

EXHIBIT “A”

2013

MUNICIPAL

SERVICE REVIEW

FOR THE

TWAIN HARTE

COMMUNITY SERVICES DISTRICT

(July 2013)
Tuolumne County LAFCO

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2013
MUNICIPAL SERVICE REVIEW FOR THE
TWAIN HARTE COMMUNITY SERVICES DISTRICT

1.0 INTRODUCTION

1.1 LAFCO's Responsibilities, Spheres of Influence and Municipal Service Reviews

This Municipal Service Review (MSR) has been prepared for the Tuolumne County Local Agency Formation Commission (Tuolumne County LAFCO). Local Agency Formation Commissions are quasi-legislative local agencies created in 1963 to assist the State in encouraging the orderly development and formation of local agencies. A Local Agency Formation Commission is established in each County in the State.

This MSR consists of a review of water, sewer, fire protection, park and hydroelectric generation services as provided by the Twain Harte Community Services District (THCSD). The MSR will be considered by the LAFCO in a subsequent review of the Sphere of Influence of the THCSD.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) is the statutory authority for the preparation of an MSR, and periodic updates of the Sphere of Influence of each local agency.

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

The statute and regulations call for a review of the municipal services provided in the county or other appropriate area designated by the LAFCO. The LAFCO is required, as part of the MSR, to prepare a written statement of findings of its determinations with respect to each of the following:

1. Infrastructure needs or deficiencies;
2. Growth and population projections for the affected area;
3. Financing constraints and opportunities;
4. Cost avoidance opportunities;
5. Opportunities for rate restructuring;
6. Opportunities for shared facilities;
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
8. Evaluation of management efficiencies;
9. Local accountability and governance;

10. The location and characteristics of any disadvantaged unincorporated community within or contiguous to the sphere of influence; and
11. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal water and fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

The Municipal Service Review precedes LAFCO action on a Sphere of Influence. Given the close relationship between an MSR and Sphere of Influence creation, amendment or update, the Sphere of Influence is discussed in more detail below.

1.2 Sphere of Influence

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the LAFCO to update the Spheres of Influence for all applicable jurisdictions in the County.

Local governmental agencies, special districts and municipalities must have an adopted Sphere of Influence (SOI) boundary and territory that define the probable future boundary and service area of the agency. Inclusion of a particular area within an agency's SOI does not necessarily mean that the area will eventually be annexed. The Sphere of Influence is only one of several factors LAFCO must consider in reviewing individual proposals, such as an application for an annexation to a district. (California Government Code Section 56668).

In determining the Sphere of Influence for each local agency, LAFCO must consider and prepare a written statement of determinations with respect to each of 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 which the agency provides, or is authorized to provide; and
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.

1.3 LAFCO Policies and Procedures Related to Municipal Services

The Tuolumne County LAFCO adopted policies related to Municipal (urban) services on November 26, 2001.

1.4 Description of Public Participation Process

Tuolumne County LAFCO is a legislative body authorized by the California Legislature and delegated powers as stated in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act). The LAFCO proceedings are subject to the provisions of California's open meeting law, the Ralph M. Brown Act (Government Code Sections 54950 et seq.) The Brown Act requires advance posting of meeting agendas and contains various other provisions designed to ensure that the public has adequate access to information regarding the proceedings of public boards and commissions. Tuolumne County LAFCO complies with the requirements of the Brown Act.

Each municipal service review will be prepared as a draft, and will be subject to public and agency

comment prior to final consideration by the Tuolumne County LAFCO. The contents of this review are based primarily upon the information provided in the "Request for Information for Municipal Service Reviews" completed for the Twain Harte Community Services District by Jeanne Lawton, board secretary, Rob Perry, Operations Manager, and Scot A. Moody, General Manager of the THCSD.

1.5 California Environmental Quality Act (CEQA)

The Municipal Service Review is a planning study that is statutorily exempt from environmental review pursuant to Section 15262 of the *State CEQA Guidelines*. The Municipal Service Review will be considered by LAFCO in connection with subsequent proceedings regarding the THCSD Sphere of Influence. The Sphere of Influence review or update that would follow is a project and as such, may be subject to CEQA consideration.

2.0 SERVICE AREA SETTING

2.1 Location

The Community of Twain Harte is located approximately 10 miles east of the City of Sonora on State Highway 108. The THCSD service area encompasses the community of Twain Harte and the Sherwood Forest Subdivision. Property owners within the District boundaries and those receiving general services such as water, sewer, park and fire protection services are considered customers of the district. The THCSD also serves customers outside of the agency's boundaries. The THCSD has multiple out-of-district agreements for both water and sewer services. These agreements were enacted following a property owner's request for utility services and agreement by Tuolumne Utilities District (TUD). The Fire Department in the THCSD routinely provides fire protection/suppression and rescue response outside the District boundaries under Automatic Aid Agreements. The park facilities provided by THCSD are routinely utilized by persons who live outside the District.

2.2 General Background

The THCSD, encompassing the community of Twain Harte and the Sherwood Forest Subdivision, and consisting of 1,571 customers, was created on August 1, 1996. This District is in the unincorporated area of Tuolumne County. The area within the district boundary of the THCSD consists mostly of residential, recreational and commercial uses. The area has the Recreation and Parks (R/P), Public (P), Rural Residential (RR), Homestead Residential (HR), Estate Residential (ER), Low Density Residential (LDR), Medium Density Residential (MDR), High Density Residential (HDR), General Commercial (GC), and Mixed Use (MU) General Plan Land Use designations based upon the Tuolumne County General Plan. The area within the THCSD Sphere of Influence contains a combination of residential, commercial and recreational land uses.

Future development will be based upon designated land uses and the ability of the THCSD to serve the area with water, sewer, fire protection and park and recreation services and meet the development requirements of the County of Tuolumne.

The formation of the THCSD was the result of a reorganization consisting of the dissolution of the Twain Harte Fire Protection District, Tuolumne County Water District No. 1 and the Twain Harte Park and Recreation District and formation of the THCSD. This reorganization forming the THCSD was approved by the LAFCO through the adoption of Resolution No. 186 on May 29, 1996 and finalized on August 1, 1996 under California Government Code Section 61000 et seq. The THCSD was approved to provide water, sewer, fire protection, park/recreation and hydroelectric services. The Sphere of Influence for the THCSD was established at the same time as the Community Services District. There have not been any changes to the THCSD's Sphere of Influence since its

establishment. The existing Sphere of Influence boundary extends beyond the existing THCS boundary.

The customers within the THCS are tracked by the number of water and sewer connections and by Assessor's Parcel Numbers for fire assessment purposes. Currently, approximately 1,571 customers are receiving services, the majority of which are single family residences.

2.3 Review of Current Management Structure

The THCS is governed by a five member Board of Directors and staffed by 13 full-time employees, 3 part-time employees and 16 volunteer employees. At the top of the Twain Harte Community Services District Organizational Chart are the five members of the elected Board of Directors. Directly below the Board, is the General Manager of the THCS, who is responsible for overseeing the day to day operations of the THCS. Four positions report directly to the General Manager, which include the Board Secretary, the Finance Officer, the Operations Manager and the Fire Chief.

3.0 EXISTING MUNICIPAL SERVICES AND PROVIDERS

LAFCO, pursuant to Government Code Sections 61100 and 56425 (h), acknowledges that the THCS provides the following services to the area of Twain Harte:

1. Water treatment and distribution [GC §61100(a)];
2. Sewer collection [GC §61100(b)];
3. Structural and wildland fire suppression, technical rescue and emergency medical services except ambulance [GC §61100(d) and (n)];
4. Parks and recreation [GC §61100(e) and (f)];
5. Acquire, construct, improve, maintain and operate community facilities [GC §61100(s)]; and
6. Hydroelectric generation [GC §61100(u)].

No other services may be provided by the THCS without first securing approval by the LAFCO. The THCS does not operate hydroelectric generation facilities at this time.

Other service providers/districts encompassing the Twain Harte area include:

County of Tuolumne
Tuolumne Utilities District (water or sewer)
Tuolumne County Resource Conservation District
County-wide County Service Area No. 21 (ambulance)

The THCS has a significant degree of interdependence with the surrounding area due to the services provided and the mutual aid provided to all other fire protection agencies in the County and the Automatic Aid provided to Mi-Wuk Sugar Pine Fire Protection District (FPD), Tuolumne Fire District and Tuolumne County Fire Department. Additionally, THCS has in effect a local agreement with the US Forest Service, Stanislaus National Forest, to provide staff from the THCS to two (2) federal incident management teams. The District also has a Mutual Agreement with the Tuolumne Utilities District to provide water via an interconnection between potable water systems. Under emergency and non-emergency conditions, potable water can be provided by either agency to the other.

The THCSD operates a wastewater collection system that includes discharging wastewater into the Tuolumne Utilities District system for treatment. The THCSD also has a potable water treatment and distribution system. The Manager/Superintendent of the Twain Harte Water Plant is Rob Perry. There are five employees who are state certified as water treatment plant operators and water distribution operators; four of these five are certified as sewer collection operators.

3.1 Potable Water Service

The THCSD provides potable water services to approximately 1,571 service connections within the THCSD boundaries. The THCSD operates a surface water treatment plant, receiving raw water from the ditch system owned and operated by the Tuolumne Utilities District. Treated water is distributed to customers through a metered service. In January 2012, all the water meters in the district were replaced with new radio-read type of meters.

3.2 Water Source

The District receives all water for municipal purposes from Lyons Dam through the ditch system. The water originates in the Sierra Nevada Mountains as snowmelt and rain, which flows down into Lyons Reservoir and is delivered to Twain Harte via the Tuolumne Ditch System. The water is drawn from the Section IV Ditch at 23363 Mountain Road. The District operates a surface water treatment plant, receiving raw water from the ditch system owned by TUD. Raw water is pulled from the ditch and processed through the plant. From the plant, the treated water travels to the THCSD's distribution system through the underground transite and PVC piping in the roads.

3.3 Water Storage

The THCSD maintains six water storage tanks with a combined storage capacity of approximately 2.5 million gallons.

3.4 Water for Fire Flows

The THCSD provides fire flows up to 3,000 gallons per minute. There are a total of 182 fire hydrants in the THCSD.

3.5 Wastewater Facilities

The THCSD is authorized by LAFCO to collect, treat, and dispose of sewage, wastewater, recycled water, and storm water pursuant to Sections 61100 and 56425(h) of the Government Code. The District provides sewer collection services to approximately 1,428 service connections within the THCSD boundaries. The sewage is discharged into the Tuolumne Utilities District (TUD) sewer system near Twain Harte Lake and treated in the TUD regional wastewater treatment plant (RWWTP) in Sonora.

The treatment plant is owned and operated by TUD. The treatment plant consists of screening, primary classification/solids digestion, aerated pond and a ballast pond. The treatment plant consists of primary and secondary treatment. The RWWTP was designed to meet an average demand of 2.6 million gallons per day (mgd) average daily dry weather flow. Current flows to this plant are approximately 1.6 million gallons per day average daily dry weather flow.

The current treatment plant was designed for periodic expansions up to a maximum capacity of 5.2 mgd. The expansion process is planned to begin when the plant reaches 80 percent of its capacity (approximately 2.0 mgd). Expanded facilities would include additional primary and secondary clarifiers, an additional trickling filter, an additional anaerobic digester and a centrifuge unit and/or

drying beds. Land currently owned by TUD is available for this expansion.

3.6 Wastewater Regulatory Environment

The California Regional Water Quality Control Board adopted Order No. 86-021 in 2005, which pertains to the TUD's Regional Wastewater Treatment Plant in Sonora. The requirements of this order include the regulation of effluent temperature, pH, and maximum dry weather discharge flows into Woods Creek. The TUD is trying to reduce and/or eliminate discharges into Woods Creek through the acquisition of land for treated effluent disposal. There are currently 713 acres available for treated effluent disposal.

3.7 Fire Protection Services

The THCSO is authorized by LAFCO to provide fire protection services, rescue services, hazardous material emergency response services, and emergency medical services pursuant to Sections 61100 and 56425 of the Government Code. The THCSO provides mutual aid to all other fire protection agencies in the County. Automatic aid is provided to Mi-Wuk Sugar Pine Fire Protection District, Tuolumne Fire District and the Tuolumne County Fire Department. Twain Harte Fire and Rescue is a division of the THCSO and it is staffed on a full time basis. The THCSO Fire Department includes a combination of 19 paid and volunteer personnel. The Fire Department provides a wide variety of emergency services, which include structural and wildland fire protection, basic life support, emergency medical services, automatic external defibrillation, vehicle extrication and rope rescue services. The THCSO operates two engines, one light rescue truck and two administrative vehicles out of a single station located on Cedar Drive in Twain Harte. The THCSO is in the process of obtaining a new fire apparatus (truck). The THCSO maintains an Insurance Services Office (ISO) rating of 4.

3.8 Parks and Recreational Services

The THCSO operates Eproson Park, which contains a baseball field, stage, concession stand, restrooms, youth playground, Skateboard Park, community garden and a picnic area. The THCSO also operates the Community Center/American Legion Hall and Twain Harte Tennis Courts. A new Twain Harte Trail around the golf course was completed in 2011. In June of 2006, a property assessment was passed by the residents of the THCSO to help fund park activities and improve and maintain local parks and recreational areas within the District. This property assessment is continued each year as approved by the THCSO board of directors. The property assessment is still in effect for this year.

3.9 Hydroelectric Generation

The THCSO is authorized to acquire, construct, improve, maintain and operate hydroelectric power generating facilities and transmission lines, consistent with the District's water supply and wastewater operations. The power generated is used for the District's purposes or sold to a public utility or another public agency that generates, uses or sells electrical power.

THCSO currently owns a 27 kilowatt hydroelectric generator on Shadybrook Reservoir. Water from the TUD ditch system is used to operate the hydroelectric generator. The generator has been off line for many years and is still off line. THCSO considered upgrading and operating the hydroelectric facilities, but because of water constraints it is not feasible to operate the facility.

4.0 ZONING AND LAND USE

The area within the THCSO district boundary is zoned R-1 (Single-family Residential), R-2 (Medium Density Residential), R-3 (Multiple-family Residential), RE-2 (Residential Estate, Two Acre

Minimum), RE-5 (Residential Estate, Five Acre Minimum), C-0 (Neighborhood Commercial), C-1 (General Commercial), MU (Mixed Use), K (General Recreation), O (Open Space), and P (Public).

The area has the Recreation and Parks (R/P), Public (P), Rural Residential (RR), Homestead Residential (HR), Estate Residential (ER), Low Density Residential (LDR), Medium Density Residential (MDR), High Density Residential (HDR), General Commercial (GC), and Mixed Use (MU) General Plan Land Use designations based upon the Tuolumne County General Plan. The THCS D district contains a combination of residential, recreational and commercial land uses and densities.

5.0 MUNICIPAL SERVICE REVIEW

The Cortese-Knox-Hertzberg Act identifies eleven factors, listed in Section 1.1 above, to be addressed when preparing a Municipal Service Review. For each factor, information is gathered and analyzed, with written determinations prepared for LAFCO's consideration. This Service Review will be used as an information base to update the THCS D's Sphere of Influence, including any annexation considerations, and provides a basis for the public, County and LAFCO to discuss changes to the Sphere of Influence.

5.1 Infrastructure Needs and Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities and service quality.

Given the level of development planned for Twain Harte, improvements to the sewer and water systems may be required for further development within the THCS D and Sphere of Influence. Due to land availability, the THCS D should expect continued development within its boundaries.

5.1.1 Water Infrastructure Needs and Deficiencies

The water treatment and distribution system is under the jurisdiction of the State of California Department of Health Services. The THCS D water system is in good condition. The THCS D provides maintenance service to its water system. The THCS D currently serves 1,571 connections, which includes 1,493 general and residential connections and 77 commercial connections. In January 2012, all the water meters in the District were replaced with radio-read type of meters. The 2011 Annual Report to the Drinking Water Program for the year ending December 31, 2011 indicated that there were no plant problems, process failures, or major shutdowns that were experienced in 2011.

5.1.2 Wastewater Infrastructure Needs and Deficiencies

The THCS D currently serves 1,428 connections (residential, commercial, and recreational) within the THCS D boundaries. Most individuals who live in the THCS D live there on a permanent basis.

The THCS D's collection system consists of approximately 30-year old clay piping; some of the new developments are PVC piping. The THCS D repairs the system as needed. There was no written record found of problems with this system.

THCS D personnel hold licenses and certifications to run a wastewater collection and storage facility.

5.1.3 Fire Protection Needs and Deficiencies

The THCSO currently provides fire protection services and emergency response to a population of 2,226. The THCSO provides mutual aid to all other fire protection agencies in the County. The THCSO maintains an Insurance Services Office (ISO) rating of 4, which is an excellent rating for a rural fire protection organization. In 2002, voters approved a special Fire & Rescue tax which is capped at \$4.75 per benefit unit and has no sunset date. On July 14, 2011, a Fire Protection & Emergency Response property assessment was approved by voters and can also continue each year with no sunset date.

5.1.4 Parks and Recreation Needs and Deficiencies

The THCSO operates a public park known as Eproson Park which contains a baseball field, stage, concession stand, restrooms, youth playground, Skateboard Park, community garden and a picnic area. The THCSO also operates the Community Center/American Legion Hall and Twain Harte Tennis Courts. The park and recreational facilities provided by the THCSO are adequate for the local population. In addition, the Community Center/American Legion Hall is available to rent for private events. The THCSO is in the process of evaluating the potential to provide senior and/or youth services at the Community Center. Providing such services would enhance and improve the recreational services provided by the District.

5.1.5 Hydroelectric Generation Needs and Deficiencies

The THCSO owns a 27 kilowatt hydroelectric generator. The generator has not been in operation for many years. Prior to the District resuming operating the hydroelectric generator, upgrades will be necessary. The hydroelectric generator has the capacity to transmit enough electricity into the PG&E grid to power several homes when it is in operation.

5.1.6 Written Determinations Regarding Infrastructure Needs and Deficiencies:

5.1.6.1 Water Infrastructure Needs and Deficiencies

1. The THCSO's water system is in good condition.
2. The THCSO has the ability and capacity to serve all parcels in its district with appropriate water flow levels.
3. The THCSO's water delivery infrastructure is approximately 35 years old.
4. In the future, replacement of infrastructure may be necessary.

5.1.6.2 Wastewater Infrastructure Needs and Deficiencies

1. The THCSO wastewater treatment system is capable of serving the current 1,428 residential and commercial connections.
2. The TUD regional wastewater treatment plant was designed to meet an average demand of 2.6 million gallons per day (mgd) average daily dry weather flow. Current flows to this plant are approximately 1.6 million gallons per day average daily dry weather flow. The current treatment plant was designed for periodic expansions up to a maximum capacity of 5.2 mgd. The expansion process is planned to begin when the plant reaches 80 percent of its capacity (approximately 2.0 mgd). The TUD plant has the capacity to receive effluent

from the THCSD system.

3. TUD operates under California Regional Water Quality Control Board Order No. 86-021, which regulates effluent temperature, pH, and maximum allowed flows to be discharged to the ponds. The TUD will continue to provide accurate waste flow information to the RWQCB, including wet weather flows.

5.1.6.3 Fire Protection Needs and Deficiencies

1. The Twain Harte Fire Department is capable of serving the residents of Twain Harte and providing Automatic Aid to the Mi-Wuk Sugar Pine Fire Protection District, Tuolumne Fire District and the Tuolumne County Fire Department.
2. The Twain Harte Fire Department is staffed on a full time basis with 19 paid and volunteer personnel.
3. The Twain Harte Fire Department operates two engines, one light duty rescue truck and two administrative vehicles out of a single station.
4. The Twain Harte District maintains an Insurance Services Office (ISO) rating of 4, which is excellent for a rural fire protection organization.

5.1.6.4 Parks and Recreation Needs and Deficiencies

1. The park and recreation services provided by the THCSD are adequate for the District.
2. The THCSD operates Eproson Park, the Twain Harte tennis courts and the Community Center/American Legion Hall.
3. The THCSD is currently evaluating the possibility of providing senior and/or youth services at the Community Center.

5.1.6.5 Hydroelectric Needs and Deficiencies

1. The THCSD is authorized to acquire, construct, improve, maintain and operate hydroelectric power generating facilities and transmission lines.
2. The THCSD owns a 27 kilowatt hydroelectric generator. Water from the TUD ditch system is used to operate this generator. The generator has not been in use for many years and is still off line. When operating, the generator has the ability to provide electricity to the PG&E grid to power 200 homes.

5.2 Growth and Population

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

5.2.1 Growth and Population in Twain Harte

According to the Tuolumne County Assessor's records, within the THCSD Sphere of Influence boundaries there are 3,407 total parcels, of which 644 are undeveloped. Within the THCSD District

boundaries there are 1,853 total parcels, of which 300 are undeveloped.

The 2010 United States Census indicates that there were 2,226 residents living in the Community of Twain Harte in April of 2010. The majority of individuals who reside in the Twain Harte area are year round residents; however, there are seasonal and recreational households as well.

5.2.2 Written Determinations on Growth and Population

1. There is a likelihood of growth in the Twain Harte Community Services District.
2. In the Twain Harte Community Services District, parcels can be divided or discretionary permits issued, to allow additional development.
3. There is no definite plan to modify the water delivery infrastructure.
4. There is no definite plan to modify the sewage disposal treatment.

5.3 Finance Constraints and Opportunities

Purpose: To evaluate factors that affect the financing of needed improvements.

5.3.1 Financial Constraints and Opportunities for Twain Harte Community Service District

The THCSD and Sphere of Influence boundaries for this district are not the same. The THCSD is surrounded mainly by lots zoned for residential use. The Sphere of Influence boundaries extend beyond the THCSD boundary.

The residential fees for water and sewer include connection fees of a total of \$900.00 for residential, apartment, mobile, modular and manufactured home, where there is an existing stub and \$2,700.00 for residential, apartment, mobile, modular and manufactured home where there is not an existing stub.

The commercial fee for a water connection to be paid by a property owner is \$3,775 with an existing stub and \$5,850 without an existing stub. A commercial use pays this amount in addition to a charge based on the square footage of the building.

The THCSD generates adequate revenue through its connection and service charges to keep up with its operation and maintenance costs. The THCSD has outstanding public debt. In 1974, sewer revenue bonds were issued to fund the installation of a sewer system. These are repaid through user charges. The California Department of Water Resources has funded water system and treatment plant improvements in the THCSD. These are repaid through property tax allocations. In 2002, voters approved a special Fire & Rescue tax which is capped at \$4.75 per benefit unit and has no sunset date. In June of 2006, a property assessment was passed by the residents of the THCSD to help fund park activities and improve and maintain local parks and recreational areas within the District. This property assessment is continued each year as approved by the THCSD board of directors. The property assessment is still in effect for this year.

On July 14, 2011, a Fire Protection & Emergency Response property assessment was approved by voters and can also continue each year with no sunset date. In January 2012, the THCSD received \$1.35 million in financing to replace all the water meters in the District. Recently the THCSD financed \$364,184 for a new fire apparatus (truck). The THCSD has never defaulted on repayment of any bonds or other debt. The THCSD is currently nearing completion on a third-party capital

improvement plan and enterprise rate study.

The THCS D prepares a budget annually. The THCS D prepared a balanced budget for the 2011-2012 Fiscal Year and the 2012-2013 Fiscal Year. The THCS D follows the Governmental Accounting Standards Board (GASB) 34 accounting standards.

5.3.2 Written Determinations on Financing Constraints and Opportunities

1. There is no need for the THCS D to improve facilities to accommodate more development than what the General Plan Land Use designations and zoning within the THCS D will allow.
2. The THCS D prepares a budget annually.
3. The THCS D prepared a balanced budget for the 2011-2012 Fiscal Year and the 2012-2013 Fiscal Year.
4. The THCS D follows the Governmental Accounting Standards Board (GASB) 34 accounting standards.
5. The funding sources for fire, water/sewer and park and recreation services consist of property taxes, fees for service, user fees and donations.
6. In 2002, voters approved a special Fire & Rescue tax which is capped at \$4.75 per benefit unit and has no sunset date. On July 14, 2011, a Fire Protection & Emergency Response property assessment was approved by voters and can also continue each year with no sunset date.
7. A property assessment was approved by the District voters in 2006 to fund park activities. The purpose of the park measure was to ensure that the District has the financial resources to improve and maintain local parks and recreation areas. This assessment can continue each year if approved by the THCS D board of directors and is still in effect this year.

5.4 Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

5.4.1 Cost of Operations for Twain Harte Community Services District

The THCS D employs various cost-avoidance practices in its daily operations and practices. The THCS D has taken numerous actions in the last five years to save money and lower expenses. The actions include transitioning from reactive to preventative maintenance, installing energy efficient water and sewer pumps, making changes in water treatment processes, pursuing and receiving grants, restructuring office staff and cross training.

In 2012, all the water meters in the District were changed out with radio-read meters which now only take 2-3 hours to read, instead of the two weeks for reading the old type of meters. Revenue for the District has increased due to the efficiency of the new water meters. The THCS D plans on continuing to improve its processes, improving competitive purchasing and additional engineering in the design of long term infrastructure.

According to planned land uses in the THCSD's service area and in its Sphere of Influence, water and sewer infrastructure facilities may require improvements.

The THCSD takes advantage of cost avoidance opportunities, including a budget process designed to eliminate unnecessary costs, and utilizing in-house resources to complete a variety of payroll/billing functions and administration.

5.4.1 Written Determinations on Cost Avoidance Opportunities

1. The THCSD employs various cost-avoidance practices in its daily operations and practices. The THCSD has taken numerous actions in the last five years to save money and lower expenses. The actions include transitioning from reactive to preventative maintenance, installing energy efficient water and sewer pumps, making changes in water treatment processes, pursuing and receiving grants, restructuring office staff and cross training.
2. In 2012, all the water meters in the District were changed out with radio-read meters which now only take 2-3 hours to read, instead of the two weeks for reading the old type of meters.
3. The THCSD takes advantage of cost avoidance opportunities, including a budget process designed to eliminate unnecessary costs, and utilizing in-house resources to complete a variety of payroll/billing functions and administration.

5.5 Opportunities for Rate Restructuring

Purpose: To identify opportunities to positively impact rates without decreasing service levels.

5.5.1 Rates for Twain Harte Community Services District

The board of the THCSD strives to keep rates as low as possible. The THCSD charges \$44.22 per month for a single family residence with a 5/8" by 3/4" water connection. A 3/4" connection pays \$46.73 per month. A connection of 3" pays \$251.61 per month. The first 2,000 gallons of water used each month is included in the basic meter charge. The rate for the next 4,000 gallons is \$1.95 per each 1,000 gallons used. The rate for the next 5,000 gallons is \$2.00 per each 1,000 gallons used. All usage over 11,000 gallons is \$2.50 per each 1,000 gallons used.

The monthly sewer charge for a single-family residence is \$39.59. The typical bill per parcel for an average single-family residence is approximately \$83.81 per month for water and wastewater services. This is among the lowest rates in the County. There are an adequate number of parcels within the THCSD to pay the operating costs for providing water and sewer while maintaining low to moderate rates. It is likely that additional parcels will be annexed to the THCSD in the future and that parcels within the THCSD will be divided, which would provide more funding for the District.

5.5.2 Written Determinations on Opportunities for Rate Restructuring

1. There are an adequate number of parcels within the THCSD to pay the operating costs for providing water and sewer while maintaining low to moderate rates; therefore, no restructuring of the District is required.
2. It is likely that additional parcels will be annexed to the THCSD in the future, and that

parcels within the THCS D will be divided, which would provide more funding for the District.

5.6 Opportunities for Shared Facilities

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

5.6.1 Opportunities for Twain Harte Community Service District to Share Facilities

The THCS D maintains several Mutual Aid and Automatic Aid Agreements for fire protection. Mutual Fire Aid is provided to all other fire protection agencies in the County. Automatic fire aid is provided to the Mi-Wuk/Sugar Pine Fire Protection District, Tuolumne Fire District and the Tuolumne County Fire Department.

There is a Mutual Agreement between the THCS D and TUD to provide water via an interconnection between potable water systems. Under emergency and non-emergency conditions, potable water can be provided by either agency to the other. TUD's Upper Basin Water System is served through this connection.

The THCS D collects wastewater from its customers and conveys it to the TUD for treatment at the Regional Wastewater Treatment Plant in Sonora.

The THCS D is within the boundaries of Tuolumne County, the Tuolumne County Resource Conservation District, County-wide Ambulance District (CSA 21), and the Tuolumne Utilities District.

5.6.2 Written Determination on Opportunities for Shared Facilities

1. The THCS D shares fire resources with the Mi-Wuk/Sugarpine Fire Protection District, Tuolumne Fire District and the Tuolumne County Fire Department.
2. Wastewater from the THCS D connects to the TUD wastewater collection system for treatment at the TUD regional wastewater treatment plant.
3. The THCS D has an interconnection to the TUD Upper Basin water system which provides system redundancy to both Districts in case of an emergency.

5.7 Government Structure Options

Purpose: **To consider the advantages and disadvantages of various government structures that could provide public services.**

5.7.1. Twain Harte Community Services District Governmental Structure

The THCS D was formed in 1996 when the Tuolumne County Water District #1, Twain Harte Fire Protection District and the Twain Harte Park and Recreation District were reorganized. One of the most critical elements of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capability to provide services to affected lands.

There are not many government structure options available in the Twain Harte area. The community is unincorporated with the planning jurisdiction under the authority of Tuolumne County. The THCS D

does provide water, wastewater, fire protection, emergency medical services and park and recreation services. Law enforcement is provided by the County of Tuolumne. Since Twain Harte is not an incorporated city, public service districts such as the THCSO appear to be an excellent way to keep owner control and public participation high while at the same time maintaining consistent and adequate service levels.

The Tuolumne Utilities District (TUD) is the only district that provides water and sewer service whose Sphere of Influence overlaps the THCSO. There is no district that overlaps the THCSO that provides park and recreation services. The Tuolumne County Fire Department could provide fire protection services to the area if the Twain Harte Fire Department was unable to do so.

5.7.2 Written Determinations on Government Structure Options

1. There are very few government structure options currently available to the Community of Twain Harte and the THCSO.
2. Changing the governmental structure in the THCSO is generally not feasible.
3. The landowners within the THCSO service area are adequately provided water, wastewater, fire protection, emergency medical response and parks and recreation services.

5.8 Management Efficiencies

Purpose: To evaluate the management capabilities of the organization.

5.8.1 Twain Harte Community Services District Management

In evaluating the THCSO's capability to serve the existing and proposed Sphere of Influence, LAFCO can examine the THCSO's ability to maintain management and budget efficiencies over the existing lands.

The THCSO maintains customer-oriented programs including maintenance of a website, survey forms with utility billing and public meetings. The THCSO Board of Directors holds monthly meetings.

The THCSO strives for maximum budget efficiency through the budget preparation process and maintains a balanced budget. Capital improvements are planned during the budget process. The THCSO manages to keep its water and sewer rates among the lowest in the County.

5.8.2 Written Determinations on Management Efficiencies

1. The THCSO maintains customer-oriented programs, including holding meetings, and maintaining a District website.
2. It is reasonable to conclude that management is efficient.

5.9 Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

5.9.1 Twain Harte Community Service District Public Participation

LAFCO may consider the agency's record of local accountability in its management of community affairs.

As mentioned in Section 5.8, the THCS D updates and maintains a District website. Public attendance and participation is encouraged at the monthly THCS D Board of Directors meetings, which are held on the second Thursday of the month at 9:00 a.m. in the conference room located at the District Office in Twain Harte. The agenda and meeting minutes from previous meetings are posted on the website. Bi-annual surveys used to be conducted to solicit feedback from customers of the District. Now the District holds periodic town hall type meetings in the Community Center/American Legion Hall to give customers of the District the ability to ask questions and provide feedback about water service, quality of water provided and sewer service, if applicable.

5.9.2 Written Determinations on Local Accountability and Governance

1. The THCS D's outreach program includes maintaining a District website and holding periodic town hall type meetings to obtain information.
2. The THCS D Board of Directors conducts business during regularly scheduled monthly meetings that are open to the public.
3. The THCS D is proactive in soliciting customer feedback and comments from property owners within the district by organizing periodic town hall type meetings.

5.9.3 Disadvantaged Unincorporated Communities (DUC)

Section 56430(a)(2) of the Government Code requires that LAFCO include in a Municipal Service Review, a description of the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the Sphere of Influence. Section 56425(e)(2) further requires LAFCO to adopt additional determinations for an update of a Sphere of Influence of a Special District that provides public facilities and services related to sewer, water and fire protection.

Section 65302.10(a) defines a Disadvantaged Unincorporated Community as a fringe, island or legacy community in which the median household income is 80% or lower than the Statewide median household income. An unincorporated legacy community is a geographically isolated community that is inhabited and has existed for at least 50 years.

5.9.4 Disadvantaged Unincorporated Communities within the THCS D

The THCS D was created on August 1, 1996. The THCS D service area encompasses the community of Twain Harte and the Sherwood Forest Subdivision. The Community of Twain Harte is located approximately 10 miles east of the City of Sonora on State Highway 108. Property owners within the District boundaries and those receiving general services such as water, sewer, park and fire are considered customers of the district. There are approximately 1,571 customers receiving water and/or sewer services. The THCS D also serves customers outside of the agency's boundaries.

The Fire Department in the THCS D routinely provides fire suppression and rescue response outside the District boundaries under an Automatic and Mutual Aid Agreement Local Operating Plan between the Tuolumne County Fire Department and the Twain Harte Community Services District. Mutual Fire Aid is provided to all other fire protection agencies in the County, the California Department of Forestry and Fire Protection, and the U.S. Forest Service.

The Twain Harte area is a legacy community because it is inhabited and is over 50 years in age. The 2010 Census indicates that the Twain Harte community is a Census designated place and has a median household income of \$46,250 per year. The Census further indicates that the median household income for the State of California is \$61,632 per year. 80% of the State wide median income is \$49,306 per year. Since the median household income of the Twain Harte community is less than 80% of the Statewide median household income, the Twain Harte community is a disadvantaged unincorporated community.

5.9.5 Present and Planned Capacity of Public Facilities in Disadvantaged Unincorporated Communities

Section 56425(e)(2) of the Government Code requires LAFCO to adopt additional determinations for an update of a Sphere of Influence of a Special District that provides public facilities and services related to sewer, water and fire protection. The THCSD provides sewer, water, fire protection, park and recreation services to the disadvantaged unincorporated community of Twain Harte including the Sherwood Forest Subdivision. These services and facilities are provided to the community in an efficient manner to all property owners, residents and visitors of the area regardless of income. Water and sewer rates charged by the THCSD are among the lowest in the County.

Senate Bill 1087 requires that water use projection of an Urban Water Management Plan include projected water use for single-family and multi-family residential housing for lower income households as identified in the housing element of any city, county or other applicable General Plan. The Regional Housing Needs Assessment generated by the State Department of Housing and Community Development (HCD) is relied upon to allocate the regional need for housing for incorporation into housing element updates. Tuolumne County last updated Chapter 3, the Housing Element, of the Tuolumne County General Plan, in July 2010. The County's Housing element identifies the target number of low income households from 2007 to 2014 as 17 percent of the population and very low income as 22 percent of the population.

Pursuant to Government Code Section 65589.7, it is the THCSD policy to grant a priority to proposed developments seeking water or sewer service that includes housing units affordable to lower income households. To further this policy, the THCSD adopted the following procedures:

THCSD will not deny or condition the approval of an application for services to, or reduce the amount of service by a proposed development that includes housing units affordable to lower income households unless THCSD makes a specific written finding that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

1. THCSD does not have "sufficient water supply" as defined in paragraph (2) of subdivision (a) of Government Code Section 66473.7, or is operating under a water shortage emergency as defined in Section 350 of the California Water Code, or does not have sufficient water treatment or distribution capacity to serve the needs of the proposed development, as demonstrated by a written engineering analysis and report.
2. THCSD is subject to a compliance order issued by the State Department of Health Services that prohibits new water connections.
3. The proposed development is seeking sewer service, and THCSD does not have sufficient collection, treatment, or reclamation capacity, as demonstrated by a written engineering analysis and report on the condition of the collection, treatment, or reclamation works, to serve the needs of the proposed development.
4. The proposed development is seeking sewer service, and THCSD is under an order issued by a Regional Water Quality Control Board (RWQCB) that prohibits new sewer connections.

5. The applicant failed to agree to reasonable terms and conditions relating to the provision of service generally applicable to development projects seeking service from THCSD, including but not limited to the requirements of local, state, or federal laws, and regulations or payment of a fee or charge.

5.9.6 Written Determinations Regarding Disadvantaged Unincorporated Communities:

1. The community of Twain Harte has been identified as a Disadvantaged Unincorporated Community.
2. The Twain Harte Community Services District (THCSD) provides water, sewer, structural fire protection, park and recreational services within its District.
3. The THCSD strives to provide services and facilities at the lowest cost possible to property owners, residents and visitors within its District in an efficient manner.

6.0 REFERENCES

Tuolumne County, Tuolumne County General Plan, December 26, 1996.

Tuolumne County, General Plan Housing Element, June 2010

Tuolumne County, 2002 Tuolumne County Recreation Master Plan.

Tuolumne County Transportation Council, 2010 Regional Transportation Plan.

Tuolumne County, Tuolumne County Uniform Zoning Ordinance.

State of California – Health and Human Services Agency – Department of Health Services, 2012 Annual Report to the Drinking Water Program for Year Ending in December 2011.

California Government Code, Sections 56425 - 56434

Local Agency Formation Commission:

1980 “Sphere of Influence for Tuolumne County”

1985 “Updated Sphere of Influence for Tuolumne County”

2007 Municipal Service Review for the Twain Harte Community Services District

Request for Information for Municipal Service Review prepared by THCSD, December 2012

Twain Harte Community Services District Financial Statements and Independent Auditor's Report, June 30, 2011

County of Tuolumne:

Community Resources Agency

Auditor-Controller

Elections Office



CHILDRENS PLAY AREA AT EPROSON PARK