

Exhibit 'A'

2013

MUNICIPAL SERVICE REVIEW

FOR THE

JAMESTOWN SANITARY DISTRICT



(July 2013)
Tuolumne County LAFCO

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MUNICIPAL SERVICE REVIEW FOR JAMESTOWN SANITARY 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 sewer services as provided by the Jamestown Sanitary District (JSD). The MSR will be considered by the LAFCO in a subsequent review of the Sphere of Influence of the JSD.

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 Jamestown Sanitary District by its Chief Plant Operator, Jacob Radovich and Manager/Finance Officer, Patricia Ingalls.

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 proceedings regarding the JSD. 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 District is located in and around the community of Jamestown, approximately 3.7 miles southwest of Sonora on State Highway 108/49 in Tuolumne County, California. The treatment plant is located between State Highway 108 and Woods Creek on Assessor's Parcel Number 59-080-96. The service area within the existing boundaries is approximately 936± acres with a potential service area of 4,700 acres. The District includes the primary downtown and highway corridors of Jamestown extending approximately 2 miles north and south with a maximum width of approximately 3,000 feet. The service area is a mostly urban setting surrounded by high foothill plateaus and annual grasslands primarily used for agricultural uses.

2.2 General Background

The Jamestown Sanitary District (JSD) was established in 1940 under authority of the 1923 Sanitary District Act. It currently operates pursuant to Sections 6400-6830 of the Health and Safety Code. The formation of the Jamestown Sanitary District (JSD) was approved by voters in a special election held June 11, 1940. The District has expanded the service area and treatment facilities since inception by using a combination of revenue sources. The district supports the Estate Residential (ER), Low Density Residential (LDR), Medium Density Residential (MDR), High Density Residential (HR), General Commercial (GC), Heavy Commercial (HC), Mixed Use (MU), Business Park (BP), Open Space (O), and Public (P) primary General Plan Land Use designations, and the Mineral Preserve (MPZ) overlay, based upon the Tuolumne County General Plan. The JSD encompasses a wide variety of residential, commercial, and recreational land uses.

Future urban development within the Jamestown area will be based around designated land uses and the ability of the Jamestown Sanitary District to provide wastewater treatment services to meet the development requirements of the County of Tuolumne.

The customers within the JSD are tracked by the number of sewer capacity/connections. The JSD collects wastewater from approximately 1,572 equivalent single-family units (ESFR's) within the unincorporated area of Jamestown. More than 80% of the wastewater originates from residential sources. The remainder originates from various commercial and community connections. U.S. Census data from 2010 estimates the population in the district area to be approximately 3,433. The average annual wastewater flow into JSD is currently 0.23 MGD (million gallons per day) with peak flows of nearly 1.1 MGD.

2.3 Review of Current Management Structure

The JSD is governed by a five member Board of Directors and staffed by four full-time employees, 2 part-time employees and 1 emergency/on-call employee. At the top of the Jamestown Sanitary District Organizational Chart are the five members of the Board of Directors. Directly below the Board, are the full-time Chief Plant Operator and full-time Manager/Finance Officer. The Chief Plant Operator of JSD, Jacob Radovich, is responsible for the management of the District's wastewater collection system, plant operations and maintenance personnel and reports to the Board. The Manager/Finance Officer of JSD, Patricia Ingalls, is responsible for management of the administrative and financial operations and administrative personnel of the District and reports to the Board.

The JSD is empowered to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary facilities for the transmission and treatment of wastewater in the service area. The JSD has an agreement with Tuolumne Utilities District to serve customers outside of the District's boundary where capacity exists.

3.0 EXISTING MUNICIPAL SERVICES AND PROVIDERS

The JSD provides wastewater collection, treatment, and disposal for the unincorporated Jamestown area. Other service providers/districts encompassing the Jamestown area include:

County of Tuolumne
Tuolumne Utilities District (TUD) (water or sewer)
Tuolumne County Resource Conservation District
Countywide Ambulance District (CSA 21)
Jamestown Fire Protection District
Jamestown Cemetery District
Jamestown Lighting District

The JSD has a significant degree of interdependence with the surrounding area due to the services provided and the service agreement with Tuolumne Utilities District (TUD) for effluent disposal/reuse. TUD's effluent pumping station is located on the same parcel as the Jamestown Wastewater Treatment Plant but is owned and operated by TUD.

The JSD operates a wastewater collection, treatment, and disposal system for the Jamestown area. Effluent wastewater is collected from approximately 17 miles of gravity sewer line and treated at the Jamestown Wastewater Treatment Plant (WWTP) before being pumped to the nearby Quartz Reservoir which is owned and operated by TUD. Two JSD employees hold Wastewater Treatment Plant certification licenses of Grade III and Grade II, and three employees hold commercial drivers license's necessary for the operation of the collection system maintenance equipment.

3.1 Wastewater Source

JSD receives untreated wastewater from an influent channel controlled by two Parshall Flumes which are maintained by the District. A Parshall Flume is a fixed hydraulic structure originally developed to measure surface water and irrigation flows. The Parshall flume is now frequently used to measure industrial discharges, municipal sewer flows, and influent / effluent at wastewater treatment plants. Of all the flumes, the Parshall flume is the most recognized and commonly used by sewage treatment plant operators.

The JSD treats the wastewater at its treatment plant next to State Highway 108. JSD receives wastewater from residential and commercial connections into approximately 17 miles of gravity fed

pipings, which feeds into the Parshall Flume and is treated at the Jamestown wastewater treatment plant. Treated water from the Jamestown plant is pumped for storage to Quartz Reservoir which is owned and operated by TUD. Treated effluent stored in Quartz Reservoir is distributed to reclaimed agricultural water users for irrigation of fodder crops and pasture for livestock, in order to minimize the amount of effluent discharged into Woods Creek.

3.2 Wastewater Storage

The JSD has a contract with TUD to store treated effluent from its wastewater treatment plant in Quartz Reservoir which is owned and operated by TUD. Quartz Dam, a 100-foot high earth fill dam, creates Quartz Reservoir which has a total usable storage capacity of 1,500 acre feet and a total surface area of 46 acres at maximum pool elevation. An equalization basin with a capacity of 330,000 gallons is located on the treatment plant site. During the winter months when drying beds were unusable, sludge from the treatment process was stored in the Sludge Storage Lagoon which has a capacity of 254,000 gallons. Additional storage of 254,000 gallons has been added by installing a Fournier mechanical rotary press sludge dewatering system in 2008. Prior to this installation this storage area was for sludge during the winter but can now be used for storage during peak wet weather flow (PWWF).

3.3 Wastewater Facilities

The JSD collection system and treatment plant are permitted by Waste Discharge Requirements Order No. 5-01-062 issued by the Central Valley Regional Water Quality Control Board. The treatment plant for the JSD is located adjacent to Woods Creek on the west side of State Highway 108/49, approximately 800 feet northwest of the western intersection of Harvard Mine Road and State Highway 108. The treatment plant is a secondary plant with aerobic digestion, disinfection, solids handling and pretreatment facilities.

Primary treatment of the wastewater is accomplished by clarification in a 30 foot diameter circular clarifier. Clarified effluent receives a secondary treatment in an 18,300 cubic foot trickling filter with a 35 foot diameter secondary clarifier before being dosed with chlorine and pumped to TUD's Quartz Reservoir for storage.

Sludge is treated in an aerobic digester and dewatered with a Fournier mechanical rotary press and sludge drying beds. Biosolids from the JSD treatment plant are removed and disposed of at the Forward Landfill in Stockton, California at an average of 146.75 tons per year since 2009.

Originally constructed in 1950, the major portions of the JSD sewer system are still in use today though a major renovation was completed in August of 1986 to add necessary facilities. The treatment and disposal capacity of the JSD treatment plant is 895,000± gallons per day (GPD) with Peak Dry Weather flows of 280,000± GPD and Peak Wet Weather Flows (PWWF) in excess of 1.1 million gallons per day (MGD.) With a disposal capacity of 895,000 GPD and PWWF in excess of 1.1 MGD, it appears that the main pump system owned and operated by TUD does not have the capacity to handle peak wet weather flows for more than 1 day after utilization of the equalization basin.

The JSD treatment plant pretreatment facilities are made up of two 6" Parshall flumes which have two channels in which the incoming flow can travel through, and a twin mount Pulsar flow monitoring system. The primary channel has a WestTech CleanFlo Spiral Screen and the bypass channel has a comminutor. A comminutor is a machine that pulverizes solids in raw sewage to prepare the sewage for purification. This is after an upgrade in 2012 of the old system that consisted of one Parshall flume, the comminutor and a Hydro ranger flow monitoring system. Based on the 2011 JSD annual report, the average dry weather flow (ADWF) for the year 2011 was 166,500 GPD while the average PWWF reached 334,200 GPD. The total annual flow for the year 2011 was 78.837 million gallons. Currently JSD continues to meet monitoring requirements

for WDR 5-01-062 and is in compliance.

In 2013 the Jamestown Sanitary District was awarded a Community Development Block Grant (CDBG) for sewer line rehabilitation and replacement as a sub recipient of the County of Tuolumne. JSD anticipates replacing/rehabilitating 7,531± lineal feet of deteriorating sewer pipe line located primarily within county and state rights-of-way (roadways). The work will also involve the replacement of 72± laterals from the main line to the public right-of-way line to serve customers which will be funded by the District.

3.4 Wastewater Effluent Disposal

The JSD has contracted with Tuolumne Utilities District (TUD) for effluent disposal at the Quartz Reservoir site. TUD's disposal system consists of a wet well and pump station located in the Jamestown Wastewater Treatment Plant followed by a 6-inch force main pipe which delivers the treated effluent. During the irrigation season the stored effluent is discharged through irrigation turnouts to agricultural users for use on approximately 700 acres of farm and pastureland.

3.5 Wastewater Regulatory Environment

Currently, three wastewater permits regulate the treatment and discharge of wastewater from the JSD Wastewater Treatment Plant (WWTP) in addition to regulation under the Health and Safety Code Sections 6400-6830. Seasonal discharge to adjacent Woods Creek is permitted from the Quartz Reservoir site with the National Pollution Elimination System (NPDES) Permit No. 0084727 also known as WDR 5-01-43 by California discharge regulators. Reclamation and reuse of treated wastewater on fodder crop, pasture, and non-food bearing trees is permitted by Waste Discharge Requirements (WDRs) Order No. R5-2002-0202. The Regional Water Quality Control Board, Central Valley Region (CVRWQCB) issued Waste Discharge Requirements (WDR's) No. 5-01-062 for the JSD in March, 2001. This order requires monitoring of wastewater, effluent, equalization basins, groundwater, surface water, and biosolids.

4.0 ZONING AND LAND USE

The area within the JSD Sphere of Influence (SOI) boundary is zoned R-1 (Single-Family Residential), R-2 (Medium Density Residential), R-3 (Multiple-Family Residential), RE-10 (Residential Estate, ten-acre minimum) AE-37 (Exclusive Agricultural, Thirty-Seven Acre Minimum), C-O (Neighborhood Commercial), C-1 (General Commercial), C-2 (Heavy Commercial), BP (Business Park), MU (Mixed Use), P (Public), O (Open Space), and O-1 (Open Space-1).

The SOI contains the High Density Residential (HDR), Medium Density Residential (MDR), Low Density Residential (LDR), Estate Residential (ER), Homestead Residential (HR), Agricultural (AG), Open Space (O), Public (P), General Commercial (GC), Heavy Commercial (HC), Business Park (BP), and Mixed Use (MU), primary General Plan Land Use designations pursuant to the Tuolumne County General Plan and the Mineral Preserve (MPZ) overlay designation.

The JSD SOI contains a combination of residential, commercial, and industrial land uses and densities. The area surrounding the JSD within its Sphere of Influence contains sufficient space for urban uses. The JSD SOI includes enough land zoned for residential uses 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 JSD'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.

5.1.1 Infrastructure Needs and Deficiencies for Jamestown Sanitary District

Given the level of development planned for the Jamestown Sanitary District, improvements to the wastewater system will be necessary in the future for build-out within the JSD District boundaries and Sphere of Influence. JSD can currently handle the projected new connections, but, due to the availability of land, the JSD should expect continued development applications within its boundaries and increases in service demand.

JSD's collection system consists of several different types of piping including Clay, Asbestos Cement, Ductile Iron, Plastic, and Unreinforced Cement. For planning purposes, piping is assumed to last approximately 50 years before needing repair. JSD staff report that these aging collection pipe lines are currently the most serious issue facing the District. The JSD repairs the system as needed. Developmental build-out within the existing sphere of influence will require infrastructure and capital improvements to the collection system.

With a disposal capacity of 895,000 gallons per day and Peak Wet Weather Flows in excess of 1.1 million gallons a day it was apparent that an increase in disposal capacity or an increase in storage area for wastewater was needed. Additional storage of 254,000 gallons of wastewater was added in 2008, by installing a Fournier mechanical rotary press sludge dewatering system. Prior to this installation this storage area was for sludge during the winter but can now be used for storage during peak wet weather flow (PWWF). JSD has a contract with TUD for storage of treated effluent in Quartz reservoir. TUD has over 700 acres available for land applications of treated effluent which minimizes discharges into Woods Creek.

In 2013, the Jamestown Sanitary District was awarded a Community Development Block Grant (CDBG) for sewer line rehabilitation and replacement as a sub recipient of the County of Tuolumne. JSD anticipates replacing/rehabilitating 7,531± lineal feet of deteriorating sewer pipe line located primarily within county and state rights-of-way (roadways). The work will also involve the replacement of 72± laterals from the main line to the public right-of-way line to serve customers which will be funded by the District.

JSD personnel hold the necessary licenses and certifications to run a wastewater treatment and disposal facility.

5.1.2 Written Determinations Regarding Infrastructure Needs and Deficiencies:

1. The JSD wastewater treatment system is capable of serving the 1,572± equivalent single family residential connections.
2. The wastewater treatment plant has a treatment and disposal capacity of 895,000 GPD during Peak Wet Weather Flows, and receives an Average Dry Weather Flow of 166,500 GPD. The JSD has a contract with TUD for storage of treated effluent in Quartz reservoir. TUD has over 700 acres now available for land applications of treated effluent to minimize discharges into Woods Creek.

3. The JSD recognizes that the infrastructure degradation affecting the nation is also applicable to their collection system. Many of the main collection pipes for the JSD date from the mid-1950s and these aging collection lines are considered the most serious issue currently facing the district. In 2013, the Jamestown Sanitary District was awarded a Community Development Block Grant (CDBG) for sewer line rehabilitation and replacement as a sub recipient of the County of Tuolumne. JSD anticipates replacing/rehabilitating 7,531± lineal feet of deteriorating sewer pipe line located primarily within county and state rights-of-way (roadways). The work will also involve the replacement of 72± laterals from the main line to the public right-of-way line to serve customers which will be funded by the District.
4. The JSD operates pursuant to the Sanitary District Act of 1923, Sections 6400-6830 of the Health and Safety Code, and under the Regional Water Quality Control Board (RWQCB) Waste Discharge Requirement (WDR), No. 5-01-062, which regulates effluent temperature, pH, and maximum allowed flows to be discharged to wastewater ponds. The JSD needs to continue to provide accurate waste flow information to the RWQCB, including wet weather flows.

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 Jamestown

According to the Tuolumne County Assessor's records, within the Jamestown Sanitary District boundaries there are approximately 269± undeveloped parcels. Total residential build-out within the Sphere of Influence could result in the development of approximately 1,070± additional residential units based upon the current zoning of the parcels. Development and growth in the JSD is likely to continue through issuance of discretionary permits, approval of land divisions, construction of infill projects, and expansion of District boundaries within the existing Sphere of Influence.

The JSD currently serves approximately 1,572 equivalent single family residences, or a total service population of approximately 3,433 people using the 2010 U.S. Census estimate of 2.89 people per dwelling. Most individuals who live in the JSD live there on a permanent basis.

According to the State Department of Finance, *State and County Total Population Projections 2010 through 2060 Report P-1*, the population growth rate for Tuolumne County is -0.3 and is projected to continue to decrease through 2015 and then increase by 3.2% from 2015 to 2020. The addition of 3% to the existing population of the Jamestown area would not create any impediment to service for the JSD. JSD is aware that an increase in facility capacity will be needed in the near future. There have been recent upgrades to the sewage treatment plant. The JSD will also replace 7,531 lineal feet of deteriorating sewer lines in the next couple of years.

In 1996, JSD developed a preliminary site layout and facilities cost for a new wastewater treatment plant to be located near Quartz Reservoir. Modifications to these preliminary plans are on-going with probable site development of a secondary treatment plant near Quartz Reservoir. An extended aeration oxidation ditch treatment process is deemed most appropriate for the new facility according to the JSD 2004 Wastewater Master Plan but any such plans would require a more in-depth analysis prior to approval.

5.2.2 Written Determinations on Growth and Population

1. There is a likelihood of growth in the Jamestown Sanitary District.
2. In the Jamestown Sanitary District, parcels can be divided or discretionary permits issued, to allow additional residential and commercial development.
3. There is no definite plan to modify the wastewater collection infrastructure at this time to accommodate increased development in the area; however, upgrades to the collection system are being considered to accommodate potential growth.
4. There is no definite plan to modify the sewage treatment and disposal method at this time to accommodate projected growth.

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 Jamestown Sanitary District

The capacity/connection fee for inclusion in the JSD is approximately \$5,258 plus a \$1,680 fee levied by Tuolumne Utilities District for effluent disposal. Monthly Rates were increased from \$38.25 to a flat fee of approximately \$41.05 per equivalent single family residence (ESFR) on November 1, 2010. Commercial uses typically have higher fees than residential uses due to the greater potential water use by commercial development. Future improvement costs are divided between future and existing users with the greater portion of costs being paid by future users. Current JSD assets and revenue sources may be unable to keep pace with on-going maintenance costs if large portions of the collection system degrade at once. Funding sources for the JSD consist of user fees, connection fees, property taxes and reserve accounts for contingencies.

User and Capacity/Connection revenue will not be adequate to completely fund needed facility improvements to meet urban developmental requirements in the JSD Sphere of Influence or to meet more stringent discharge requirements for surface water discharge.

In 2013 the Jamestown Sanitary District was awarded a Department of Housing and Community Development grant (CDBG) for sewer line rehabilitation and replacement as a sub recipient of the County of Tuolumne. JSD anticipates replacing/rehabilitating 7,531± lineal feet of deteriorating sewer pipe line located primarily within county and state rights-of-way (roadways). The work will also involve the replacement of 72± laterals from the main line to the public right-of-way line to serve customers which will be funded by the District.

5.3.2 Written Determinations on Financing Constraints and Opportunities

1. There is a need for the JSD to improve facilities to accommodate more development within their existing sphere of influence.
2. Funding sources for JSD consists of user fees, connection fees, property taxes, and reserve accounts for contingencies.
3. Monthly Rates were increased from \$38.25 to \$41.05 per ESFR on November 1, 2010.
4. User and Capacity/Connection revenue will not be adequate to completely fund needed facility improvements to meet urban developmental requirements in the JSD Sphere of Influence or to meet more stringent discharge requirements for surface water discharge.

5. In 2013, the Jamestown Sanitary District was awarded a Community Development Block Grant (CDBG) for sewer line rehabilitation and replacement as a sub recipient of the County of Tuolumne. JSD anticipates replacing/rehabilitating 7,531± lineal feet of deteriorating sewer pipe line located primarily within county and state rights-of-way (roadways). The work will also involve the replacement of 72± laterals from the main line to the public right-of-way line to serve customers which will be funded by the District.

5.4 Cost Avoidance Opportunities

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

5.4.1 Cost of Operations for Jamestown Sanitary District

The Jamestown Sanitary District employs various cost-avoidance practices in its daily operations and practices. The JSD has taken numerous actions over the years to save money and lower expenses. The actions included: cooperative training classes with Groveland Community Services District, safety and technical training conferences for district personnel, development of multi-service vehicles to reduce vehicle purchase/operating costs, and the sharing of mobilization costs for outside contractors with Twain Harte Community Services District (THCSD). In 2006, JSD, THCSD, and TUD entered into a Mutual Assistance Agreement for compliance with the Statewide "Sewer System Management Plan (SSMP)." The District is minimally staffed with various employees serving a wide variety of functions in order to keep costs down. Board Members are paid \$110.00 per meeting with a maximum payment of \$220.00 per month. Annual Financial reports are prepared to track revenue and expenses.

The JSD prepares a budget annually. The JSD 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 administrative assignments. The JSD follows the Governmental Accounting Standards Board (GASB) 34 accounting standards.

The JSD has adopted sewer connection fees to be paid by the property owner in the amount of \$5,258 plus an additional \$1,680 to be paid to the Tuolumne Utilities District as a condition of their service contract with JSD for effluent removal. Future users pay a higher percentage of the future facility improvement costs for the JSD since existing users do not pay any connection fees. Monthly service fees vary depending on the property use but average \$41.05 per single family dwelling (ESFR). Included in the monthly fee is \$4.13 per ESFR charged by and payable quarterly to TUD for effluent (outfall) disposal. Costs related to improper waste disposal and illegally modified or aging connection pipes could be decreased through public awareness programs regarding these water quality issues as well as enforcement of District Ordinances as needed.

According to planned land uses in the JSD service area and Sphere of Influence, infrastructure facilities, including wastewater collection systems and treatment plants, will require improvements in the near future. Though the Tuolumne Utilities District service area extends into the JSD Sphere of Influence and has the possibility of sharing costs with JSD, JSD has expressed concerns over shared liabilities associated with such agreements.

The JSD investigated the potential to withdraw from a shared facility (Regional Sewer System Outfall) with Tuolumne Utilities District. JSD is concerned with liabilities associated with a joint wastewater permit allowing overflow discharge of secondary effluent into Woods Creek. Since that time, TUD acquired over 700 acres of land for treated effluent application which has greatly minimized discharges into Woods Creek. JSD remains a part of the shared system with the TUD Regional Sewer Plan System.

The JSD has developed a Wastewater Master Plan to guide district services. This document contains timed/planned facility improvement plans which have been scheduled so that large expenses do not overburden the District. The plan also contains alternative improvement plans and various options for funding.

5.4.2 Written Determinations on Cost Avoidance Opportunities

1. The JSD 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 administrative assignments.
2. The five member Board of Directors are paid \$110.00 per board meeting. Meetings are limited to 2 per month.
3. The JSD employees operate in a variety of capacities to reduce operating costs.
4. The JSD should continue to utilize proper connection and disposal practices and decrease maintenance costs through public awareness programs.
5. The JSD prepares a budget annually.
6. The JSD follows the Governmental Accounting Standards Board (GASB) 34 accounting standards.

5.5 Opportunities for Rate Restructuring

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

5.5.1 Rates for Jamestown Sanitary District

The JSD strives to keep rates as low as possible. The JSD charges approximately \$41.05 per ESFR per month (depending on the property use) for wastewater services per parcel and new capacity/connection fees are \$7,038.00 including a \$1,680.00 fee paid to TUD for effluent disposal. Rates have been increased by the JSD as needed and should continue to accurately reflect costs associated with the operation of the JSD.

Development within the Jamestown community is likely to continue with infill development requiring wastewater service as higher population densities are achieved. The projected population growth of 3% between now and 2020, based upon the California Department of Finance projections for Tuolumne County, will not create the amount of revenue necessary to complete needed infrastructure and capital improvements.

It is likely that adjacent parcels will be annexed, or parcels will be divided to spread operating costs among more property owners. Rates should continue to be increased when necessary to the amount that would result in accumulating additional funds at the end of the year for contingency events. JSD should continue using its General Fund Reserve as a contingency fund.

5.5.2 Written Determinations on Opportunities for Rate Restructuring

1. Rates in the JSD have been increased to enable the JSD to cover its costs to provide adequate operation and maintenance and remain reasonable for the geographic area.

2. It is likely that adjacent parcels will be annexed, or parcels will be divided to spread operating costs among more property owners.
3. Rates should continue to be increased when necessary to the amount that would result in accumulating additional funds at the end of the year for contingency events. JSD should continue using its General Fund Reserve as a contingency fund.
4. It is likely that urban development will occur in the JSD in the future and that facility improvements will be needed to serve the additional land uses.

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 Jamestown Sanitary District to Share Facilities

The JSD has an agreement with Tuolumne Utilities District to serve customers outside the District boundary where capacity exists. There appears to be one customer outside of the District boundaries being served by JSD and a portion of another customer's property being served which is outside of the District boundaries. There are numerous parcels within the District boundaries which are not being served by JSD. Future plans include annexing these parcels into the District rather than providing service through another entity.

The JSD is within the boundaries of Tuolumne County, Tuolumne County Resource Conservation District, Countywide Ambulance District (CSA 21), Jamestown Fire Protection District, Jamestown Lighting District, and Jamestown Cemetery District. The Tuolumne Utilities District Boundary overlaps the JSD service area as well. JSD has a contract with TUD to store treated effluent in Quartz reservoir.

The JSD investigated the potential to withdraw from a shared facility at the JSD treatment plant due to excessive liabilities associated with the contract with Tuolumne Utilities District for ownership of the effluent pumping station located on that parcel, and TUDs' continued discharge of secondary effluent into Woods Creek. Since that time, TUD has leased over 700 acres of land for application of treated effluent which minimizes the potential of discharges of treated effluent into Woods Creek.

5.6.2 Written Determination on Opportunities for Shared Facilities

1. The JSD currently does share facilities with the TUD.
2. JSD is currently in a contract with TUD for storage of treated wastewater at Quartz Reservoir. Treated effluent is applied through land application on over 700 acres leased by TUD.
3. The JSD could increase service capacity through agreements with other governmental agencies, to store wastewater and dispose of treated effluent, but must also accept increased liabilities associated with such agreements.

5.7 Government Structure Options

Purpose: To consider the advantages and disadvantages of various government

structures that could provide public services.

5.7.1. Jamestown Sanitary 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.

The Tuolumne Utilities District is the only district that provides sewer service whose Sphere of Influence overlaps the JSD. TUD potentially has the capability to provide service to the Jamestown area; however, since Jamestown is not an incorporated city, public service districts, such as the JSD, appear to be an excellent way to maintain owner control and keep public participation high while at the same time maintaining consistent and adequate service levels. TUD presently handles the disposal of treated effluent generated by JSD. The County of Tuolumne does not operate any county service area sewer facilities.

Recently, a proposal to form a Community Services District for Jamestown was discussed by the Jamestown community. A proposed Community Services District could include the Jamestown Sanitary District, the Jamestown Fire Protection District, the Jamestown Cemetery District and the Jamestown Lighting District. To date, no application has been received to form a Community Services District in Jamestown.

5.7.2 Written Determinations on Government Structure Options

1. There is no need to change the government structure of the JSD at present.
2. There are other special districts that could provide sewer service to the area; however, the JSD provides adequate service.
3. Property owners within the JSD service area are adequately provided wastewater services.
4. The JSD should initiate the process to annex any parcel being served by the JSD into the official District service boundary.
5. Formation of a Community Services District for Jamestown had been discussed but the community has not decided to proceed with this effort.

5.8 Management Efficiencies

Purpose: To evaluate the management capabilities of the organization.

5.8.1 Jamestown Sanitary District Management

The JSD is governed by a five member Board of Directors and staffed by four full-time employees, 2 part-time employees and 1 emergency/on-call employee. At the top of the Jamestown Sanitary District Organizational Chart are the five members of the Board of Directors. Directly below the Board, are the full-time Chief Plant Operator and full-time Manager/Finance Officer. In evaluating the JSD's capability to serve the existing and proposed Sphere of Influence area, LAFCO can examine the JSD's ability to maintain management and budget efficiencies over the existing lands.

The JSD strives for maximum budget efficiency through the budget preparation process and maintains a balanced budget. Capital improvements are planned during the budget process.

The JSD has a comprehensive safety program which includes regular training opportunities and routine safety inspections by independent contractors significantly decreasing management costs associated with worker safety

5.8.2 Written Determinations on Management Efficiencies

1. The JSD strives for maximum budget efficiency through the budget preparation process and maintains a balanced budget. Capital improvements are planned during the budget process.
2. The JSD has a comprehensive safety program which includes regular training opportunities and routine safety inspections by independent contractors significantly decreasing management costs associated with worker safety.
3. It is reasonable to conclude that management of the JSD 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 Jamestown Sanitary District Public Participation

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

The JSD maintains customer-oriented programs including distribution of information in monthly statements and monthly Board of Directors meetings. Public service announcements in the local newspaper are routinely posted and public surveys are occasionally distributed. Public attendance and participation are encouraged at the monthly JSD Board of Directors meetings, which are held on the second Thursday of the month at 4:00 p.m. at the downtown office at 18351 Main Street in Jamestown. The agenda and minutes from previous meetings are available upon written request. Special meetings are conducted when needed with notification posted in the local newspaper and at their downtown office.

In order to increase public participation, the JSD could operate a website in the future where customers can view current fees, review minutes of agendas, look up the nearest location of a sewer main and ask the JSD for needed information.

5.9.2 Written Determinations on Local Accountability and Governance

1. The JSD maintains customer-oriented programs, including distribution of information in monthly statements, holding monthly public meetings and posting public announcements in the newspaper.
2. The JSD Board of Directors conducts business during regularly scheduled monthly meetings that are open to the public.
3. The JSD conducts special meetings when needed.
4. The JSD should continue to solicit customer feedback and comments from property owners within the district.

5. JSD maintains a highly visible and accessible office in downtown Jamestown where customers are welcome to pay their bill in person and discuss issues with staff.
6. In the future, the JSD could set up and operate a website to increase customer participation and provide needed information.

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)(5) 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. No change of the Sphere of Influence is proposed for the Jamestown Sanitary District.

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 JSD

The JSD is located in and around the community of Jamestown, approximately 3.7 miles southwest of Sonora on State Highway 108/49 in the unincorporated area of Tuolumne County, California. The treatment plant is located on Assessor's Parcel Number 59-080-96. The service area within existing boundaries is approximately 936± acres with a potential service area of 4,700 acres. The District includes the primary downtown and highway corridors of Jamestown extending approximately 2 miles north and south with a maximum width of approximately 3,000 feet. The service area is a mostly urban setting surrounded by high foothill plateaus and annual grasslands primarily used for agricultural uses.

The Jamestown area is a legacy community because it is inhabited and is over 50 years in age. The 2010 Census indicates that the Jamestown community is a Census designated place has a median household income of \$27,764 per year. The Census further indicates that the median household income for the State of California is \$61,632 per year. 80% of the Statewide median income is \$49,306 per year. Since the median household income of the Jamestown community is less than 80% of the Statewide median household income, the Jamestown community is a disadvantaged unincorporated community.

There are urbanized areas within the JSD's SOI that are not presently provided service, such as the Peppermint Creek Mobilehome Park in the northwest corner of the SOI, and the Valle Vista Subdivision in the southwestern corner of the SOI. Providing sewer service to these areas would require substantial funding assistance as extensions of sewer mains to these areas far exceeds current District financial capabilities. The topography also presents a challenge.

There is a small island of urban development inside the District boundary that is not part of the District. This area contains approximately 20 small parcels along Woods Way and could be annexed if sewer service becomes necessary. Areas outside the JSD SOI are within the service

area of the Tuolumne Utilities District and could be provided sewer service by that District.

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 JSD provides sewer services to Jamestown and parcels immediately to the south, west and north of Jamestown. These services and facilities are provided to the community in an efficient manner, at reasonable rates, to all property owners, residents and visitors of the area regardless of income.

In 2013 the Jamestown Sanitary District was awarded a Community Development Block Grant (CDBG) for sewer line rehabilitation and replacement as a sub recipient of the County of Tuolumne. JSD anticipates replacing/rehabilitating 7,531± lineal feet of deteriorating sewer pipe line located primarily within county and state rights-of-way (roadways). The work will also involve the replacement of 72± laterals from the main line to the public right-of-way line to serve customer connections, which will be funded by the District.

5.9.6 Written Determinations Regarding Disadvantaged Unincorporated Communities:

1. The community of Jamestown area has been identified as a Disadvantaged Unincorporated Community.
2. The Jamestown Sanitary District provides sewer services within its District.
3. There is a small island of urban development inside the District boundary that is not part of the District. This area contains approximately 20 small parcels along Woods Way and could be annexed if sewer service becomes necessary
4. The Jamestown Sanitary District provides services at reasonable rates to property owners, residents and visitors within its District in an efficient manner.

6.0 REFERENCES

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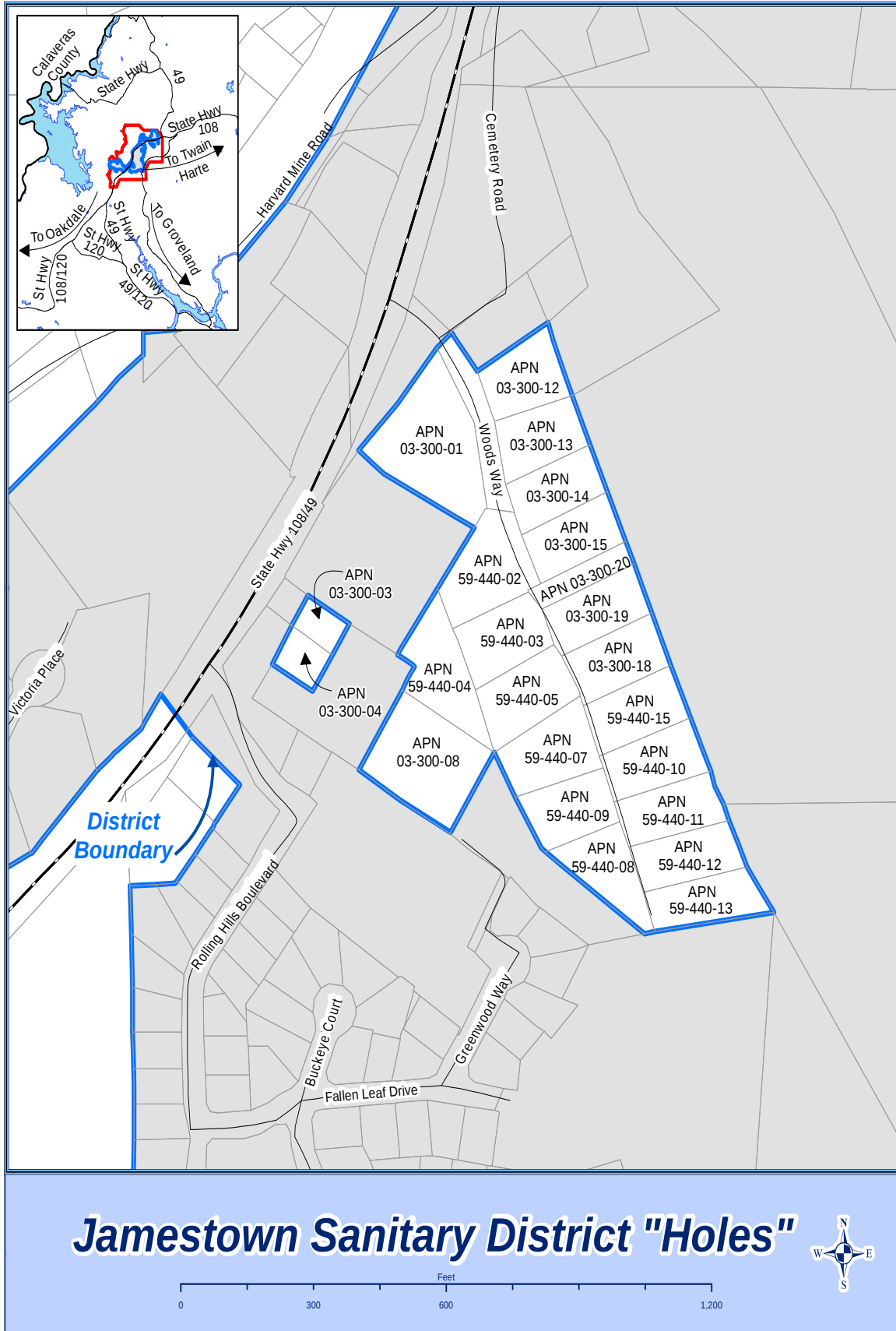
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ISLAND OF URBAN DEVELOPMENT INSIDE THE DISTRICT BOUNDARY



"EXHIBIT B"

