



TUOLUMNE UTILITIES DISTRICT

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Superior Court of California
County of Tuolumne
60 North Washington Street
Sonora, CA 95370

Superior Court of California
County of Tuolumne
By: *[Signature]* Clerk

Dear Judge DuTemple:

Thank you for the opportunity to comment on the 2011-12 Grand Jury Report. Our response is made in accordance with the requirements stated on your June 26th, 2012 report transmittal letter.

There are two sections in the report which contain statements regarding the Tuolumne Utilities District (TUD). **First, the section titled: Update: Tuolumne City Sanitary District (TCSD).** TCSD states that the merger of TUD and TCSD would not take place. Although this statement may have been made by representatives of TCSD, this decision has never formally been taken up by the TUD Board of Directors. Following several months of discussion between the parties, as well as analysis of the TCSD system and finances by TUD Engineering, Operations, management and finance staff, it was determined by TUD management that the current rates being charged by TCSD were inadequate to fully fund the cost of operation, maintenance, improvement, debt service and replacement of the system. The policy and practice of TUD is to not burden existing ratepayers with the additional cost of acquiring a system which is determined to be underfunded.

In addition to the system analysis, TUD management participated in multiple TCSD Board meetings, assisted in drafting LAFCO application documents, assisted in securing state inspections and permits and has/continues to assist in operation of this complex wastewater treatment system. TUD management has never been made aware of any (individual) Board member statements that the merger was infeasible at this time, and if such did occur, this statement was not based on any formal action of the TUD Board of Directors or direction from TUD management staff.

Second section titled: Twain Harte Interceptor

TUD disagrees with Finding F-1. TUD believes that the Jury has overstated some of the facts pertaining to the Twain Harte Interceptor. Finding F1 states that the Interceptor "is reaching its limits". TUD does not believe that the Interceptor "is reaching its limits" nor do we believe that was stated to the Jury by TUD staff. Finding also states that each hook-up "weakens the line and increases the potential for a major spill." Although a hook-up may not strengthen the interceptor, it does not necessarily increase the potential for a spill of any size.

TUD disagrees with Finding F-2. Finding F2 states a "major catastrophe" would occur if the interceptor were to fail. The impact of damage to the interceptor would vary in proportion to the size, location and timing of the problem. TUD has on hand portable pumping and piping capabilities, to address the potential need to pump sewage around a damaged section. Additionally, the ongoing TUD maintenance and inspection programs of the interceptor are designed to minimize the potential for damage. TUD possesses equipment and has in place procedures and qualified staff to rapidly contain and remove spilled material, as well as to clear blockages or repair a ruptured pipeline. In addition, the water supply for Sonora and Jamestown can be supplied from a ditch and pipeline which bypasses Phoenix Lake.

TUD agrees partially with Finding F-3. Although TUD has identified some potential solutions to the maintenance difficulty associated with the inverted siphon, which is the primary concern rather than outright failure, these solutions may not be the only solutions available, and may not be the most forward thinking or long-term cost-effective solutions. Due to ever changing state regulations, changes in customer growth, customer distribution, property occupancy rates, grant availabilities, and TUD cash flow and funding priorities, these types of high cost projects, which result in direct costs to customers, are considered very carefully and with long range vision.

Recommendation R-1 – TUD has implemented and is in compliance with this recommendation. Currently under the TUD Wastewater Ordinance Section 3.02.3, no parcel is allowed to connect to the interceptor without a letter from the Tuolumne County Resources Agency Environmental Division stating that "the connection is necessary because the existing condition constitutes either a) a health hazard, or b) measured degradation of water quality to surface and ground waters in the area." This practice has been followed by staff and the TUD Board of Directors. This Section of the TUD Ordinance also states "No variances are allowed for new construction." As additional reinforcement of this practice, TUD will send a letter to the Tuolumne County Resources Agency Environmental Division restating the ordinance section and the importance of limiting access to the interceptor. It is important to point out that removal of a failing septic system anywhere within the Phoenix Lake watershed is of benefit to both those within the watershed and those who drink water from the Sonora water treatment plant. Reducing the number of failing septic systems will, in the long term, reduce water treatment costs there by saving TUD ratepayers money.

Recommendation R4 – This recommendation requires significant further analysis. This analysis would need to address;

- Development of a project plan which addresses the most long-term, cost-effective solution to serve the community rather than focusing only on replacement of the interceptor siphon, which may only meet a limited portion of the future community needs for a short period of time
- The sizing and location of a replacement interceptor necessary to serve full build out of the area for which the interceptor was initially designed. Full build out of this area will likely include significantly increased amounts of sewage generated due to the future conversion to of existing community members on septic systems to public sewers within the basin
- Impacts to the recycled water system and the need for additional storage and disposal sites
- The multiple benefits for both existing community members on septic systems and treated water customers that receive water from Phoenix Lake

It is also necessary to note that this magnitude of project could only be implemented after voter approval for the funding of the project.

This matter will be prepared for discussion by the District General Manager and Board of Directors within six months of publication of the report. Understand, however, that completion of the above mentioned analysis, if undertaken, could take several years and cost TUD ratepayers, and possibly others within the Phoenix basin, well over a million dollars to complete.

Sincerely,



Barbara J. Bales
Board of Directors, President