762</u>	<u>-129,665</u>	<u>-155,103</u>
Revenues minus Expenditures	\$ 88,020	\$ -10,465	\$ 26,160
Net Position	\$ 61,599	\$ 412,440*	\$ 440,014

*includes \$361,306 forgiveness of debt
 Sources: CSCWD 2015, 2016 & 2017 Financials

Chiriaco Summit County Water District

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District's water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3 Year Revenue/Expenditure Budget Trends

The operating financials overall has been experiencing a slight surplus as well as occasional deficit spending over the last several years. This has been attributed primarily to annual capital expenditures and cash flows from current rates designed for essentially a breakeven operation. A rate increase is planned in 2018 to account for increased cost, revised wages, and capital improvements.

2. Ratios of Revenue Sources

The CSCWD receives 98 to 99 percent of its water revenues from charges and fees for services, no revenue from property taxes, and about 1 to 2 percent from miscellaneous other sources.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

The District has been operating with use of restricted reserves for several years and the unrestricted reserve as of June 30, 2017 is (\$32,894). This is also a result of cash flow at the end of the fiscal year.

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance maintained in relation to the annual fund expenditures. The Net Position overall has experienced a dramatic increase over the last several years. This increase is almost entirely the result of a debt forgiveness of \$361,306 in 2016. When adjusted for this one-time event, net position as a result of operations has remained relatively flat and represents the District's investment in capital assets. The unrestricted cash balance (cash and cash equivalents) amounts to seven percent of annual expenditures, allowing nearly no ability to absorb any unexpected loss in annual revenue.

4. Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of ten

Chiriaco Summit County Water District

percent or less would reflect a very stable ratio. The District’s annual debt service at June 30, 2017 stood at \$17,106 or nine percent of annual expenditures.

The District was notified in October 2017 that its Drinking Water State Revolving Fund Financial Assistance Project had been approved by the State Water Resources Control Board. Total project costs are estimated to be \$2,962,900. No debt payments are due on the loan until one year after project completion.

5. Rate Structures

The District last adopted updated water rates and charges in March 2019. The water rates have two components: (1) a fixed monthly base charge; and (2) a consumption based usage rate. Current charges are shown in Table 31, below:

Table 31 – Adopted Water Rates – CSCWD

Meter Size	Base Charge 2019	Base Charge 2020	Base Charge 2021	Base Charge 2022	Base Charge 2023
¾" (0.750 in)	\$23.96	\$24.92	\$25.92	\$26.96	\$28.03
2"	\$127.81	\$132.92	\$138.24	\$143.77	\$149.52
Usage Rate per 100 CF	\$14.00	\$14.56	\$15.14	\$15.75	\$16.38

6. Capital Improvement Program/Plan

The District reports that there is no current Capital Improvement Program in place, however; it is being currently developed. There is no master plan of the facilities.

7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

The District offers no pension plan or post-employment benefits to employees and/or board members. Since most employees are part-time, they receive neither vacation nor sick leave.

Government Structure and Accountability

The Chiriaco Summit County Water District was established under the County Water District law of the Water Code. The District is governed by a five-member Board of Directors, elected at-large for four-year terms. The District’s website, cswaterdistrict.org, provides meeting agendas and minutes, customer service information, notices, and water-related news and information.

The District office is located 62450A Chiriaco Rd. #C in Chiriaco Summit, California.

Chiriaco Summit County Water District

Table 32 – CSCWD Board Members

Board Member	Term Expires
Margrit F. Rusche, President	December 2019
Diana Ragsdale, Vice President	December 2021
Heather Garcia, Secretary	December 2021
J. Robert Chiriaco	December 2021
Claudia Figueroa	December 2019

CSCWD is not adjacent to any water district or agency (in a 20+ mile radius). CSCWD has not been identified as a potential service provider for any development proposals or any anticipated annexations.

LAFCO Policies Affecting Service Delivery

There are no specific Riverside LAFCO policies impacting the District.

Coachella Valley Water District

Overview/History

On January 9, 1918, Coachella Valley residents voted in favor of forming Coachella Valley Water District (CVWD) by a vote of 324 to 49.

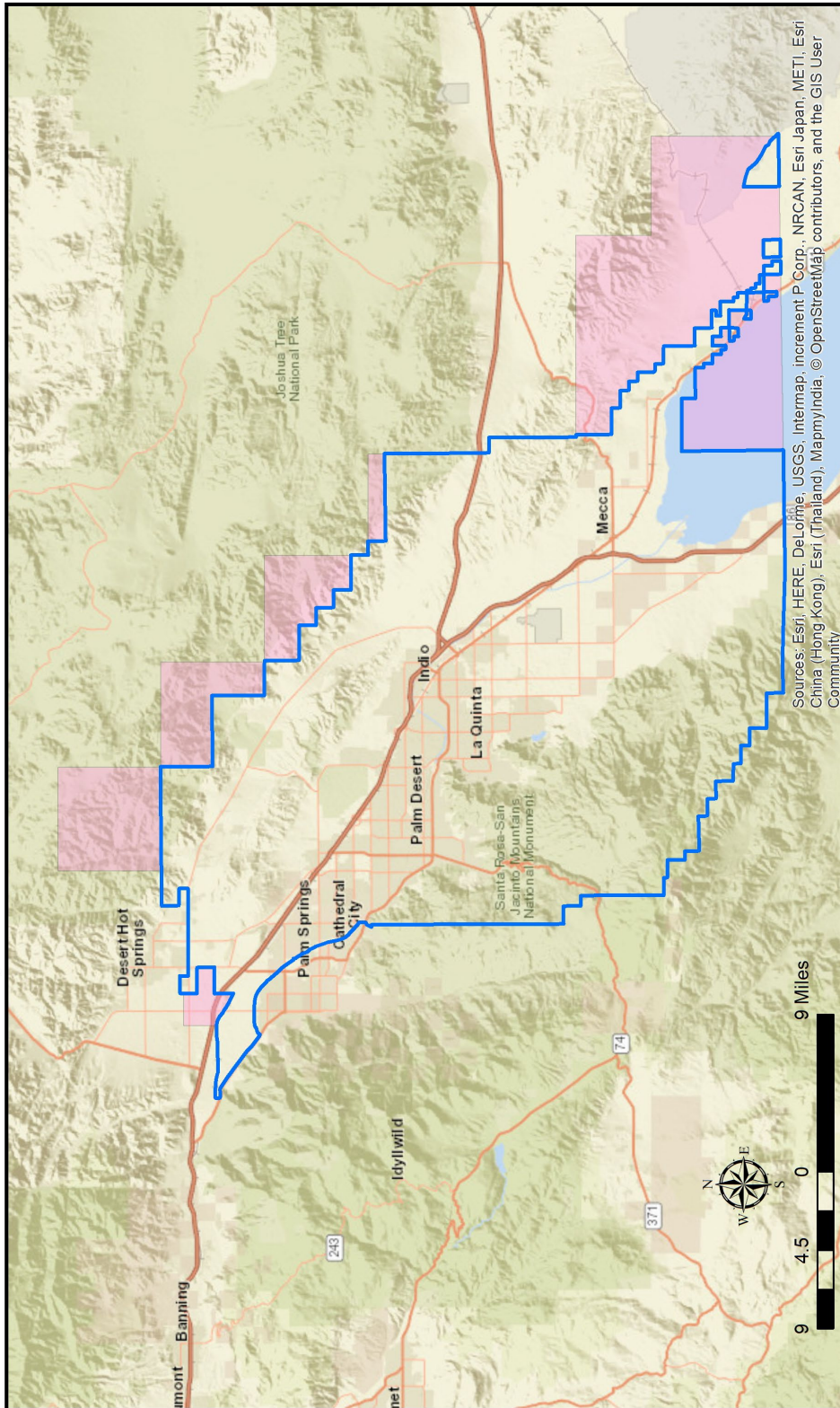
CVWD's initial formation was under the County Water District Act provisions of the California Water Code. In 1937, CVWD absorbed the responsibilities of the Coachella Valley Stormwater District that had been formed in 1915. CVWD now encompasses approximately 640,000 acres, mostly within Riverside County, but also extending into northern Imperial and northeastern San Diego counties. CVWD covers portions of Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio and Coachella. CVWD is governed by a board of five directors, elected by district voters to four-year terms. Each director lives in and represents one of five directorial divisions in the District and is elected by voters who also reside in that division. CVWD is a Colorado River water importer and a California State Water Project contractor. The water related services provided by CVWD include irrigation water delivery and agricultural drainage, domestic water delivery, wastewater reclamation and recycling, stormwater protection, and groundwater recharge. CVWD is the largest urban water supplier in the Coachella Valley with 113,003 municipal connections serving 92,974 AF of potable water in 2015.

CVWD's service area includes the cities of Cathedral City, Indian Wells, La Quinta, Palm Desert, Rancho Mirage, portions of the City of Indio, unincorporated land in Riverside, Imperial, and San Diego counties.

Coachella Valley Water District

Exhibit 7 – Coachella Valley Water District

Coachella Valley Water District and Sphere of Influence



Legend

- District Boundary
- Sphere of Influence

Sphere of Influence Adopted: 2006
 District Boundary Adopted: 2008
 * Sewer & Water Provided by District
Map Created on March 25, 2019

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Data Sources: ROV; USGS; CA SIL

Coachella Valley Water District

Coachella Valley Water District - Agency Profile

General Information			
Agency Type	County Water District; Water Code §32000 et seq.		
Date Formed	January 16, 1918		
Services	Delivers irrigation and domestic (drinking) water, collects and recycles wastewater, provides regional storm water protection and replenishes the groundwater basin.		
Service Area			
Location	Eastern Riverside County from the San Gorgonio Pass to the Salton Sea, mostly within the Coachella Valley in Riverside County, California		
Square Miles/Acres	1,000 square miles/640,000 acres		
Water/Sewer Connections	Domestic water: 108,000 Canal water: 1,200 Sewer: 94,000		
Population Served	290,000		
Water Infrastructure/Capacity			
Facilities	95 wells, 63 storage reservoirs, 2,000 miles of pipeline		
Storage Capacity	135 MG		
Primary Source of Supply	Domestic water: groundwater Irrigation: canal water and reclaimed water		
Water Rates	5 Tier rates Residential \$.95 - \$6.13 per HCF; Commercial/Irrigation \$1.32 - \$6.13 Monthly service charge ¾ inch \$4.96 – \$17.14		
Sewer Infrastructure/Capacity			
Facilities	1,095 miles sewer, 25 lift stations, 5 wastewater reclamation plants (WRP)		
Treatment Plant Capacity (MGD)	16.4 MGD: WRP 1 and 2 (lagoon treatment), WRP 4 (Biolac activated sludge), WRP 7 and 10 (conventional activated sludge)		
Primary Disposal Method	Produces reclaimed water for golf courses and other non-potable irrigation. WRP 4 discharges to CV Stormwater Channel		
Sewer Rates	Service charge (per ESU) \$23.04/month; account charge \$1.58 to \$3.98/month		
Budget Information - FY 2017-2018 (Water & Sanitation Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Domestic Water Fund	\$72,135,000	\$76,017,000	(\$3,882,000)
Canal Water Fund	\$31,537,000	\$25,285,000	\$6,252,000
Sanitation Fund	\$42,192,000	\$32,339,000	\$9,853,000
Combined Funds	\$145,864,000	\$133,641,000	\$12,223,000
Capital Expenditures	FY 2017-2018 \$106,860,000	Long-Term Planned Expenditures \$571,417,050 2017-2018 through 2021-2022 CIP	
Domestic Water Fund	\$64,824,000		
Canal Water Fund	\$39,151,000		
Sanitation Fund	\$112,930,000		
Agency Net Position	\$1,739,700,000		
Governance			
Governing Body	Five-member Board of Directors elected by division		
Agency Contact	Carrie Oliphant, (760) 398-2661, extension 2268		

Sources: UWMP 2015, Fiscal 2017-2018 Budget, 2016/2017 CAFR, questionnaire response

Coachella Valley Water District

Growth and Population Projections

CVWD’s service area includes portions of cities of Cathedral City, Indian Wells, La Quinta, Palm Desert, Rancho Mirage, City of Indio, and unincorporated county land.

Projected population in the CVWD urban water service area will increase at an average annual rate of 3.7 percent. It should be noted the SCAG based population projections may not reflect the relatively slow growth observed since the 2008 recession ended. Consequently, the population projections are conservative.

Table 33 – Coachella Valley Water District Population Projections, 2015-2040

2015	2020	2025	2030	2035	2040
216,900	282,900	348,900	414,800	480,200	527,100

Source: CVWD Urban Water Management Plan (2015)

To accommodate this level of growth, a significant amount of agricultural and vacant land will need to be developed. Assuming roughly four dwelling units per acre and a Riverside County-wide occupancy of 3.2 people per dwelling unit, at least 50,000 acres of land will be required. The 2010 Coachella Valley Water Management Plan Update assumed the growth would occur half on vacant land and half on existing agricultural land.

Disadvantaged Unincorporated Communities (DUCs)

CVWD has taken positive steps to address DUCs and formed a Disadvantaged Communities Infrastructure Committee to secure access to safe affordable drinking water, wastewater and flood control services in this historically disadvantaged Coachella Valley region. Through strategic planning, funding procurement, needs assessment, and reporting – all in collaboration with community members and stakeholders, they are addressing needs with new facilities and have received several grants from the State. Areas in Indio Hills, Thermal, North Shore, Mecca, Salton City, and Oasis have been identified in this process.

Previously, Riverside LAFCO has identified four DUC areas within the SOI of the City of Coachella and within the CVWD:

1. 54th Avenue/Harrison Street
2. Thermal
3. Fillmore Street/54th Street
4. Fillmore Street/Airport Boulevard Area

Additionally, five areas within CVWD and its SOI have been identified by the County of Riverside in their General Plan SB244 Report (April 2016) to be in need of water, wastewater and/or flood control/drainage improvements. They are briefly outlined below:

Coachella Valley Water District

1. Indio Hills Area; 10 miles north of Indio; stormwater drainage needs
2. Mecca Area; near SR 111 north of Salton Sea; some homes need water connection; stormwater/drainage needs
3. North Shore Area; SR 111 adjacent to Salton Sea; some homes need water connection; stormwater/drainage needs
4. Oasis Area; northwest edge of Salton Sea; stormwater/drainage needs
5. Vista Santa Rosa Area; north of Ave. 66 w/o SR 86; stormwater/drainage needs as dikes keep water out of area

Present and Planned Capacity of Public Facilities

In 2015, CVWD's domestic water system provided 92,974 AF of water per year to 216,861 residents through 107,358 active meters. The pressurized pipeline distribution system has 30 pressure zones and consists of approximately 95 deep wells, over 2,000 miles of pipe, and 135 million gallons of storage in 63 enclosed reservoirs. The domestic water system consists of three separate public systems designated the Cove Community serving the valley floor from Cathedral City to the Salton Sea; Improvement District No. 8 (ID-8) serving the unincorporated Desert Edge, Sky Valley, and Indio Hills communities near the City of Desert Hot Springs; and Improvement District No. 11 (ID-11) serves the unincorporated communities of Bombay Beach, Desert Shores, Salton Sea Beach, and Salton City in northern Imperial County.

The 123-mile Coachella Branch of the All American Canal and its underground water delivery system, owned by the United States Bureau of Reclamation, is managed by CVWD and used to irrigate nearly 60,000 acres of farmland in the Improvement District No. 1 (ID-1) Service Area. The Coachella Canal was built during the period from August 1938, to June 1948, with construction halted during World War II. Construction of the 500-mile underground distribution system was initiated in 1948 and completed in 1954. The canal distribution system was constructed and engineered to follow the natural slope of the land to allow the free flow of water in the direction of the force of gravity. Irrigation pumps are used to deliver water to elevated areas within the availability zones. This lateral distribution system delivers water to farmers at the highest point of every 40 acres of eligible land within the District's service area.

In addition to agricultural irrigation, Canal water is currently delivered to a total of 29 golf courses in the East Valley in-lieu of groundwater pumping helping to reduce groundwater overdraft. Four additional golf courses in the north Indio area are supplied with Canal and recycled water. Golf courses served with Canal water are required to meet at least 80 percent of their water needs with Colorado River water. CVWD is working with nine additional golf courses to connect them to the Canal water system.

The District provides wastewater collection and treatment services to all or a portion of the cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, La Quinta, Palm Desert, and areas within Palm Springs and Rancho Mirage. By agreement, a small portion of the Desert Water Agency (DWA) service area flows to the District for treatment. The District also serves a

Coachella Valley Water District

large unincorporated area of the County of Riverside and a smaller area within Imperial County along the Salton Sea, including the communities of Bombay Beach and Desert Shores. These unincorporated lands are located around the cities and at the southern end of the Valley. The District currently owns and operates approximately 1,100 miles of wastewater collection system piping and five wastewater reclamation plants, which currently treat approximately 20 million gallons per day (MGD). The five wastewater reclamation plants (WRPs) are referred to as WRP 1, WRP 2, WRP 4, WRP 7, and WRP 10.

CVWD recognizes the need to obtain additional water supplies to meet projected water demands and help eliminate groundwater overdraft. As described previously, the agency plans to provide both treated and untreated Colorado River water, and desalinated agricultural drain water for irrigation purposes directly to its urban water distribution system. CVWD will need to construct both conveyance and treatment facilities in order to make this happen. The capacity of the Colorado River treatment system will gradually increase over time as demand increases and more infrastructure is developed. As mentioned previously Colorado River water is a relatively reliable source of water for CVWD due to the agency's high allocation priority under the Seven Party Agreement.

Water

CVWD's urban water service area is defined as the area served by its potable water distribution system. Currently, all urban water uses are supplied from local groundwater. In addition to groundwater, CVWD has imported water supplies from the State Water Project and the Colorado River, and recycled water from several water reclamation plants. These imported and recycled water supplies are used to meet CVWD's non-urban water demands and to replenish the groundwater basin. Although the potable water distribution system does not currently receive water directly from either imported water source, CVWD has plans to install infrastructure to allow its urban water customers to obtain Colorado River water in the future as development occurs. This may include both treated Colorado River water for potable use and non-potable Colorado River water for landscape irrigation purposes. CVWD also has plans to increase its use of recycled water and to develop desalinated agricultural drain water to supplement the existing supplies in the future if needed.

Groundwater

Groundwater is the principal source of municipal water supply in the Coachella Valley. From 1973 to 2018, CVWD has replenished approximately 3,448 MAF in the Whitewater Groundwater Replenishment Facility. CVWD obtains groundwater from both Whitewater River and the Mission Creek Subbasins. The Whitewater River Subbasin is a common groundwater source, which is shared by CVWD, Desert Water Agency (DWA), Myoma Dunes Mutual Water Company, the cities of Indio and Coachella, and numerous private groundwater producers. For purposes of administering a replenishment assessment, CVWD divides the Whitewater River Subbasin into the West and East Whitewater River Areas of Benefit (AOB). Myoma Dunes and the cities of

Coachella Valley Water District

Indio and Coachella obtain water from the East Whitewater River AOB. The Mission Creek Subbasin is also a common water supply that is utilized by CVWD, Mission Springs Water District, and private groundwater producers.

Colorado River

Colorado River water has been a major source of supply for the Coachella Valley since 1949 with the completion of the Coachella Canal. This water is used for agricultural and non-urban purposes, as well as groundwater recharge. The Colorado River is managed and operated in accordance with the Law of the River, the collection of interstate compacts, federal and state legislation, various agreements and contracts, an international treaty, a U.S. Supreme Court decree, and federal administrative actions that govern the rights to use of Colorado River water within the seven Colorado River Basin states. California's apportionment of Colorado River water is allocated by the 1931 Seven Party Agreement among Palo Verde Irrigation District (PVID), Imperial Irrigation District (IID), CVWD, and MWD. The allocations of the three remaining parties – the City and the County of San Diego and the City of Los Angeles – are now incorporated in MWD's allocations.

State Water Project

To recharge groundwater supplies in the Upper Whitewater River and Mission Creek Subbasins, CVWD and Desert Water Agency (DWA) obtain imported water supplies from the State Water Project (SWP). The SWP is managed by the California Department of Water Resources (DWR) and includes 660 miles of aqueduct and conveyance facilities extending from Lake Oroville in northern California to Lake Perris in the south. The SWP has contracts to deliver 4.172 million AFY to 29 contracting agencies. DWA and CVWD initially contracted with the State of California for water from the SWP in 1962 and 1963, respectively. CVWD's original SWP water allocation was 23,100 AFY, while DWA's original SWP water allocation was 38,100 AFY. As a result of several water transfers, CVWD's allocation is 138,350 AFY and DWA's allocation is 55,570 AFY.

Supply and Demand Assessment

The projected normal water year supplies and demands from 2020 to 2040 are shown in Table 34 below. The source water supply is larger than demand in all years, and the CVWD is not expected to have any supply shortfalls during normal water years or any issues providing a reliable and consistent supply of water.

These tables combine retail and wholesale numbers. It should be noted that the retail supplies and demands presented in the tables below do not include recycled water delivered to CVWD's non-urban customers. Recycled water is not an urban water supply and is not delivered to CVWD's urban water customers. Instead, recycled water is used to offset the groundwater pumping of private well owners (mainly golf courses) to eliminate overdraft.

Coachella Valley Water District

The wholesale demand and supply listed is the anticipated sale of raw Colorado River water to the Indio Water Authority.

Table 34 – Coachella Valley Water District Normal Year Water Supply and Demand Comparison Projections

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Retail					
Supply Totals	114,600	136,100	157,700	178,900	194,300
Demand Totals	<u>114,600</u>	<u>136,100</u>	<u>157,700</u>	<u>178,900</u>	<u>194,300</u>
Difference	0	0	0	0	0
Wholesale					
Supply Totals	5,000	10,000	20,000	20,000	20,000
Demand Totals	<u>5,000</u>	<u>10,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Difference	0	0	0	0	0

Source: CVWD Urban Water Management Plan, 2015

CVWD’s urban water supplies during a single dry year are fully reliable. Thus, the supply and demand comparison for the single dry year, shown in Table 35.

Table 35 – Coachella Valley Water District Single-Dry Year Water Supply and Demand Comparison Projections

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Retail					
Supply Totals	114,600	136,100	157,700	178,900	194,300
Demand Totals	<u>114,600</u>	<u>136,100</u>	<u>157,700</u>	<u>178,900</u>	<u>194,300</u>
Difference	0	0	0	0	0
Wholesale					
Supply Totals	5,000	10,000	20,000	20,000	20,000
Demand Totals	<u>5,000</u>	<u>10,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Difference	0	0	0	0	0

Source: CVWD Urban Water Management Plan, 2015

Wastewater Reclamation

CVWD began wastewater collection and treatment services in 1968. The Sanitation Fund provides sanitation (sewer) service to more than 94,000 accounts, serving an estimated population of 248,000. CVWD operates five wastewater reclamation plants (WRPs) with a total combined plant capacity of 33.1 million gallons per day.

Coachella Valley Water District treats approximately six billion gallons of wastewater annually and recycles more than two billion gallons of wastewater each year. This wastewater is subjected to an advanced multistep process that filters out solids, organic materials, chemicals and germs. At two of the District’s five wastewater reclamation plants, the treated reclaimed (or

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nonpotable) water is then delivered to customers to irrigate grass, landscapes, and fill lakes. Increasing the supply and use of recycled water is a key component of CVWD’s long-range water management plans.

Emergency Preparedness (Supply Interruption Capability)

Extended multi-week supply water shortages are unlikely due to natural disasters or accidents which damage all water sources. As discussed previously, the District has the ability to produce water from three individual groundwater basins creating water production flexibility. The District also maintains a sound preventative maintenance program for its water distribution system. According to the District, auxiliary generators are available and improvements have been made to water facilities to minimize loss of these facilities during an earthquake or any disaster causing an electric power outage. The CVWD has developed a Sewer System Management Plan (SSMP) for sanitation operations, including appropriate personnel listings, resource inventories, locations for emergency operations centers, response procedures, and the steps necessary to resume normal operations.

Financial Ability to Provide Services

Overall, as of June 30, 2017, the CVWD was able to report a positive increase in its Net Position, the value of assets and funds on hand for operations and capital investment, to \$1,739,700,000, an increase of \$64,900,000 over the prior year (nearly 4 percent year over year). Unrestricted Net Position at June 30, 2017 had increased by \$21.2 million over 2016, standing at \$341.5 million.

Also, as shown in Table 36, below, the two water and one sanitation funds Net Positions all increased in each of the past three years. Unrestricted Net Positions at June 30, 2018 were:

- Domestic Water Fund - \$81.6 million
- Canal Water Fund - \$96.0 million
- Sanitation Fund - \$44.3 million

Table 36 – Coachella Valley Water District Financial Information, 2015-2017

	FY 2015	FY 2016	FY 2017
Total CVWD Revenues	\$ 250,400,000	\$ 261,500,000	\$ 290,200,000
Total CVWD Expenditures	<u>-200,600,000</u>	<u>-231,200,000</u>	<u>-243,600,000</u>
Revenues minus Expenditures	\$ 49,800,000	\$ 30,300,000	\$ 46,600,000
Net Position	\$ 1,631,500,000	\$ 1,674,800,000	\$ 1,739,700,000
Domestic Water Fund			
Water Fund Revenues	\$ 80,782,741	\$ 79,296,958	\$ 87,382,086
Water Fund Expenditures	<u>-84,932,421</u>	<u>-83,310,111</u>	<u>-85,562,906</u>
Revenues minus Expenditures	\$ -4,149,680	\$ -4,013,153	\$ 1,819,180
Ending Net Position	\$ 638,140,434	\$ 640,847,867	\$ 648,420,969

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	FY 2015	FY 2016	FY 2017
Canal Water Fund			
Canal Water Fund Revenues	\$ 24,589,245	\$ 28,843,954	\$ 44,867,412
Canal Water Fund Expenditures	<u>-21,833,997</u>	<u>-23,392,293</u>	<u>-22,855,476</u>
Revenues minus Expenditures	\$ 2,755,248	\$ 5,451,661	\$ 22,011,936
Ending Net Position	\$ 66,483,601	\$ 76,690,635	\$ 98,394,057
Sanitation Fund			
Sanitation Fund Revenues	\$ 42,823,000	\$ 42,561,431	\$ 49,456,523
Sanitation Fund Expenditures	<u>-40,213,617</u>	<u>-41,184,516</u>	<u>-43,544,608</u>
Revenues minus Expenditures	\$ 2,609,383	\$ 1,376,915	\$ 5,911,915
Ending Net Position	\$ 462,508,822	\$ 469,310,976	\$ 482,300,711

Sources: CVWD CAFRs 2015, 2016 & 2017

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District’s water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3-Year Revenue/Expenditure Budget Trends

The District fund overall has been experiencing surplus revenues over expenses as well as occasional increased spending over the last several years. However, this is attributed primarily to planned capital expenditures and cash flows. Appropriate rate increases have been implemented for water and sewer over the prior years’ utilizing a cost of service analysis to have services funded by fees and charges.

2. Ratios of Revenue Sources

The District receives 72 percent of its domestic water fund, canal water fund and sanitation fund revenues from charges and fees for services, 11 percent from property taxes, and about 17 percent from various other sources.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. The District’s unrestricted fund balance ratios as

Coachella Valley Water District

percentages of annual expenditures for the three water and sanitation funds for fiscal year 2017 are:

- Domestic Water Fund – 95 percent
- Canal Water Fund – 194 percent
- Sanitation Fund – 221 percent

These fund ratios represent a very positive ratio position and the reserves have been increased over time. The ratios of unrestricted reserves (net positions) for both the water funds and sanitation fund reflect an appropriate balance for typical enterprise fund services; this minimizes the impact that negative economic factors might have on more elastic revenues due to varying water sales based upon the economic picture and drought over the past ten years.

4. Annual Debt Service Expenditures to Total Annual Expenditures

The District has no long-term debt service obligations.

5. Rate Structures

CVWD uses a water budget-based tiered rate structure that allows for a reasonable amount of water based on each customer’s individual needs. Water use that exceeds the water budget is charged a higher rate to discourage wasteful water use.

Residential water budgets include an indoor budget and an outdoor budget.

For commercial customers, the indoor water budget is based on the number of equivalent dwelling units (EDUs) assigned to the property by CVWD when the business was established or repurposed.

All customers are charged for sewer service per Equivalent Sewer Unit (ESU). The typical home is considered 1 ESU. Most residential customers are billed for sewer on their property tax bills. Nonresidential ESUs are assigned based on an estimate of sewage production, adjusted by the amount of water returned to the sewer.

Sewer rates have remained unchanged for both the 2016-2017 and 2017-2018 Fiscal periods.

Table 37 – Adopted Domestic Water Rates - Coachella Valley Water District

2018 Rates*	Single Family	Multi- Family	Commercial	Landscape
Fixed Monthly Charge	\$6.92	\$7.90	\$4.96	\$17.14
Commodity Charge (per HCF)				
Tier 1: Excellent	\$0.95			
Tier 2: Efficient	\$1.32			
Tier 3: Inefficient	\$2.46			
Tier 4: Excessive	\$4.67			
Tier 5: Wasteful	\$6.13			

*Rates based on ¾” meter; rates apply to single family, multi-family, commercial, landscape customers.

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Table 38 – Adopted Canal Water Rates - Coachella Valley Water District

2018 Rates	Commodity Charge per Acre-Foot	Water Supply Surcharge
Class 1: Production of Agricultural Commodities	\$34.32	\$0
Class 2: All other Canal Customers	\$34.32	\$67.80

Table 39 – Adopted Sewer Rates - Coachella Valley Water District

Calendar Year 2018	Residential	RV/Trailer Parks	Non-Residential
Fixed Monthly Acct. Charge	\$1.58	\$3.98	\$3.98
Monthly Service Charge*	\$23.04	\$23.04	\$23.04

* Service charge per ESU (equivalent sewer unit)

6. Capital Improvement Program/Plan

The 2018-2022 Capital Improvement Plan amounts to \$571.4 million with revenue sources including: unrestricted reserves, restricted developer fees, grants, reimbursements from other agencies, and a State Revolving Fund loan.

Table 40 – Five-Year Capital Improvement Plan, FY 2017-18 – FY 2021-22

Fund	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022
Domestic Water	\$ 39,962,220	\$ 99,612,500	\$ 36,450,000	\$ 17,330,000	\$ 6,263,000
Canal Water	14,603,410	10,762,900	5,865,000	5,735,000	7,852,000
Sanitation	19,655,300	16,623,110	15,755,400	18,184,400	18,729,420
All Other	<u>32,640,520</u>	<u>47,603,290</u>	<u>58,030,000</u>	<u>46,518,000</u>	<u>53,241,580</u>
Total	\$ 106,861,450	\$ 174,601,800	\$ 116,100,400	\$ 87,767,400	\$ 86,086,000

Source: CVWD Adopted 2018-22 CIP in FY 2018 Budget

Domestic Water projects total approximately \$209.6 million over the next five years including completing construction on the \$60 million chromium-6 treatment facilities, approximately \$17.8 million in reservoir rehabilitation and construction, approximately \$9.9 million in booster station upgrades, \$550,000 in pressure reducing station construction, approximately \$94.2 million in water main improvements, and approximately \$7.7 million in well drilling. The Domestic Water Fund’s share of General Fund District CIP allocation is more than \$19.5 million. Funding will be provided by unrestricted reserves, Water System Backup Facility Charges fees, grants, and loans.

Canal Water projects amount to over \$44.8 million over the next five years. Canal projects include the Coachella Canal lining replacement projects, numerous irrigation lateral, and drain replacement projects. In addition, the Canal Water Fund’s share of General Fund District CIP allocation is approximately \$10.2 million. Funding will be provided by unrestricted reserves and reimbursement from the San Diego County Water Authority.

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Sanitation projects total more than \$88.9 million over the next five years. This amount includes approximately \$33.9 million for Water Reclamation Plant (WRP) 10 treatment upgrades, \$32,000 for WRP 9, more than \$12.9 million for WRP 7, approximately \$8.4 million for WRP 4, and \$515,200 for WRP 2 improvements. In addition, there is approximately \$23.8 million in collection system and lift station upgrades. Sanitation projects are funded with unrestricted reserves and Sanitation Capacity Charge fees. One project to provide sewer to an unserved DUC area in the amount of approximately \$1.9 million, will be funded with a state grant. The Sanitation Fund's share of General Fund District CIP allocation is approximately \$7.5 million over the next five fiscal years.

7. Pension Liability and Other Post-Employment Benefits Liability

As most cities and government agencies in California, the District has a Pension Liability and Post Employment Liability. The 2017 CAFR reports that the District has a \$349.9 million unfunded pension liability and is making the required payments to offset the liability over time. The District has entered into a program for OPEB obligations that provides medical benefits for retirees and has a current OPEB liability of \$46.4 million in 2017.

A full explanation of Pension Liability and OPEB is contained in the Notes section of the 2017 CAFR.

Status and Opportunities for Shared Facilities/Services

CVWD is a water and sewer district that serves a diverse area and with multiple types of retail water and sewer customers. CVWD has undertaken a number of shared service opportunities with other agencies, including:

- A contractor of the State Water Project (SWP)
- A Colorado River water importer through water rights and contracts with the federal government
- Agreement to treat sewage flows from a portion of the Desert Water Agency (DWA) service territory
- The Coachella Valley Regional Water Management Group (CVRWVG) was formed in 2008 for coordinating the water resources planning activities of the five Coachella Valley public water suppliers, Coachella Water Authority, Coachella Valley Water District (CVWD), Desert Water Agency, Indio Water Authority and Mission Springs Water District, and for developing an Integrated Regional Water Management Plan (IRWMP). Valley Sanitary District was later admitted to the Group.

Government Structure and Accountability

Coachella Valley Water District (CVWD) is a special district established by the state legislature and certified by state officials on January 16, 1918. CVWD is governed by a five-member Board of Directors, each of whom is elected to four-year terms by district voters, as qualified by the Riverside County Registrar of Voters. Each Director lives in and represents one of five directorial

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divisions in the district, and is elected by voters who also reside in that division. Table 41 lists the current District Board members.

District policies are regulated by several state and federal agencies, including the State Water Resources Control Board, California Department of Public Health and the California and United States Environmental Protection Agencies.

Table 41 – Coachella Valley Water District Board Members

Board Member	Term Expires
John Powell, Jr., President	November 2022
Cástulo R. Estrada, Vice President	November 2022
G. Patrick O'Dowd	November 2022
Anthony Bianco	November 2020
Peter Nelson	November 2020

The CVWD website is user-friendly and has easy access to Board agendas, minutes, public notices, budgets, audits and other key District documents.

Status and Opportunities for LAFCO Policies Affecting Service Delivery

As a State Water Project contractor, water rights are essential responsibilities of the District. No beneficial opportunities are known for considering a change of organization involving the District. CVWD reports that it will be processing a SOI Amendment and an annexation for the Salton City Landfill operated by Burrtec Waste Industries, Inc. for domestic water service to portions of Section 12, Township 11 South, Range 9 East, San Bernardino Base and Meridian. The site is located approximately 9,000 linear feet southwest from the nearest CVWD domestic water pipeline located on Air Crest Avenue.

Desert Water Agency

Overview/History

The Desert Water Agency (DWA) was formed in 1961 to provide water supply for the northwesterly portion of the Upper Coachella Valley. In 1962, DWA entered into a water supply contract with the State of California through the Department of Water Resources (DWR). Coachella Valley Water District (CVWD) entered into a similar contract the following year. In 1968, DWA purchased the Palm Springs and Cathedral City Water Company water systems to provide domestic and municipal water service to Palm Springs and vicinity. The District currently has about 23,000 domestic water connections that serve approximately 64,000 people (including seasonal population).

DWA is responsible for water supply management within its boundary, which encompasses 335 square miles including the City of Palm Springs (CPS), the southwestern portion of the City of Cathedral City (CCC), the City of Desert Hot Springs (CDHS), essentially all of Mission Springs Water District (MSWD), and some unincorporated areas within Riverside County.

DWA's management of the water supply within its boundary includes artificial groundwater replenishment to augment natural recharge as part of a joint groundwater basin management agreement with CVWD. Specifically, DWA and CVWD augment local groundwater supplies in the Indio and Mission Creek subbasins of the Coachella Valley Basin via groundwater replenishment, using imported water from the State Water Project, exchanged for Colorado River Water supplies by the Metropolitan Water District of Southern California (MWD).

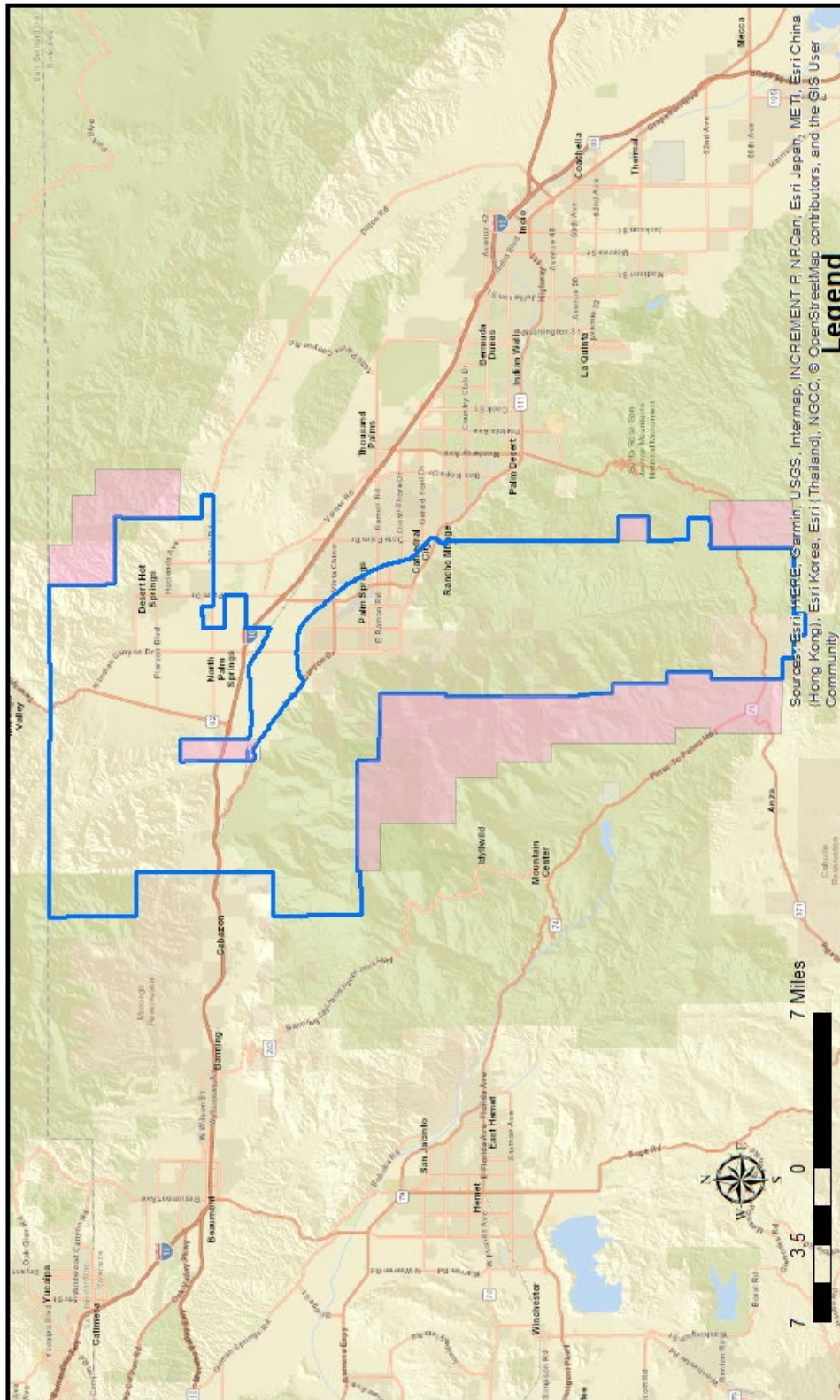
DWA also provides retail water service through two separate systems (potable and recycled) within the CPS, the southwestern portion of the CCC, and some unincorporated areas within Riverside County. DWA does not currently provide retail water service to the CDHS and its surroundings.

The City of Palm Springs maintains a sanitary sewer collection system consisting of approximately 250 miles of gravity sewer pipe within City limits. DWA is responsible for providing wastewater collection service within portions of the City of Palm Springs, the City of Cathedral City, and unincorporated Riverside County.

Desert Water Agency

Exhibit 8 – Desert Water Agency

Desert Water Agency and Sphere of Influence



Legend

- District Boundary
- Sphere of Influence

Sphere of Influence Adopted: 2006

* Sewer & Water Provided by the District
Map Created on April 2, 2019

Disclaimer:
 Maps and data are to be used for reference and display purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. Riverside LAFCo makes no warranty or guarantee as to the content (the sources is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

Data Sources: County of Riverside; USGS; CA SIL

Desert Water Agency

Desert Water Agency - Agency Profile

General Information			
Agency Type	Special Act (Groundwater Management) Agency; Chapter 1069 of the Statutes of 1961		
Date Formed	September 1961		
Services	Provides groundwater management, retail water sales, sewer collection, treatment and recycled water		
Service Area			
Location	Eastern Riverside County; portions of Palm Springs, Cathedral City, Desert Hot Springs and outlying county areas		
Square Miles/Acres	325 square miles/208,000 acres		
Total Water/Sewer Connections	Water: 22,456 Sewer: Estimated 20,000 from UWMP WWTP flows		
Population Served	63,600		
Water Infrastructure/Capacity			
Facilities	29 wells, 392 miles pipeline		
Storage Capacity	59.5 MG		
Primary Source of Supply	Groundwater (95%); surface water diversions from Snow and Falls Creeks, Chino Creeks North and West, and the Whitewater River (5%)		
Replenishment Assessment Charges	All groundwater pumpers extracting more than 10 acre-feet in a year pay \$140 per acre-foot.		
Water Rates (single-family home)	Single Tier rate \$1.89 per HCF plus zone pumping charges; monthly service charge: ¾ inch \$22.48		
Sewer Infrastructure/Capacity			
Facilities	28 miles of sewer, recycled water treatment facility (RWTF) for producing tertiary treated recycled water (currently 6.0 MGD)		
Treatment Plant Capacity (MGD)	Wastewater sent to City of Palm Springs WTP and to Coachella Valley Water District wastewater collection system. Secondary effluent returned from City of Palm Springs WTP to DWA's RWTF.		
Primary Disposal Method	N/A		
Sewer Rates (single-family home)	\$5.55/month flat rate for sewer conveyance and administration		
Budget Information - FY 2017-2018 (Water & Wastewater Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$30,846,250	\$32,485,150	\$-1,638,900
Wastewater Fund	<u>\$1,073,950</u>	<u>\$1,496,325</u>	<u>\$-422,375</u>
Combined Funds	\$31,920,200	\$33,981,475	\$-2,061,275
Capital Expenditures	FY 2017-2018 \$6,267,300	Long-Term Planned Expenditures -	
Agency Net Position	\$277,061,896	Source: 2017 audited financials	
Governance			
Governing Body	Five member Board, elected at-large, for four year terms		
Agency Contact	Esther Saenz, Finance Director, 760-323-4971		

Sources: 2015 UWMP, 2017-2018 Full Budget, 2017 Audited Financials, Questionnaire Responses

Desert Water Agency

Growth and Population Projections

Table 42, below, shows the recent and projected population within DWA's retail service area. Total population within DWA's service area (the CPS, the southwestern portion of the CCC, and several small unincorporated retail areas along the western boundary) has increased from approximately 18,000 persons in 1961, when DWA was formed, to around 52,000 persons. The total population within the area currently receiving retail water service from DWA is estimated based on its permanent year-round population and an adjustment for seasonal population with year-round water usage. DWA currently serves retail service to approximately 64,000 people (including seasonal population).

Table 42 – Desert Water Agency Retail Service Area Population Projections, 2015-2040

Population	2015	2020	2025	2030	2035	2040
Year-Round	52,000	52,500	53,000	53,400	53,900	54,400
Total	63,600	64,300	65,000	65,700	66,500	67,200

Source: Draft Desert Water Agency Urban Water Management Plan, 2015

Existing development within DWA's retail service area primarily occupies the valley floor and is situated in Palm Springs, Cathedral City, Palm Springs Oasis (commonly known as Palm Oasis), and Snow Creek Village. Future development is expected to consist of infill within the local communities and expansion into canyons, coves, and mountainous areas.

Disadvantaged Unincorporated Communities (DUCs)

Three areas within the Desert Water Agency and its SOI have been identified by the County of Riverside in their General Plan SB244 Report (April 2016) to be in need of water, wastewater and/or flood control/drainage improvements. They are briefly outlined below:

- 1) Cabazon Area DUC near Interstate 10, about six miles east of the City of Banning; stormwater drainage needs for added facilities; water and wastewater are provided by Cabazon County Water District; fire provided by Riverside County Fire Department.
- 2) Cherry Valley Area DUC near the northern edge of the City of Beaumont between the Cities of Calimesa and Banning; stormwater/drainage needs for added facilities; water is served by the Beaumont-Cherry Valley Water District; wastewater provided by septic systems under review/approval of the County Department of Environmental Health; fire service is provided by the Riverside County Fire Department.
- 3) Whitewater Area DUC near Interstate 10, approximately three miles west of the City of Palm Springs; stormwater/drainage needs for added facilities; water is served by the Mission Springs Water District and San Gorgonio Pass Water Agency; wastewater is served by individual septic systems under review/approval of the Riverside County of Environmental Health; fire service is provided by CAL FIRE.

Desert Water Agency

Present and Planned Capacity of Public Facilities

Water

DWA provides retail water service through two separate systems (potable and recycled) within its current retail service area, which includes the CPS, the southwestern portion of the CCC, and some unincorporated areas within Riverside County. DWA's current water retail area does not include the MSWD service area, which is generally northerly of Interstate 10 and includes DHS and its surroundings.

Surface and Imported Water

In the 1920s and 1930s, municipal water supply was derived entirely from creek diversions (surface water). Currently, DWA's sources of supply include groundwater produced by local potable water supply wells, surface water diverted from creeks in the San Jacinto Mountains, imported State Water Project (SWP) water exchanged for Colorado River water, and recycled water (for irrigation use). As described in the Desert Water Agency Domestic Water System General Plan 2008 (2008 General Plan), all imported water is used to replenish or recharge the Coachella Valley Groundwater Basin, particularly the Indio and Mission Creek Subbasins, and the Garnet Hill Subbasin.

Groundwater

DWA extracts groundwater for municipal use from the upper portion of the Indio Subbasin of the Coachella Valley Groundwater Basin. The Indio Subbasin is one of five (Indio, Mission Creek, San Gorgonio Pass, Desert Hot Springs, and Garnet Hill) Subbasins within DWA's boundary.

Supply and Demand Assessment

During normal water years, no reductions in supply are expected for any of the DWA supplies. The projected normal water year supplies and demands from 2020 to 2040 are shown in Table 43, below. The source water supply is larger than demand in all years, and the DWA is not expected to have any supply shortfalls during normal water years or any issues providing a reliable and consistent supply of water.

Table 43 – Desert Water Agency Normal Year Water Supply and Demand Comparison Projections, 2020-2040

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Supply Totals	53,300	55,200	55,600	57,200	58,100
Demand Totals	<u>42,708</u>	<u>45,383</u>	<u>47,157</u>	<u>48,932</u>	<u>50,575</u>
Difference	10,592	9,817	8,443	8,268	7,525

Source: DWA Urban Water Management Plan, 2015

Desert Water Agency

In addition to meeting the demands for normal water years, DWA must also meet the demands of its customers during single dry water years. A single dry water year is generally considered to be the lowest average runoff for a watershed since the water year beginning in 1903.

With the reliability of its groundwater, surface water, and recycled water supplies, DWA is confident in its ability to meet demands through 2040.

Table 44 – Desert Water Agency Single-Dry Year Water Supply and Demand Comparison Projections, 2020-2040

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Supply Totals	42,710	45,390	47,160	48,940	50,580
Demand Totals	<u>42,708</u>	<u>45,383</u>	<u>47,157</u>	<u>48,932</u>	<u>50,575</u>
Difference	2	7	3	8	5

Source: DWA Urban Water Management Plan, 2015

Groundwater Pumping

Except for DWA's surface water diversions, all potable water produced within the Indio and Mission Creek Subbasins is groundwater. Combined DWA and CVWD groundwater extractions and surface water diversions within the Indio and Mission Creek Subbasins increased from approximately 93,000 AF in 1966 (1965 through 1967, averaged) to 169,100 AF in 2017. Annual water production within the Indio and Mission Creek Subbasins (groundwater extractions plus surface water diversions) has averaged 175,000 AFY for the past five years (2013-2017), down from 206,400 AFY average from the previous five-year period (2008-2013). Based on production records, approximately 25 to 27 percent of annual water production within the Indio and Mission Creek Subbasin is allocable to DWA and the remaining 73 to 75 percent is allocable to CVWD. For projection purposes through 2040, this relationship has been assumed to remain constant, although it may vary slightly depending upon relative groundwater production between DWA and CVWD.

Wastewater Reclamation

The City of Palm Springs (CPS) maintains a sanitary sewer collection system consisting of approximately 250 miles of gravity sewer pipe within most of the City limits. DWA is responsible for providing wastewater collection service within portions of the City of Palm Springs, the City of Cathedral City, and unincorporated Riverside County. Portions of DWA's wastewater collection system within areas of Cathedral City that have been developed since 1980 are located at a lower elevation than the CPS WWTP; therefore, wastewater from these areas must be pumped and piped to the neighboring CVWD wastewater collection system for treatment and disposal.

Both DWA and the City of Cathedral City are actively involved in the pursuit of a wastewater collection system to serve any remaining areas that are currently served by septic systems. In

Desert Water Agency

1989, DWA constructed its Recycled Water Treatment Facility (RWTF) with an initial capacity of 5.0 million gallons per day (MGD). The facility was expanded in 1995 to its present capacity of 10.0 MGD (ultimate expected capacity of 15.0 MGD). DWA's recycled water system facilities consist of the RWTF, two booster pumping plants, and transmission pipelines (2008 General Plan). DWA's raw water supply for the RWTF consists of secondary effluent from the CPS WWTP, which is effluent that has undergone primary and secondary treatment. The current average daily flow from the CPS WWTP is 6.0 MGD (6,500 AFY).

Emergency Preparedness (Supply Interruption Capability)

Approximately 95 percent of DWA's total water supplies (domestic and irrigation water supplies) are derived from groundwater extracted from the Indio Subbasin and water recycled by DWA's Recycled Water Treatment Facility (RWTF). Of the total water supply, about five percent is derived from surface water (Snow Creek, Falls Creek, Chino Creek North (out of service since 2000), Chino Creek West, and the Whitewater River). Domestic water demands are met using groundwater, surface water, and irrigation demands are met using groundwater, surface water and recycled water. In emergencies, restrictions on potable water use may go into effect pursuant to DWA's water shortage contingency plan. Additionally, most of DWA's reservoirs have shut-off valves so that supplies are safeguarded after significant earthquakes.

Due to its size, the Indio Subbasin, which has been historically recharged from natural runoff and non-consumptive return, and artificially recharged with imported water since 1973, is capable of meeting demands placed on it during normal or dry years. It will continue to meet such demands, provided the groundwater basin continues to be replenished with sufficient quantities of imported water to meet future needs.

The DWA has developed an SSMP for sewer operations that includes appropriate personnel listings, resource inventories, locations for emergency operations centers, response procedures, and the steps necessary to resume normal operations.

Financial Ability to Provide Services

As of June 30, 2017, DWA was able to report a positive increase in its Net Position, the value of assets and funds on hand for operations and capital investment, to \$277,061,896, an increase of \$10.5 million over the prior year and an increase in balance in its unrestricted net position to \$109,216,662.

On June 30, 2017, the Water (Operating) Fund Net Position balance was \$112,762,808. This is an increase of \$1,946,772, during a period of drought including demand management restrictions and less sales overall.

On June 30, 2017, the Wastewater Fund Net Position balance was \$17,884,797. This is a decrease of \$316,812 from the prior year. In December 2016, the District adopted a Water Rate

Desert Water Agency

increase to provide additional funds for operations and capital replacements and a rate stabilization emergency fund.

Table 45 – Desert Water Agency Financial Information, FY 2015-FY 2017

	FY 2015	FY 2016	FY 2017
Total DWA Revenues	\$ 52,467,717	\$ 51,326,057	\$ 55,865,423
Total DWA Expenditures	<u>-40,858,857</u>	<u>-48,879,029</u>	<u>-45,823,445</u>
Revenues minus Expenditures	\$ 11,608,860	\$ 2,447,028	\$ 10,041,978
Net Position	\$ 261,616,474	\$ 266,530,815	\$ 277,061,896
Water (Operating) Fund			
Water Fund Revenues	\$ 28,346,508	\$ 25,202,884	\$ 26,993,334
Water Fund Expenditures	<u>-22,590,237</u>	<u>-26,189,964</u>	<u>-24,095,119</u>
Revenues minus Expenditures	\$ 5,756,271	\$ -987,080	\$ 2,898,215
Ending Net Position	\$ 113,315,117	\$ 110,816,036	\$ 112,762,808
Wastewater Fund			
Wastewater Fund Revenues	\$ 974,272	\$ 981,924	\$ 1,000,547
Wastewater Fund Expenditures	<u>-1,435,874</u>	<u>-1,414,166</u>	<u>-1,471,763</u>
Revenues minus Expenditures	\$ -461,602	\$ -432,242	\$ -471,216
Ending Net Position	\$ 18,625,466	\$ 18,201,609	\$ 17,884,797

Sources: City CAFRs 2015, 2016 & 2017

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of DWA’s water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3 Year Revenue/Expenditure Budget Trends

The water (operating) fund overall has been experiencing generally positive net revenues over the last several years with occasional single-year deficit spending. However, this has been attributed primarily to planned capital expenditures and cash flows due to lower water sales. A rate increase plan was adopted by DWA in December 2016 and has been implemented in 2017 and 2018 to accommodate these changes in water uses and planned expenditures for infrastructure.

The wastewater fund has consistently been experiencing deficit spending over the last several years, attributed primarily to planned capital expenditures.

Desert Water Agency

While both funds have been operating with fluctuating net revenues on a year over year basis, the DWA overall remains in a stable financial position, bolstered by an annual property tax revenue base in excess of \$20,000,000.

2. Ratios of Revenue Sources

DWA receives 50 percent of its water fund and wastewater fund revenues from charges and services, 49 percent from property taxes and one percent from miscellaneous sources

3. Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance (Net Position) the service fund maintains in relation to the annual fund expenditures. DWA's overall unrestricted Net Position is in excess of \$109 million. Taking Water (Operating) Fund and Wastewater Fund annual expenditures together amounts to \$25.6 million. Applying the unrestricted Net Position results in a ratio of over 238 percent. This fund ratio represents an outstandingly positive ratio position.

This financial coverage minimizes the impact that negative economic factors might have on more elastic revenues due to varying water sales based upon the economic picture and drought over the past ten years.

4. Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the DWA's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10 percent or less would reflect a very stable ratio. DWA's Water Fund has reasonable debt, including refinancing of prior debt to reduce long-term expenses and to pay for needed capital projects over time.

During June 2016, DWA issued \$19,720,000 in Water Revenue Advanced Refunding Bonds. Accounting for an advance repayment of \$755,000 in the current year, the balance at June 30, 2018 was \$18,965,000.

The Water Fund's annual debt service ratio to total expenditures is approximately 16 percent, still a reasonable ratio. The Sewer Fund has no long-term debt balance.

5. Rate Structures

On December 15, 2016, DWA's Board of Directors approved the first of five proposed rate increases to cover replacement of aging infrastructure and the increased cost of importing water. The third increase for July 1, 2018 was approved in June 2018. Fixed monthly charges ($\frac{3}{4}$ " meter) range from \$18.12 in FY 2017-2018 to \$33.53 in FY 2020-2021. DWA's current water user charge is \$ 1.89 (increases to \$2.28 in 2020) per 100 cubic feet of usage.

Desert Water Agency

Sewer rates were increased in Fiscal Year 2017-2018 to \$5.55 per EDU (equivalent dwelling unit) per month fixed charge.

Table 46 – Adopted Retail Water Rates – Desert Water Agency, 2018-2021

	FY 2018	FY 2019	FY 2020	FY 2021
Fixed Monthly Charge*	\$18.12	\$22.48	\$27.60	\$33.53
User Charge Rate (per HCF)	\$1.72	\$1.89	\$2.08	\$2.28

*Rates based on ¾" meter; rates apply to all customer classes (except construction water). Pumping zone charges may also apply.

Table 47 – Adopted Sewer Rates – Desert Water Agency, 2018-2021

	FY 2018	FY 2019	FY 2020	FY 2021
Fixed Monthly Charge*	\$5.55	\$5.74	\$5.94	\$6.15

*Monthly fixed charge applies to all customers outside of the City of Palm Springs collection area. Service charge per ESU (equivalent sewer unit)

6. Capital Improvement Program/Plan

DWA has developed and implemented a comprehensive CIP for water and wastewater facility infrastructure improvements. For water, there is approximately \$6.1 million programmed for FY 2017-2018, and the DWA’s Wastewater CIP for 2017-2018 is projected at \$133,000, primarily for lift station emergency power and sewer manhole replacements.

With the rates revised in 2016 and approved for annual increases through FY 2020-2021, both the water and wastewater funds are projected to generate sufficient revenues to cover operating costs, build working capital reserve and provide for capital investment in water and sewer infrastructure.

Key sewer improvement projects included in the DWA CIP are WWTP infrastructure replacement and upgrades, recycled water master planning, recycled water system storage infrastructure and collection main line replacements.

7. Pension Liability and Other Post-Employment Benefits Liability

As most cities and government agencies in California, DWA has a pension Liability and Post Employment Liability. The 2017 Financial Statements report that DWA has an unfunded net pension liability of 14,563,533 and is making the required payments to reduce the unfunded pension liability. DWA has also entered into a program for OPEB obligations that provide medical benefits for retirees hired prior to May 1, 2007. Net OPEB liability as of 2017 is \$13,668,131.

A full explanation of Pension Liability and OPEB is contained in the Notes section of the 2017 Financial Statements.

Desert Water Agency

Status and Opportunities for Shared Facilities/Services

The Coachella Valley Regional Water Management Group (CVRWVG) was formed in 2008 for coordinating the water resources planning activities of the five Coachella Valley public water suppliers, Desert Water Agency, Coachella Water Authority, Coachella Valley Water District (CVWD), Indio Water Authority and Mission Springs Water District, including developing an Integrated Regional Water Management Plan (IRWMP). Valley Sanitary District was later admitted to the Group.

Government Structure and Accountability

The Desert Water Agency is a special act agency with a five-member Board of Directors. The Board meets at the DWA offices at 1200 Gene Autry Trail South, Palm Springs, CA 92264.

Table 48 – Desert Water Agency Board Members

Council Member	Term Expires
Joseph K. Stuart, President	November 2022
Kristin Bloomer, Vice President	November 2020
Craig Ewing Secretary-Treasurer	November 2020
Patricia G. Oygar	November 2022
James Cioffi	November 2022

DWA’s website is user-friendly and has easy access to DWA agendas, minutes, public notices, budgets, audits and other key documents. DWA also has Facebook, Twitter and Instagram accounts and a sign-up service for on-line news and updates.

LAFCO Policies Affecting Service Delivery

There are no Riverside LAFCO policies that specifically impact the organization of the DWA.

Imperial Irrigation District

Overview/History

With more than 3,000 miles of canals and drains, the Imperial Irrigation District (IID) is one of the largest irrigation districts in the nation. The IID Water Department is responsible for the operation and maintenance of the extensive open channel system, and delivers its annual entitlement of 3.1 million acre-feet, less water transfer obligations, to nearly one-half million acres for agricultural, municipal and industrial use. Of the water IID transports, approximately 97 percent is used for agricultural purposes, making possible Imperial County's ranking as one of the top ten agricultural regions nationwide. The remaining three percent of its water deliveries supply seven municipalities, one private water company and two community water systems as well as a variety of industrial uses and rural homes or businesses. As on-farm conservation efficiency measures are implemented, this ratio will change. IID supplies no water to areas of Riverside County.

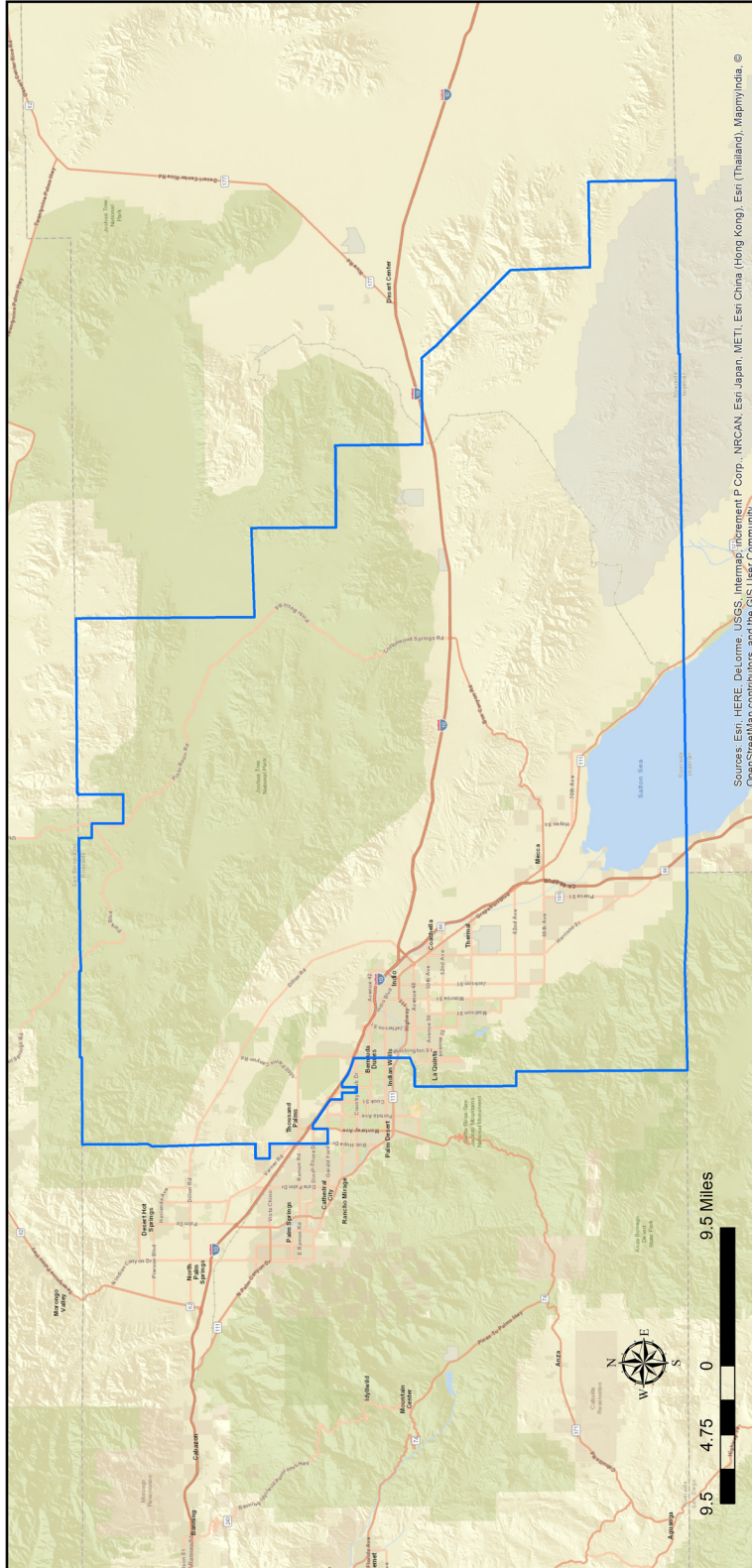
IID provides electric power to more than 150,000 customers in the Imperial Valley and parts of Riverside and San Diego counties. In Riverside County, IID provides electric service to the communities of La Quinta, Indio, Coachella, Palm Desert and Rancho Mirage as well as unincorporated communities within Riverside County, including Thousand Palms, Bermuda Dunes, Oasis, Thermal, Mecca, the Salton Sea, North Shores, Sky Valley, Indio Hills, Chiriaco Summit and Joshua Tree National Park. As the sixth-largest utility in California, IID controls more than 1,100 megawatts of energy derived from a diverse resource portfolio that includes its own generation, and long- and short-term power purchases.

IID has met or exceeded all California Renewable Portfolio Standard requirements to date, procuring renewable energy from diverse sources, including biomass, bio-waste, geothermal, hydroelectric, solar and wind.

Imperial Irrigation District


Exhibit 9 – Imperial Irrigation District

Imperial Irrigation District and Sphere of Influence



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Legend

 District Boundary


Sphere of Influence Adopted: 2006

* Electric service only provided by District in SOI Area

Map Created on **March 25, 2019**

Disclaimer:
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Data Sources: District; USGS; CA SIL



Imperial Irrigation District

Imperial Irrigation District - Agency Profile

General Information			
Agency Type	California Irrigation District Act; WC 20500 et seq		
Date Formed	July 24, 1911		
Services	Electric utility services (in Riverside County area)		
Service Area			
Location	Eastern Riverside County, including the cities of La Quinta, Indio, Thermal, Mecca, Oasis, portions of the Cities of Coachella and Indian Wells and unincorporated Chiriaco Summit		
Square Miles/Acres	Approximately 2000 square miles/1,280,000 acres		
Budget Information - FY 2018			
Combined Funds	Revenues	Expenditures	Net Surplus/(Deficit)
	\$739,071,200	\$753,196,500	\$-14,125,300
Capital Expenditures	FY 2017-2018 \$276,303,000	Long-Term Planned Expenditures -	
Agency Net Position	\$1,622,068,878		
Governance			
Governing Body	Five-member Board, elected by Division.		
Agency Contact	Marion Champion, Media Communications officer, (760) 604-4120, mjchampion@iid.com		

Sources: 2018 IID Budget, 2016 Annual Report, IID Website: www.iid.com

Imperial Irrigation District

Growth and Population Projections

IID provides electric service to an area of Riverside County comprising several cities and unincorporated area. No specific population projections are available for the served area but are included in projections for the county and cities.

Disadvantaged Unincorporated Communities (DUCs)

Senate Bill 244 only applies to service issues involving water, wastewater and fire services. Since IID only provides electric services in Riverside County, SB 244 is not applicable to IID in Riverside County.

Present and Planned Capacity of Public Facilities

For the purposes of this Municipal Service Review, IID provides no water or wastewater services within Riverside County. Further, IID's electric service in Riverside County is by contract, outside of IID's corporate boundaries.

Government Structure and Accountability

Imperial Irrigation District was formed pursuant to the California Irrigation District Act. IID is a state agency formed and existing for governmental purposes. Its legal boundaries are all situated in the County of Imperial. IID's powers and purposes are set forth in the Irrigation District Law found in Water Code §20500.

IID serves electrical services only in the SOI area of Riverside County, outside its agency boundary of Imperial County. Customers in Riverside County do not have elected representatives on the IID Board of Directors, but cities served nominate representatives to an advisory Board who provides input to the District Board. This issue has been in the news in 2018-19 with no resolution being discussed. In 2006, Riverside LAFCO approved the SOI and recommended that IID apply to annex territory in Riverside County. No application has been submitted to date.

Organized in 1911 under the California Irrigation District Act, the IID is governed by a five-member Board of Directors. Elected by the public, each Director represents one of five political divisions within the Imperial Valley.

IID Board of Directors meetings start at 1 p.m. and are held on the first and third Tuesday of each month. These meetings take place in the William R. Condit Auditorium, at 1285 Broadway, in El Centro.

Semi-annual meetings are held in the La Quinta Boardroom, at 81-600 Avenue 58, in La Quinta.

Imperial Irrigation District

Table 49 – Imperial Irrigation District Board Members

Council Member	Term Expires
Erik J. Ortega, President	November 2020
Norma Sierra Galindo, Vice President	November 2022
James Cleo Hanks	November 2022
Bruce Kuhn	November 2020
Alex Cardenas	November 2022

LAFCO Policies Affecting Service Delivery

In 2006, when establishing a sphere of influence for IID, the Commission requested that an application to annex the territory in Riverside County into the District be submitted by IID. However, no application has been submitted by the District to date.

Mission Springs Water District

Overview/History

The Mission Springs Water District (MSWD) was first established as a mutual water company called Desert Hot Springs County Water District. While prospecting for water, early homesteaders in the desert discovered the hot springs that made this area famous. It was not until 1940, however, that the first subdivisions were established, and L. W. Coffee started the village he called Desert Hot Springs. The critical need for fresh water led residents to form a mutual water company, which eventually proved unsatisfactory. Later, a privately owned utility, called the Desert Hot Springs Mutual Water Company, acquired its assets. But this too failed and widespread dissatisfaction led local citizens to form a publicly owned water district. By 1953, an election swept the new Desert Hot Springs County Water District into existence with a vote of 246 to 9. The new District began with 100,000 feet of pipelines, five water wells and two reservoirs. It covered one square mile.

The District expanded rapidly. It absorbed parts of the Coachella Valley County Water District, the West Palm Springs Village and San Geronio Mutual Water Company systems. Today, it comprises more than 1.25 million feet of pipelines, 14 water wells and 24 reservoirs, serving an area of 135 square miles. As early as 1954, local citizens petitioned for sewer service. The cost, however, was prohibitive. But growth brought an overload to the septic systems and health hazards to the community. The District built the Alan L. Horton Wastewater Treatment Plant in 1972, and it has been expanded four times to a treatment capacity of 2.3 million gallons of wastewater a day.

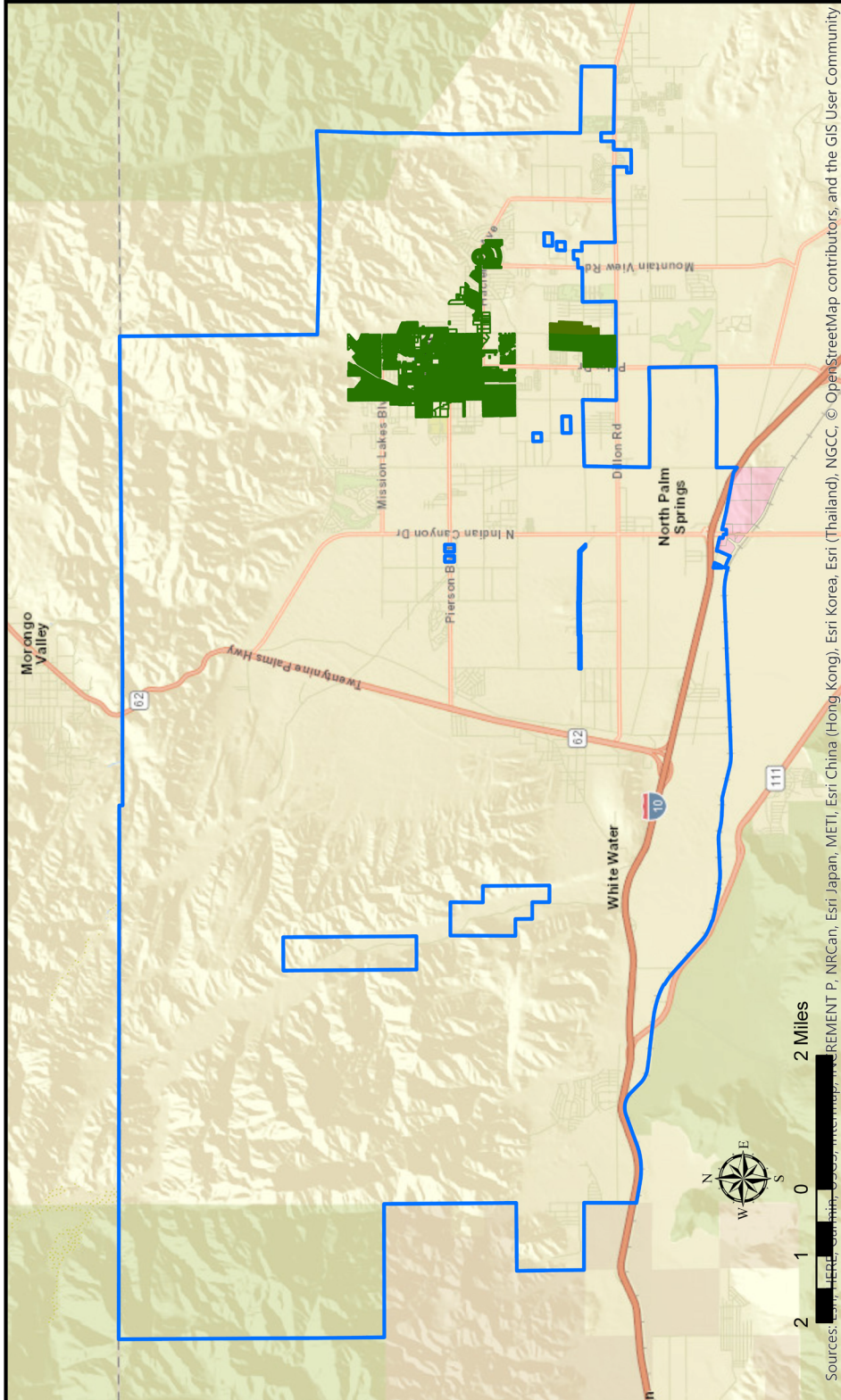
The name of Desert Hot Springs County Water District was changed to Mission Springs Water District in 1987. MSWD's service area consists of 135 square miles, including the City of Desert Hot Springs, ten smaller communities in Riverside County, and some communities in the City of Palm Springs.

MSWD, along with Coachella Water Authority (CWA), Coachella Valley Water District (CVWD), Desert Water Agency (DWA), and Indio Water Authority (IWA), are partners in the Coachella Valley Regional Water Management Group (CVRWVG) that leads the Coachella Valley Integrated Regional Water Management (IRWM) program. The District's water supply source is 100 percent groundwater produced from District-owned and operated wells. The District provides water service to approximately 40,000 people in their water service area. The District also provides sewer service to approximately 26,000 people in Desert Hot Springs, Desert Crest Country Club and Dillon Mobile Home Park.

Mission Springs Water District

Exhibit 10 – Mission Springs Water District Boundary Map

Mission Springs Water District and Sphere of Influence



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Data Sources: LAFCO & District; USGS; CA SIL

Legend

Sphere of Influence Adopted: 2011 District Boundary Adopted: 2014 * Sewer & Water Provided by District	<table border="0"> <tr> <td style="border: 1px solid blue; width: 20px; height: 10px; display: inline-block;"></td> <td>District Boundary</td> </tr> <tr> <td style="background-color: pink; width: 20px; height: 10px; display: inline-block;"></td> <td>Sphere of Influence</td> </tr> <tr> <td style="border: 1px solid green; width: 20px; height: 10px; display: inline-block;"></td> <td>Sewer Provided by District</td> </tr> </table>		District Boundary		Sphere of Influence		Sewer Provided by District
	District Boundary						
	Sphere of Influence						
	Sewer Provided by District						

Map Created on March 25, 2019

Mission Springs Water District

Mission Springs Water District - Agency Profile

General Information			
Agency Type	County Water District; California Water Code §30000 et seq.		
Date Formed	1953		
Services	Retail water district-wide. Sewage collection, treatment and disposal in Desert Hot Springs, Desert Crest CC and Dillon Mobile Home Park		
Service Area			
Location	Eastern Riverside County in the Coachella Valley, including Desert Hot Springs, in the City of Palm Springs and unincorporated Riverside Co..		
Square Miles/Acres	135 square miles/86,400 acres		
Water/Sewer Connections	Water: 13,000 Sewer: 7,200		
Population Served	40,000		
Water Infrastructure/Capacity			
Facilities	14 wells, 24 storage tanks, 390 miles of pipelines		
Storage Capacity	22.4 MG		
Primary Source of Supply	Groundwater (100%) Mission Creek Sub-basin: 9 wells, Garnet Sub-basin: 1 well, Cabazon Sub-basin: 4 wells (Note: the area these four wells are in is the Cabazon area, however, two of the wells are in the Indio Subbasin and two are in the San Gorgonio Pass Subbasin.)		
Sewer Infrastructure/Capacity			
Facilities	2 treatment plants, 89 miles of collection system		
Treatment Plant Capacity (MGD)	Horton WWTP: 2.3 MGD (79% of capacity) Desert Crest WWTP: 0.18 MGD		
Primary Disposal Method	Activated sludge treatment plant plus secondary effluent treatment (extended aeration). Disposal to percolation/evaporation ponds)		
Budget Information - FY 2017-2018 (Water & Sewer Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$10,144,615	\$9,758,952	\$385,663
Sewer Fund	\$13,333,817	\$4,419,692	\$8,914,125
Combined Funds	\$23,478,432	\$14,178,644	\$9,299,788
Capital Expenditures	FY 2017-2018 \$30,619,055	Long-Term Planned Expenditures \$23.2 million 2019-2020 CIP Plan	
Water Fund Balance/Reserves	\$65,093,560	Source: 2017 audited financials	
Sewer Fund Balance/Reserves	\$66,496,198		
Agency Net Position	\$139,116,233		
Governance			
Governing Body	Five-member Board of Directors, elected at-large, concurrent with the general elections		
Agency Contact	Arden Wallum, General Manager & Chief Engineer; (760) 329-6448, ext. 137; gm@mswd.org		

Sources: 2017-2018 Condensed Budget, UWMP 2015, Water CIP, Sewer CIP, 2017 Audited Financials, Questionnaire response

Mission Springs Water District

Growth and Population Projections

The population served by the MSWD is approximately 40,000. Between 2015 and 2040, growth within the MSWD service territory is expected to increase by approximately 86 percent, or 32,500 residents.

Table 50 – Mission Springs Water District Population Projections, 2015-2040

2015	2020	2025	2030	2035	2040
37,614	44,114	50,614	57,114	63,614	70,114

Source: Urban Water Management Plan, 2015

Disadvantaged Unincorporated Communities (DUCs)

Riverside LAFCO has not identified any DUC areas within the MSWD service area that are not served with water, sewer or fire services. There are three DUCs in the Desert Hot Springs area or within or adjacent to the larger MSWD SOI.

1. Dillon Road/N. Indian Canyon Drive combined with North Palm Springs
2. Mission Lakes Country Club
3. Palm Drive/Dillon Road

Present and Planned Capacity of Public Facilities

Water

The MSWD water supply and distribution system includes three separate and distinct water supply and distribution systems with the largest of the three systems serving the community of Desert Hot Springs; the surrounding communities of West Garnet (located south of Interstate 10 and West of Indian Avenue); and North Palm Springs. The two smaller systems, Palm Springs Crest System and West Palm Springs Village System, are located approximately five miles west of Desert Hot Springs. These two communities are located on the north side of Interstate 10 (I-10) abutting the Morongo Indian Reservation.

Groundwater

MSWD currently receives 100 percent of its water supply from groundwater produced from subbasins within the Coachella Valley Groundwater Basin, which underlies the District’s water service area. MSWD produces groundwater from the Mission Creek Subbasin via nine active wells. To a lesser extent, the District also produces groundwater from the San Gorgonio Pass Subbasin via four active wells; and from the Garnet Hill Subbasin via one active well. The existing MSWD distribution system consists of three independent water distribution systems: 1) Desert Hot Springs and surrounding area system – encompasses the City of Desert Hot Springs, a portion of the City of Palm Springs and surrounding unincorporated areas of Riverside County including Desert Edge community, 2) Palm Springs Crest System, and 3) West Palm Springs Village System.

Mission Springs Water District

Imported

As previously mentioned, MSWD, along with Coachella Water Authority (CWA), Coachella Valley Water District (CVWD), Desert Water Agency (DWA), and Indio Water Authority (IWA), are partners in the Coachella Valley Regional Water Management Group (CVRWMG) that leads the Coachella Valley Integrated Regional Water Management (IRWM) program. The District’s water supply source is 100 percent groundwater produced from District-owned and operated wells. DWA, a State Water Project Contractor, and CVWD, a Colorado River water rights holder, both provide sources of groundwater replenishment supplies.

Supply and Demand Assessment

During normal water years, no reductions in supply are expected for any of the District’s supplies. The projected normal water year supplies and demands from 2020 to 2040 are shown in Table 51, below. The source water supply is equal to demand in all years, and the District is not expected to have any supply shortfalls during normal water years or any issues providing a reliable and consistent supply of water.

Table 51 – Mission Springs Water District Normal Year Water Supply and Demand Projections, 2020-2040

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Supply Totals	9,550	11,669	14,108	16,547	18,986
Demand Totals	<u>9,550</u>	<u>11,669</u>	<u>14,108</u>	<u>16,547</u>	<u>18,896</u>
Difference	0	0	0	0	0

Source: Mission Springs Urban Water Management Plan, 2015

The Metropolitan Water District (MET) has projected supply surpluses for normal, dry-year and multiple-dry year demand scenarios through the year 2040: from 3 percent to 102 percent of projected demands not including supplies under development; and from 8 percent to 121 percent of projected demands including supplies under development. As such, sufficient imported water is deemed to be available to recharge the Upper Whitewater and Mission Creek Subbasins as necessary to reduce annual and cumulative overdraft, and allow for groundwater to meet District demands projected for normal and dry-year scenarios through 2040. The projected single-dry water year supplies and demands from 2020 to 2040 are shown in Table 52.

Table 52 – Mission Springs Water District Single-Dry Year Water Supply and Demand Projections

	2020 (acre-feet)	2025 (acre-feet)	2030 (acre-feet)	2035 (acre-feet)	2040 (acre-feet)
Supply Totals	9,972	12,142	14,633	17,124	19,615
Demand Totals	<u>9,972</u>	<u>12,142</u>	<u>14,633</u>	<u>17,124</u>	<u>19,615</u>
Difference	0	0	0	0	0

Source: Mission Springs Urban Water Management Plan, 2015

Mission Springs Water District

Sewer

MSWD’s Horton WWTP average daily flow is at 79 percent of the permitted capacity due to recently constructed septic tank conversion to sewer projects. The District is currently designing a new regional wastewater treatment facility. The regional plant will alleviate the concern by diverting some flows to the regional treatment plant, as well as allow for new sewer service areas.

Emergency Preparedness (Supply Interruption Capability)

Extended multi-week supply water shortages are unlikely due to natural disasters or accidents which damage all water sources. As discussed previously, the District has the ability to produce water from three individual groundwater basins creating water production flexibility. The District also maintains an extensive repair and replacement program for its water distribution system. According to the District, auxiliary generators are available, and improvements have been made to water facilities to minimize loss of these facilities during an earthquake or any disaster causing an electric power outage.

The District has developed an SSMP for sewer operations that includes appropriate personnel listings, resource inventories, locations for emergency operations centers, response procedures, and the steps necessary to resume normal operations.

Financial Ability to Provide Services

As of June 30, 2017, the District was able to report a positive increase in its Net Position, the value of assets and funds on hand for operations and capital investment, to \$139,116,233, an increase of \$9,905,449 over the prior year. On June 30, 2017, the Water Fund Net Position balance was \$65,093,560. This is an increase of \$3,268,963 over June 30, 2016, during a period of drought including demand management restrictions and fewer water sales overall.

On June 30, 2017, the Sewer Fund Net Position balance was \$66,496,198. This is an increase of \$6,609,007 over the prior year.

Table 53 – Mission Springs Water District Financial Information, FY 2015 – FY 2017

	FY 2015	FY 2016	FY 2017
Total District Revenues	\$ 14,188,169	\$ 15,630,817	\$ 24,823,888
Total District Expenditures	<u>-13,335,193</u>	<u>-12,800,871</u>	<u>-14,918,439</u>
Revenues minus Expenditures	\$ 852,976	\$ 2,829,946	\$ 9,905,449
Net Position	\$ 126,380,838	\$ 129,210,784	\$ 139,116,233
Water (Operating) Fund			
Water Fund Revenues	\$ 8,477,758	\$ 8,826,748	\$ 12,941,890
Water Fund Expenditures	<u>-8,823,557</u>	<u>-8,861,167</u>	<u>-9,672,927</u>
Revenues minus Expenditures	\$ -345,799	\$ -34,419	\$ 3,268,963
Ending Net Position	\$ 61,859,016	\$ 61,824,597	\$ 65,093,560

Mission Springs Water District

	FY 2015	FY 2016	FY 2017
Sewer Fund			
Sewer Fund Revenues	\$ 5,106,113	\$ 6,177,971	\$ 11,204,970
Sewer Fund Expenditures	<u>-4,578,991</u>	<u>-4,555,721</u>	<u>-4,595,963</u>
Revenues minus Expenditures	\$ 527,122	\$ 1,622,250	\$ 6,609,007
Ending Net Position	\$ 58,264,941	\$ 59,887,191	\$ 66,496,198

Sources: MSWD audited Financials 2015, 2016 & 2017

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District’s water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3-Year Revenue/Expenditure Budget Trends

The water fund overall has been experiencing breakeven operations (i.e. less than 1 percent deficits) well as an occasional surplus over the last several years. This has been attributed primarily to planned capital expenditures and cash flows due to lower water sales. A rate increase plan was adopted by the District in March 2016 and has been implemented in 2017 to accommodate these changes in water uses, planned expenditures for infrastructure, and to establish an emergency fund for rate stabilization into the future.

2. Ratios of Revenue Sources

The District receives 58-60 percent of its water fund and sewer fund revenues from charges and fees for services, 7 percent from property taxes, and about 35 percent from other sources such as grants, front footage fees and contributed infrastructure.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance (Unrestricted Net Position) the service fund maintains in relation to the annual fund expenditures. The District’s Water Fund unrestricted cash balance ratio is approximately 17 percent of annual expenditures. This fund ratio represents a positive, but modest ratio position. The District's Sewer Fund Unrestricted Net Position balance ratio is about 35 percent of annual expenditures including debt service for wastewater facilities, again, a modest ratio position.

Mission Springs Water District

The ratios of unrestricted reserves for both the water fund and sewer fund reflect an acceptable balance for typical enterprise fund services; this helps to minimize the impact that negative economic factors might have on more elastic revenues due to varying water sales based upon the economic picture and drought over the past ten years.

4. Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District’s ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of ten percent or less would reflect a very stable ratio. The District’s Total Fund has reasonable debt, including refinancing of prior debt to reduce long-term expenses and to pay for needed capital projects over time.

As of June 30, 2017, total District long-term debt balance (nine separate issuances) stood at \$10,209,287.

The District Water Operating Fund's annual debt service ratio to total expenditures is approximately nine percent, a reasonable ratio, as mentioned above. The Sewer Fund debt service ratio to total expenditures is approximately 26 percent, somewhat high but necessary to fund expanding infrastructure.

5. Rate Structures

The District adopted a Five-year Water and Sewer Rate Study in December 2015 to become effective in March 2016 (FY 2017). Fixed monthly charges (¾” meter) range from \$9.32 in FY 2017 to \$13.63 in FY 2020. The District’s current Tier 1 water user charge is \$ 1.55 (increases to \$2.29 in 2020) per 100 cubic feet of usage.

Sewer rates were increased in the 2017 Fiscal Year to \$40.98 per EDU (Equivalent dwelling unit) per month fixed charge for single family residential. Non-residential users are charged according to flow (in HCF) and type of waste. FY 2016-2017 rates range from additional charge of \$2.73 to \$6.88 per 100 cubic feet of usage. These rates address needed funds due to increases in operating costs, capital replacement projects, lower water sales and the need for emergency rate stabilization funds.

Table 54 – Adopted Water Rates - Mission Springs Water District *

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Fixed Monthly Charge	\$9.32	\$10.37	\$11.36	\$12.44	\$13.63
User Charge Rate (per HCF) – Tier 1	\$1.55	\$1.73	\$1.90	\$2.09	\$2.29
User Charge Rate (per HCF) – Tier 2	\$2.12	\$2.36	\$2.59	\$2.84	\$3.11

*Rates based on ¾” meter; rates apply to single-family residential.

Mission Springs Water District

Table 55 – Adopted Sewer Rates - Mission Springs Water District *

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Single Family Residential	\$36.92	\$40.98	\$45.49	\$47.77	\$50.16
Multi-Family Residential	\$23.51	\$26.10	\$28.98	\$30.43	\$31.96
Non-Residential	\$2.46-\$6.88	\$2.73-\$7.65	\$3.04-\$8.50	\$3.20-\$8.93	\$3.36-\$9.38

* Monthly fixed charge for single family residential applied to tax bill. Non-residential based upon waste type and volume (per HCF).

6. Capital Improvement Program/Plan

The District has developed and implemented a comprehensive CIP for water and sewer facility infrastructure improvements. The District’s current 5-Year CIP reflects approximately \$81.2 million in improvements for water infrastructure and \$21.8 million for sewer. For water, there is approximately \$1.6 million programmed for FY 2017-18, and the City’s Sewer CIP for FY 2017-18 is projected at \$16.3 million for various projects.

The District’s water and sewer funds do not receive tax revenues and must recover the cost of providing services through user rates. With the rates revised in 2016 and approved for annual increases through FY 2020, both the water and sewer funds are projected to generate sufficient revenues to cover operating costs, build working capital reserve, fund a rate stabilization reserve and provide for capital investment in water and sewer infrastructure.

Key sewer improvement projects included in the District’s CIP are, among others, WWTP infrastructure replacement and upgrades, recycled water master planning, recycled water system storage infrastructure and collection main line replacements.

Table 56 – Sewer CIP Projects, FYs 2017-2020

	2020	2025	2035	2040
Use of Funds	\$13,075,644	\$16,330,858	\$2,622,436	\$1,912,802
Funding Sources				
Operating Fund	\$4,844,060	\$1,181,917	\$1,230,740	\$1,346,191
New Bonds	\$8,231,584	\$15,148,941	\$1,391,696	\$566,611

Source: 2015 Water and Sewer Cost of Service Study

Key water improvement projects included in the District’s CIP are, among others, Chromium 6 treatment facilities, water main replacements and well rehabilitation projects

Table 57 – Water CIP Projects, FYs 2017-2020

	2020	2025	2035	2040
Use of Funds	\$6,864,023	\$1,256,636	\$1,857,090	\$2,179,435
Funding Sources				
Operating Fund	–	\$30,576	\$846,527	\$1,249,777
New Bonds	\$6,864,023	\$1,226,060	\$1,010,562	\$929,658

Source: 2015 Water and Sewer Cost of Service Study

Mission Springs Water District

7. Pension Liability and Other Post-Employment Benefits Liability

As most cities and government agencies in California, the District has a pension Liability and Post Employment Liability. The 2017 CAFR reports that the District has a \$6.6 million unfunded pension liability and is making the required payments to offset the liability over time.

A full explanation of Pension Liability and OPEB is contained in the Notes section of the 2017 CAFR.

Status and Opportunities for Shared Facilities/Services

The Coachella Valley Regional Water Management Group (CVRWVG) was formed in 2008 for coordinating the water resources planning activities of the five Coachella Valley public water suppliers, Coachella Water Authority, Coachella Valley Water District (CVWD), Desert Water Agency, Indio Water Authority and Mission Springs Water District, and for developing an Integrated Regional Water Management Plan (IRWMP). Valley Sanitary District was later admitted to the Group.

Government Structure and Accountability

MSWD is governed by a five-member Board of Directors, elected at-large to four-year terms. MSWD provides water and wastewater services to residential and commercial customers through three independent distribution systems. Directors are elected concurrent with the general elections every even-numbered year. The election of Directors alternates between three seats and two seats, respectively, every two years.

All Directors are appointed to serve on two of five Board committees (finance, engineering, public affairs, human relations and executive committee). Members also serve as liaisons to other governmental, community, regional and national boards, associations and organizations.

The Board of Directors meets on the third Monday of each month and the Thursday prior to that Monday for a study session. Meetings begin at 3:00 p.m.

Workshops are scheduled for the first Tuesday of the month at 9:00 a.m. as needed.

Meetings and Study Sessions are held at the District Administration Building, 66575 Second Street, Desert Hot Springs.

Table 58 – Mission Springs Water District Board Members

Board Member	Term Expires
Randy Duncan, President	November 2020
Russ Martin, Vice President	November 2020
Nancy S. Wright	November 2022
Ivan Sewell	November 2020
Steve Grasha	November 2022

Mission Springs Water District

The District's website is user-friendly and has easy access to agendas, minutes, public notices, budgets, audits and other key District documents. Phone numbers and email addresses District department heads. The District also has Facebook and Twitter accounts and a sign-up service for on-line news and updates.

LAFCO Policies Affecting Service Delivery

MSWD has been approached by the Desert Land Ventures project ownership requesting MSWD be their service provider for water and sewer. The developer is proposing a mixed-use development comprised of two individual planning areas that will accommodate a combination of commercial, industrial, large-scale energy facilities, and open space/conservation land uses on approximately 123.4 acres. The project is within the Coachella Valley Water District (CVWD) service area boundary. The project is near MSWD's service area boundary and existing water infrastructure and proposed regional wastewater plant.

MSWD has also been approached by a proposed development of a wellness senior community at 20th Avenue and Palm Drive in Desert Hot Springs. The proposed development is located within CVWD's service area. The development proposes a sewer lift station at 20th Avenue and a force main pipeline connecting to the MSWD's Dos Palmas Lift Station located at Dillon Road. Whether this development will be considered for placement in the SOI and service by MSWD will need to be reviewed by LAFCO.

MSWD is currently working on processing an annexation of approximately 225 acres south of Interstate 10, and east and west of Indian Canyon. All parcels are located within MSWD's sphere of influence. The purpose of the proposed annexation is in response to property owners who wish to create a community finance district (CFD) for construction of a wastewater collection system. The annexation was last scheduled for completion by late 2018.

Palo Verde Irrigation District

Overview/History

Palo Verde Irrigation District's (PVID) service area extends two miles north of the Diversion Dam and six miles south of the County line, into Imperial County. Approximately 9,000 acres are within Imperial County. As one of the first users of Colorado River water, PVID's water right is unlimited.

The District provides irrigation water services to areas within Riverside and Imperial counties. The majority of the area it serves is in the County of Riverside. The MSR will only review areas within the boundaries of Riverside County. The District's service area is approximately 131,298 acres and includes the City of Blythe, Ripley, Nicholls/Warm Springs, Mesa Verde and a portion of Imperial County. The population in its service area is approximately 23,000.

The District was formed in 1923, taking over the assets and liabilities of three predecessor organizations, for the purpose of providing irrigation water and agricultural drainage to the Palo Verde Valley and the Palo Verde Mesa. The District occupies approximately 189 square miles in Riverside and Imperial Counties of California.

An abundant supply of water for irrigation has been available for the Palo Verde Valley since the construction of Hoover Dam and the subsequent control of the Colorado River. The District diverts water from the Colorado River and returns water back by both operational spill and drainage at the lower end of the valley.

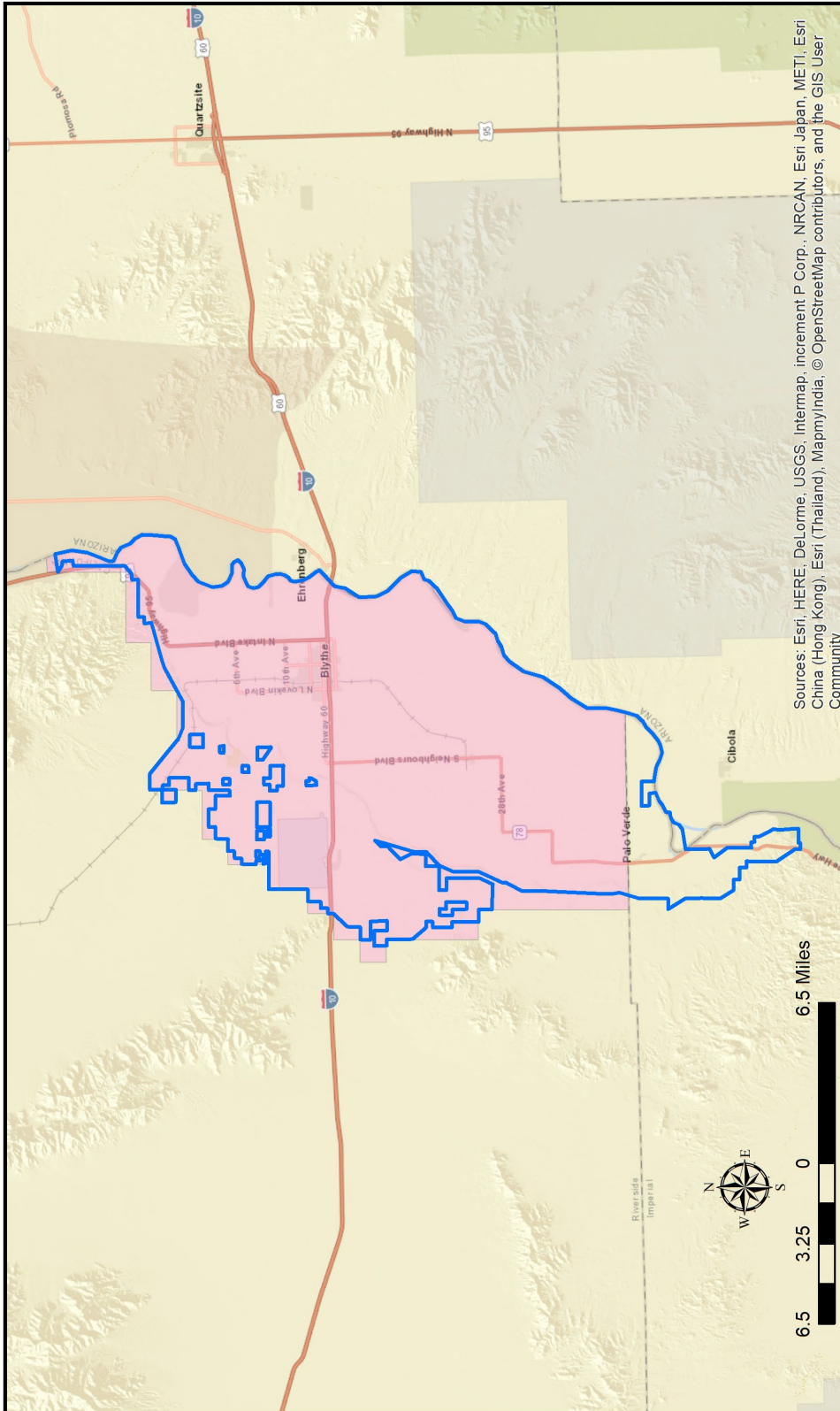
The District canal system consists of approximately 244.23 miles of main and lateral canals with capacities from 2,100 cubic feet per second, at the upper or north end of the District, down to 25 cubic feet per second in various small laterals throughout the valley. As part of this canal system there are more than 2,550 structures necessary to operate the system. These structures are canal headings, checks, siphons, deliveries, bridges, flumes, pump plants, moss racks, and miscellaneous structures. The District drainage system is composed of approximately 141.4 miles of open drainage channels carrying groundwater drainage and canal operational spill water away from farmland and back to the Colorado River. This system of drains includes over 250 siphons, or submerged culverts. The groundwater is hydraulically connected to the Colorado River. The valley average depth to groundwater below farmland, as shown by over 200 observation wells throughout the valley, is approximately ten feet as compared to 5½ feet in 1957.

The District is governed by a seven-member Board of Trustees elected by the landowners within the District. Trustees serve three-year terms. The District operations are carried out under the direction of its General Manager.

Palo Verde Irrigation District

Exhibit 11 – Palo Verde Irrigation District

Palo Verde Irrigation District and Sphere of Influence




Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

- Legend**
- District Boundary
 - Sphere of Influence

Sphere of Influence Adopted: 2007
 * Water Provided by District

Map Created on March 25, 2019



Disclaimer:
 Maps and data are to be used for reference and display purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. Riverside LAFCO makes no warranty or guarantee as to the content (the sources is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

Data Sources: LAFCO; USGS; CA SIL

Palo Verde Irrigation District

Palo Verde Irrigation District - Agency Profile

General Information			
Agency Type	Irrigation District; The Palo Verde Irrigation District Act of 1923		
Date Formed	1923		
Services	Provide untreated Colorado River water via canal system to District farmers for irrigation		
Service Area			
Location	Eastern Riverside County, adjacent to the Colorado River at the border with the state of Arizona		
Square Miles/Acres	205 square miles/131,298 acres in Riverside County		
Water Connections	N/A		
Population Served	Approximately 23,000		
Water Infrastructure/Capacity			
Facilities	244.23 miles of main and lateral canals, 2,550 canal structures		
Storage Capacity	None		
Primary Source of Supply	Untreated Colorado River water		
Budget Information - FY 2017-2018 (Water Funds) (budget information unavailable for the format below)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	-	-	-
Combined Funds	-	-	-
Capital Expenditures	FY 2017-2018	Long-Term Planned Expenditures	
	-	-	-
Water Fund Balance		-	
Sewer Fund Balance		-	
Agency Net Position		-	
Governance			
Governing Body	Seven member Board of Trustees, 3 year terms, landowner vote (by acreage totals)		
Agency Contact	Ned Hyduke, General Manager, (760) 922-3144		

Sources: PVID website (www.pvid.org), D.R. Saunders email, 3/29/18

Palo Verde Irrigation District

Growth and Population Projections

The population within the boundaries of PVID is over 23,000, excluding the inmates in the State Penitentiary outside of its service area. Growth is mainly anticipated in the City of Blythe as agricultural users sell their land to developers.

The California State Department of Finance estimates Blythe’s 2018 population to be 19,389. This estimate includes a state prison population within the City boundaries of approximately 5,700. Adjusting for the prison population yields a water service area population of about 13,689. As shown in Table 59, below, between 2020 and 2040, growth is expected to increase by approximately 49 percent, or 7,210 residents.

Table 59 – City of Blythe Population Projections, 2020-2040

2020	2025	2030	2035	2040
14,838	16,382	18,087	19,970	22,048

Source: City of Blythe 2015 Urban Water Management Plan (adopted 2018)

According to the Blythe’s General Plan 2025, at full development, based upon current land use designations, would support a possible population of nearly 90,000. City planners, however, expect a 2025 population of 24,563. This forecast would represent a 27 percent increase over 2018 numbers. Full development is expected to take place over a 40- to 50-year time period.

Disadvantaged Unincorporated Communities (DUCs)

Riverside LAFCO has determined that there are two DUCs within the District’s sphere of influence:

- 10th Avenue and North Broadway, considered to be an agricultural area
- Colorado River Road, immediately adjacent to the Colorado River

These DUCs are currently either on private wells and individual septic systems, private development systems or connected to the City of Blythe water system. There are no other DUCs within or adjacent to the larger SOI area.

Present and Planned Capacity of Public Facilities

Surface Water

Palo Verde Irrigation District (PVID) diverts and distributes water from the Colorado River to farmland and provides agricultural drainage. The only local water supply available to PVID for distribution is Colorado River water. The District’s water system diverts water from the Colorado River at the Palo Verde Diversion Dam where water is conveyed through over 244 miles of canals to cultivate farmlands. Agricultural runoff is collected by PVID’s 141-mile drainage system, which returns flows to the Colorado River.

Palo Verde Irrigation District

The District's water system operates in real time from its control room located at the District office. For the delivery times, the agricultural users integrate all water levels, and availability into each request for irrigation water. Water customers for PVID consist solely of agricultural users. The District has 2,100 customers, the majority of which are within the County of Riverside. Its current water system has a capacity of 2,100 cubic feet per second (CFS), which is consistent with the amount of water that can be diverted from the Palo Verde Diversion Dam any given day.

Groundwater

The water supply for the City of Blythe, CSA 62 and CSA 122 is a portion of PVID's water right of Colorado River water. Water used by the agencies is pumped from groundwater under PVID's water right to use Colorado River and is indirectly accounted for by PVID's returns being reduced by the volume of water pumped by the agency.

Supply and Demand Assessment

PVID is not required to develop an Urban Water Management Plan. However, during all water years, no reductions in supply are expected for PVID supplies.

Emergency Preparedness (Supply Interruption Capability)

The District is wholly-dependent upon diversion of water from the Colorado River. If flow were to be severely reduced, some water could be pumped from area wells but would not be able to meet the ongoing needs of the 2,100 customers. Some water is pumped at local pumping stations and if power were interrupted temporarily generators are available to be located for needed supply.

Financial Ability to Provide Services

As of June 30, 2017, the latest available audit, the District was able to report a positive increase in its Net Position, the value of assets and funds on hand for operations and capital investment, to \$7,599,000, an increase of \$964,000 over the prior year. The Fund unrestricted Net Position was (\$4,132,000).

Table 60 – PVID Financial Information (as of June 30, 2017)

	FY 2015	FY 2016	FY 2017
Total PVID Revenues	\$ 8,210,000	\$ 8,333,000	\$ 8,577,000
Total PVID Expenditures	<u>-7,577,000</u>	<u>-7,775,000</u>	<u>-7,613,000</u>
Revenues minus Expenditures	\$ 633,000	\$ 558,000	\$ 964,000
Net Position	\$ 6,077,000	\$ 6,635,000	\$ 7,599,000

Sources: District's 2016/2017 Audited Financial Statements

Palo Verde Irrigation District

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District's water service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3-Year Revenue/Expenditure Budget Trends

The enterprise fund overall has been experiencing a slight surplus over the last several years. Expenses related to the operation of the canal delivery system have remained stable except for normal inflationary pressures on labor, materials and services. A diversified source of revenues with the ability to collect penalties on delinquent water toll assessments from landowners keeps uncollected tolls or one percent property taxes low.

2. Ratios of Revenue Sources

The District receives 89 to 90 percent of its fund revenues from water tolls and fees for services, ten percent of revenue from property taxes, and less than one percent from miscellaneous other sources.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the enterprise maintains in relation to the annual fund expenditures. The District's unrestricted cash and cash equivalents at June 30, 2017 stood at \$2,843,556. This unrestricted balance ratio is approximately 37 percent of annual expenditures.

The ratio of unrestricted cash reserves reflects an appropriate balance for this type of enterprise, given the reliability and predictability of the District's revenue streams.

4. Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10 percent or less would reflect a very stable ratio. As of June 30, 2017, the District had no long-term debt obligations other than minor operating lease payments amounting to less than one percent of annual operating expenditures.

Palo Verde Irrigation District

5. Rate Structures

The District's customers are billed annually for water tolls. The first installment of water tolls is delinquent after July 15, and the second installment is delinquent after January 15. Delinquent water tolls are subject to penalties and interest.

As of 2018-2019, water tolls range from \$75.50 to \$80.00 annually per acre, based on the parcel's type of access to District canals and drains. Assessment rates are \$8.17 per \$100 of assessed value for land, \$1.24 per \$100 of assessed value for improvements in the valley, \$0.40 per \$100 of assessed value for land on the Palo Verde Mesa, and \$0.70 per \$100 assessed value for improvements on the Palo Verde Mesa.

The assessed value is determined by the County's assessor. The assessed value is not at full market value.

6. Capital Improvement Program/Plan

At the end of fiscal year 2017, the District had \$11.7 million invested in a broad range of capital assets, including land, dam, canals, buildings, equipment, autos, and furniture. This amount represents a net increase (including additions, deletions and depreciation) of \$888,000 or 8.2 percent over the previous year.

During the 2017 fiscal year, the District's additions included a new gate at the Diversion Dam for \$1.4 million, donated contributed capital of \$34,000 for irrigation gates, pick-up trucks for \$86,000 and telemetry equipment for \$24,000. There were no disposals in the current year. At the end of the 2017 fiscal year, replacement of all three gates at the Diversion Dam was completed. The District is finished making capital outlays for the gates at the Diversion Dam.

7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

All full-time employees with one year of service are eligible to participate in the Retirement Plan for Employees of Palo Verde Irrigation District (the "Retirement Plan"), a single-employer defined benefit pension plan administered by Aetna Life Insurance Company. The Retirement Plan provides pension, death, and disability benefits. A member may retire after reaching the age of 65 for normal retirement, but may retire early at age 55 with benefits accruing to the early retirement age reduced by the appropriate early retirement factor. Eligibility of employees starts after one full year of service to the District, with benefits fully vested after five years of service.

Employees who retire at the age of 65 are entitled to pension payments for the remainder of their lives equal to 1.25 percent of earnings during each plan year as an active participant. Pension provisions include death and disability benefits whereby the disabled employee will receive 100 percent of benefits accrued to the date of disability, or a surviving spouse is entitled to receive an amount equal to 50 percent of the joint annuity benefit which the participant would have received upon early retirement as discussed above.

Palo Verde Irrigation District

The District, through the action of its board, may amend or establish Retirement Plan provisions. The board has appointed a third party to carry out substantially all administrative responsibilities, including custody of the Retirement Plan assets and as a result, excludes the pension trust funds from these financial statements. A separate stand-alone financial report is available and can be obtained from the District office through the Finance Department. As of June 30, 2017, the District had a non-current pension liability of \$1.9 million.

In addition to the pension benefits, the District provides post-employment retirement health and dental care benefits to retired employees and their surviving spouses in accordance with State of California Code Sections 53205 and 53205.1 (“the OPEB Plan”). District employees who retire from the District, or leave the District due to permanent disability, with 20 or more consecutive years of service with the District, and whose age and years of service add up to at least 80, are eligible for lifetime medical and dental benefits starting at retirement. The OPEB Plan is a single-employer defined benefit plan administered by the management of the District. The District has elected to have an actuarial valuation performed every three years, the most recent of which was at February 1, 2016 rolled back to July 1, 2015. As of January 1, 2015, there were 65 active employees and 24 participating retirees included in the OPEB Plan. As of June 30, 2017, the District had a non-current OPEB liability of \$4.7 million.

Status and Opportunities for Shared Facilities/Services

On September 1, 2005, the District entered into the Lower Colorado River Multi-Species Conservation Program with nine other participating California agencies and one investor-owned utility. This agreement is intended to meet California’s funding requirement for a 50-year, \$628,180,000 comprehensive species conservation and habitat management program. The Federal government will fund 50 percent of the program costs. California will fund 50 percent of the nonfederal costs, with Arizona and Nevada each funding 25 percent of the nonfederal costs.

The District is responsible to pay 3.6 percent of California’s cost. The District is scheduled to pay a total of \$5,635,620 in quarterly payments during the 50-year program. Participation in this program will provide the District with comprehensive compliance protection for 50 years. As a stakeholder, the District has a seat on the steering committee. During the years ended June 30, 2017 and 2016, the District made four payments totaling \$156,839 and \$163,292, respectively.

Working together with the PVID to help California reduce its use of Colorado River Water, Metropolitan Water District’s Board of Directors approved a 35-year program that will pay farmers within PVID to annually set aside a portion of their land, rotate their crops, and transfer saved water to urban Southern California. The program is complementing the existing and proposed water transfers with the neighboring Imperial Irrigation District and is the largest and longest water transfer of its kind in California history, providing up to 3.6 million-acre feet of water over the term of the program.

Palo Verde Irrigation District

Government Structure and Accountability

The Board of Trustees is the governing body of the District. Each Trustee is elected at-large for a three-year term by landowner vote. Consistent with its principal act, it comprises of an elected seven-member Board of Trustees. District board meetings are held the third Tuesday of every month. The District office is located at 180 W. 14th Avenue in Blythe, California.

Table 61 – PVID Board of Trustees Members (as of 12/27/2018)

Council Member	Term Expires
Charles Van Dyke, President	September 2019
Daniel Robinson, Vice President	September 2021
Gary A. Bryce	September 2021
Duane Berger	September 2020
Jack Seiler	September 2020
Grant Chaffin	September 2020
Bart Fisher	September 2019

The District’s website is currently being updated to provide easier access to agendas, minutes, public notices, audits and other key district documents. Phone numbers and email addresses for District departments are also being developed.

LAFCO Policies Affecting Service Delivery

There are no Riverside LAFCO policies that specifically impact the District.

Valley Sanitary District

Overview/History

There were about 1,000 residents in 1925 in Indio, and the area's largest employers were the citrus, date ranching, and railroad industries. The residents knew that continued use of septic tanks for sewage disposal posed a threat to town water supplies. To help prevent well contamination, and in an effort to decrease the threat to public health, citizens filed a petition and obtained a favorable public vote to form the Indio Sanitary District (District) on March 20, 1925. The name changed to Valley Sanitary District (VSD) in 1965. The District was formed under the authority of the Sanitary District Act of 1923, with local governance by a five-person elected board of directors. Subsequent to District formation, residents dug trenches and installed pipe from residential and business blocks.

The first sewer system was bounded by Deglet Noor, Indio Blvd. (then Hwy 99), and Avenue 46 (Hwy 111), plus Southern Pacific's railroad yard. The original area encompassed about 36 blocks (one half square mile). The current district boundary is approximately 19.5 square miles. The wastewater treatment plant was located on the current site about one half mile east of the original district next to the storm channel.

Treatment remained virtually unchanged from formation of VSD into the 1950s, at which time increasingly advanced technology was introduced with the addition of a bar screen, primary clarifiers, secondary clarifiers, trickling filter, digester and Chlorine contact chamber. An Imhoff Tank was used to separate solids and liquids and the liquids discharged to the Whitewater Channel.

In the early 1950s additional improvements to the treatment system became necessary as the Indio population had grown to 8,000+ and Indio continued to be the center of commerce in the Valley. The pond system was increased 14 acres and the existing ponds modified for mechanical aeration to increase treatment capacity in the 1960s. A wet air oxidation treatment, Zimmerman Process, was added in the late 1960s.

In the early 1970s, the District aggressively pursued and obtained federal grants that made it possible to add approximately five times the wastewater treatment capacity. In 1978, VSD was serving approximately 9,500 accounts with an average daily flow of about 3.5 million gallons per day (MGD). The District's sphere of influence was bounded by Avenue 38 to the north, Avenue 51 to the south, Harrison Street to the east and Washington Street to the west. Improvements in the 1980s included the 48-inch Van Buren Trunk Line and treatment pond modifications and upgrades.

In the 1990s it was determined that the future VSD build out service area would serve a population of about 128,000 and that the current 7.5 MGD treatment plant capacity would need

Valley Sanitary District

to increase to 18 MGD. At the time the population was approximately 44,000 and there was about 125 miles of public sewer. The average daily flow at the treatment plant was about 4.6 MGD. The 1990s brought about construction of a new treatment plant headwork's and two new trunk sewers.

In 1993, VSD recognized the potential for development north of Interstate 10 in what is now known as "Shadow Hills". VSD partnered with the City of Indio to form the Assessment District and installed sewer infrastructure in preparation for future development.

VSD celebrated its 70th anniversary in 1995. The five-member Board of Directors has had 37 members over the past 70 years. Population growth in VSD's service area has grown 36 percent over the past decade, and the collection system pipeline increased 104 percent, from 63 to 133 miles.

The development boom in 2004 caused completion of the remaining 1993 Shadow Hills interceptor sewer improvements at a cost of \$9.6 million. The 2004 Shadow Hills Interceptor sewer improvements included the directional bore installation of a 54-inch carrier pipeline under the Whitewater Storm Channel and Interstate 10. From new headwork's construction in 1998 through the treatment plant improvements constructed in 2006, \$42.9 million was spent on capital improvements.

In 2005, Phase 1 construction of \$24.5 million in treatment plant improvements were constructed to treat increased flows due to development. The treatment plant improvements included modifications for increased air-flow for the activated sludge plant and construction of new circular clarifiers.

Phase 2A treatment plant improvements began in 2012 at an estimated cost of \$19.2 million, with completion in 2013. This improvement added primary clarification, anaerobic digestion and other process improvements. A new Supervisory Control and Data Acquisition (SCADA) system for the plant process was installed. Additionally, a new Administration Center, Operations Center and Laboratory were constructed.

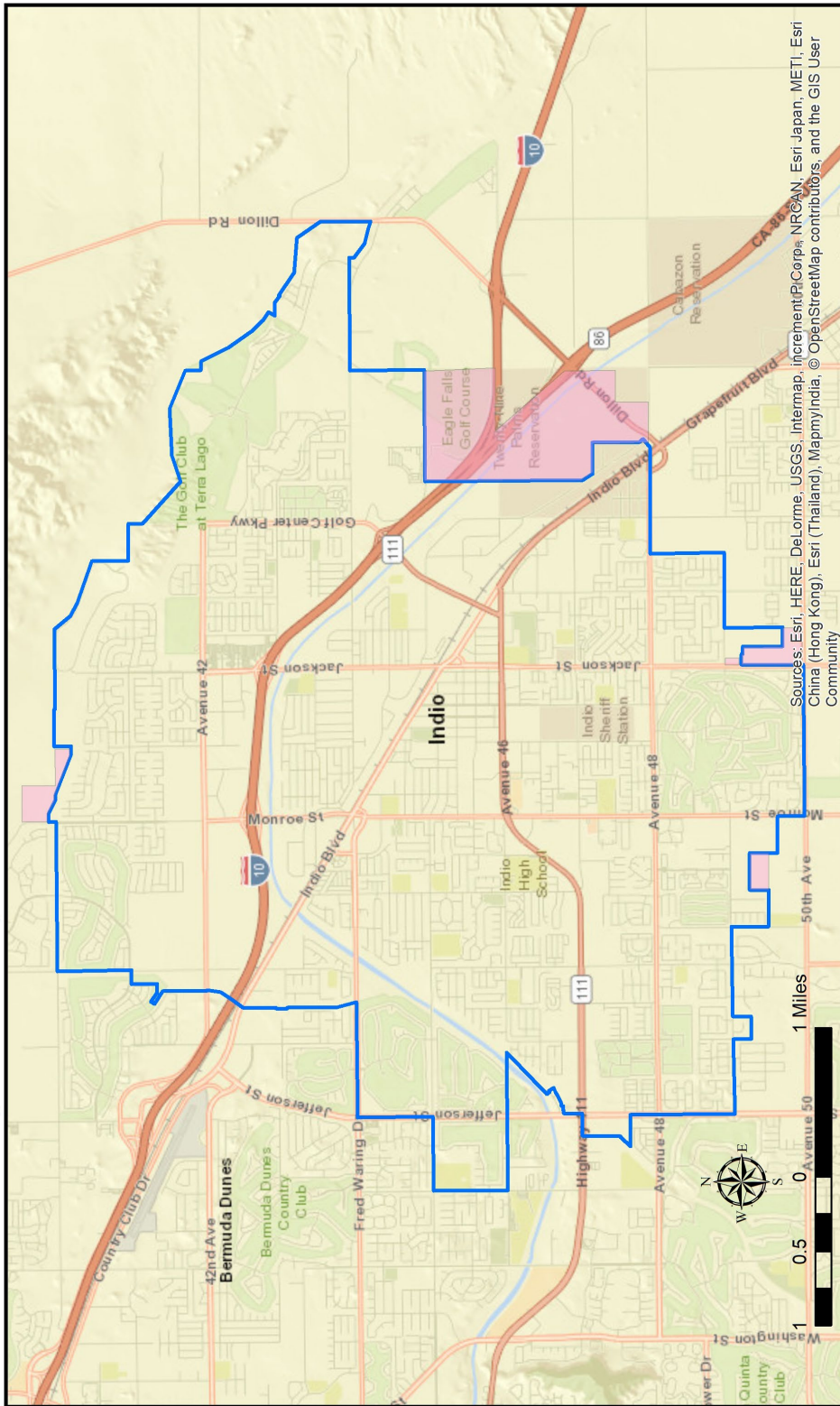
In 2016, the District commissioned a 1 MW Photovoltaic Solar System, providing approximately 40 percent of energy needs for the facility. An adjunct project was the completion of a Perimeter Security System, consisting of advanced fencing; lighting, CCTV and intrusion alert system. The Requa Sewer project was completed in 2017, and added approximately 22,000 feet of 10 to 36-inch pipe beginning at the treatment plant on Van Buren Street extending west to the intersection of Shields Road and Highway 111. Phase 2B plant improvements began in mid-2018 and will have a major emphasis on reducing energy consumption to bring the facility to near net zero in energy consumption.

The District is a member of a Joint Powers Authority (East Valley Reclamation Authority) with the Indio Water Authority to undertake the beneficial re-use of water by developing a reclaimed and recycled water system.

Valley Sanitary District

Exhibit 12 – Valley Sanitary District

Valley Sanitary District and Sphere of Influence



Legend

- District Boundary
- Sphere of Influence

Sphere of Influence Adopted: 2006
 District Boundary Adopted: 2015

* Sewer Provided by District

Map Created on March 25, 2019

Disclaimer:
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Data Sources: ROV; USGS; CA SIL

Valley Sanitary District

Valley Sanitary District - Agency Profile

General Information			
Agency Type	Sanitary District Act of 1923, Section 6400 et seq		
Date Formed	June 1, 1925		
Services	Wastewater collection, treatment, reclamation. JPA with City of Indio		
Service Area			
Location	Riverside County encompassing the City of Indio, portions of the City of Coachella and areas of unincorporated Riverside County		
Square Miles/Acres	75 square miles/48,000 acres		
Total Water/Sewer Connections	27,676		
Population Served	82,000		
Sewer Infrastructure/Capacity			
Facilities	248 miles of sewer, 1 wastewater reclamation facility		
Treatment Plant Capacity (MGD)	Activated sludge, oxidation pond and biological treatment processes. Existing capacity: 7.5 MGD; Buildout Capacity (Phase 4): 20.0 MGD		
Primary Disposal Method	Discharge to the Coachella Valley Storm Water Channel (to the Salton Sea)		
Budget Information - FY 2017-2018 (Water & Sewer Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
All Funds Combined	\$12,236,155	\$8,617,904	\$3,618,251
Capital Expenditures	FY 2017-2018 \$3,188,402	Long-Term Planned Expenditures \$96,220,919 (FY 2018-2019 through 2022-2023)	
Agency Net Position	\$91,564,261		
Governance			
Governing Body	Five member Board elected at-large		
Agency Contact	Joseph Glowitz, (760)238-5400, jglowitz@valley-sanitary.org; Ron Buchwald, P. E., (760) 238-5408, rbuchwald@valley-sanitary.org		

Sources: WRF Master Plan 2015, 2016-2017 CAFR, 2017-2018 Budget and CIP, Collection System Master Plan 2013, questionnaire response

Valley Sanitary District

Growth and Population Projections

The VSD service area primarily consists of residential areas with moderate commercial, industrial, and public land use encompassing much of the City of Indio, portions of the City of La Quinta and City of Coachella, and unincorporated areas of the County of Riverside. VSD provides collection system services to a population of approximately 88,000. Population is forecasted to increase by about 46 percent from 2015 to 2040.

Table 62 – Valley Sanitary District (VSD) Population Projections, 2015-2040

2015	2020	2025	2030	2035	2040
87,486	100,387	106,923	113,681	120,676	128,097

Source: Coachella Valley Association of Governments

Disadvantaged Unincorporated Communities (DUCs)

There is one DUC within the District boundary, the Carver Tract; however, there are no DUCs within or adjacent to the District’s SOI. It is briefly described below:

1. Carver Tract Area DUC, south of Interstate 10, and west of the SR 86; storm water drainage needs are for added facilities; water by Coachella Valley Water District and wastewater by Valley Sanitary District; fire service by the Riverside County Fired Department.

Present and Planned Capacity of Public Facilities

The existing wastewater collection system consists of over 246 miles of pipes, four active pump stations, eight siphons, and a wastewater treatment plant (WWTP). The collection system is comprised primarily of polyvinyl chloride (PVC) and vitrified clay pipe (VCP). The oldest known sewer pipes that are still in operation were connected to the system in 1935. Roughly half of VSD’s pipes have been built within the last 20 years.

The collection system consists of pipes ranging from 4 to 54-inches in diameter. Eight-inch or smaller diameter pipes make up roughly 75 percent of the gravity sewer system. The VSD collection system all flows to one outfall, the Water Reclamation Treatment Plant (WRF) located at the north-east intersection of Van Buren Street and Enterprise Way, just southwest of Interstate 10. The current capacity of the WWTP is 12.5 million gallons per day (MGD). Ultimately, the plant is expected to have a 20 MGD capacity. The WRF discharges to the Coachella Valley Storm Water Channel (to the Salton Sea).

Average daily flow through the WRF in 2017 was approximately 7 MGD.

Emergency Preparedness (Sewer Management)

The State Water Resources Control Board (SWRCB) requires all federal and state agencies, municipalities, counties, districts and other public entities that own or operate a wastewater collection system greater than one mile in length to develop and implement a system specific

Valley Sanitary District

Sewer System Management Plan (SSMP). The SSMP documents how an agency manages its wastewater collection system.

The SSMP prepared by the Valley Sanitary District is in compliance with the Waste Discharge Requirements (WDR) and documents the City’s system specific plans and programs to operate, maintain, and manage its wastewater collection system.

The District has developed an SSMP for sewer operations which includes appropriate personnel listings, resource inventories, locations for emergency operations centers, response procedures, and the steps necessary to resume normal operations.

Financial Ability to Provide Services

As of June 30, 2017, the VSD was able to report a positive increase in its Net Position, the value of assets and funds on hand for operations and capital investment, to \$91,564,221, an increase of \$4,773,208 over the prior year. Unrestricted Net Position, however, decreased by eight percent to a June 30, 2017 balance of \$30,322,059.

Table 63 – Valley Sanitary District Financial Information, FY 2015-2017

	FY 2015	FY 2016	FY 2017
VSD Fund Revenues	\$ 10,989,272	\$ 11,697,654	\$ 12,617,097
VSD Fund Expenditures	<u>-8,576,504</u>	<u>-8,294,480</u>	<u>-7,843,889</u>
Revenues minus Expenditures	\$ 2,412,768	\$ 3,403,174	\$ 4,773,208
Ending Net Position	\$ 83,387,839	\$ 86,791,013	\$ 91,564,221

Sources: VSD CAFRs for 2015, 2016 & 2017

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District’s water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3 Year Revenue/Expenditure Budget Trends

The VSD fund Net Position, overall, has been experiencing increasing surpluses over the last several years, averaging 30 percent of total revenues. This is a healthy and necessary trend, given the sewer replacement and treatment plant upgrade requirements outlined in the District’s 5-Year Capital Improvement Plan.

Valley Sanitary District

2. Ratios of Revenue Sources

The District receives over 92 percent of its sewer fund revenues from charges and services, six percent from property taxes and 1 to 2 percent from miscellaneous sources.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the District maintains in relation to the annual fund expenditures. The District's Unrestricted Fund balance ratio is over 250 percent of annual expenditures including debt service, a very positive ratio position.

The ratios of unrestricted reserves (Net Position) for the fund reflect an appropriate balance for typical enterprise fund services; thus, minimizing the impact that negative economic factors might have on revenues.

4. Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10 percent or less would reflect a very stable ratio. The District's Fund has reasonable debt, including refinancing of prior debt to reduce long-term expenses and to pay for needed capital projects over time.

At June 30, 2017, the District had total long-term debt of \$14,784,692. The Certificates of Participation (COPs) was debt incurred to help fund Phase I of the District's Treatment Plant Expansion and Renovation in 2006. On June 18, 2015, the District issued Wastewater Revenue Refunding Bonds, Series 2015 in the amount of \$7,540,000 (6/30/17 balance at \$6,425,000), refinancing the COPs and reducing payments by about \$1,596,780 over the term of the certificates which run through 2026. Repayment of the debt is funded through sewer use fees of the District.

The District received a Clean Water State Revolving Fund (CWSRF) loan in May 2016 for \$12,750,000 to construct the Requa Avenue Sewer Interceptor Project. A \$12,750,000 loan for 30 years at 1.7 percent interest results in an estimated payment of \$545,648 annually. The first payment will be due one year after the completion date of the Requa Avenue Sewer Interceptor Project in 2019. A restricted reserve fund has also been established, equal to one year's debt service.

The Fund's annual debt service ratio to total expenditures (when including the yet-to-be defeased CWSSRF loan) is approximately 9 percent, a reasonable ratio.

5. Rate Structure

Sewer rates remained unchanged in the 2018 Fiscal Year at \$313.00 per EDU (Equivalent dwelling unit) per annum fixed charge. These rates address needed funds due to increases in operating costs, debt service and capital replacement projects. The District has no standby charges.

Valley Sanitary District

Table 64 – Adopted Sewer Rates – Valley Sanitary District*

	FY 2017	FY 2018
Annual Assessment per EDU*	\$313.00	\$313.00

*The \$313 annual assessment is per equivalent dwelling unit basis.

6. Capital Improvement Program/Plan

The District prepares ten-year financial forecasts to anticipate funding needs, reserve levels, and expected impacts to sewer rates. A key component to this planning effort is the District’s Capital Improvement Program (CIP), which calls for total expenses for sewer and treatment facilities of approximately \$95 million for the period from 2018 through 2022. The FY 2017-18 portion of the CIP was \$3.2 million. The CIP is expected to be financed through a combination of property taxes, developer connection fees, rates and charges, publicly financed bond proceeds, reserves, grants and low-interest loans from the California State Revolving Fund.

The CIP is modified on an annual basis to reflect updated assumptions regarding future growth within the District’s service area. Major projects being designed and constructed include the Phase 2B Plant expansion (\$32.5 million), completion date in 2020; Phase 2C Plant Expansion (\$19.3 million), completion in 2021; Sewer Rehabilitation Program (\$1.2 million), completion in 2019. A comprehensive list of the CIP is available in the District’s FY 2017/2018 Budget on its website.

7. Pension Liability and Other Post-Employment Benefits Liability

As most cities and government agencies in California, the District has a pension Liability and Post Employment Liability. The 2017 CAFR reports that the District has a \$2,129,724 million unfunded pension liability and is making the required payments to offset the liability over time.

The District has entered into a program for OPEB obligations that include medical benefits for retirees and is funding its annual required contribution (the ARC) of \$26,288 (including interest and adjustments) in 2017. The District intends to stay current on ARC payments and be full funded on its OPEB obligation. At June 30, 2017, the District’s unfunded actuarial accrued liability (UAAL) was (\$11,147).

A full explanation of Pension Liability and OPEB is contained in the Notes section of the 2017 CAFR.

Status and Opportunities for Shared Facilities/Services

The Coachella Valley Regional Water Management Group (CVRWVG) was formed in 2008 for coordinating the water resources planning activities of the five Coachella Valley public water suppliers, Coachella Water Authority, Coachella Valley Water District (CVWD), Desert Water Agency, Indio Water Authority and Mission Springs Water District, and for developing an Integrated Regional Water Management Plan (IRWMP). Valley Sanitary District was later admitted to the Group.

Valley Sanitary District

On December 18, 2013, the District entered into a joint powers agreement with the City of Indio (the “City”) to form the East Valley Reclamation Authority (the “JPA”) to plan, program, finance, design and operate a reclaimed water facility to bring a sustainable water supply and manage the water resources for the customers of the Indio Water Authority (a blended component unit of the City) and the District. The City and the District generally share the costs and expenses of the JPA equally unless otherwise determined by the JPA’s Board of Directors, except that the District is responsible for 100 percent of the costs and expenses associated with the design and construction of facilities for the District’s compliance with any permit terms. During the years ended June 30, 2017 and June 30, 2016, the District made contributions to the JPA in the amount of \$25,000 for both years. As of June 30, 2017 and June 30, 2016, the District reported investments in the joint venture in the amount of \$80,000 and \$55,000, respectively. Copies of the annual financial report for the JPA may be obtained from the Finance Department of the City of Indio.

Government Structure and Accountability

The Valley Sanitary District is a California Special District, founded in 1925, and is governed by the Sanitary Act of 1923. The District elects a Board of Directors with staggered four-year terms, in even number years. The Board of Directors sets policy and represents the ratepayers.

The Board of Directors is governed by the State of California Ralph M. Brown Act (California Government Code §54950 et seq.). District policies are regulated by several state and federal agencies, including the State Water Resources Control Board and the United States Environmental Protection Agency.

Table 65 – Valley Sanitary District Board Members

Council Member	Term Expires
Mike L. Duran, President	December 2020
William R. Teague, Vice President	December 2020
Dennis M. Coleman, Secretary	December 2022
Debra A. Canero, Director	December 2020
Scott A. Sear, Director	December 2022

The District’s website is useful and has access to District agendas, minutes, public notices, budgets, audits and other key documents. Contact information for department operations is provided.

LAFCO Policies Affecting Service Delivery

There are no special Riverside LAFCO policies that apply to the VSD.

County Service Area 51 (Desert Center/Lake Tamarisk/Eagle Mtn.)

Overview/History

County Service Area (CSA) 51 (Desert Center/Lake Tamarisk/Eagle Mountain) is located north of the Interstate 10 Freeway, at the intersection of 1-10 and State Highway 177. It is located in the center of Riverside County District 4, approximately 50 miles west of the City of Blythe and 51 miles east of the City of Coachella.

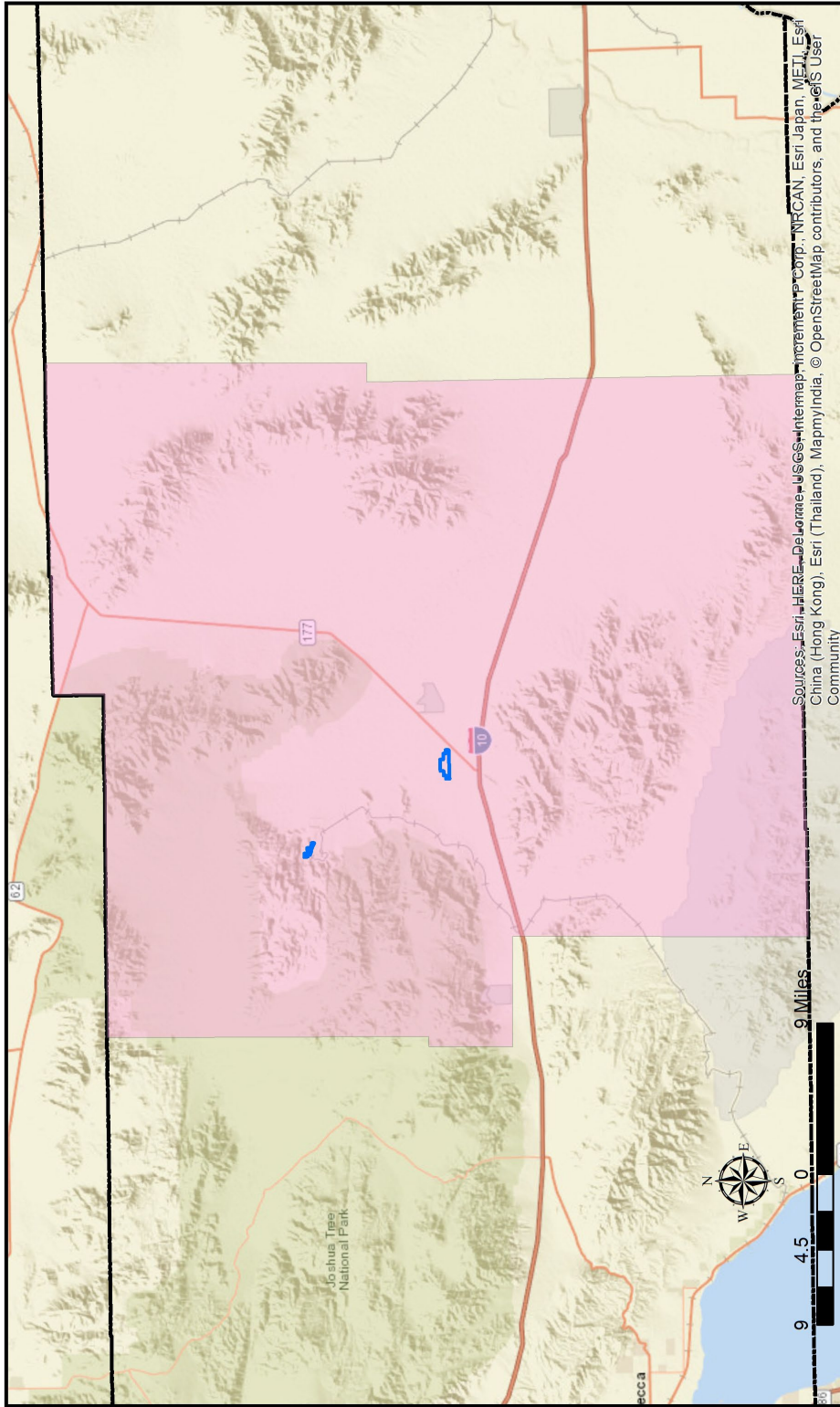
The CSA services three communities consisting of Eagle Mountain, Desert Center, and Lake Tamarisk. Its service area encompasses approximately 680 acres and serves an estimated population of 540. Eagle Mountain is a noncontiguous area within the boundaries of the CSA that was a mining community of Kaiser Steel Corporation. Although Eagle Mountain is a vacant area, and although it is within the service area of CSA 51, it does not receive any services from the CSA. If the need for services would arise, the CSA would provide services to the area. Desert Center consists of gas station, convenient stores, single-family residences, and a mobile home park. Lake Tamarisk is a small community with existing single-family as well as multi-family residences, an 18-hole golf course, clubhouse, and fire station. The community surrounds Lake Tamarisk. In addition to the amenities, there is a 150-space RV park. The estimated population served by CSA 51 is 540.

The CSA office is located at 26-251 Parkview Drive in Desert Center, California, in the community's clubhouse.

County Service Area 51 (Desert Center/Lake Tamarisk/Eagle Mtn.)

Exhibit 13 – CSA 51

CSA 51 Desert Center/Lake Tamarisk and Sphere of Influence




Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Legend

- Sphere of Influence
- District Boundary
- County Boundary

Sphere of Influence Adopted: 2007
 District Boundary Adopted: 2009
 * Sewer & Water Provided by Agency

Map Created on March 25, 2019



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Data Sources: ROV; USGS; CA SIL

County Service Area 51 (Desert Center/Lake Tamarisk/Eagle Mtn.)

CSA 51 - Agency Profile

General Information			
Agency Type	The County Service Area Law, California Government Code §25210.1 et seq.		
Date Formed	August 28, 1967		
Services	Provides street lighting, recreational, water and wastewater services		
Service Area			
Location	East Riverside County (Desert Center, Lake Tamarisk, Eagle Mountain)		
Square Miles/Acres	1.06 square miles/680 acres		
Water/Sewer Connections	Water: 76 (residential) plus one mobile home park Sewer: 76 (residential) plus one mobile home park		
Population Served	540		
Prior MSR	2007		
Water Infrastructure/Capacity			
Facilities	2 active wells (#4, #5); 2 standby wells; one defluorination plant; dual delivery systems for potable and non-potable water		
Storage Capacity	5 MG storage		
Primary Source of Supply	Groundwater		
Water Rates (single-family home)	First 10 HCF \$35.50/month; thereafter, single Tier rate \$6.50 per HCF (rates unchanged since 2009-2010)		
Sewer Infrastructure/Capacity			
Facilities	One wastewater treatment plant		
Treatment Plant Capacity (MGD)	.084 MGD		
Primary Disposal Method	Evaporation/percolation ponds		
Sewer Rates (single-family home)	\$28.00/month (rate unchanged since 2009-2010)		
Budget Information - FY 2017-2018 (Water & Sewer Funds) latest available			
All Funds Combined	Revenues	Expenditures	Net Surplus/(Deficit)
	\$666,636	\$666,636	\$0
Capital Expenditures	FY 2017-2018	Long-Term Planned Expenditures	
	\$25,000	N/A	
Agency Net Assets (Cash Balance)	\$178,648 as of June 30, 2017		
Governance			
Governing Body	All County Service Areas (CSA) are governed by the Riverside County Board of Supervisors. The Riverside County Board of Supervisors operates on a four-year term cycle.		
Agency Contact	Michael Franklin, 951-955-6652, mfranklin@rivco.org		

Sources: 2016-2017 Financials, 2017-2018 Budget, 2007 East Riverside County Water & Wastewater MSR, Questionnaire Responses

County Service Area 51 (Desert Center/Lake Tamarisk/Eagle Mtn.)

Growth and Population Projections

Since the CSAs being reviewed are so small, there are no specific growth projections linked to a specific area. However, the Riverside County Center for Demographic Research has made growth projections for the general unincorporated eastern county area in the Riverside County Progress Report 2007. Provided are the population projections for the eastern county unincorporated area:

Table 66 – Eastern Riverside County Population Projections, 2005-2030

2005	2010	2015	2020	2025	2030
5,266	6,246	7,093	9,806	12,125	14,208

Source: County of Riverside

Based on this data, these areas will experience an average growth rate of approximately 4.4 percent within a period of 25 years beginning in 2005.

The current population within the boundary of County Service Area 51 is 540. Due to the remote location of Desert Center/Lake Tamarisk limited development of the community is anticipated. The majority of land uses in the area are open space-rural. As described in the County of Riverside's General Plan, the subject area is inaccessible, prone to natural hazards, and unable to support intense development due to the lack of public services. Similarly, Eagle Mountain is set to accommodate small growth, limited to housing and services for mining workers and their families.

Disadvantaged Unincorporated Communities (DUCs)

CSA 51 is the only public service provider of water or sewer within approximately 50 miles. Its service area does not overlap existing agencies. There are no DUCs within or adjacent to the SOI of CSA 51.

Present and Planned Capacity of Public Facilities

Water

The water system of the CSA serves approximately 76 residential connections, one mobile home park, and a few commercial lots. There are approximately 182 parcels within the boundaries of the CSA. The CSA has a dual water distribution system that allows for conveyance of potable water for domestic purposes and non-potable water for landscaping purposes. Unlike non-potable sources, potable water sources are run through a defluorination plant to each lot through a double check above ground valve backflow assembly. Every household has two water connections for irrigation as well as domestic uses. Each domestic connection has its own double check valve backflow assembly.

The current water facilities are in good condition and operate to drinking water standards. Routine inspections of the system and samples are drawn from its wells periodically to identify

County Service Area 51 (Desert Center/Lake Tamarisk/Eagle Mtn.)

any contaminants in the water supply. Water demand varies from year to year. Approximately two percent of the average water demand was "finished water" or water treated for fluoride used for potable water services. The golf course has the highest water demand, and it is irrigated with non-potable water. There has been no planning for projected water demands in the area.

In 2004, fluoride was found to exceed the maximum contaminant level (MCL) in the CSA's water supply. A Capital Improvement Project (CIP) for FY 2005-2006 installed a new fluoride water treatment tank. The project was funded by the US Department of Agriculture.

Monthly potable water rates are a minimum of \$32.75 and \$30.00 for non-potable water. The minimum cost covers up to 1,000 cubic feet of consumption. If consumption is over 1,000 cubic feet, an additional \$6.00 is charged per hundred cubic feet (HCF). An additional per parcel annual assessment of \$529 for multiple services is charged to the residents. Four parcels, however, have significantly higher assessments. The CSA also receives a portion of the one percent tax levy.

Groundwater

Water sources for the CSA consist of four wells, Well #4 and Well #5 being the CSA's primary wells that are approximately 1,000 and 1,100 feet deep, respectively. The two other wells (originally described as standby) are used for monitoring purposes only.

The average water demand between 2004 through 2006 (latest information) was 1,276 acre-feet.

Imported Water (Purchased)

Alternative water sources are not available to residents within CSA 51's service area. Two identified standby wells cannot be used because when pumped sand is drawn.

Supply and Demand Assessment

CSA 51 is exempt from the state requirement to perform an Urban Water Management Plan (fewer than 3,000 in population and less than 3000 acre-feet production annually). Therefore, no data are available to assess supply and demand. As described above (in Groundwater), if either or both Well #4 or Well #5 were to fail, there are no other local sources of supply.

Wastewater Services

The CSA owns its own wastewater treatment plant (WWTP) that has a capacity of .084 million gallons per day (MGD). The WWTP currently treats .044 MGD. CSA 51 currently has 76 residential wastewater connections, including one mobile home park. The capacity of the WWTP is adequate for the foreseeable future.

The monthly sewer service charge, which includes collection, treatment, and disposal, is \$20.72 per residential connection. Compared to neighboring areas the charge for wastewater services

County Service Area 51 (Desert Center/Lake Tamarisk/Eagle Mtn.)

is slightly higher. The City of Blythe sewer rate per residence is \$12.52, the City of Coachella rate is \$18.00, and the Coachella Valley Water District rate is \$18.80. Although, the other agencies mentioned provide similar services their service area is much larger and therefore, have a large customer base to spread costs among.

Emergency Preparedness (Supply Interruption Capability)

If CSA 51's system were to fail, alternative water sources are non-existent in the short term. The two standby wells cannot be used because they were improperly developed and are not deep enough to be in the principal aquifer. The aquifer is believed to be located 800 to 1,100 feet in depth. Due to the age of the wells it is not recommended to rehabilitate or deepen them to reach the aquifer. Instead, new wells would have to be developed in a different location. The CSA has the wells checked regularly for proper maintenance and operations. The sewer facility has connection capability for temporary generator power if a major outage occurs.

Financial Ability to Provide Services

As of June 30, 2017, the CSA was able to report a positive increase in its Cash Balance, to \$178,648, an increase of \$98,996 over June 30, 2016. The year-over-year increase in Cash Balance is significant given that revenue from contributions from other County funds dropped from \$239,273 to \$54,328 during that same accounting period. One factor contributing to the increase to Cash Balance is the sale of water to large construction projects (i.e. Desert Sun Solar Project and Palen Solar Project). These commercial water sales provide a significant benefit to the CSA but are unpredictable and cannot be relied upon as a continuous source of revenue.

Accounting records for CSA 51 are not tracked and recorded as separate water and sewer funds. Combined budget information is shown in Table 67.

Table 67 – CSA 51 Financial Information, FY 2015-2017

	FY 2015	FY 2016	FY 2017
Total CSA 51 Revenues	\$ 619,352	\$ 625,115	\$ 654,507
Total CSA 51 Expenditures	<u>-634,857</u>	<u>-546,052</u>	<u>-567,694</u>
Revenues minus Expenditures	\$ -15,305	\$ 79,083	\$ 86,813
Cash Balance	\$ -1,279	\$ 81,376	\$ 180,372

Source: County of Riverside Budgets (FY 2015, FY 2016, FY 2017)

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District's water and sewer service operations.

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures

County Service Area 51 (Desert Center/Lake Tamarisk/Eagle Mtn.)

5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3 Year Revenue/Expenditure Budget Trends

The CSA operates at breakeven or deficit. As annual operational shortfalls occur, Riverside County Supervisors augment revenues from other funds to maintain the CSA’s solvency.

2. Ratios of Revenue Sources

The CSA receives approximately two-thirds of its water and sewer revenues from charges and fees for services, about six percent from property taxes, and 27 percent from special assessments.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the CSA maintains in relation to the annual expenditures. The CSA’s combined Fund balance ratio at 6/30/17 was approximately 27 percent of annual expenditures and has increased to over 50 percent in the second quarter of 2018. This fund ratio represents a positive ratio position and the fund balance has been increased over time.

4. Annual Debt Service Expenditures to Total Annual Expenditures

CSA 51 has no long-term debt.

5. Rate Structures

CSA 51 water and sewer rates have remained unchanged since July 1, 2009. Water charges comprise two components. The first component is a monthly fixed charge of \$35.50. Usage of up to 10 HCF is included in the fixed charge. A single tier commodity charge of \$6.50/HCF is assessed for usage above 10 HCF.

The sewer monthly fixed rate of \$28.00 applies to all connections

Table 68 – Adopted Water Rates – CSA 51

	FY 2017
Fixed Monthly Charge*	\$35.50
User Charge Rate (per HCF)	\$6.50

*Rates based on ¾” meter; rates apply to all customers: unchanged since FY 2010

County Service Area 51 (Desert Center/Lake Tamarisk/Eagle Mtn.)

Table 69 – Adopted Sewer Rates – CSA 51

	FY 2017
Fixed Monthly Charge*	\$28.00

*Monthly fixed charge applies to all customer classes; unchanged since FY 2010

6. Capital Improvement Program/Plan

CSA 51 management budgets capital improvements on a year-to-year basis. Annual water and sewer infrastructure spending over the past four years (FY 2015-FY 2018) has averaged approximately \$40,000, or nearly 5 percent of total expenses.

7. Pension Liability and Other Post-Employment Benefits Liability

The CSA employs six part-time employees. Four of the employees' duties are geared toward water and wastewater services. The CSA area manager divides his time among CSAs 51, 62, and 122. There is no indication on the CSA 51 financials that there is provision for funding either pension or post-employment benefits beyond what the County of Riverside provides to employees.

Status and Opportunities for Shared Facilities/Services

CSA 51 is the only public service provider within approximately 50 miles. Its service area does not overlap existing agencies nor does it provide duplicate services. Standard administrative cost in contract services is ten percent, the actual cost to the CSA has been approximately eight percent of the budget for two fiscal years. There are no known adjacent agencies or opportunities for realignment near CSA 51. The area manager divides his time among three CSAs: 51, 62 and 122.

Government Structure and Accountability

The CSA is governed by the County Board of Supervisors (BOS) and is administered by the Economic Development Agency (EDA). An advisory committee was formed to provide recommendations directly to EDA regarding CSA policy matters (BOS Policy No. A-48). The Board policy grants the committee the responsibility to review and comment on: 1) the service level of the CSA, 2) CSA projects, plans and priorities, and 3) the need or potential for increased special services and/or additional services. Committee members participate in the annual budget process as they are allowed to comment and review the budget. It is EDA's responsibility to develop an annual budget. Public meetings for CSA 51 are held every third Thursday of even numbered months, with the exception of summer months. Notice to the meetings is posted at the CSA's office. Advisory members served eight-year terms.

The County Department of Environmental Health also provides routine inspections of the existing water system. Inspection reports conducted by Environmental Health describe the condition of the water system and water quality.

County Service Area 51 (Desert Center/Lake Tamarisk/Eagle Mtn.)

Table 70 – Riverside County Board of Supervisors

Supervisor	Term Expires
Kevin Jefferies, Chairman	December 2020
V. Manual Perez, Vice Chairman	December 2022
Jeff Hewitt	December 2022
Karen Spiegel	December 2022
Chuck Washington	December 2020

LAFCO Policies Affecting Service Delivery

There are no Riverside LAFCO policies specifically applicable to CSA administration.

County Service Area 62 (Ripley)

Overview/History

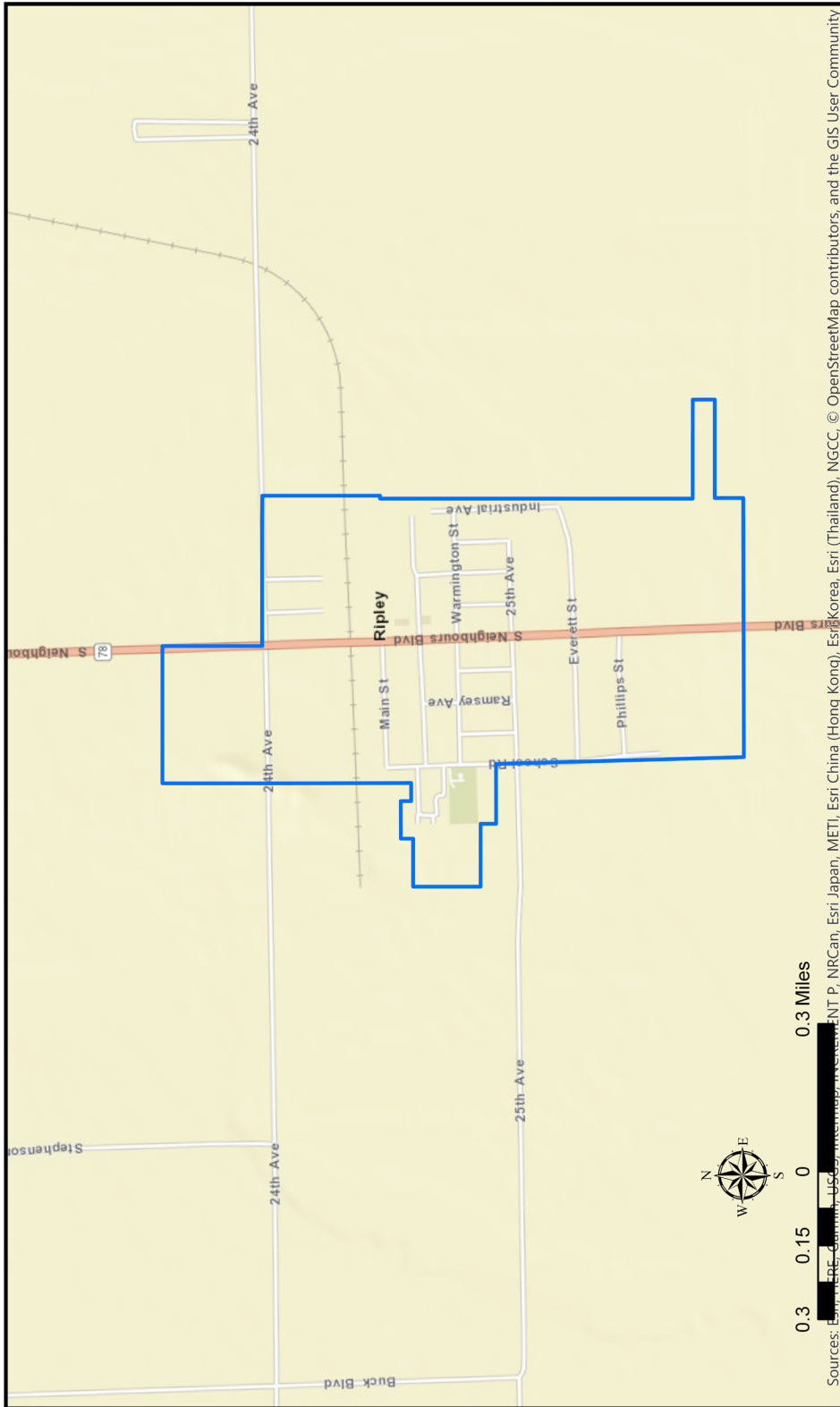
County Service Area (CSA) 62 serves the unincorporated community of Ripley of approximately 400 residents. It is one of the oldest communities in the desert, and is predominantly agriculturally based. It is approximately ten miles southwest of the City of Blythe, south of 1-10. Today Ripley consists of single-family residences, mobile home parks, and a community center. The service area of the CSA encompasses approximately 355 acres.

Services provided by the CSA include water, wastewater, and street lighting services. This review only addresses water and wastewater services.

The District office is located at 24501½ School Road in Ripley, CA at the Ripley Community Center.

Exhibit 14 – CSA 62

CSA 62 (Ripley) District and Sphere of Influence




Legend

-  Sphere of Influence Adopted: 2007
-  District Boundary Adopted: 1983
- * Sewer & Water Provided by Agency
- ** Sphere of Influence (SOI) is coterminous with District Boundary

Map Created on March 25, 2019

Disclaimer:
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Data Sources: County of Riverside; USGS; CA SIL



CSA 62 - Agency Profile

General Information			
Agency Type	The County Service Area Law, California Government Code §25210.1 et seq.		
Date Formed	December 9, 1968		
Services	Provides water, wastewater and streetlighting services		
Service Area			
Location	East Riverside County in the unincorporated community of Ripley approximately 10 miles southwest of Blythe		
Square Miles/Acres	.55 square miles/355 acres		
Total Water/Sewer Connections	Water: 112 Sewer: 110		
Population Served	390		
Prior MSR	2007		
Water Infrastructure/Capacity			
Facilities	One main well (200 GPM); one emergency well		
Storage Capacity	180,000 gallons total (5 tanks)		
Primary Source of Supply	Groundwater		
Water Rates (single-family home)	First 15,000 gallons \$26.25/month; thereafter 3 Tier rate \$1.58 – 1.67/KGAL (rates unchanged since 2009-2010)		
Sewer Infrastructure/Capacity			
Facilities	One treatment plant		
Treatment Plant Capacity (MGD)	.05 MGD		
Primary Disposal Method	Evaporation/percolation ponds		
Sewer Rates (single-family home)	\$26.25 to \$27.25/month (rates unchanged since 2009-2010)		
Budget Information - FY 2017-2018 (Water & Sewer Funds)			
All Funds Combined	Revenues	Expenditures	Net Surplus/(Deficit)
	\$243,367	\$163,245	\$80,123
Capital Expenditures	FY 2017-2018	Long-Term Planned Expenditures	
	N/A	N/A	
Agency Net Assets (Cash Balance)	\$155,152		
Governance			
Governing Body	Riverside County Board of Supervisors (five members)		
Agency Contact	Michael franklin, 951-955,6652: mfranklin@rivco.org		

Sources: 2016-17 Financials, 2007 East Riverside County Water & Wastewater MSR, Questionnaire Responses

Growth and Population Projections

Since the CSAs being reviewed are so small, there are no specific growth projections linked to a specific area. However, the Riverside County Center for Demographic Research has made growth projections for the general unincorporated eastern county area in the Riverside County Progress Report 2007. Provided are the population projections for the eastern county unincorporated area.

Table 71 – Eastern Riverside County Population Projections, 2005-2030

2005	2010	2015	2020	2025	2030
5,266	6,246	7,093	9,806	12,125	14,208

Source: County of Riverside

Based on the data it may be expected these areas will experience an average growth rate of approximately 4.4 percent within a period of 25 years beginning in 2005.

The population in Ripley is estimated to be 400 persons. The County's General Plan land use concept focuses on community development in Ripley allowing up to two dwelling units per acre, light industrial uses, and open space. Due to the limited public services in the area significant population increases would require major water and wastewater system improvements.

Disadvantaged Unincorporated Communities (DUCs)

CSA 62's service area provides water and wastewater services and does not overlap existing agencies nor does it provide duplicate services. There are no unserved DUC areas within or adjacent to CSA 62.

Present and Planned Capacity of Public Facilities

The facilities were found to be in a satisfactory condition when last inspected by the Department of Health Services. However, as noted by the Department of Environmental Health, the water distribution system consists of six and eight-inch PVC pipe at a pressure of 45-65 psi. About 5 psi is lost in the distribution system. This does not prevent water delivery to its customers and there is no indication that the CSA is not meeting fire flow standards.

In addition, the wastewater system's waste line has been identified for the need to be modified to prevent any potential backflow problems.

Water

The CSA operates and maintains two wells, one of which is to be used only for emergency purposes. The existing water treatment plant is owned and operated by the CSA and was recently upgraded to treat high TDS, iron and manganese. There are no auxiliary water sources available to CSA 62. The main well has a capacity of 200 GPM and the entire distribution system

County Service Area 62 (Ripley)

has a capacity of 180,000 gallons of storage. There are four 20,000-gallon storage tanks and one 100,000-gallon storage tank along School Road.

Of the 317 parcels within the CSA, there are 112 existing residential water connections. The amount of water delivered to the CSA's customers has been relatively stable.

There has been no planning for projected water demands in the area.

In FY 2006-2007, as a capital improvement project, the water distribution pumping system was upgraded to a variable frequency drive pumping system that maintains the water pressure. The new pumping system is more efficient as it is no longer necessary to operate the pumps all the time. In addition, a 100,000-gallon storage tank was added to the existing water system.

The minimum monthly water rate charged by the CSA is \$25.00 per residential connection. Any water consumption over 1,000 cubic ft. is billed at \$1.13 per HCF. The annual per parcel assessment charged for multiple services is \$60.00. Also, CSA 62 has accumulated debt in a separate debt service account to pay for the maintenance and improvements of water facilities. Special taxes are collected to pay for the debt accrued. The CSA also receives a portion of the one percent tax levy.

Imported Water (Purchased)

Alternative water sources are not available to residents within CSA 62's service area.

Supply and Demand Assessment

CSA 62 is exempt from the state requirement to perform an Urban Water Management Plan (fewer than 3000 in population and less than 3000 acre-feet production annually). Therefore, no data are available to assess supply and demand. As described above (in Water), if either or both the main well or the emergency well were to fail, there are no other local sources of supply.

Wastewater/Sewer

CSA 62 serves 110 wastewater connections within Ripley. The CSA owns and operates its own wastewater treatment plant. The capacity of the WWTP is .05 MGD and it is currently treating an average daily flow of .037 MGD.

The CSA charges flat monthly sewer rates to its customers. The monthly fee per residence is \$25.00, which is comparable to City of Blythe's monthly charge of \$26.51 per residence.

Emergency Preparedness (Supply Interruption Capability)

If CSA 62's main well were to fail, alternative water sources are non-existent in the short term. There is one standby well allowed to be used only in an emergency. Instead, new wells would have to be developed in a different location.

County Service Area 62 (Ripley)

Financial Ability to Provide Services

As of June 30, 2017, the CSA was able to report a positive increase in its Cash Balance, to \$155,152, an increase of \$95,653 over June 30, 2016. However, two-thirds of that increase (\$66,201) represented a County contribution of other funds.

Accounting records for CSA 62 are not tracked and recorded as separate water and sewer funds. Combined budget information is shown in Table 72.

Table 72 – CSA 62 Financial Information

	FY 2015	FY 2016	FY 2017
Total CSA 62 Revenues	\$ 193,026	\$ 182,772	\$ 243,367
Total CSA 62 Expenditures	<u>-174,261</u>	<u>-192,241</u>	<u>-163,245</u>
Revenues minus Expenditures	\$ 18,764	\$ -9,469	\$ 80,123
Cash Balance	\$ 69,449	\$ 59,499	\$ 155,152

Source: County of Riverside Budgets (FY 2015, FY 2016, FY 2017)

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District’s water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3-Year Revenue/Expenditure Budget Trends

The CSA operates at breakeven or deficit. As annual operational shortfalls occur, Riverside County Supervisors augment revenues from other funds to maintain the CSA’s solvency.

2. Ratios of Revenue Sources

The CSA receives approximately 83 percent of its water and sewer revenues from charges and fees for services, about eight percent from special assessments, two percent from property taxes and seven percent from miscellaneous sources.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the CSA maintains in relation to the annual expenditures. The CSA’s combined cash balance ratio as of June 30, 2017

County Service Area 62 (Ripley)

was approximately 95 percent of annual expenditures. This fund ratio represents a positive ratio position and the cash balance has been increased over time.

4. Annual Debt Service Expenditures to Total Annual Expenditures

CSA 62 carries no long-term debt.

5. Rate Structures

CSA 62 water and sewer rates have remained unchanged since July 1, 2009. Water charges comprise two components. The first component is a monthly fixed charge of \$26.25. Usage of up to 15,000 gallons is included in the fixed charge. A three-tier commodity charge schedule as shown in Table 73, below applies to usage above 15,000 gallons per month.

The sewer monthly fixed rate of \$28.00 applies to all connections.

Table 73 – Adopted Water Rates – CSA 62

	FY 2017
Fixed Monthly Charge (includes up to 15,000 gallons of water use)	\$26.25
User Charge Rate 15,001 to 30,000 gallons	\$1.58/KGAL
User Charge Rate 30,001 to 60,000 gallons	\$1.62/KGAL
User Charge Rate over 60,000 gallons	\$1.67/KGAL

*Rates apply to single family, multi-family, commercial and municipal customers.

Table 74 – Adopted Sewer Rates – CSA 62

	FY 2017
Fixed Monthly Charge (up to 60,000 gallons water use)	\$26.25
Fixed Monthly Charge (over 60,000 gallons water use)	\$27.25

*Monthly fixed charge applies to all customer classes

Table 75 – Adopted Special Assessments – CSA 62

	FY 2017
Annual parcel assessment	\$60.00

6. Capital Improvement Program/Plan

CSA 62 does not maintain a formal multi-year Capital Improvement Program. Annually, capital improvement projects are adopted as a line item in the CSA's annual budget. For past four years (2015-2018) capital improvements, water and sewer combined, have averaged 13-16 percent of budgeted expenditures.

County Service Area 62 (Ripley)

7. Pension and Post-Employment Liability

The CSA employs two full-time employee positions shared between CSA 62 and CSA 122. Employees’ duties are geared toward water and wastewater services. The CSA area manager divides his time among CSAs 51, 62, and 122. There is no indication in the CASA 62 financials that there is provision for funding either pension liability or post-employment benefits.

Government Structure and Accountability

The CSA is governed by the County Board of Supervisors (BOS) and is administered by the Economic Development Agency (EDA). An advisory committee was formed to provide recommendations directly to EDA regarding CSA policy matters (BOS Policy No. A-48). Recent changes in meeting schedules have resulted in an annual Town Hall meeting where residents can address the 4th District County Supervisor with questions, comments, and concerns about all County municipal services in the Ripley region.

The County Department of Environmental Health also provides inspections of the existing water system. Inspection reports conducted by Environmental Heath describe the condition of the water system and the water quality.

Annual audits are not performed for the CSA. In addition, EDA does not post the CSA's agendas, budgets, or the list of services performed by the CSA on its website.

Table 76 – Riverside County Board of Supervisors

County Supervisor	Term Expires
Kevin Jefferies, Chairman	December 2020
V. Manual Perez, Vice Chairman	December 2022
Jeff Hewitt	December 2022
Karen Spiegel	December 2022
Chuck Washington	December 2020

Opportunities for Shared Government Services or Alternative Governance Structures

The administrative cost of EDA to the CSA is 10 percent. CSA 62's service area does not overlap existing agencies nor does it provide duplicate services. CSA 62 and 122 share office space and staff.

No cost avoidance opportunities have been identified in this review.

CSA 62 and 122 currently share the same administrative office located in the Ripley Community Center.

LAFCO Policies Affecting Service Delivery

There are no Riverside LAFCO policies specifically applying to CSA 62.

County Service Area 122 (Mesa Verde)

Overview/History

County Service Area 122 serves the unincorporated community of Mesa Verde. The community is located directly south of the Interstate 10 and the Blythe Airport, west of the City of Blythe. The area is primarily a mobile home community consisting of approximately 1,200 residents. The CSA is approximately 454 acres in size.

The CSA has an administrative office at the Roy Wilson Community Center located at 13361 Mesa Drive, Blythe, CA 92225.

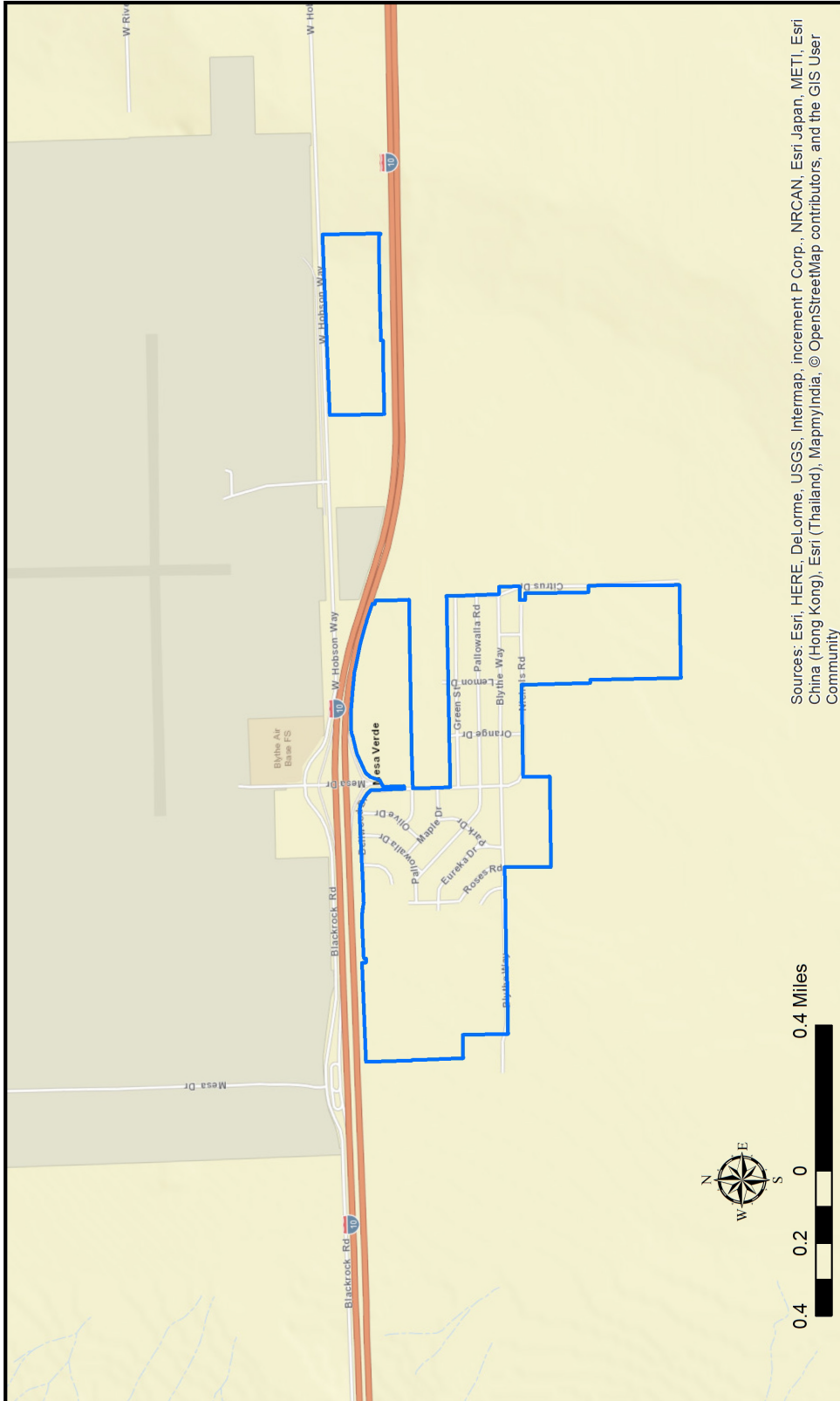
The CSA provides water and street lighting services.

For purposes of this MSR only water services are being reviewed. Mesa Verde is approximately six miles northwest of Ripley and has its own stand-alone water distribution system. This system does not have a water treatment plant. Mesa Verde utilizes one well with a capacity of 750 GPM that pumps to a 0.25 MG storage tank and distribution system. Although the groundwater in the area is high in TDS, it is not at the levels that would constitute a threat to public health and would require shutting down the existing water system.

County Service Area 122 (Mesa Verde)

Exhibit 15 – CSA 122

CSA 122 (Mesa Verde) and Sphere of Influence



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Data Sources: ROV; USGS; CA SIL

Legend

- Sphere of Influence Adopted: 2007
- District Boundary Adopted: 2008
- * Water Provided by District
- ** Sphere of Influence is Coterminous with Boundary

Map Created on March 25, 2019

County Service Area 122 (Mesa Verde)

CSA 122 - Agency Profile

General Information			
Agency Type	County Service Area Law, California Government Code §25210.1 et seq		
Date Formed	October 5, 1978		
Services	Water and street lighting services		
Service Area			
Location	East Riverside County, serving the unincorporated community of Mesa Verde west of the City of Blythe		
Square Miles/Acres	454 acres		
Total Water/Sewer Connections	300		
Population Served	1,200		
Prior MSR	2007		
Water Infrastructure/Capacity			
Facilities	Two active wells, #7 and #8. #8 is standby		
Storage Capacity	1 MG tank, .35 MG tank, and .25 MG tank		
Primary Source of Supply	Groundwater		
Water Rates (single-family home)	First 10 HCF \$21.00/month; thereafter, 3 tier rates \$.58 - \$.67 per HCF (note: last rate change in 2009-2010)		
Budget Information - FY 2017-2018 (Water & Sewer Funds)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Water Fund	\$207,299	\$207,299	\$0
Capital Expenditures	FY 2017-2018 \$20,500	Long-Term Planned Expenditures -	
Water Fund Balance/Reserves	\$120,764	As of June 30, 2017	
Agency Net Position	\$120,764		
Governance			
Governing Body	Riverside County Board of Supervisors (five members)		
Agency Contact	Michael Franklin, 951-955,6652: mfranklin@rivco.org		

Sources: 2017 Audited Financials, 2017-2018 Budget, 2007 East Riverside County Water & Wastewater MSR, Questionnaire Responses

County Service Area 122 (Mesa Verde)

Growth and Population Projections

Since the areas of CSA 51, 62, and 122 being reviewed are so small there are no specific growth projections linked to a specific area. However, the Riverside County Center for Demographic Research has made growth projections for the general unincorporated eastern county area in the Riverside County Progress Report 2007. Provided are the population projections for the eastern county unincorporated area:

Table 77 – Eastern Riverside County Population Projections

2015	2020	2025	2030	2035	2040
5,266	6,246	7,093	9,806	12,125	14,208

Source: County of Riverside

Based that data these areas will experience an average growth rate of approximately 4.4 percent within a period of 25 years beginning in 2005.

Disadvantaged Unincorporated Communities (DUCs)

CSA 122's service area provides water service and sewer is privately served and does not overlap existing agencies nor does it provide duplicate services. No DUC areas are unserved in or adjacent to the CSA SOI.

Present and Planned Capacity of Public Facilities

Water

The CSA currently services 300 water connections to an estimated 402 parcels and a population of approximately 1,200. Water demand has been similar for the past number of years (approximately 300 AFY). There has been no formal planning for projected water demands in the area.

Mesa Verde is approximately six miles northwest of Ripley and has its own stand-alone water distribution system. This system does not have a water treatment plant. Mesa Verde utilizes one well with a capacity of 750 GPM that pumps to a 0.25 MG storage tank and distribution system and has a second well for standby.

Improvements to the water conveyance system are scheduled as funds become available. Portions of the funds for improvements are generally requested as grants from the United States Department of Agriculture (USDA).

Groundwater

Although the groundwater in the area is high in TDS, it has not reached levels that would constitute a threat to public health and would require shutting down the existing water system.

County Service Area 122 (Mesa Verde)

Imported (Purchased)

Alternative water sources are not available to residents within CSA 122's service area.

Wastewater

The community of Mesa Verde uses septic systems. There is no wastewater system currently available to the community. The use of septic systems has not been found to affect the water quality in Mesa Verde.

Supply and Demand Assessment

CSA 122 is exempt from the state requirement to perform an Urban Water Management Plan (fewer than 3000 in population and less than 3000 acre-feet production annually). Therefore, no data are available to assess supply and demand. As described above (in Groundwater) if either or both Well #7 or Well #8 were to fail, there are no other local sources of supply.

Emergency Preparedness (Supply Interruption Capability)

CSA 122 now operates the water system on the Blythe Airport. The City of Blythe is no longer involved in water operations in Mesa Verde. The water system on the airport is also connected to the residential service south of the I-10 freeway. Well #7 is the primary well with well #8 set to standby in the event well #7 becomes unsuitable or inoperable.

Financial Ability to Provide Services

As of June 30, 2017, the CSA was able to report a positive increase in its Cash Balance, to \$120,765, an increase of \$118,381 over June 30, 2016. However, over a third of that increase (\$41,428) represented unbudgeted miscellaneous income. One factor contributing to the increase to Cash Balance is the sale of water to large construction projects. These commercial water sales provide a significant benefit to the CSA's cash balance but are unpredictable and cannot be relied on as a continuous source of income.

Table 78 – CSA 122 Budget Information

	FY 2015	FY 2016	FY 2017
Total CSA 122 Revenues	\$ 252,307	\$ 177,652	\$ 251,010
Total CSA 122 Expenditures	<u>-211,245</u>	<u>-216,734</u>	<u>-204,170</u>
Revenues minus Expenditures	\$ 41,061	\$ -31,081	\$ 46,840
Cash Balance	\$ 40,996	\$ 2,384	\$ 120,765

CSA 122's 2015, 2016 and 2017 Budgets

County Service Area 122 (Mesa Verde)

There are seven primary areas of criteria that may be utilized to assess the present and future financial condition of the District's water and sewer service operations:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratio of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Rate Structures
6. Capital Improvement Program
7. Pension Liability and Other Post-Employment Benefits (OPEB) Liability

These are discussed below.

1. 3-Year Revenue/Expenditure Budget Trends

The CSA operates at breakeven or deficit. As annual operational shortfalls occur, Riverside County Supervisors augment revenues from other funds to maintain the CSA's solvency.

2. Ratios of Revenue Sources

CSA 122 receives about 80 percent of its water revenues from charges and fees for services, no revenue from property taxes, and about 20 percent from special parcel assessments.

3. Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the CSA maintains in relation to the annual expenditures. The CSA's combined cash balance ratio at June 30, 2017 was approximately 58 percent of annual expenditures. This fund ratio represents a positive ratio position and the cash balance has been increased over time.

4. Annual Debt Service Expenditures to Total Annual Expenditures

CSA 122 carries no long-term debt.

5. Rate Structures

Current water rates are \$21.00 per month per residence. Water consumption over 1,000 cubic feet charged between \$0.58 and \$0.67 per HCF. An additional per parcel annual assessment of \$110.00 is charged to residents within the CSA.

County Service Area 122 (Mesa Verde)

Table 79 – Adopted Water Rates* – CSA 122

	FY 2017
Fixed Monthly Charge (includes up to 10,000 CF of water use)	\$21.00
User Charge Rate 10,001 to 37,400 cubic feet	\$0.58/HCF
User Charge Rate 37,401 to 59,840 cubic feet	\$0.63/HCF
User Charge Rate over 59,841 cubic feet	\$0.67/HCF

*Rates apply to all customers

6. Capital Improvement Program/Plan

CSA 122 does not maintain a formal multi-year Capital Improvement Program (CIP). Annually, capital improvement projects are adopted as a line item in the CSA's annual budget. For past four years (2015-2018) capital improvements have averaged about seven percent of budgeted expenditures. This rate of CIP compares favorably with average water utility asset depreciation rate of approximately four percent (25 year average life).

7. Pension and Post-Employment Liability

The CSA employs two full-time employee positions shared between CSA 62 and CSA 122. Employees' duties are geared toward water and wastewater services. The CSA area manager divides his time among CSAs 51, 62, and 122. There is no indication on the CSA 122 financials that there is provision for funding either pension liability or post-employment benefits.

Government Structure and Accountability

The CSA is governed by the County Board of Supervisors (BOS) and is administered by the Economic Development Agency (EDA). An advisory committee was formed to provide recommendations directly to EDA regarding CSA policy matters (BOS Policy No. A-48). The Board policy grants the committee the responsibility to review and comment on: (1) the service level of the CSA, (2) CSA projects, plans and priorities, and (3) the need or potential for increased special services and/or additional services. Committee members participate in the annual budget process as they are allowed to comment and review the budget. It is EDA's responsibility to develop an annual budget. Public meetings for CSA 122 are held every third Thursday of even numbered months, with the exception of summer months. Notice to the meetings is posted at the CSA's office. The advisory members have eight-year memberships.

The County Department of Environmental Health also provides routine inspections of the existing water system. Inspection reports conducted by Environmental Health describe the condition of the water system and water quality.

County Service Area 122 (Mesa Verde)

Table 80 – Riverside County Board of Supervisors

County Supervisor	Term Expires
Kevin Jefferies, Chairman	December 2020
V. Manual Perez, Vice Chairman	December 2022
Jeff Hewitt	December 2022
Karen Spiegel	December 2022
Chuck Washington	December 2020

Opportunities for Shared Government Services or Alternative Governance Structures

The administrative cost of EDA to the CSA is 10 percent. CSA 122's service area does not overlap existing agencies nor does it provide duplicate services. CSA 62 and 122 share office space and staff. CSA 62 and 122 currently share the same administrative office located in the Ripley Community Center.

LAFCO Policies Affecting Service Delivery

There are no Riverside LAFCO policies that apply specifically to CSA 122.

5. Municipal Service Review Determinations - Coachella Valley/Eastern Region

1. Growth and population projections for the affected area

Projections of growth were provided by the agencies, Census data, Urban Water Management Plans, Sewer Master Plans and other resources indicate that significant growth will occur throughout Riverside County's Coachella Valley/Eastern Region over the next 20 years. Of the principal cities in the region, only the City of Palm Springs is expected to experience low to moderate growth in population. Four agencies, the Chiriaco Summit County Water District (CSCWD) and the three CSAs (51, 62 and 122), are projected to experience very limited population growth. The Coachella Valley WD is projected to have a population growth of over 80 percent over the next twenty years.

2. Location and characteristics of any disadvantaged communities within or contiguous to the sphere of influence

Within the Coachella/Eastern County Region, Riverside LAFCO has identified a number of disadvantaged unincorporated communities (DUCs) within or contiguous to the agency spheres of influence. All identified DUCs are currently provided water and sewer service by existing agencies through contract or have the opportunity to connect to such services in the future should homeowners elect to do so. Identified DUCs in the Coachella/Eastern County Area in or adjacent to their SOI:

Adjacent to the City of Blythe

- 1) 10th Ave./N. Broadway Ag area
- 2) Colorado River Rd. Area

Cathedral City

- 1) San Miguel Dr.
- 2) Tri Palm Estates Country Club
- 3) Ivey Ranch area

City of Coachella and Coachella Valley WD

- 1) 54th Ave./Harrison Street
- 2) Thermal
- 3) Fillmore St./54th Street
- 4) Fillmore St./Airport Blvd. Area
- 5) Indio Hills Area
- 6) Mecca Area
- 7) North Shore Area

- 8) Oasis Area
- 9) Vista Santa Rosa Area

City of Desert Hot Springs and Mission Springs WD

- 1) Dillon Rd./N. Indian Canyon Drive combined with North Palm Springs
- 2) Mission Lakes country Club
- 3) Palm Dr./Dillon Rd.

City of Palm Springs:

- 1) Dillon Rd./N. Indian Canyon Dr. (Carefree MHP).

Desert Water Agency:

- 1) Cabazon Area DUC near Interstate 10, about six miles east of the City of Banning
- 2) Cherry Valley Area DUC near the northern edge of the City of Beaumont between the Cities of Calimesa and Banning
- 3) Whitewater Area DUC near Interstate 10, approximately three miles west of the City of Palm Springs

Valley Sanitary District:

- 1) Carver Tract Area DUC, south of Interstate 10, and west of the SR 86

3. 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

Based on expected supplies from the Colorado River and the State Water Project as well as through data and reports supplied by the agencies (such as urban water management plans and replenishment strategies and plans), the water service providers within the Coachella Valley/Eastern Region have adequate groundwater resources to meet future needs.

Similarly, wastewater providers, through upgrading existing facilities and constructing new facilities, can also meet future wastewater needs within the region. The agencies generally adequately address infrastructure needs and deficiencies through master plans, Capital Improvement Plans and other long-range planning documents. As stated above, identified DUCs in the Coachella Valley/Eastern Region are currently provided water and sewer service or have the opportunity to connect to such services in the future. Isolated agencies, such as CSCWD and CSAs 51 and 122 rely upon the use of septic systems.

4. Financial ability of agencies to provide services

The agencies prepare comprehensive annual budgets, maintain annual Capital Improvement Plans, and maintain adequate and appropriate reserves. Very small agencies

(i.e., County CSAs and Chiriaco Summit CSD) are financially subsidized by the County and/or eligible for infrastructure grant/low interest funding. For most of the agencies within the Coachella Valley/Eastern Region, other than CSA 51, the amount of reserves held is matched to CIP and other infrastructure improvements. CSA 51 has operated often in a deficit and the County has augmented funding from other sources. Chiriaco Summit CWD reports that it does not have a formal CIP but is developing one in 2019. All agencies reviewed reported unqualified audits prepared in accordance with generally accepted accounting standards.

5. Status of, and opportunities for, shared facilities

There is extensive agency collaboration within the Coachella/Eastern County Region. Excess capacity, facilities and staff are made available whenever possible. The agencies increase opportunities for shared facilities through joint powers agreements, inter-ties, service agreements and industry groups. Some examples include:

City of Blythe: The City has a formal mutual aid agreement with Riverside County Fire Department and CAL FIRE; the City coordinates operations and maintenance with the Palo Verde ID where needs occur.

City of Coachella: The Coachella Valley Regional Water Management Group (CVRWMG) was formed in 2008 for coordinating the water resources planning activities of the five Coachella Valley public water suppliers, including the Coachella Water Authority.

City of Indio: The City of Indio is a member of the Eastern River Interoperable Communications Authority (ERICA) to assist members in meeting public safety communication needs; the Coachella Valley Water District has emergency intertie connections with the Indio Water Authority and the City of Coachella; the City also participates in the East Valley Reclamation Authority (EVRA) and the Coachella Valley Regional Management Group (CVRWMG)..

City of Palm Springs: Agreements signed in 1977, including subsequent amendments, allow the Agua Caliente Band of Cahuilla Indians (ACBCI) and the City of Palm Springs to work closely together on development projects on reservation lands.

Coachella Valley Water District: The District is a contractor of the State Water Project (SWP) and a Colorado River water importer through water rights and contracts with the federal government; CVWD has an agreement to treat sewage flows from a portion of the Desert Water Agency (DWA) service territory; the District is a member of the Coachella Valley Regional Water Management Group (CVRWMG), which coordinates the water resources planning activities of the five Coachella Valley public water suppliers.

Desert Water Agency: The District is a member of the Coachella Valley Regional Water Management Group (CVRWMG) which coordinates the water resources planning activities of the five Coachella Valley public water suppliers.

Mission Springs Water District: The District is a member of the Coachella Valley Regional Water Management Group (CVRWVG) which coordinates the water resources planning activities of the five Coachella Valley public water suppliers.

Palo Verde Irrigation District: On September 1, 2005, the District entered into the Lower Colorado River Multi-Species Conservation Program with nine other participating California agencies and one investor-owned utility. This agreement is intended to meet California's funding requirement for a 50-year, \$628,180,000 comprehensive species conservation and habitat management program.

Valley Sanitary District: On December 18, 2013, the District entered into a joint powers agreement with the City of Indio to form the East Valley Reclamation Authority (the "JPA") to plan, program, finance, design and operate a reclaimed water facility to bring a sustainable water supply and manage the water resources for the customers of the Indio Water Authority (a blended component unit of the City) and the District.

County Service Area 62 (Ripley): CSA 62 and 122 currently share the same administrative office located in the Ripley Community Center.

County Service Area 122 (Mesa Verde): CSA 62 and 122 currently share the same administrative office located in the Ripley Community Center.

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

The governing bodies of the agencies are locally accountable through adherence to applicable government code sections, open and accessible meetings, and dissemination of information. With the exception of Chiriaco Summit County Water District, CSA 51, CSA 62 and CSA 122, that are very small agencies, all agencies have websites, which help to promote transparency and accountability as well as allowing public oversight of agency activities.

The Imperial Irrigation District (IID) serves electrical services only in the SOI area in Riverside County, outside of its agency boundary of Imperial County. Customers in Riverside County do not have elected representatives on the IID Board of Directors but cities served nominate representatives to an advisory Board who provide input to the District Board. This issue has been in the news in 2018-19 with no resolution being discussed. In 2006, Riverside LAFCO approved the SOI and a recommendation that IID apply to annex territory in Riverside County. No application has been submitted to date.

None of the agencies reviewed expressed interest in reorganization reviews as being opportunities for their agency.

Some agencies lack mapping capabilities. All agencies are encouraged to develop standardized mapping systems and submit updated maps to LAFCO on a regular basis.

7. **Any other matter related to effective or efficient service delivery, as required by commission policy**

No other matters related to effective or efficient service delivery were identified under Commission policy.

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