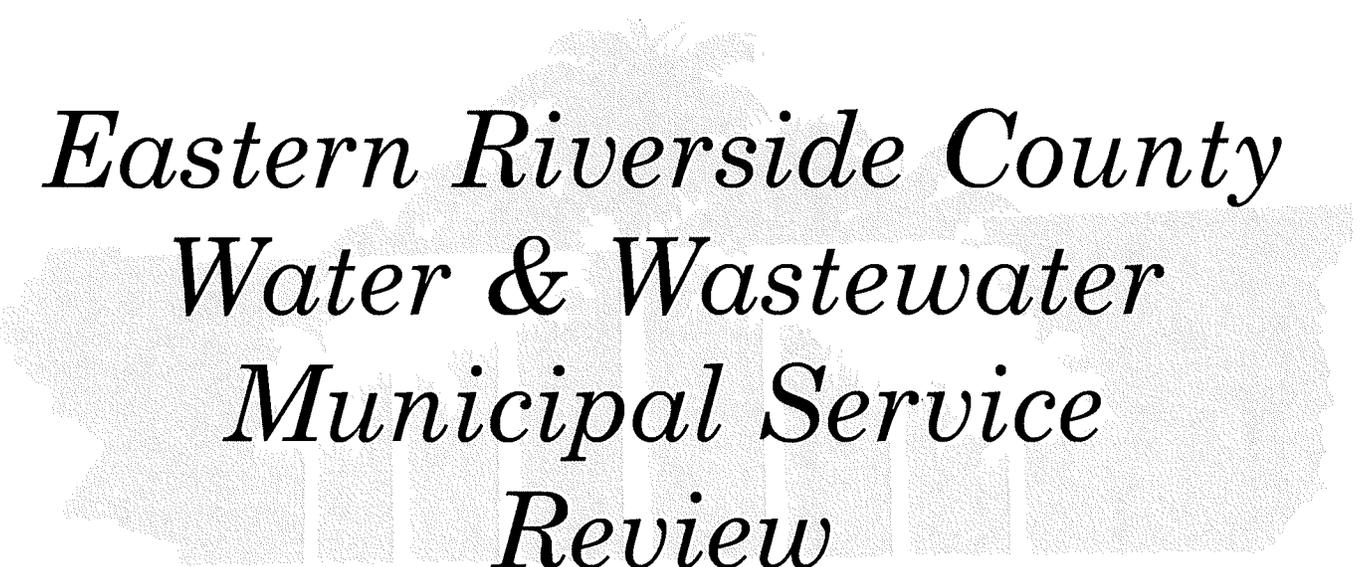


FINAL



*Eastern Riverside County
Water & Wastewater
Municipal Service
Review*

RIVERSIDE LAFCO

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FINAL DRAFT

MUNICIPAL SERVICES REVIEW FOR WATER AND
WASTEWATER SERVICES IN EASTERN RIVERSIDE COUNTY

RIVERSIDE COUNTY LOCAL AGENCY FORMATION COMMISSION

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Overview

This MSR, the *Eastern Riverside County Water and Wastewater Municipal Service Review* encompasses County Service Areas 51, 62, and 122, Chiriaco Summit County Water District, Palo Verde Irrigation District, and the City of Blythe. Although agencies provide multiple services only water and wastewater services will be reviewed.

LAFCOs are mandated by the Cortese-Knox Hertzberg Reorganization Act of 2000 (CKH) to oversee orderly development within their county of jurisdiction. The Act governs the boundaries of special districts and cities, consistent with each agency's principal act. To implement boundary changes, CKH directs LAFCOs to make reorganization decisions based on the efficiency of service provisions. To promote greater efficiency in services for future planning purposes, the CKH mandates LAFCOs to conduct Sphere of Influence (SOI) reviews once every five years. SOIs are used as a planning tool for agencies to conduct service and facility planning for areas it intends to serve in the future.

A SOI is defined as "a plan for probable physical boundaries and service area of a local agency, as determined by the Commission." Consistent with Commission SOI policies, a SOI can a) be coterminous to agency boundaries as the ultimate foreseen configuration of the agency in anticipation of no future growth, b) be extended beyond the agency boundaries in anticipation of future growth, c) be smaller, indicating the need to detach areas from the agency boundaries, or d) be designated a "zero sphere", which indicates a potential dissolution of the agency. In order to amend the sphere of influence boundaries, formal approval from the LAFCO Commission is required.

Prior to or in conjunction with SOI reviews a Municipal Services Review (MSR) must be prepared pursuant to Government Code Section 56430 (c). MSRs are conducted to assist in the SOI review process by providing information regarding the ability of agencies' to provide public services.

Pursuant to 56430 (a), the MSR will make the following determinations:

- (1) Infrastructure needs and 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.

Provided is a summary of what each determination will assess.

(1) Infrastructure needs and deficiencies.

The review will assess whether the agency has the ability to provide and/or continue to provide an adequate level of service based on its existing infrastructure. This will evaluate the condition of its facilities, needs and/or deficiencies of its wastewater and/or water system in terms of supply and capacity to serve.

Prior to expanding an agency's SOI or when processing a proposal for boundary changes LAFCO, has to determine whether the agency can efficiently provide services based on the resources available to the agency.

(2) Growth and population projections for the affected area.

This will evaluate the current level of service to the agencies' existing service area and the impact of growth to the future provision of services.

For planning purposes, it is important to integrate population projections and the agency's ability to serve based on its resources. This helps to determine where the agency needs to plan for service delivery.

(3) Financing constraints and opportunities.

This will assess whether an agency has the ability to continue providing services based on its ability to finance needed improvements and services. This would identify opportunities as well as limitations for the agency to pay for facilities improvements as necessary.

(4) Cost avoidance opportunities.

Allows LAFCO to identify any unnecessary costs based on overlapping service areas, inefficient business practices, and/or high administrative costs in comparison to the cost of operation.

(5) Opportunities for rate restructuring.

Will consider agencies' rates and level of service in comparison to similar service providers.

(6) Opportunities for shared facilities.

To promote greater efficiency in public services explores opportunities for different agencies to share facilities and/or resources.

By sharing facilities and/or resources, agencies can eliminate the duplication of studies, planning efforts, etc. and potentially lower the cost for providing services. For agencies providing water and wastewater services it is crucial to share information because water resources are often interrelated.

(7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.

Will assess the need or opportunity for reorganization of agencies to allow for a greater efficiency in service provisions. Cost savings to agency's constituents will be identified.

(8) Evaluation of management efficiencies.

The efficiency of the agency's management structure will be considered. The internal organization of an agency is crucial to its ability to provide services efficiently. The MSR will identify the agency's functions, operations, and practices and assess whether any impede or facilitate the future demands and needs of the agency.

(9) Local accountability and governance.

Will address the agency's public participation process in the agency's decision making process not limited to budgets, plans, operations, and management practices.

The MSR can be used as a tool for future planning purposes and as an information guide for the general public. It will be used by LAFCO to update the agencies' sphere of influences,

but it does not require LAFCO to initiate change in agencies' boundaries. It can also be used by LAFCO for future proposals.

Service Review Process

In preparation of the *Eastern County Water and Wastewater MSR*, public agency input is very important. To begin the MSR process the affected agencies were sent a questionnaire regarding services provided. Through a combination of responses from the questionnaires, follow-up conversations with the agencies, and research the MSR was prepared. Agencies are encouraged to review and comment on the *Public/Agency Review Draft* prior to the circulation of the *Final Review Draft* that will be presented before the LAFCO Commission, October 25, 2007. This is an opportunity to address any concerns of the affected agencies regarding the data presented. At the public hearing the Commission will review the final draft of the MSR. After the hearing, the draft determinations will be modified as necessary to be adopted by the Commission.

Population Growth

Since the areas being reviewed with the exception of the City of Blythe are so small there are no specific growth projections linked to a specific area. However, the Riverside County Center for Demographic Research has made growth projections for the general unincorporated eastern county area in the *Riverside County Progress Report 2007*. Provided are the housing and population projections for the eastern county unincorporated area:

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

Housing	
2005	3,679
2010	4,230
2015	4,876
2020	5,733
2025	6,686
2030	7,575

Based that data these areas will experience an average growth rate of approximately 4.4% within a period of 25 years beginning in 2005.

The City of Blythe currently has an estimated 5,700 dwelling units within the city limits and a population of approximately 14,820. Provided are the City of Blythe's population projections, excluding the inmate population of 8,000 that resides in the Chuckwalla and Ironwood State Prisons. Also, listed are the housing projections from the *Riverside County Progress Report 2007*.

Population	
2005	13,600
2010	15,766
2015	18,277
2020	21,288
2025	24,563

Housing	
2005	5,287
2010	5,729
2015	6,099
2020	6,697
2025	6,969

The average growth rate for the City of Blythe from 2005 to 2025 is estimated 3.2%.

Key Issues

Water sustainability and reliability are a common concern for the future provision of water services. In the Eastern County, the majority of water available to the public agencies is from the Colorado River. Due to the high salinity and turbidity in the water supply, treatment is recommended and in most cases necessary for potable water uses. Although the agencies

continue to adequately provide water and/or wastewater services water resources management can be discussed among the agencies in a regional effort. Due to the location of some of these agencies, their limited planning staff, and small budgets regional planning efforts are difficult.

I. County Service Area 51

a. Location/Area

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

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

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

b. Services

CSA 51 provides street lighting, recreational, water and wastewater services. For purposes of this MSR, only water and wastewater services are being reviewed.

Water Services

The water system of the CSA serves approximately 82 residential connections, one mobile home park, and a few commercial lots. There are approximately 182 parcels within the boundaries of the CSA. Water sources for the CSA consist of four wells, Well #4 and Well #5 being the CSA's primary wells that are approximately 1,000 and 1,100 feet deep respectively. The two other wells are standby only and are used for monitoring purposes. The CSA has a dual water distribution system that allows for conveyance of potable water for domestic purposes and nonpotable water for landscaping purposes. Unlike nonpotable sources, potable water sources are run through a defluoridation plant to each lot through a double check above ground valve backflow assembly. Every household has two water connections for irrigation as well as domestic uses. Each domestic connection has its own double check valve backflow assembly.

The current water facilities are in good condition and operate to drinking water standards. Routine inspections of the system and samples are drawn from its wells periodically to identify any contaminants in the water supply. Water demand varies from year to year. The average water demand between 2004 through 2006 was 1,276 acre feet. Approximately two percent of the average water demand was "finished water" or water treated for fluoride used for potable water services. The golf course has the highest water demand and it is irrigated with nonpotable water. There has been no planning for projected water demands in the area.

Alternative water sources are not available to residents within CSA 51's service area. Two standby sources or wells cannot be used because when pumped sand is drawn. In 2004, fluoride was found to exceed the maximum contaminant level (MCL) in the CSA's water supply. A Capital Improvement Project (CIP) for fiscal year 05/06 installed a new fluoride water treatment tank. The project was funded by the USDA.

Monthly potable water rates are a minimum of \$32.75 and \$30.00 for non-potable water. The minimum cost covers up to 1,000 cubic feet of consumption. If consumption is over 1,000 cubic feet, an additional \$6.00 is charged per hundred cubic feet (HCF). An additional per parcel annual assessment of \$529 for multiple services is charged to the residents. Four parcels however, have significantly higher assessments. The CSA also receives a portion of the one percent tax levy.

Wastewater Services

The CSA also owns its own wastewater treatment plant (WWTP) that has a capacity of .084 million gallons per day (mgd). The WWTP currently treats .044 mgd. CSA 51 presently has 80 residential wastewater connections, including one mobile home park.

The monthly sewer service charge, which includes collection, treatment, and disposal, is \$20.72 per residential connection. Compared to neighboring areas the charge for wastewater services is higher. The City of Blythe sewer rate per residence is \$12.52, the City of Coachella rate is \$18.00, and the Coachella Valley Water District rate is \$18.80. Although, the other agencies mentioned provide similar services their service area is much larger and therefore, have a large customer base to spread costs among.

c. Employees

There are six part-time employees employed by the CSA. However, four of the employees' duties are geared toward water and wastewater services. The area manager divides his time among three CSAs, 51, 62, and 122. In addition, there are two professional and support staff and one operational staff person. The area manager and treatment plant operator are required to have a minimum of D1 and T1 operator certifications.

d. Governing Body

The CSA is governed by the County Board of Supervisors (BOS) and is administered by the Economic Development Agency (EDA). An advisory committee was formed to provide recommendations directly to EDA regarding CSA policy matters (BOS Policy No. A-48). The Board policy grants the committee the responsibility to review and comment on the (1) service level of the CSA, (2) CSA projects, plans and priorities, (3) on the need or potential for increased special services and/or additional services. Committee members participate in the annual budget process as they are allowed to comment and review the budget. It is EDA's responsibility to develop an annual budget. Public meetings for CSA 51 are held every third Thursday of even numbered months, with the exception of summer months. Notice to the meetings is posted at the CSA's office. Accordingly the advisory members have an 8-consecutive year membership.

The County Department of Environmental Health also provides routine inspections of the existing water system. Inspection reports conducted by Environmental Health describe the condition of the water system and water quality.

e. MSR Determinations:

(1) Infrastructure needs and deficiencies.

If CSA 51's system were to fail alternative water sources have been exhausted. The two standby wells cannot be used because they were developed poorly and are not deep enough to be in the actual aquifer. The aquifer is believed to be 800 to 1,100 feet deep. Due to the age of the wells it is not recommended to redrill to reach the aquifer. Instead, new wells would have to be drilled in a different location.

(2) Growth and population projections for the affected area.

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

(3) Financing constraints and opportunities.

The CSA's revenue sources consist of a portion of the one-percent tax levy, annual assessments of \$529 for multiple services, and service charges for water as well as sewer services. Being such a small community populated mostly of retirees the cost for water and/or sewer improvements in addition to existing assessments may be unbearable.

Also, the portion of the one percent tax levy fluctuates so drastically from year to year from approximately \$5,442 in FY 05/06 to \$50,338 in FY 06/07 that it makes it difficult to manage the CSA under those revenue conditions.

(4) Cost avoidance opportunities.

CSA 51 is the only public service provider within approximately 50 miles. Its service area does not overlap existing agencies nor does it provide duplicate services. The EDA standard administrative cost is 10%, the actual cost to the CSA has been approximately 8% of the budget for two fiscal years.

No cost avoidance opportunities have been identified in this review.

(5) Opportunities for rate restructuring.

Due to the different fee structures in user fees and rates for water services and wastewater services of agencies based on the type of system, the amount of connections, and the different water uses (potable vs. nonpotable), no adequate comparison can be drawn to identify an opportunity for rate restructuring.

(6) Opportunities for shared facilities.

Since there are no other agencies within at least 50 miles of CSA 51 there is no opportunity for shared facilities.

(7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.

Due to the CSA's remote location there is no opportunity for reorganization with other service providers.

(8) Evaluation of management efficiencies.

EDA currently administers the CSA, which provides professional expertise to support financing, management of the annual budget, and is a medium of communication to the Board of Supervisors. The CSA has its own staff to perform the daily operations of the CSA. EDA and the CSA area manager have direct communication with the CSA's advisory committee that represents the entire community at large.

(9) Local accountability and governance.

CSA 51 is accountable to the Desert Center Advisory Committee and to its residents who have the opportunity to participate in the annual budget process. Any concerns of the residents are communicated to the committee who in turn inform the area manager. Any significant concerns are expressed to the Board of Supervisors. Items taken before the Board of Supervisors are properly advertised in accordance with the Brown Act. Also, meetings and agendas held by the CSA are posted outside of the CSA office at Lake Tamarisk.

Annual audits are not performed for the CSA. Also, neither the CSA's agendas, budgets, or the list of services performed by the CSA are not posted on EDA's website.

II. County Service Area 62

a. Location/Area

County Service Area 62 serves the unincorporated community of Ripley of approximately 390 residents. It is one of the oldest communities in the desert, and is predominantly agricultural based. It is approximately 10 miles southwest of the City of Blythe, south of I-10. Today Ripley consists of single-family residences, mobile home parks, and a community center. The service area of the CSA encompasses approximately 355 acres.

The District office is located at 24501 ½ School Rd. in Ripley, CA. at the Ripley Community Center.

b. Services

Services provided by the CSA include water, wastewater, and streetlighting services. This review only addresses water and wastewater services.

Water Services

The CSA operates and maintains two wells, one which is to be used only for emergency purposes. The existing water treatment plant is owned and operated by the CSA and was recently upgraded to treat high TDS, iron and manganese. There are no auxiliary water sources available to CSA 62.

The main well has a capacity of 200 gpm and the entire distribution system has a capacity of 180,000 gallons of storage. There are four 20,000 gallon storage tanks and one 100,000 gallon storage tank along School Rd.

Of the 317 parcels within the CSA, there are 150 existing residential water connections. The amount of water delivered to the CSA's customers has been relatively stable as indicated below:

2004	2005	2006
114 AFY	112 AFY	107 AFY

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

In FY 06/07, as a capital improvement project, the water distribution pumping system was upgraded to a *Variable Frequency Drive (VFD)* pumping system that maintains the water pressure. The new pumping system is more efficient as it is no longer necessary to operate the pumps all the time. In addition, a 100,000 storage tank was added to the existing water system. CIPs are adopted as a line item in the CSA's annual budget. There have been no additional CIPs planned for fiscal year 07/08.

The minimum monthly water rate charged by the CSA is \$25.00 per residential connection. Any water consumption over 1,000 cubic ft. is billed at \$1.13 per HCF. The annual per parcel assessment charged for multiple services is \$60.00. Also, CSA 62 has accumulated debt in a separate Debt Service account to pay for the maintenance and improvements of water facilities. Special taxes are collected to pay for the debt accrued. The CSA also receives a portion of the one percent tax levy.

Wastewater Services

CSA 62 serves 130 wastewater connections within Ripley. The CSA owns and operates its own wastewater treatment plant. The capacity of the WWTP is .05 mgd and it is currently treating an average daily flow of .037 mgd.

The CSA charges flat monthly sewer rates to its customers. The monthly fee per residence is \$25.00, which is comparable to City of Blythe's monthly charge of \$26.51 per residence.

c. Employees

CSA holds three part time positions consisting of an executive/management, a professional/support staff, and an operations position. The area manager dedicates approximately 25% of his time to CSA 62 as he divides his time among CSAs 51, 62, and 122.

d. Governing Body

CSA 62 is governed by the County Board of Supervisors as a dependent special district of the County of Riverside. Constituents of the CSA have formed an Advisory Committee that work with the CSA area manager and EDA to address the concerns of the community regarding the provision of services. CSA 62 meets every third Wednesday of the month on even numbered months. Meeting dates are posted at the CSA office in Ripley and are published in the Palo Verde Times.

In addition, the County Department of Environmental Health monitors the CSA's water system and water quality. Inspections of the system are done every two to five years.

e. MSR Determinations:

(1) Infrastructure needs and deficiencies.

The facilities were found to be in a satisfactory condition when inspected by the Department of Health Services. However, as noted by the Department of Environmental Health the water distribution system consists of six and eight inch PVC pipe at a pressure of 45-65 psi. About 5 psi is lost in the distribution system. This does not prevent water delivery to its customers and there is no indication that the CSA is not meeting fire flow standards.

In addition, the wastewater system's waste line needs to be modified to prevent any potential backflow problems.

(2) Growth and population projections for the affected area.

The population in Ripley is estimated to be 400 persons. The County's General Plan land use concept focuses on community development in Ripley allowing up to two dwelling units per acre, light industrial uses, and open space. Due to the limited public services in the area significant population increases would require major water and wastewater system improvements.

(3) Financing constraints and opportunities.

The CSA reserves are currently an estimated 32% of its annual budget which is not easily replenished. If assessments, taxes, and charges for services are not covering the cost to provide the services, the County may wish to consider taking an increase of assessments and/or taxes to the voters. In FY 06/07 the CSA operated at a deficit and its reserves were depleted by approximately \$34,000. Whether there is a correlation between the two is uncertain, but this does raise a financing constraint for maintenance of water and wastewater facilities. Major improvements have been financed by USDA.

(4) Cost avoidance opportunities.

The administrative cost of EDA to the CSA is 10%. CSA 62's service area does not overlap existing agencies nor does it provide duplicate services. CSA 62 and 122 share office space and staff.

No cost avoidance opportunities have been identified in this review.

(5) Opportunities for rate restructuring.

Due to the different fee structures in user fees and rates for water services and wastewater services of agencies based on the type of system, the amount of connections, and the different water uses (potable vs. nonpotable), no adequate comparison can be drawn to identify an opportunity for rate restructuring.

Even though CSA 62's wastewater system is significantly smaller than the City of Blythe's, sewer rates are comparable. The City's rates are modified annually to represent the consumer price index (CPI).

(6) Opportunities for shared facilities.

CSA 62 and 122 currently share the same administrative office located in the Ripley Community Center.

(7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.

A proposal for the formation of Desert River Community Services District (DRCSD) (LAFCO 2004-64-4) has been filed with our office. The proponents propose to form the DRCSD to assume the functions of CSA 62 and 122, and provide additional services. Advantages and disadvantages of this option are being evaluated as part of the proposed formation.

(8) Evaluation of management efficiencies.

EDA currently administers the CSA, which provides professional expertise to support financing, management of the annual budget, and is a medium of communication to the Board of Supervisors. The CSA has its own staff to perform the daily operations of the CSA. EDA and the CSA area manager have direct communication with the CSA's advisory committee that represents the entire community at large.

(9) Local accountability and governance.

The constituents of the CSA 62 have the opportunity to participate in the decision making process through the advisory committee and EDA. CSA 62 public meetings are held every third Wednesday of the month on even numbered months. Meeting dates are posted at the CSA office in Ripley and are published in the Palo Verde Times.

Annual audits are not performed for the CSA. In addition, EDA does not post the CSA's agendas, budgets, or the list of services performed by the CSA on its website.

III. County Service Area 122

a. Location/Area

County Service Area 122 serves the unincorporated community of Mesa Verde. The community is located directly south of the Interstate-10 and the Blythe Airport, west of the City of Blythe. The area is primarily a mobile home community consisting of approximately 1,200 residents. The CSA is approximately 454 acres in size.

The CSA has an administrative office at the Ripley Community Building at 24501-5 School Rd. in Ripley, California.

b. Services

The CSA provides water and streetlighting services.

Water Services

For purposes of this MSR only water services are being reviewed. Mesa Verde is approximately six miles northwest of Ripley and has its own stand alone water distribution system. This system does not have a water treatment plant. Mesa Verde utilizes one well with a capacity of 750 gpm that pumps to a 0.25 mg storage tank and distribution system. Although the groundwater in the area is high in TDS, it is not at the levels which would constitute a treat to public health and would require shutting down the existing water system.

The CSA currently services 390 water connections to an estimated 402 parcels and a population of approximately 1,200. Water demand has been similar for the past three years. There has been no planning for projected water demands in the area.

2006	2005	2004
275 AFY	288 AFY	282 AFY

Improvements to the water conveyance system are scheduled this fiscal year to improve water flow. A portion of the funds for improvements will be provided by the United States Department of Agriculture (USDA).

In addition, plans for the installation of a new water system for the Mesa Verde area are being pursued. The building of the Blythe Energy project is expected to fund the Blythe Airport improvements directly north of CSA 122 therefore, creating an opportunity for shared facilities. Existing plans would allow CSA 122 to drill a well adjacent to the City of Blythe's planned well, and connect the two water systems to be separated by a backflow assembly. Current plans would allow for the construction of two separate water systems. The CSA will build, monitor, and inspect the new water system.

Current water rates are \$20.00 per month per residence. Water consumption over 1,000 cubic ft. charged between \$0.55 and \$0.65 HCF. An additional per parcel annual assessment of \$110.00 is charged to residents within the CSA.

Wastewater Services

The community of Mesa Verde uses septic systems. There is no wastewater system currently available to the community. Plans are underway to potentially connect to the City of Blythe's sewer system once wastewater services are available to the Blythe Airport directly north of Mesa Verde. The CSA would contract with the City for wastewater services. The use of septic systems has not been found to affect the water quality in Mesa Verde.

c. Employees

The CSA employs three part time staff. Staff consists of one executive/management, professional/support, and one operational employee. The area manager also dedicates 25% of his time to the management of CSA 122 out of the Ripley office.

d. Governing Body

Again, the CSA is administered by EDA and is governed by the County Board of Supervisors. This CSA has also formed an advisory committee to address concerns of the residents regarding services provided by the CSA to EDA. The advisory group is given the opportunity to review and comment on the annual budget. The CSA meetings are every second Wednesday of every even numbered month with the exception of summer months. Notices are posted at the CSA office in Ripley and are published in the Palo Verde Times.

Since the CSA provides water services to a larger area as compared to CSAs 51 and 62, the Department of Health Services monitors the water system. As indicated by the State Department of Health Services (DHS), CSA 122 has not been found to exceed the maximum contaminant level (MCL) of total dissolved solids (TDS).

e. MSR Determinations:

(1) Infrastructure needs and deficiencies.

The existing water distribution system lacks sufficient water flow to the east and west side of the community. Pipeline improvements are scheduled this fiscal year within Blythe Way from Citrus to Mesa Drive. There has been no indication that the CSA does not meet fire flow standards.

CSA 122 does not have the ability to treat groundwater prior to its delivery. The USDA is providing the CSA with funds to improve the water system. Also, EDA is facilitating plans for the development of a new water system for the CSA in cooperation with the City of Blythe.

(2) Growth and population projections for the affected area.

The population in Mesa Verde is significantly higher than neighboring remote areas being at an estimated 1,200 persons. The existing water system and limited public services to the area prevent major development in the area. Future annexations may not be possible without water system improvements.

(3) Financing constraints and opportunities.

The CSA lacks the funds to construct its own water treatment plant to treat the high TDS in its groundwater. However, USDA funds are available to the CSA for infrastructure improvements. There is no wastewater system in Mesa Verde, the community is currently on septic systems.

(4) Cost avoidance opportunities.

EDA's standard administrative fee to the CSA is 10%. CSA 122 and CSA 62 share staff and office space in Ripley.

No cost avoidance opportunities have been identified in this review.

(5) Opportunities for rate restructuring.

The cost for water service is comparable to CSA 62. CSA 122 charges \$20.00 minimum for untreated groundwater while CSA 62 charges a minimum of \$25.00 for de-fluoridated water.

(6) Opportunities for shared facilities.

The City of Blythe is planning to extend its wastewater facilities to serve the Blythe Airport directly north of Mesa Verde. The proximity of the CSA to the City's proposed wastewater system creates an opportunity for the City to share its facilities with CSA 122.

Also, the City of Blythe is planning to extend its water services to the Blythe Airport, which would create an opportunity for Mesa Verde to receive potable water services. EDA is planning to develop a new water system for the CSA adjacent to the City's proposed water distribution system.

CSA 62 and 122 currently share office facilities and staff.

(7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.

Again, a proposal for the formation of the Desert River Community Services District (DRCSD) (LAFCO 2004-64-4) has been filed at this office that calls for the desolution of CSA 122. The CSD would assume the functions of CSAs 62 and 122. Advantages and disadvantages are being evaluated in the proposed CSD formation analysis.

(8) Evaluation of management efficiencies.

EDA currently administers the CSA, which provides professional expertise to support financing, management of the annual budget, and serves as a communication medium to the Board of Supervisors. The CSA has its own staff to perform the daily operations of the CSA. EDA and the CSA area manager have direct communication with the CSA's advisory committee that represents the entire community at large.

(9) Local accountability and governance.

CSA 122 also has an advisory committee that adheres to the Brown Act. The CSA meetings every second Wednesday of every even numbered month with the exception of summer months. Notices are posted at the CSA office in Ripley and are published in the Palo Verde Times.

Annual audits are not performed for the CSA. Also, EDA does not provide the CSA's agendas, budgets, or the list of services performed by the CSA on its website.

IV. Chiriaco Summit County Water District (CSCWD)

a. Location/Area

Chiriaco Summit County Water District is located in a remote unincorporated area in the County of Riverside. The District is approximately 67 miles west of the City of Blythe and 28 miles east of the City of Coachella. Chiriaco is known for the General George S. Patton Museum. There are approximately 20 dwelling units, a restaurant, two museums, and a motel. The service area of the District encompasses approximately 480 acres and serves an estimated population of 49.

The district office is located 6240-A Chiriaco Summit Rd. #C in Chiriaco Summit, CA.

b. Services

Water services

The District has an agreement with the Metropolitan Water District of Southern California (MWD) for delivery of 100 AFY of Colorado River water. The total storage capacity of the District's water system is approximately one acre-foot or 325,851 gallons. The maximum daily demand of the District is 30,000 gpd. There are currently 26 connections for water services, 5 commercial/industrial and 21 residential. The only data available indicates the following water demand for 2002 in acre-feet:

Commercial/ Industrial	14.28
Residential	21.42
Total	35.67

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

The water available to the District is from the Colorado River Aqueduct. Raw untreated Colorado River water from the aqueduct flows into a siphon to the District's 30,000 gallon open storage reservoir, with connection attachments to an irrigation and a fire line. Alternative water sources include an on-site well approximately 1,000 ft. deep with a high concentration of fluoride.

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

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

c. Employees

The District employs one part time and one full time personnel.

d. Governing Body

The current board of directors consists of five members. According to its the County Water District Principal Act, the board members can be elected or appointed, but must be registered voters of the District. The board administers the operation of the District and directs staff.

e. Interagency Agreements

Chiriaco Summit has an agreement with MWD to take a portion of their entitlement of Colorado River water.

f. MSR Determinations:

(1) Infrastructure needs and deficiencies.

The current water system satisfies drinking water standards. The District performs routine maintenance of the existing water system as budgeted on an annual basis.

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

(2) Growth and population projections for the affected area.

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

(3) Financing constraints and opportunities.

Due to the limited amount of dwelling units served it is unfeasible to construct a water treatment plant and divide the cost among 26 landowners. In the past State grants were unavailable to the District.

The District budgets for annual general maintenance in its budget to continue providing water services.

(4) Cost avoidance opportunities.

Chiriaco Summit County Water District is the only water service provider in the area. There were no cost avoidance opportunities found during this review.

(5) Opportunities for rate restructuring.

Water rates were not provided by the District.

(6) Opportunities for shared facilities.

An option for shared facilities would be between Coachella Valley Water District (CVWD) and the District. This could be accomplished through discussions between both agencies. CVWD is the closest water purveyor to the District and could provide its expertise.

(7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.

Due to the limited resources in the area, reorganization would be unfeasible for a larger public entity. There is no incentive for a large agency to pursue reorganization.

(8) Evaluation of management efficiencies.

The District is capable of continuing to provide water services under its existing management structure. Chiriaco has limited resources, yet continues to perform the daily operations of the District.

(9) Local accountability and governance.

In compliance with the Brown Act, the governing board's meetings are posted outside the District office. The District also undergoes biannual audits creating a transparency of its finances.

V. Palo Verde Irrigation District (PVID)

a. Location/Area

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

The District provides irrigation water services to areas within Riverside and Imperial Counties. The majority of the area it serves is in the County of Riverside. The MSR will only review areas within the boundaries of Riverside County. The District's service area is approximately 131,298 acres and includes the City of Blythe, Ripley, Nicholls/Warm Springs, Mesa Verde and a portion of Imperial County. Under its agreement for Colorado River water, PVID's net irrigable acreage must remain the same. The population in its service area is approximately 23,000.

The District office is located at 180 W. 14th Ave. in Blythe, CA.

b. Services

Water Services

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

The District's water system operates in real time from its control room located at the District office. The delivery times, water levels, and availability are all integrated into each request for irrigation water by the agricultural users.

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

Water customers to PVID consist solely of agricultural users. The District has 1,250 connections, the majority of which are within the County of Riverside. Its current water system has a capacity of 2,400 cubic feet per second (cfs), which is consistent with the amount of water that can be diverted from the Palo Verde Diversion Dam any given day.

PVID's fee structure is comprised of user fees and special taxes. The cost per acre foot of land ranges from \$50.50 to \$55.00. In addition to the water charges, (water toll), PVID charges and collects taxes on land and improvements based on farming oriented assessments for the valley land at \$8.17 per 100 units of assessment and \$1.24 per 100 units of improvements.

c. Employees

The District employs 72 full-time staff. There are 11 salaried professional staff, 4 office/clerical personnel, 20 operational staff, and 37 support staff.

d. Governing Body

The Board of Trustees is the governing body of the District. Consistent with its principal act, it consists of an elected seven member board of trustees.

e. Interagency Agreements

PVID has informal agreements with the City of Blythe, CSA 62, and 122. Each agency pumps groundwater classified as Colorado River water under PVID's water right.

PVID and The Metropolitan Water District of Southern California (MWD) entered into a 35 year agreement beginning in 2004. Under the agreement, PVID follows between 6,483 acres to 25,947 acres from every August 1st to the following July 31st every year within the contract. The water that is not used by PVID is left in the river for MWD to use. The amount followed is determined by MWD one year in advance of actually following the land.

f. MSR Determinations:

(1) Infrastructure needs and deficiencies.

PVID budgets for annual maintenance and improvements of its infrastructure mostly related to siphon replacements as well as deliveries. The District's Capital Improvement Program (CIP) budget has remained relatively constant within the past three fiscal years. In addition, PVID has nearly replaced all of its manual flashboard gates, with radio-controller solar powered weirs that are used to control water flow.

Urban growth adjacent to PVID's water system has raised a concern for the District. As a temporary solution, the District has fenced portions of its canals. As a long-term goal, the District is planning to run the canals underground, but the cost for converting the system from above ground to underground is very high.

(2) Growth and population projections for the affected area.

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

(3) Financing constraints and opportunities.

The District receives annual assessments and water tolls, water tolls being the greatest contributor to its revenue. Water tolls vary based on type. The regular water toll is \$52 per acre. PVID does not have any bonded indebtedness nor does it receive a portion of the one percent tax levy. The District does however receive annual assessments from its customers.

Based on the annual budgets for fiscal years 05/06, 06/07 the revenues have exceeded expenses. However, a potential concern for the District is a decline in water tolls/assessments as a result of urbanization. Pursuant to Quantitative Settlement Agreement (QSA) of the Colorado River, PVID's water right is for beneficial uses for a fixed amount of land or irrigable acreage. In order for the District to annex any additional area, territory must also be removed from its irrigable acreage. A removal of an area receiving irrigation water from the District does not constitute a detachment from the District's boundaries and, therefore does not involve LAFCO. Areas taken out of agricultural uses to be developed are no longer a revenue source to the District since the District only provides irrigation water. Therefore, as development occurs along the canals, costs for maintenance

increase as fences are placed along the canals and plans for underground canals are developed as the amount of revenue decreases.

(4) Cost avoidance opportunities.

No cost avoidance opportunities have been disclosed through this review.

(5) Opportunities for rate restructuring.

PVID's fees for water services cannot be compared due to those fees of other water purveyors in the area because their water system is a larger more complex system and the type of use is solely for agricultural purposes.

(6) Opportunities for shared facilities.

Since the local water purveyors, City of Blythe, CSA 62, and 122 are within the boundaries of PVID the CSAs and City can provide groundwater, which is legally defined as Colorado River water, to its customers.

(7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.

Again, PVID is the only agency to provide irrigation water to farm lands in the Eastern County and the net acreage of PVID is to remain the same there is no opportunity for reorganization of the District.

(8) Evaluation of management efficiencies.

The mechanics of the existing water system represent efficiencies in its management system. PVID has implemented innovative plans such as automation in the District's water system that require less manual labor. Also, PVID's website is an excellent resource for its water users, which decreases the demand of PVID staff time.

(9) Local accountability and governance.

PVID is accountable to its agricultural customers, water availability and current intake flow data is available at www.pvid.org. Although, the website is an excellent resources it is not used to advertise public meetings, agendas, or minutes of PVID's Board of Trustees.

The District undergoes annual audits.

VI. City of Blythe

a. Location

The City of Blythe is generally located south of 2nd Ave., west of the Colorado River, north of Ave. 22, and west of Wiley's Well Rd. Blythe is on the farthest eastern side of the County of Riverside. There are a variety of land uses within the city limits consisting of single-family, multi-family residential, commercial/industrial, park, golf course, mobile home park, agricultural, and retail land uses. The City is a hub to interstate travelers since it is the last stop from California to Phoenix, Arizona. Hobsonway, which is the main street within the city limits was recently improved to facilitate increased traffic flow.

The City is known for its Municipal Golf Course on the Mesa overlooking the City, and the recently opened Palo Verde College. These are two major accomplishments for the City allow it to provide amenities and services comparable to other cities in the County. The City is approximately 26 square miles in size and serves a population of about 14,820.

Blythe City Hall is located at 235 N. Broadway in Blythe, CA.

b. Services

The City provides all city municipal services including police, fire, recreation, water and wastewater services. For purposes of this MSR only water and wastewater services are taken into account. Blythe's Public Works Department is responsible for providing water services to 3,599 customers and 3,411 wastewater customers.

Water Services

The Public Works Department maintains and operates a water production and treatment plant. The City's water distribution system ties into the City's wells that extract Colorado River water from PVID's unquantified water right of Colorado River water. The water is pumped and treated at the City's water production and treatment facility located at Ronchette Rd.

Provided is the amount of water supplied by the City of Blythe within the last three years per acre-foot:

2004	2005	2006
4,570	4,223	4,520

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

The City's water rate structure is based by the size of the meter and amount of water used. The most common water rate would be that of a residence which includes a meter charge of \$16.86, a state revolving fund repayment of \$5.70, and an additional \$1.06 per 1,000 gallons of consumption. Rates are adjusted every January 1 to reflect the Consumer Price Index (CPI).

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

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

Wastewater Services

The City's regional waste water treatment plant (WWTP) has a capacity of 3.6 mgd and an average daily flow of 1.2 mgd. The WWTP provides secondary treatment. Approximately 6 miles west of the City of Blythe is the Blythe Airport, which has a small stand alone wastewater system. The City plans to extend wastewater services to the airport, which would

create an opportunity for the Mesa Verde area to receive wastewater services. The details of that project are being discussed and evaluated. The City's wastewater facilities have the capacity to accommodate an estimated population increase of 80%.

Current sewer rates are based on type of customer residential versus business type. The minimum sewer rate is \$26.51. Rates are adjusted on an annual basis every January 1 to reflect the CPI.

c. Population

The City's current population is estimated to be 14,820. The City was able to take advantage of the economic boom and develop its commercial areas and rehabilitate formerly toxic sites along Hobsonway that were previously used for gas stations. This provided more local jobs. According to the Riverside County's General Plan about 15% of the city's population is employed by the State Prisons, while another significant portion is employed by the City's Power Plant.

d. Employees

The City's Public Works Department employs 36 employees, 13 of which perform water and wastewater services. For water services there is one professional support position and five operational. For wastewater services there is one professional/support employee and three operational. Two professional/support and one operational employee perform water and wastewater duties.

e. Governing Body

The City of Blythe is governed by an elected city council. All of the positions have four year terms with the exception of the mayor and vice-mayor selected every two years. Meetings are the second and fourth Tuesday of every month at 6:00 pm. The Public Works Department administers the daily operation of the water and wastewater treatment plants.

f. MSR Determinations:

(1) Infrastructure needs and deficiencies.

The City's annual Capital Improvement Plan allows for maintenance, repair, and improvements to its water and wastewater facilities.

(2) Growth and population projections for the affected area.

The City has integrated future growth projections within its general plan to provide services to areas within its city limits and sphere of influence area. However, the City's future growth projections are slightly lower than those of the California State Department of Finance from the *Riverside County's Progress Report 2007*. The discrepancy may be the State's inclusion of the inmate population within its growth projections.

(3) Financing constraints and opportunities.

Although the City of Blythe's recent budget expenditures exceeded overall revenues, the deficit is not expected to impact the provision of water and wastewaters because they are enterprise services funded by user charges.

Since the only funds available for water and wastewater services consist of water and sewer rates which are adjusted annually to reflect the Consumer Price Index (CPI) there appear to be no financial constraints. Also, the City funds annual maintenance and improvements of water and wastewater infrastructure.

Although the installation and extension of the City's infrastructure for tentative development projects are the responsibility of the developers, the City recognizes its participation will be necessary.

(4) Cost avoidance opportunities.

No cost avoidance opportunities can be identified from the review of the City's provision of water and wastewater services.

(5) Opportunities for rate restructuring.

Rates are adjusted annually on July 1, based on the Consumer Price Index (CPI). Operation and maintenance of the water distribution system and the wastewater system are funded by the ratepayers. The City does not have any bonded indebtedness, assessments, or special taxes linked to water and wastewater services.

(6) Opportunities for shared facilities.

The City of Blythe is planning to extend water and wastewater services to the Blythe Airport directly north of CSA 122 and Interstate-10, which would give the CSA the opportunity to develop a new water system and construct a wastewater system.

(7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.

No government structure options have been identified during this municipal services review of the City's water and wastewater services.

(8) Evaluation of management efficiencies.

The City of Blythe is managing water and wastewater services under the Public Works Department. The City is evaluating the future needs of its community and is managing its resources to address those needs. In the City's budget there are scheduled improvements and upgrades to its water distribution system and wastewater collection system.

(9) Local accountability and governance.

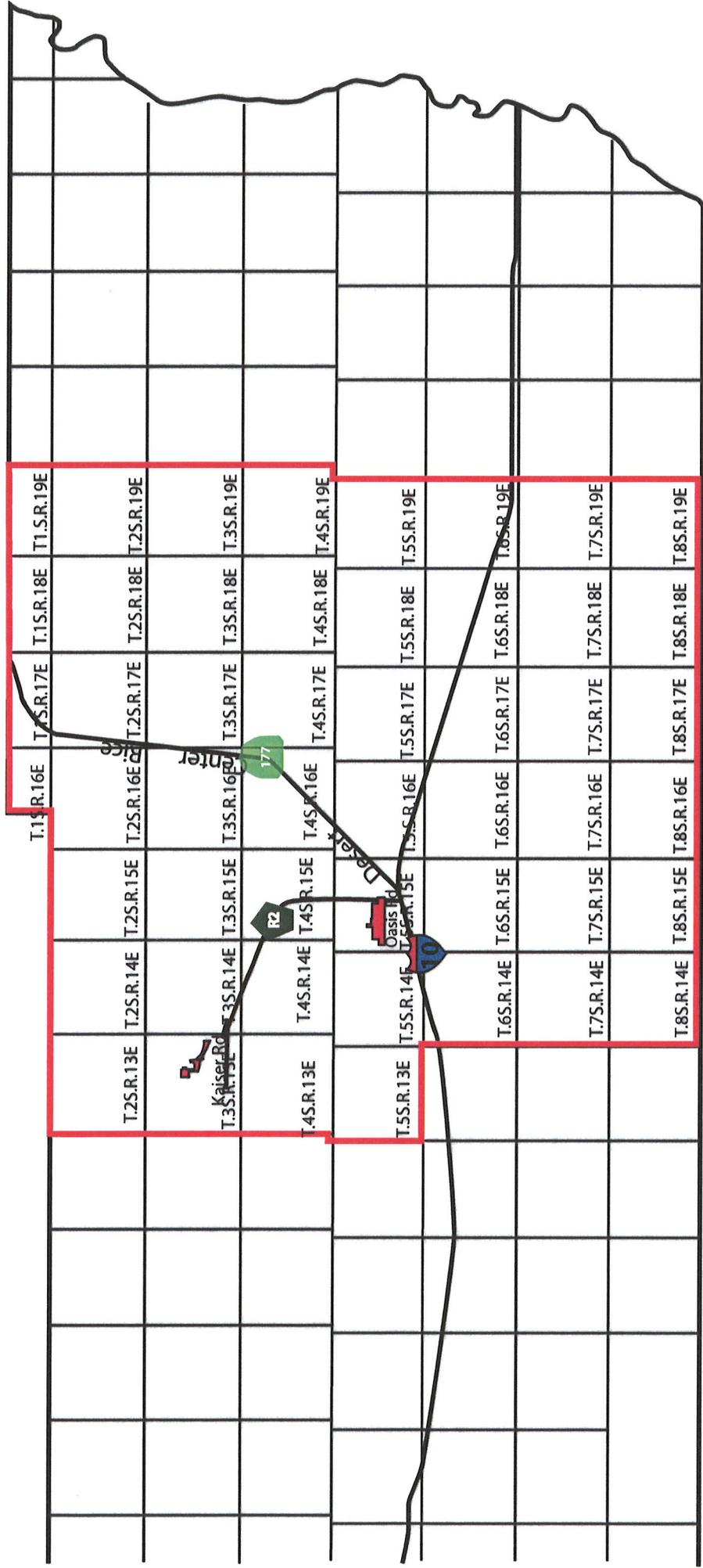
The City holds City Council meetings every second and fourth Tuesday of the month. Meetings and agendas are posted on the City's website at www.cityofblythe.ca.gov, at City Hall, and on KJMB Radio, the local radio station.

The City undergoes annual audits.

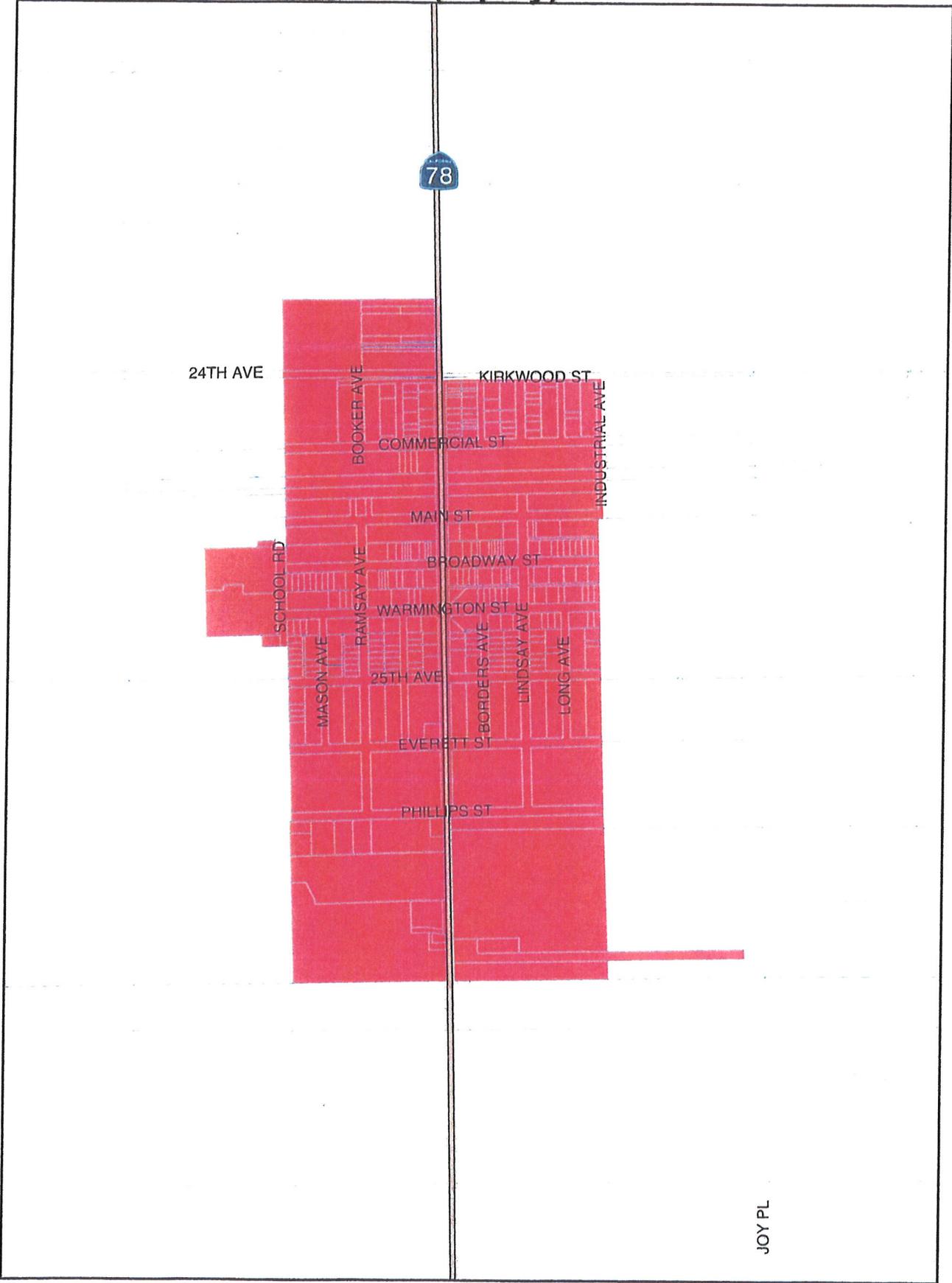
CSA 51 (DESERT CENTER / LAKE TAMARISK)

- CSA 51 Boundary
- CSA 51 SOI Boundary

Current SOI & Staff Recommendation



CSA 62 (Ripley)

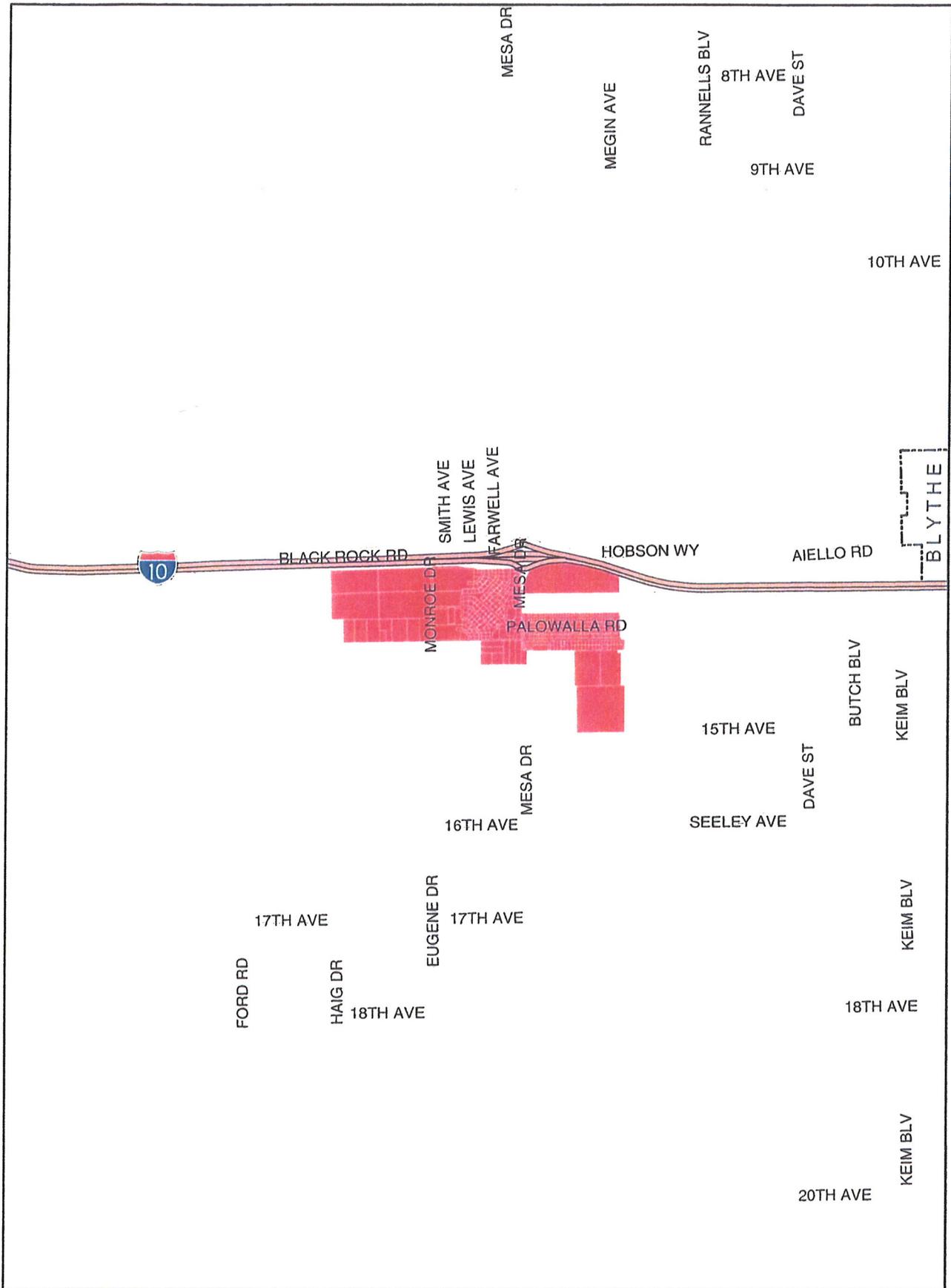


1 inch equals 1,200 feet

Current SOI: Coterminous

Exhibit II.

COUNTY SERVICE AREA 122 (Mesa Verde)



1 inch equals 3,960 feet

March 22, 2006



This map was made by the Riverside County Geographical Information System. The map elements were produced by the Assessor's department and the Transportation and Land Management Agency which is comprised of the Administration, Aviation, and Information Resources divisions and the Building & Safety, Planning and Transportation departments. The County of Riverside assumes no warranty or legal responsibility for the information contained on this map. Data and information represented on this map is subject to update and modification. The Geographic Information System and other sources should be queried for the most current information.

Current SOI: Coterminous

Exhibit III.

Chiriaco Summit County Water District

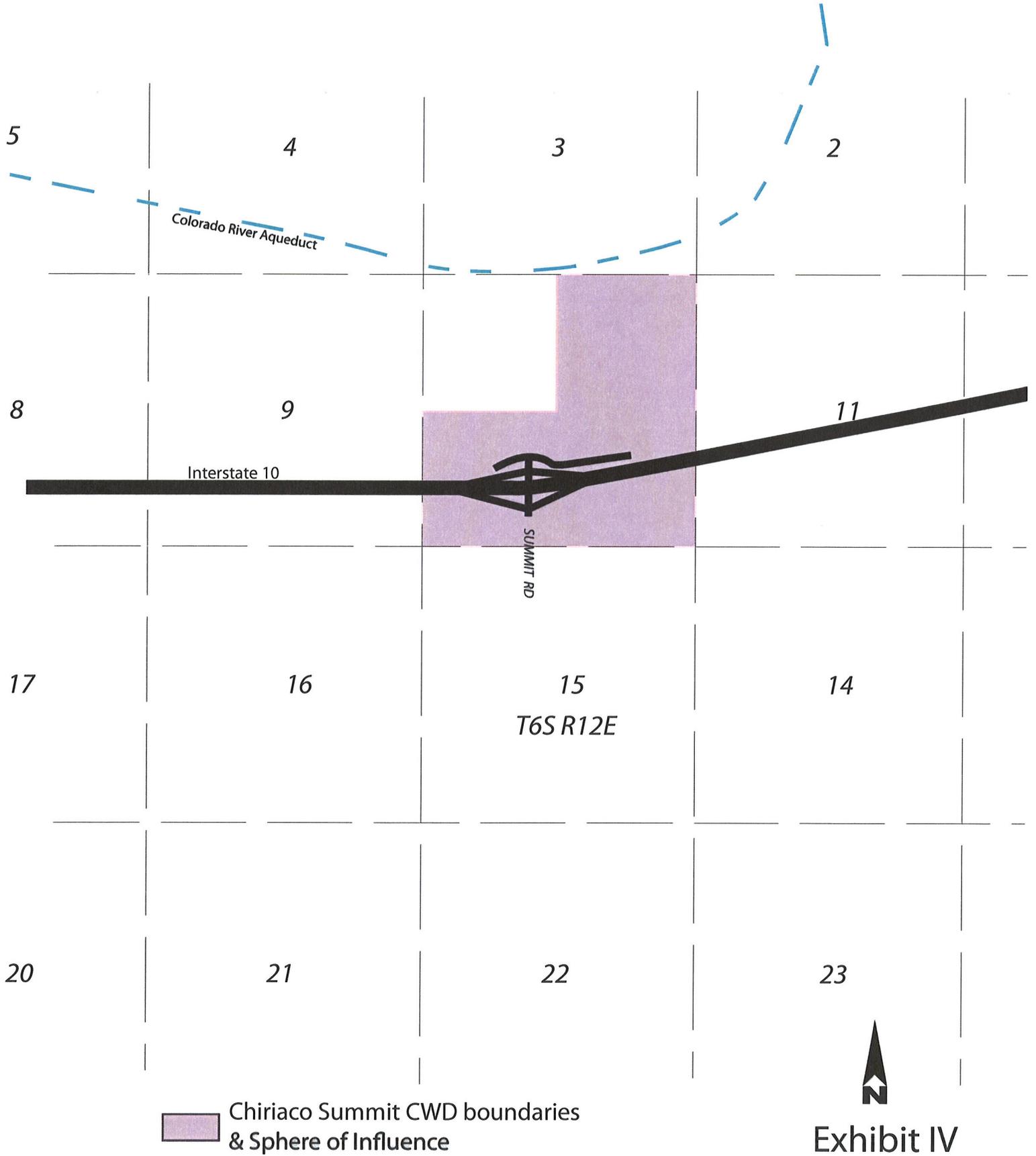


Exhibit IV

PALO VERDE IRRIGATION DISTRICT

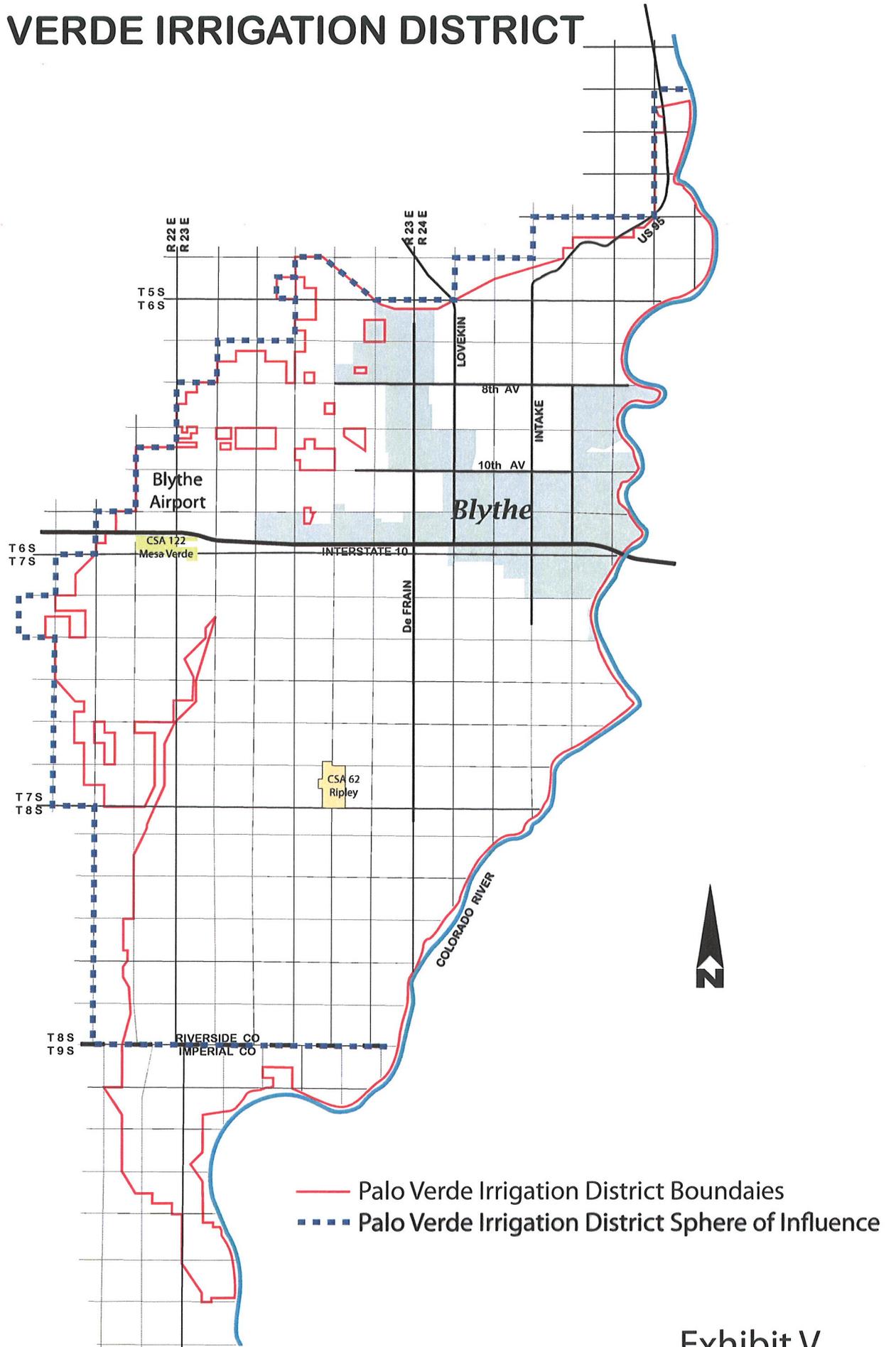
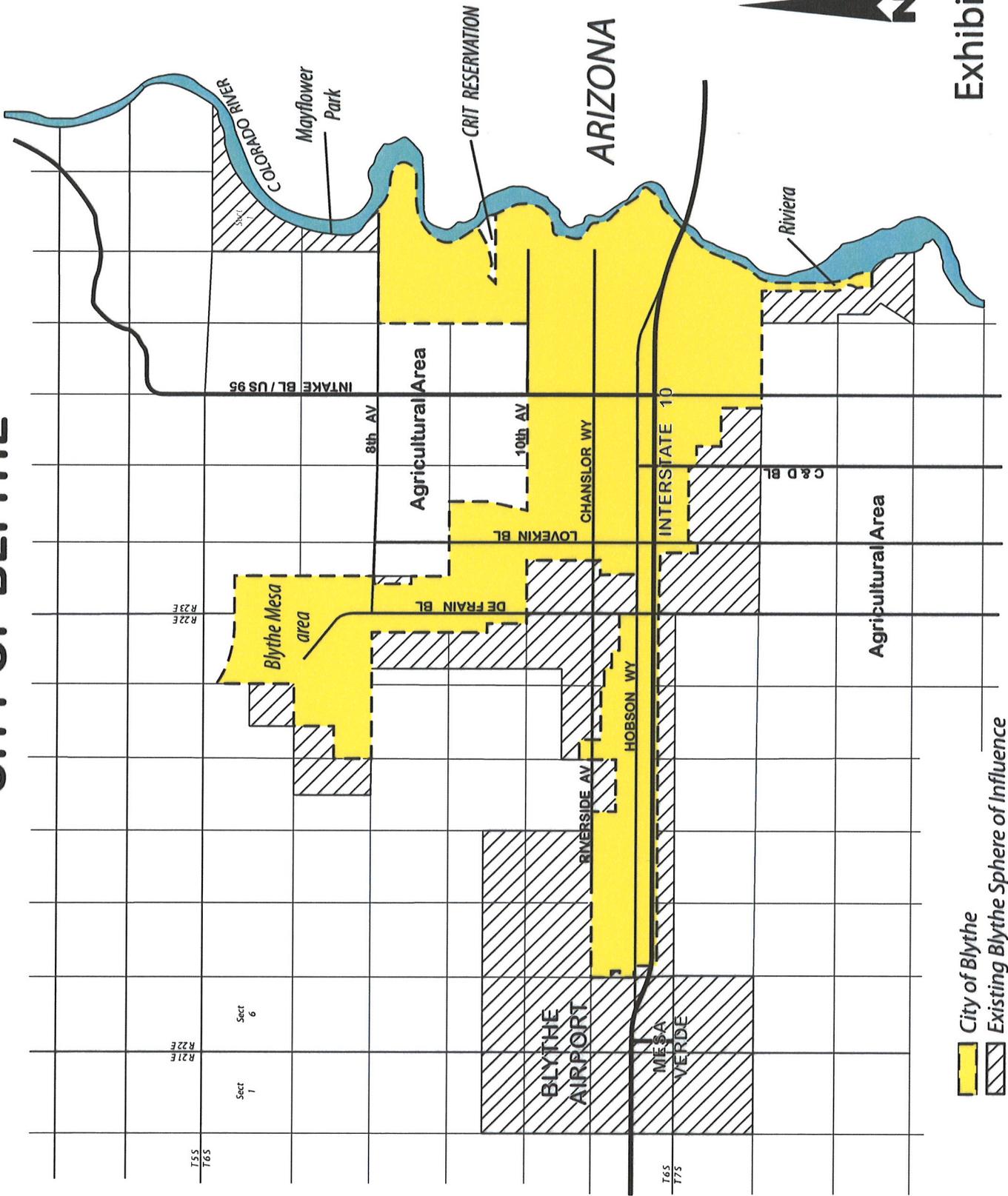


Exhibit V

CITY OF BLYTHE



 City of Blythe
 Existing Blythe Sphere of Influence