

Exhibit 'A'

2013

MUNICIPAL SERVICE REVIEW

FOR THE

LELAND MEADOWS

WATER DISTRICT

(June 2013)
Tuolumne County LAFCO

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MUNICIPAL SERVICE REVIEW FOR THE LELAND MEADOWS WATER 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 and wastewater treatment services provided by the Leland Meadows Water District (LMWD). The MSR will be considered by the LAFCO in conjunction with a review of the Sphere of Influence of the LMWD.

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 every five years.

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 mostly upon the information provided in the "Request For Information for Municipal Service Reviews" completed for the Leland Meadows Water District, by Marvin Palmer Secretary/Treasurer, County of Tuolumne Environmental Health Division files and the California Regional Water Quality Control Board information.

1.5 California Environmental Quality Act (CEQA)

The Municipal Service Review is a planning study that is statutorily exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to Section 15262 of the State CEQA Guidelines. The Municipal Service Review will be considered by LAFCO in connection with proceedings regarding the Leland Meadows Water District. The Sphere of Influence review or update is a project and as such, may be subject to CEQA consideration.

2.0 SERVICE AREA SETTING

2.1 Location

The Leland Meadows Resort Subdivision is located approximately 35 miles east of Sonora on State Highway 108 then south approximately 1.7 miles on Leland Meadows Road. The LMWD service area encompasses the subdivision of Leland Meadows Resort, a lake and some surrounding properties including a developed snow play area.

2.2 General Background

The Leland Meadows Resort Subdivision encompassed by the LMWD, consisting of 59 lots, was created on December 8, 1965. This district is in the unincorporated area of Tuolumne County. The area within the boundary of the LMWD is mostly a residential subdivision and recreational use area. The area has the Parks and Recreation (R/P), Low Density Residential (LDR), Medium Density Residential (MDR), High Density Residential (HDR) and Mixed Use (MU) General Plan Land Use designations based upon the 1996 Tuolumne County General Plan. The LMWD contains a combination of residential and recreational land uses.

Future development will be based around designated land uses and the ability of the LMWD to serve the area with water and sewer services and meet the development requirements of the County of Tuolumne.

The formation of the LMWD, a California Water District, was approved by the LAFCO through the adoption of Resolution No. 4 on May 25, 1964 and finalized on September 3, 1965 under the California Water Code Section 34000 et seq. to provide water and sewer services. The Sphere of Influence for the LMWD was established on December 29, 1980 by adoption of LAFCO Resolution No. 93. There have not been any reorganizations of the LMWD or its Sphere of Influence since its establishment. There are no agricultural preserves in the LMWD area, and the existing Sphere of Influence is contiguous with the LMWD boundary. The boundary of this district is surrounded by United States Forest Service land.

Within the LMWD, there are 32 condominiums and 26 single family dwellings for a total of 58 residential sewer and water connections with one commercial Snow Play Park/Lodge and a Homeowners Association recreation building for a total of 60 connections. There is one full-time resident. The LMWD serves approximately 20 to 40 people on summer weekends and up to 1,000 part-time and recreational visitors on busy winter weekends

2.3 Review of Current Management Structure

The LMWD is governed by a five member Board of Directors and staffed by a part-time Secretary/Treasurer. There is also a part-time employee who operates the sewage disposal plant. The LMWD is empowered to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works. The LMWD is also empowered to acquire construct, operate and furnish facilities and services for the collection, treatment and disposal of sewage waste, and storm water services. The LMWD does not currently provide water for irrigation, industrial or municipal purposes, drainage or reclamation works, nor does it currently provide storm water control services.

3.0 EXISTING MUNICIPAL SERVICES AND PROVIDERS

The LMWD provides water and wastewater services to the area of Leland Meadows. Other service providers/districts encompassing the Leland Meadows area include:

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

The LMWD is isolated and has little interdependence with the surrounding area due to the services provided and the area being surrounded by the Stanislaus National Forest. It does provide emergency water for fire protection purposes for the Leland Meadows area.

The LMWD operates a wastewater collection and storage system and a potable water treatment and distribution system with a total of two part-time employees. The LMWD employs one part-time paid secretary/treasurer and a part-time Sewer Plant Operator who has a Wastewater Operator Certificate. The District contracts with appropriate consultants when water quality information is required.

3.1 Potable Water Service

The LMWD owns and operates a water treatment and distribution system as a “Transient Non-community Water System” under the jurisdiction of the California Department of Health Services. The District has a service transient population of approximately 20-40 on summer weekends with up to approximately 1,000 people on busy winter weekends. There are 58 residential water connections, one commercial Snow Play Park/Lodge and a Homeowners Association recreation building for a total of 60 connections.

3.2 Water Source

The District receives all water for municipal purposes from a well. The District's well has the capacity to provide approximately 20 - 25 gallons per minute. Water from the well is chlorinated when positive bacteriological sampling indicates the need.

The District's distribution system is mostly set in the center of the road easements (1965 “Water and Sewer Plan” prepared by York & Dady – Civil Engineers, on file with the EHD). The District's water system is composed entirely of 6” and 4” Class 150 Asbestos Concrete Pipe (ACP) with cast-iron valves, hydrants, and metering equipment. The District has a main pressure of approximately 105 pounds per square inch and the system is gravity fed.

3.3 Water Storage

The LMWD has a steel tank with a capacity of 85,000 gallons which was installed in September 2006. There have not been any recorded complaints regarding water quality pursuant to the Environmental Health Division staff.

3.4 Water for Fire Flows

The LMWD provided fire flows up to 420 gallons per minute at each of the five fire hydrants as tested by Porter Cal Western in August 2009.

3.5 Wastewater Facilities

The LMWD's wastewater treatment plant is located to the northwest of the subdivision on a privately owned parcel zoned K (General Recreation) past the end of Leland Court. Access is provided from the north side of Leland Meadows Road prior to the first subdivision lot. The plant is owned and operated by the LMWD. A new sewage treatment system was designed and placed into service on December 5, 2010. The treatment plant consists of two pretreatment septic tanks, a pseudo activated sludge treatment system and three settling ponds. The effluent first flows into the septic tanks where the majority of the solids are settled out. The flow then enters the plant where dissolved and suspended solids are treated by the activated sludge section. The final two tanks in the treatment section allow more solids to settle out and the final tank also acts as a stilling well for the flow meter transducer to measure the rate of flow. From there the effluent is directed to the settling ponds.

The treatment and disposal capacity rating for the plant is 15,000 gallons per day (GPD) pursuant to the RWQCB Order No. 94-358. The facility's design flow is 15,000 GPD with a peak flow of 25,000 GPD. In the past year the average dry weather flow (ADWF) has ranged from 600 to 8,000 GPD.

3.5 Wastewater Effluent Disposal

"Treated domestic wastewater is discharged to three evaporation/percolation ponds. Treated effluent is discharged by gravity into pond No. 1 until the pond's surface water elevation reaches the discharge pipe, which is placed at the 2 feet of freeboard mark, and flows to pond No. 2. Pond No. 2 is designed to discharge to pond No. 3" (RWQCB Order No. 94-358). The solids from the treatment plant are removed annually by Mother Lode Septic, and transported to the Regional Wastewater Treatment Plant owned by the Tuolumne Utilities District, in Sonora.

3.7 Wastewater Regulatory Environment

The California Regional Water Quality Control Board adopted Order No. 94-358, "*Waste Discharge Requirements for Leland Meadow Water District*" on December 9, 1994. The requirements of this order include the measurement and recording of daily flows, monitoring of the contents and level of the ponds and checking for odors and measuring the dissolved oxygen level of both the effluent and pond on a weekly basis.

4.0 ZONING AND LAND USE

Parcels within the service area of the LMWD are zoned R-1:MX (Single Family Residential:Mobilehome Exclusion Combining), R-3:MX (Multiple Family Residential:Mobilehome Exclusion Combining), O (Open Space), RE-2:MX (Residential Estate, Two Acre Minimum:Mobilehome Exclusion Combining), C-O (Neighborhood Commercial) and K (General Recreational).

The area has the Low Density Residential (LDR), Medium Density Residential (MDR), High Density Residential (HDR), and Parks and Recreation (R/P) land use designations pursuant to the Tuolumne County General Plan. The LMWD contains a combination of residential and recreational land uses and densities. The area surrounding the LMWD and its Sphere of Influence is all administered by the Stanislaus National Forest and is designated for Public (P) land uses, which does not allow for urban uses. The LMWD includes enough land zoned for residential use(s) to satisfy growth trends through the scope of this MSR.

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 LMWD'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 Leland Meadows, major improvements to the sewer treatment plant were made in 2010. The water system was improved with a new storage tank in 2006. Due to land availability, the LMWD should expect continued development within its boundaries.

5.1.1 Water Infrastructure Needs and Deficiencies

The LMWD water system consists of an 85,000 gallon capacity steel storage tank which went on line in September 2006. The LMWD's well source produces approximately 20 - 25 gallons per minute. There have been no confirmed reports that the system has ever failed to provide water and the new tank has the capacity to provide for future development. The LMWD currently serves 60 connections (residential and recreational) for a total service population of one full time resident, 20-40 summer weekend and up to 1,000 people on busy winter weekends.

The LMWD maintains its water system. The water treatment and distribution system, as a "Transient Non-community Water System", is under the jurisdiction of the California Department of Health Services (DHS), Drinking Water Field Operations Division. The DHS requires weekly water consumption records to be kept on-site and periodic water quality sampling that is conducted by the appropriate consultants hired by the LMWD on an as-needed basis. A remote system to read the water pump hour meter and the pump output flow meter was also installed in 2006. This system provides monitoring that informs the LMWD if a valve is left open or a broken distribution line exists.

5.1.2 Wastewater Infrastructure Needs and Deficiencies

The LMWD currently serves 60 connections (residential and recreational) for a total service population of one full time resident, 20-40 on summer weekends and up to 1,000 people on busy winter weekends. The RWQCB did not know about the winter play area and lodge when the current discharge requirements were adopted. A flow meter has been installed as required by the RWQCB, in order to determine the actual flow into the system.

The use of the property within the LMWD is transitional in nature. As such the flow information is necessary to create an accurate average base flow data base, on which to determine future discharge requirements by the RWQCB.

The LMWD's collection system consists of approximately 50-year old concrete piping. The LMWD repairs the system as needed. The Environmental Health Division has no written records of any problems with this system. The secretary/ treasurer stated that no complaints have been received in the past five years.

The LMWD employs one part-time employee secretary/treasurer and one part-time employee who is a licensed Sewer Plant Operator and monitors the Sewer Plant on a weekly basis. Certifications of other staff members have not been required by the Regional Water Quality Control Board (RWQCB).

5.1.3 Written Determinations Regarding Infrastructure Needs and Deficiencies:

5.1.3.1 Water Infrastructure Needs and Deficiencies

1. The LMWD's water system is adequate.
2. The LMWD has the ability and capacity to serve all developed parcels and the snow-play area with water flows of approximately 20-25 gpm from one well source.
3. The LMWD's water delivery infrastructure is approximately 50 years old.
4. Water storage is provided by an elevated 85,000 gallon steel storage tank. The tank was installed and went "on line" in September 2006.
5. The secretary/treasurer for the LMWD has stated that the 85,000 gallon water storage tank can serve the needs for total build-out of the subdivision.

5.1.3.2 Wastewater Infrastructure Needs and Deficiencies

1. The LMWD wastewater treatment system is capable of serving the 58 residential connections, winter play area and lodge (60 connections total).
2. The wastewater treatment plant has a treatment and disposal capacity of 15,000 GPD, and receives an ADWF of 600 to 8,000 GPD.
3. The LMWD operates under RWQCB Order No. 94-358, which requires monitoring of the flows into the plant, measuring the dissolved oxygen of the ponds and effluent and checking the contents of the ponds and monitoring for odors. The LMWD needs to continue to provide accurate waste flow information to the RWQCB, including wet weather flows. A part-time employee is a licensed Sewer Plant Operator and follows the requirements of the RWQCB.
4. The secretary/treasurer for the LMWD has stated that the recently improved sewage wastewater treatment plant is capable of accommodating growth that is anticipated over the next five years.

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 Leland Meadows

According to the Tuolumne County Assessor's records, within the LMWD boundaries there are approximately 19 vacant lots which include the following lot #'s: 6, 14, 15, 16, 21, 22, 24, 26, 27, 29, 30, 31, 32, 34, 35, 45, 53, 54, and 59. Lots 6, 21 and 22 are zoned R-1:MX (Single Family Residential:Mobilehome Exclusion Combining). Lots 14, 15, 16, 24, 26, 27, 29, 30, 31, 32, 34, 34, 45, 53, 54 and 59 are zoned R-3:MX (Multifamily Residential:Mobilehome Exclusion Combining). Parcels zoned R-3:MX could have a triplex. Parcels zoned R-1:MX will likely only have one residence. Although an attached secondary single-family dwelling is permitted. Total residential build-out within the Sphere of Influence could result in the development of approximately 51 additional residential units based upon the zoning of the vacant parcels. Due to Tuolumne County development codes regarding the need for a through road and adequate fire flow to serve this area, none of the parcels can be divided or discretionary permits issued, to allow additional residential development. New commercial development or commercial additions are also unlikely to be approved due to the same issues. This is further substantiated in that, nine (9) proposed discretionary projects have been denied since 1987 by the Board of Supervisors or withdrawn by the applicant prior to public hearing, primarily because of the through road or fire flow requirements; however the following two projects were approved:

Leland High Sierra Snowplay, Inc.:

1. Site Development Permit SDP06-004 to authorize installation of four surface lifts with associated grading on a 61.6± acre project site zoned K (General Recreational) and R-1 (Single-family Residential) under Title 17 of the Tuolumne County Ordinance Code.

Vetesev and Lacey:

1. Resolution for General Plan Amendment GPA11-005 to amend the General Plan land use designation of a 3.9± acre project site from Mixed Use (MU) and Medium Density Residential (MDR) to Parks and Recreation(R/P).
2. Ordinance for Zone Change RZ11-011 to rezone a 3.9± acre project site from the following zoning districts:

Existing Zoning Districts	Acreage
C-O (Neighborhood Commercial)	2.3± acres
R-1 (Single-Family Residential)	1.6± acre

to the following:

Proposed Zoning Districts	Acreage
K (General Recreational)	3.2± acres
O (Open Space)	0.7± acre

The project site consisted of Lots 19, 20, 41, 42, 43, 44 and a portion of Lot 60 of the Leland Meadow Resort subdivision. All of the lots have been used historically as off-site parking for the adjacent Leland High Sierra Snowplay that borders the southern boundary of the project site. The

Leland High Sierra Snowplay was built in the mid 1960's and has been used as a recreational facility since that time. On September 19, 2007, the Tuolumne County Planning Commission approved Site Development Permit SDP06-004 to authorize the installation of four surface lifts to tow snow play enthusiasts sitting in inner tubes up the hill at the Leland High Sierra Snowplay. To date, two of the four surface lifts have been constructed. On May 1, 2012, the Board of Supervisors approved GPA11-005 and Zone Change RZ11-011 for the lots used as parking for the Snowplay area.

Full build-out of existing lots within the Sphere of Influence is likely to take many more years based upon the past growth history. Two homes have been constructed in Leland Meadows within the last five years and a total of 58 residences constructed since 1966 (Average 1.2 dwellings per year). This is due primarily to the lack of public services and its location in the mountains.

There is currently one year-round resident in Leland Meadows. Since 1966, periodically there have been up to five year-round residents within the LMWD. Because of the remote location and harsh winter weather, it is not anticipated that there will be many more year-round residents in the future.

As a recreation area, there are approximately 20 to 40 people residing in Leland Meadows on summer weekends; and up to 1,000 part-time residents and recreational visitors on busy winter weekends. There are currently 58 residences and 19 vacant lots. Additional residences may be added in the District in the next five years.

The secretary/treasurer for the LMWD has stated that the recently improved sewage treatment plant and the new 85,000 gallon water storage tank can serve the needs for total build-out of the subdivision. Major improvements to the Sewer Treatment Plant which included the addition of two new septic tanks were completed in 2010 and operating improvements are being made on a continuous basis.

5.2.2 Written Determinations on Growth and Population

1. There is a low likelihood of significant growth in the Leland Meadows area during the time frame of this Municipal Service Review.
2. Due to Tuolumne County development codes regarding the need for a through road and adequate fire flow to serve new development none of the parcels can be divided or discretionary permits issued, to allow additional residential development. New commercial development or commercial additions are also unlikely to be approved due to these issues.
3. The secretary/treasurer for the LMWD stated that the recently improved sewage treatment plant and the 85,000 gallon water tank will be able to serve the needs for total build-out of the subdivision.
4. There is no definite plan for development of an additional well source for the water system.

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 Leland Meadows Water District

The LMWD and sphere of influence boundaries for this district are the same and the LMWD is

surrounded by National Forest land. As such, LAFCO should consider the ability of the community to pay for improvements or services associated with the operation of the existing water and sewer systems, without consideration of any financing through future annexation.

In order to generate adequate revenues to keep up with operation and maintenance costs for both the wastewater and water facilities, and in order to fund capital improvement projects for these systems, the LMWD should have adequate new connection fees, and service charges.

The current fees include connection fees that were raised from \$3,358 to \$5,000 for water and sewer, and effective January 1, 2007 a quarterly service fee was raised from \$125 to \$300 per lot (\$1,200.00 per year). The LMWD has adopted connection fees to be paid by the owner of the individual lots in the amount of \$5,000.00 per dwelling unit. The LMWD also charges \$1,200.00 per year per lot for water and sewer services, collected in \$300.00 per quarterly installments. The LMWD uses these fees to help offset the impact of new housing/development on LMWD infrastructure, maintenance, and management of the LMWD.

Establishing policies that promote full cost-recovery through increasing the per lot fee should be considered to ensure that the LMWD Reserve Account is not depleted, so no debt is incurred for operation and maintenance of existing facilities. The LMWD currently holds no outstanding debt. The LMWD has created a long term Reserve Account to provide for future capital improvements and major expenditures.

The year end balance of \$68,636.00, as of December 31, 2010, existed for the operating water and sewer revenues portion of the LMWD budget for 2010. There is the potential for additional income in the form of connection fees for new residences in the future. The LMWD has had to consistently use prior year carryover to stay in the black since 2002. The LMWD Financial Plan for 2012 shows a carryover of \$30,000.00 from the previous year. The water and sewer fees collected from 58 customers for 2012 totaled \$69,600.00. The total annual operating expenses for 2012, including capital improvement and maintenance were \$87,637.00. The cash balance as of December 31, 2012 was \$32,698.33.

The LMWD has not developed a method for budgeting for rehabilitation and replacement of assets. The LMWD has an approximately \$15,000.00 Reserve Account which is used for unexpected repairs or expenses during the course of the year. The Reserve Account is also used for future capital improvements. The Reserve Account is funded with money collected through property tax assessments of the parcels in the subdivision.

The LMWD employs the services of a local accounting firm, Wheeler & Egger, CPA's, to handle the annual compilation reports and five year audit.

5.3.2 Written Determinations on Financing Constraints and Opportunities

1. The likelihood of the LMWD receiving grant money to finance capital improvement projects is slim due to the fact that the average household income is high and residences served by the LMWD are primarily vacation homes.
2. The LMWD should apply for all grants which are available to it.
3. There is no need for the LMWD to improve facilities to accommodate more than what the General Plan Land Use designations and zoning within the LMWD will allow, because annexation to the LMWD is unlikely.
4. The LMWD prepares a budget annually.

5. The LMWD has not developed a method for budgeting for rehabilitation and replacement of assets and has not recently completed an acceptable capacity analysis. The LMWD does maintain a long term Reserve Account to provide for future capital improvements and major expenditures.

5.4 Cost Avoidance Opportunities

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

5.4.1 Cost of Operations for Leland Meadows Water District

The LMWD employs various cost-avoidance practices in their daily operations and practices. The LMWD currently has two part-time employees and seasonal employees. The part-time Secretary/Treasurer, currently paid \$300.00 per month, handles all administrative and billing tasks in-house. The LMWD contracts with water, sewer and other consultants on an as needed basis rather than employing full or additional part time personnel. The LMWD does employ the part time services of a licensed Sewer Plant Operator who monitors the Sewer Plant on a weekly basis. The LMWD also employs part time seasonal employees to perform normal miscellaneous activities.

Opportunities exist at the time of construction of new residences to introduce alternative methods of construction to reduce the use of water and to reduce wastewater effluent.

According to planned land uses in the LMWD's service area and in its Sphere of Influence, water and the sewer treatment plants will be able to accommodate full build out of the subdivision. There are no other water or sewer service providers in the area in which to share the costs of potential future improvements.

The LMWD has not developed a Master Plan or Facilities Plan for the water or wastewater systems. Such a document would probably contain timed/planned facility repairs/replacement or improvements and some type of capital improvement schedule so that large expenses do not overburden the LMWD all at once. This plan should also include various funding opportunities that exist at the local and state levels.

5.4.2 Written Determinations on Cost Avoidance Opportunities

1. The LMWD takes advantage of cost avoidance opportunities, including a budget process designed to eliminate unnecessary costs, utilizing in-house resources to complete a variety of payroll/billing functions and administration.
2. The five member Board of Directors are not paid.
3. The Secretary/Treasurer is a Board of Director member who is paid for providing in-house services.
4. The LMWD contracts with water and sewer consultants on an as needed basis rather than employing full or part time personnel for such services.
5. The LMWD does employ the services of a licensed part time Sewer Plant Operator who inspects and monitors the sewer plant operations on a weekly basis
6. The LMWD should encourage water conservation whenever possible.
7. LAFCO recommends development of a Capital Facilities Plan or some type of similar

document for future replacement of the water and wastewater infrastructure. The plan should identify potential funding sources.

5.5 Opportunities for Rate Restructuring

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

5.5.1 Rates for Leland Meadows Water District

The LMWD strives to keep rates as low as possible and the current fees are adequate to cover daily operations and maintenance. The LMWD charges \$300.00 per quarter for water and wastewater per parcel, and water/sewer new connection fee of \$5,000 per dwelling unit. The LMWD holds an annual meeting to discuss and adopt the budget.

5.5.2 Written Determinations on Opportunities for Rate Restructuring

1. To operate the LMWD at lower rates, there would have to be more parcels in the LMWD in order to spread the costs of providing water and sewer services.
2. It is unlikely that additional parcels can be created to spread the cost to more property owners.
3. It is unlikely that any adjacent parcels will be annexed or divided to spread the cost to more property owners.
4. The rates have been increased to enable the LMWD to cover its costs to provide adequate operation and maintenance.
5. The rates should continue to be increased when necessary to the amount that would result in accumulating additional funds at the end of the year to fund emergency repairs and to provide for scheduled replacement of the underground infrastructure.

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 Leland Meadows Water District to Share Facilities

There is no private property adjacent to the LMWD to annex. It is unlikely that the surrounding Stanislaus National Forest will develop recreational facilities in this area that would require domestic water and sewer, nor relinquish any land to private ownership. At present, the LMWD does not share any facilities, personnel or equipment with any other entities.

The LMWD is within the boundaries of Tuolumne County and the Tuolumne Utilities District. The County removed itself from physically providing domestic water in 1992, as a part of the creation of the Tuolumne Utilities District. The Tuolumne Utilities District's office is located approximately 32 miles southwest of the LMWD and does not have any service facilities in the area. The closest water system to the LMWD is the Strawberry Water System operated by the Del Oro Water Company, approximately two miles to the southwest. This system only provides domestic water service. The closest sewer service is on Stanislaus National Forest property at Pinecrest, approximately three miles southwest of the LMWD. This system is operated by the Pinecrest

Permittees Association.

Due to the mountainous terrain and bed rock, connecting to any of these systems would be very costly and would require tremendous amounts of cooperation and resources on the local, State and Federal levels before connection could occur. If the LMWD were to be overwhelmed financially due to failure of its water or sewer systems, the most likely scenario would be for the District to dissolve and be taken over by the Tuolumne Utilities District.

5.6.2 Written Determination on Opportunities for Shared Facilities

Currently, sharing of infrastructure, personnel, facilities or equipment is not practical

5.7 Government Structure Options

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

5.7.1. Leland Meadows Water District Governmental Structure

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 Leland Meadows area. The community is unincorporated with the planning jurisdiction in the hands of Tuolumne County. Except for water and wastewater services provided by the LMWD, the County provides law enforcement, fire protection and emergency medical services. Since Leland Meadows is not an incorporated city, public service districts such as the LMWD 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.

Other special districts, such as a community services district or county service area can provide water and sewer services, however, the government structure of a California Water District is similar to those districts.

The Tuolumne Utilities District (TUD) is the only district that provides water and sewer service whose Sphere of Influence overlaps the LMWD. The TUD does not have facilities or staff in the vicinity of the LMWD and the County of Tuolumne does not operate any water or sewer facilities.

5.7.2 Written Determinations on Government Structure Options

1. There is no need to change the government structure currently available to the Community of Leland Meadows and the LMWD.
2. There are other special districts that could be formed to provide water and sewer service to the area, however, the LMWD provides adequate service.
3. The landowners within the LMWD service area will continue to be adequately provided water and wastewater services.

5.8 Management Efficiencies

Purpose: To evaluate the management capabilities of the organization.

5.8.1 Leland Meadows Water District Management

In evaluating the LMWD's capability to serve the existing and proposed SOI area, LAFCO can examine the LMWD's ability to maintain management and budget efficiencies over the existing lands.

The LMWD maintains customer-oriented programs including distribution of a LMWD Newsletter at an annual meeting scheduled in September each year. The Homeowners Association sends out three or four newsletters a year. The newsletters contain information on the events in the subdivision including the operation and maintenance activities associated with the water and wastewater systems. Special meetings can be called by the LMWD when needed. The LMWD contracts with consultants and seasonal employees as necessary to conduct the required water and wastewater system inspections, sampling and maintenance, in order to maintain accurate records for State agencies.

The LMWD is governed by a five member Board of Directors and staffed by a part-time Secretary/Treasurer. The LMWD does employ the services of a licensed part-time Sewer Plant Operator who inspects and monitors the sewer plant operations on a weekly basis. The LMWD contracts with water and sewer consultants on an as needed/seasonal basis rather than employing full or part time personnel for such services.

The LMWD strives for maximum budget efficiency through the budget preparation process and having a minimum of paid employees and it tries to maintain a balance of revenues to expenses. The LMWD does maintain a Reserve Account for future Capital improvements and major expenditures to the underground infrastructure. As of year end 2012, there was \$15,000.00 in the Reserve Account. A wastewater Facility Plan/Master Plan and a similar plan for water service should be prepared as funding allows. The Reserve Account could be used to fund the preparation of a Facility Plan/Master Plan.

5.8.2 Written Determinations on Management Efficiencies

1. The LMWD maintains customer-oriented programs, including distribution of a LMWD Newsletter and holding an annual meeting, and additional meetings as necessary.
2. The LMWD could develop additional programs suited for the customer, including but not limited to a detailed work projects inventory, cost of services study, and development of a Mission Statement when funding is available.
3. LAFCO recommends development of water and wastewater Master/Facility Plans to aid with timed capital improvements and repairs.
4. It is reasonable to conclude that management is efficient but needs to continue to adjust service rates to enable LMWD to maintain services and accumulate funds for replacement of aging infrastructure.

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 Leland Meadows Water 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 LMWD publishes a Newsletter. Public attendance and participation is encouraged at the annual LMWD Board meeting in September, which is held at the LMWD office in Leland Meadows. Notice of the meetings is posted at the pump house and Clubhouse and mailed to the property owners.

According to the completed "Request For information for Municipal Service Reviews", no customer feedback or comments are solicited from the property owners.

5.9.2 Written Determinations on Local Accountability and Governance

1. The LMWD's outreach program includes distribution of a LMWD Newsletter.
2. The LMWD conducts business during the regularly scheduled September Board meetings that are open to the public.
3. The LMWD conducts special meetings when needed by mailing flyers to property owners.
4. The LMWD should solicit customer feedback and comments from the property owners within the district.

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(1) of the Government Code defines a community as an inhabited area within a city or county that is comprised of no less than 10 dwelling units, adjacent to or in close proximity to each other. Inhabited is defined as being more than 12 registered voters in the area. If there are less than 12 registered voters, the area is considered uninhabited.

Section 65302.10(a) of the Government Code defines a Disadvantaged Unincorporated Community as a fringe, island of 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 LMWD

The Leland Meadows Resort Subdivision is located approximately 35 miles east of Sonora on State Highway 108 then south approximately 1.7 miles on Leland Meadows Road. The LMWD service area encompasses the subdivision of Leland Meadows Resort, a lake and some surrounding properties including a developed snow play area. The Leland Meadows Resort Subdivision consisting of 59 lots, was created on December 8, 1965. This district is in the unincorporated area of Tuolumne County.

The Leland Meadows Resort Subdivision is a not legacy community because it has not been in existence for 50 years and it is only inhabited by one full time resident. The remaining 58 developed parcels are utilized by seasonal occupants. The Leland Meadows Resort Subdivision is not recognized as a Disadvantaged Unincorporated Community. The area is considered uninhabited since it has less than 12 registered voters.

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

Section 56425(e)(2) 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 LMWD provides sewer and water services to the Leland Meadows Resort Subdivision, and a seasonal snow play area. This area is not recognized as a disadvantaged unincorporated community.

5.9.6 Written Determinations Regarding Disadvantaged Unincorporated Communities:

1. The Leland Meadows Resort Subdivision is not recognized as a Disadvantaged Unincorporated Community because it is less than 50 years in age and is only inhabited by one full time resident. The remaining 58 residences are seasonal homes. The area within the Sphere of Influence has less than 12 registered voters.
2. The Leland Meadows Water District (LMWD) provides water and sewer services within its District.
3. The LMWD provides water and sewer services at a low of cost as feasible to property owners within its District.

6.0 REFERENCES

Local Agency Formation Commission (LAFCO):

1980 "Sphere of Influence for Tuolumne County"

1985 "Updated Sphere of Influence for Tuolumne County"

2007 Municipal Service Review for the Leland Meadows Water District

Local Agency Formation Commission Resolution No. 4, May 25, 1964.

Local Agency Formation Commission Resolution No. 93, December 29, 1980.

Tuolumne County Environmental Health Division, "Leland Meadows Water District", files.

2012 Request for Information for Municipal Service Review, April 2012, prepared by Marvin Palmer, Secretary/Treasurer, Leland Meadows Water District

Leland Meadows Water District, Compiled Financial Statements, December 31, 2010, E. Samuel Wheeler, Certified Public Accountant

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

Tuolumne County, *Tuolumne County General Plan, Housing Element*, June 2010.

Tuolumne County, *Tuolumne County Ordinance Code, Title 17*