

## CHAPTER 3 ELK COUNTY WATER DISTRICT

### SECTION 3.1 AGENCY OVERVIEW

#### PROFILE

<b>Elk County Water District</b>		
<b>Type of District:</b>	Water District	
<b>Principal Act:</b>	California Water Code Section 30000 et seq.	
<b>Functions/Services:</b>	Water: treated and raw	
<b>Main Office:</b>	ECWD c/o Greenwood School, 5150 S Highway 1, Elk, CA 95432	
<b>Mailing Address:</b>	PO Box 195, Elk, CA 95432	
<b>Alternative Address:</b>	6129 S Highway 1 Elk, CA 95432	
<b>Phone No.:</b>	(707) 877-1800	
<b>Fax No.:</b>	(707) 877-1833	
<b>Web Site:</b>	www.elkweb.org/ec_water_disctrict.php	<b>Email:</b> cacker@mcn.org
<b>General Manager:</b>	Charlie Acker, Manager	<b>Email:</b> cacker@mcn.org
<b>Alternative Contact:</b>	Norman de Vall, Board Member P.O. Box 54, Elk, CA 95432	<b>Email:</b> ndevall@mcn.org
<b>Meeting Schedule:</b>	First Wednesday of each month at 6:30 PM	
<b>Meeting Location:</b>	Greenwood School, 5150 S Highway 1, Elk, CA 95432	
<b>Date of Formation:</b>	April 22, 1957	
<b>Principal County:</b>	Mendocino County	

#### OVERVIEW OF DISTRICT

The Elk County Water District (ECWD/District) provides water service, including both treated and raw water. This is the first Municipal Service Review for the District.

#### TYPE AND EXTENT OF SERVICES

The District provides treated water services to 100 parcels and raw water to one parcel. ECWD also maintains a hydrant system, thereby providing fire flows for the local fire district.

#### LOCATION AND SIZE

The District encompasses the unincorporated community of Elk which is located 16.7 miles south of the town Mendocino along Hwy 1 in the coastal zone. ECWD's boundaries encompass 0.2 square miles (127.7 acres). The community of Elk is the socioeconomic center of the District area and it includes a community center, Greenwood Elementary School, post office, two churches, a store, an art center, three restaurants, visitor center, and several bed & breakfast inns.

### Formation and Boundary

On April 22, 1957 the Mendocino County Board of Supervisors issued a "Statement of Creation" which served to form the Elk County Water District, under the provisions of the California Water Code, Division 12, for the primary purpose of providing water to customers in the unincorporated community of Elk in the County of Mendocino.

### BOUNDARY HISTORY

At the time of formation, there was a boundary map contained in an "Exhibit A." However, Exhibit A was not provided to LAFCo, nor does LAFCo have archived records for ECWD. Neither LAFCo nor ECWD records show whether there have been any changes to the District boundaries since its original formation. For this MSR, County staff developed a map using available GIS data, which shows the District's current boundary as shown in Figure 3-1: Elk County Water District Map.

### SPHERE OF INFLUENCE

LAFCo files and ECWD files do not contain any records of the establishment of a Sphere of Influence (SOI) for the District. ECWD indicates it does provide water service to customers located outside the District boundary but inside what the District considers to be its "service area"; however, it is not clear whether the "service area" is related to an SOI. ECWD notes that its existing "service area" is adequate for addressing future needs.

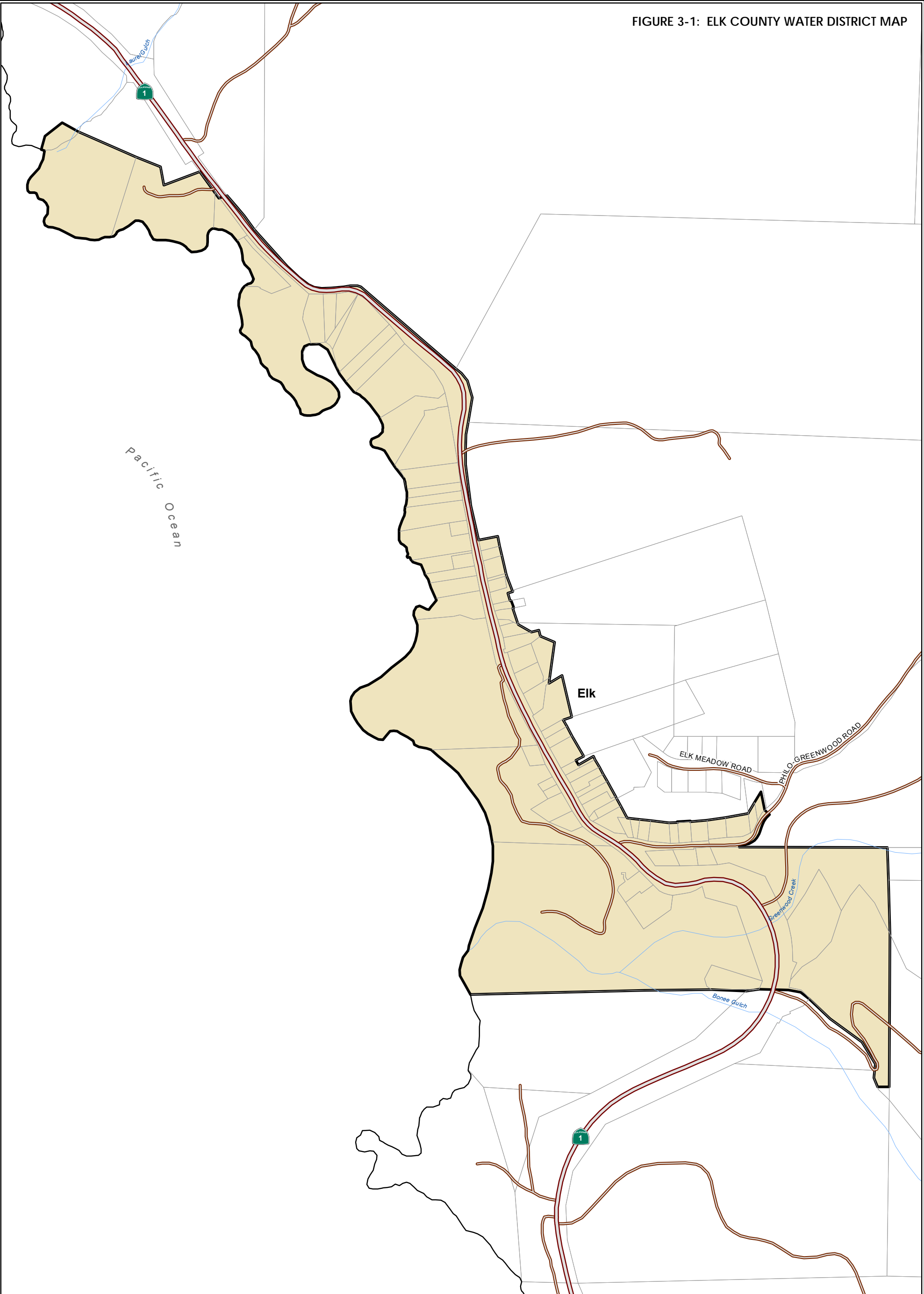
### EXTRA-TERRITORIAL SERVICES

ECWD provides out-of-area service to an area east of Highway 1, including the Community Center and Firehouse as well as one residential subdivision along Elk Meadows Road. The District also serves several parcels extending approximately 1.1 miles south of the ECWD boundary along highway 1. ECWD provided a map of its service area, which is shown in Figure 3-9. In addition, the water treatment plant (WTP) and an 84,000 gallon water storage tank are located outside and south of the District's boundaries. A 30,000-gallon water tank with pressure system is also located outside of and east of District boundaries. ECWD also has surplus water agreements and supplies surplus water to a water delivery truck.

### AREAS OF INTEREST

Those out-of-area properties receiving water service from the District, as well as District facilities (treatment plant and water storage tanks), and the Community Center and Firehouse are considered areas of interest. These areas should receive consideration from LAFCo when establishing the District SOI.

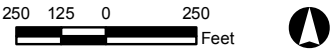
FIGURE 3-1: ELK COUNTY WATER DISTRICT MAP



# Elk County Water District

Source: This map was prepared by the Mendocino County  
Department of Information Services GIS Program, September 2013.  
Note: This map is not a survey product.

- Elk County Water District
- Parcels
- Highways
- Roads
- Streams



## ACCOUNTABILITY AND GOVERNANCE

The District is governed by a five member Board of Directors, generally elected at large to staggered four year terms by registered voters within the District boundaries. However, Board Members may be appointed by the Mendocino County Board of Supervisors in lieu of election if there are insufficient candidates to require an election, as has been the case for ECWD. The current Board Members, positions, and terms are shown in Figure 3-2.

**FIGURE 3-2: SUMMARY OF ECWD BOARD MEMBERS**

MEMBER NAME	POSITION	TERM EXPIRATION	MANNER OF SELECTION	LENGTH OF TERM
Gerald Huckaby	Director	December 2015	Appointed	4 years
Anthony R. Cook	Director	December 2017	Appointed	4 years
Norman de Vall	Director	December 2015	Appointed	4 years
Kirk H. Handly	Director	December 2017	Appointed	4 years
Denise Georganas	Director	December 2017	Appointed	2 years

Regularly scheduled meetings are held on the first Wednesday of each month at 6:30 PM. Meetings are held at Greenwood Elementary School, 5150 S Highway 1, Elk, CA 95432.

Board members are volunteers and do not receive compensation. All meetings agendas are publicly posted at least three days prior to Board meetings in four locations: Community Center, Elk Store, Elk Garage, and Elk Post Office. Meetings are conducted in adherence to the Brown Act rules. Meeting packets are hand delivered to Board Members and made available to the public as requested. All Board Members have access to ECWD data, records and information.

Complaints may be directed to the District Manager. The District noted it had received four complaints in 2011 and 2012, which were related to concerns regarding chlorine taste and odor.

The District does not currently have a strategic plan that outlines its mission statement, vision statement, and goals and objectives. However, they do plan to replace pipelines by zone and priorities, which in effect is a Capital Improvement Plan (CIP). A more formal strategic plan could help the District improve upon planning efforts, accountability, and transparency.

In addition to being accountable to its Board and customers, ECWD is also accountable to various permitting agencies. Since the Coastal Area contains sensitive habitat, there are many local, state and federal regulations governing water withdrawal, use, and discharge, such as:

- Federal Safe Drinking Water Act (Established 1974);
- California State Resources Control Board; and
- California Safe Drinking Water Acts (Established 1976).

In addition to the above regulations, the Mendocino County General Plan contains several policies that relate to water resources and although these don't directly apply to ECWD, they do indicate the intent of the County in managing water resources.

The ECWD has obtained permits from, and reports annually to, the Water Resources Control Board (WRCB). ECWD also reports monthly and annually to the California Department of Public Health (DPH), now the Division of Drinking Water Programs of the State Water Resources Control Board

When the DPH issued a water supply permit to ECWD, it included 61 of conditions of approval. While ensuring that these conditions are met is the responsibility of DPH and ECWD, a few conditions are described here so that LAFCo has an understanding of the type of items that are required:

- Complete a watershed sanitary survey by December 2012;
- Update the Master Plan by December 2012 ; and
- Perform bacteriological and chemical monitoring.

These conditions have been complied with, and the District is currently meeting the requirements of its water supply permit.

#### MANAGEMENT EFFICIENCIES AND STAFFING

An Organization Chart for the District is shown in Figure 3-3. Day-to-day operations are managed by the District Manager. The position of District Manager is combined with the position of Water Treatment Plant Operator (WTPO) so that one person performs both sets of duties. ECWD has a defined job description for the District Manager/WTPO, which includes: operation of plant equipment, including the pumping system, performance of preventative maintenance on equipment, handling of chemicals, maintenance of plant records, collection of water samples and performance of lab tests, conducting safety inspections, public education, effective communication, and reporting to the Board of Directors on District issues.

In addition to the District Manager position, the District employs three part-time positions: a Secretary; a Treatment and Distribution Operator; and a third licenses Distribution Operator/Maintenance Worker. Including the District Manager, the District employs 2.5 full time equivalent (FTE) positions.

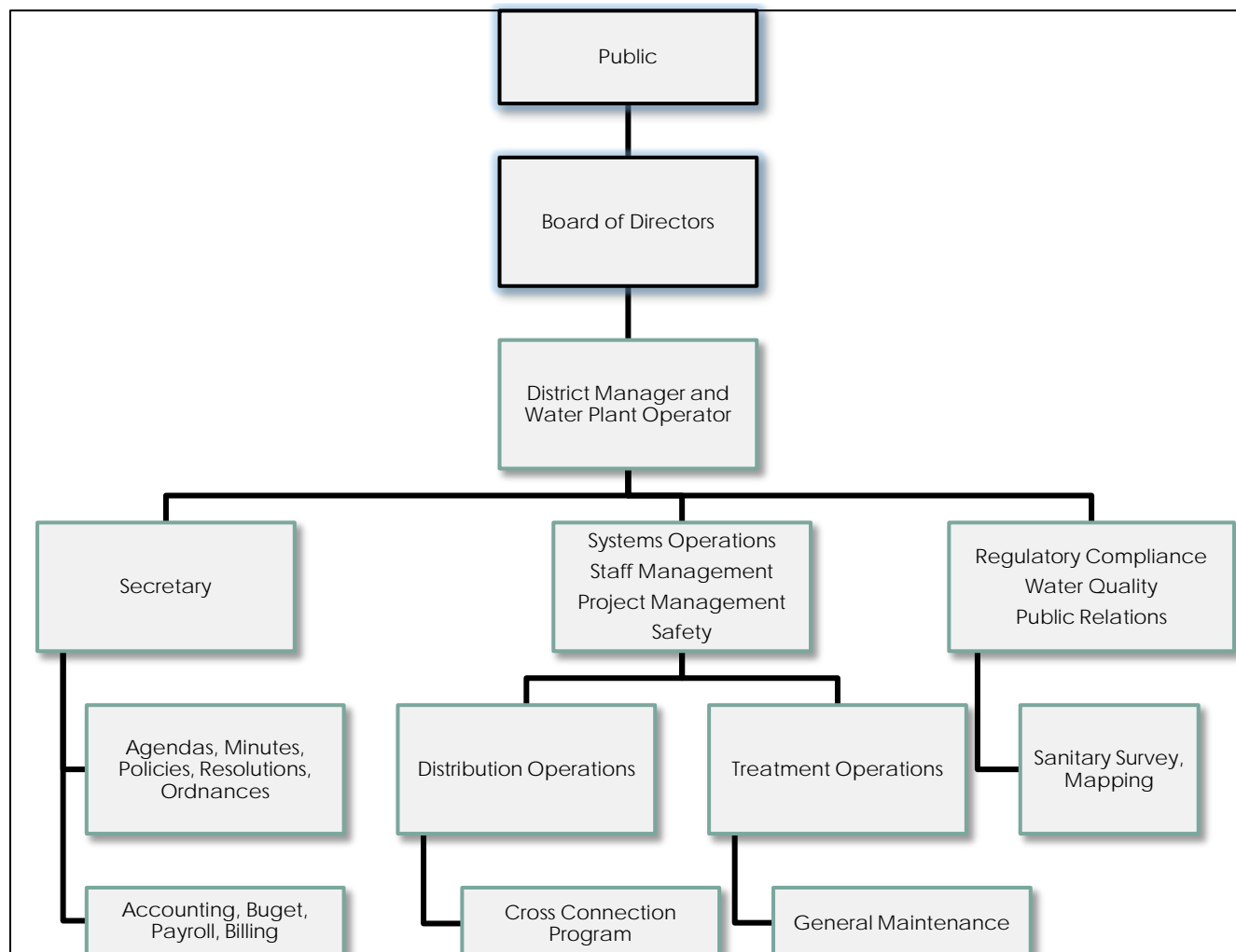
#### POPULATION AND GROWTH

##### POPULATION

The District currently serves 80 residential dwelling units. Based on the County average of 2.46 persons per household, the estimated population within the District Service Area is 197 persons. However, approximately 12 residential customers are outside the District boundary, thereby reducing the District population to approximately 167 persons.

##### PROJECTED GROWTH AND DEVELOPMENT

Future population is often related to growth and development which is subject to land use approvals from Mendocino County. The primary land-use type within the District's boundaries is residential. The Mendocino County Zoning Ordinance is the primary guide for future development of the area. The community of Elk and surrounding areas are located in the County's Coastal Zone and the predominant zoning designations are Rural Residential, Rural Village, and Open Space. Additionally, the goals and policies of the Local Coastal Program (LCP) are applicable.

**FIGURE 3-3: ORGANIZATION CHART FOR ECWD**

ECWD noted that the anticipated growth rate in the Service Area is limited to approximately six residential lots that could be developed as infill. These lots, when developed, will generate an additional 15 residents. Although the District does not prepare service demand projections for the future, they have indicated that they see demand for water to be fairly steady over the next 20 years.

#### Disadvantaged Unincorporated Communities

LAFCo is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community (DUC) is defined as any area with 12 or more registered voters where the median household income is less than 80 percent of the statewide median household income.

Elk County Water District is a portion of the community of Elk. However Elk is not a 'census designated place' (CDP), therefore the median household income amount is not available.

Even if the Elk community qualified as a DUC, there are no indications that water service from ECWD is substandard, or does not meet safe drinking water standards.

#### FINANCING

Elk County Water District operates as a water enterprise fund, meaning that charges for services are intended to pay for the costs of providing such services.

The ECWD prepares an annual budget and financial statement, which includes an independent auditor's report. The District utilizes a proprietary fund with a focus on economic resources measurement and an accrual basis of accounting. In this proprietary fund, operating revenue is distinguished from expenses and from non-operating items. The District reported that current financing levels are adequate to deliver services presently. The District provided a copy of their Audited Financial Statement for fiscal years ending June 30, 2012, 2011 and 2010. Key findings of the financial statement are shown in Figure 3-4. The Audits reported "no reportable items" and "no items of material weakness." The audit also offered recommendations for further improvement including:

- Minutes of Board meetings with closed sessions should reflect required reporting and functional rules such as the time closed session started and reporting out afterward.
- Agendas for Board meetings should note closed sessions and provide time for public reporting (if required).
- Budget workshops should generally occur during an open public meeting.
- Supporting documents and manual documents should be reconciled to financial reports.
- The Board of Directors should continue to maintain close oversight of District operations.
- ECWD should consider developing and implementing a capitalization policy to provide guidance about expenditures which can be expensed rather than carried on a depreciation schedule.

**FIGURE 3-4: KEY FINDINGS OF AUDITED FINANCIAL STATEMENT**

FISCAL YEAR	NET ASSETS	WATER REVENUES	OPERATING EXPENSES
2009-2010	+1%	-14%	-6%
2010-2011	-2%	-10%	26%
2011-2012	-6%	13%	53%

## Revenues

ECWD has two primary sources of revenue: water sales, and water service charges. The largest revenue source is water sales, as shown in Figure 3-5.

**Figure 3-5: ECWD BUDGET INFORMATION FOR FY 10-11, FY 11-12, AND FY 12-13**

	FY 10-11		FY 11-12		FY 12-13	
Revenues						
Water Sales	\$65,667	70%	\$68,728	65%	\$74,249	66%
Water Service Charges	28,089	30%	33,095	31%	30,145	27%
Rents & Leases			2		2	
Taxes & Assessments						
Intergovernmental						
Interest Income	345		158		283	
Other Non-Operating Revenue			4,300	4%	8,258	7%
Total Income	\$94,101	100%	\$106,283	100%	\$112,652	100%
Expenditures						
Source of Supply	\$2,145	3%	\$7,274	6%	\$2,283	3%
Pumping	5,387	7%	4,543	4%	4,531	5%
Water Treatment	24,454	30%	30,183	25%	26,868	30%
Transportation & Distribution	16,660	20%	35,502	29%	9,801	11%
Administration & General	30,204	37%	29,669	25%	35,409	39%
Other Operating Costs	2,215	3%	13,552	11%	11,194	12%
Non-Operating Costs						
Total Expenses	\$81,065	100%	\$120,723	100%	\$90,086	100%
Net Income (or Loss)	\$13,036		(\$14,440)		\$22,566	
Depreciation & Amortization	\$18,658		\$18,650		\$18,700	

Fiscal Year 2010-2011 was a wet water year with a high amount of natural rainfall, which corresponded with a decreased demand for water service since less water was needed for gardening and other outdoor purposes. Consequently, ECWD received less income from metered water sales that year. Additionally, surplus water sales were reduced as work to refurbish ECWD's primary water storage tank resulted in less water being stored and therefore less water was available to sell as surplus.

Revenues in FY 2011-2012 increased over the previous year partly due to the sale of some fixed assets and new revenue from the Cross Connection program.



## EXPENDITURES

Expenditures increased significantly during the years 2009 to 2012 between FY 10-11 and FY 11-12 as shown in Figure 3-5. During the years 2009 to 2012, the District has faced rising costs on numerous fronts including infrastructure, water quality, and regulatory reporting. Operating expenses in FY 2010-2011 and FY 2011-2012 increased significantly mostly due to problems encountered during refurbishment of the District's largest water storage tank. The painting and refurbishment of the tanks should add another 20 years to its life. Due to this project, the reserve fund was depleted by approximately \$37,000. Since reserves were used, no debt was incurred.

Additionally, Caltrans work to improve the Highway 1 Bridge over Greenwood Creek disrupted the District's wells and two new wells had to be drilled. The cost for these wells resulted in expenditures that were higher than previous years. Collecting water samples, laboratory analysis of the samples, statistical analysis of water quality data, and reporting of water quality testing results have become more expensive over the years; thereby contributing to increased expenditures. The DPH's annual reporting requirements have also gotten more detailed and this contributes to the District's increased costs.

In FY 2011-2012, ECWD made several improvements to its infrastructure including replacing a pipeline under Highway 1 and installing a new fire hydrant in town. These infrastructure improvements are reflected as increased expenditures for this fiscal year. The District has replaced aging pipe in three major sections of the District so far, and has one more large and costly section (under pavement) left to complete.

The District has been collecting a "system charge" monthly (currently at \$13.85) for the past few years and these funds accumulate in a savings account. When enough funds have been collected, a section of pipe is replaced. The District chose to fund its pipe replacement project in this way in order to avoid having to incur debt.

Other costs which have affected the District include the installation of an aeration system which utilizes a lot of electricity, resulting in higher PG&E costs for electric use. An old electronic monitoring system was discontinued and a new electronic system has been installed. ECWD does not have a depreciation policy but the District has a Reserve Savings account which is allocated 7 percent of the last rate increase of 10 percent. The goal is to slowly build up reserves to offset depreciation. ECWD has no outstanding debt and they have never defaulted on repayment of any bonds or other debt.

Over this period of time, the District has been balancing its operating expenses by utilizing reserves. According to the FY 2011-12 Audit, the District's reserves as of June 30, 2012 were \$97,939.

## RATE RESTRUCTURING

The District adopted a “Rate and Distribution of Cost” Ordinance in December 2003 and updated the Ordinance in 2012. The impetus for the development of the Ordinance was the passage of Proposition 218 and the development of a Master Plan for the District by consultants Brelje + Race Engineering Company. Based on the Master Plan, the Ordinance(s) mandates a fee structure using a metric called a Residence Unit Equivalent (RUE), defined as a single family home. Commercial properties are assigned RUEs, the lowest one being 1.05 for Post Office, Store, etc. Restaurants are assessed a certain percentage of an RUE per seat, Bed and Breakfast Inns are assigned a certain percentage of an RUE per room.

The rate formula established by the 2003 Ordinance has remained consistent throughout the years, with a connection/hook-up fee of \$3,000 per RUE, which is generally a one-time fee. Monthly service fees are based upon a system charge of \$13.85 per month per RUE, plus a metered usage fee of \$6.30 per 1,000 gallons of water. District Resolution 2012-02 provides a mechanism to adjust the price of the connection fee based upon inflation and a cost index of 2 percent per year. In the year 2012, the connection fee was \$3,817.00.

The District does not have an adopted Capital Improvement Plan; however, they do maintain a Capital Reserve Account.

## COST AVOIDANCE

ECWD continuously works to lower expenses and/or improve services at the same costs. For example, infrastructure replacements are funded using a small “replacement cost” added to each water bill. About \$25,000–\$30,000 per year is accumulated and utilized to replace pipe and facilities. This “debt free” approach saves many thousands of dollars in financing costs.

To reduce operational costs, most projects are completed “in-house.” If it is necessary to retain contractors for specific tasks, they are chosen carefully using a bidding process. ECWD reduces insurance costs through participation in pooled insurance through Golden State Risk Management Authority. The District also practices cost reduction through careful purchasing.

### 3.2 DISTRICT SERVICES

#### SERVICE OVERVIEW

The District pumps and treats groundwater to provide water service to 101 customers (parcels) within its service area. A map of the District's service area showing the relationship with the two wells is shown in Figure 3-9.

#### SUPPLY

The water supply for the District is groundwater which is obtained from a new well located adjacent to Greenwood Creek. The well is located within the Greenwood Creek Watershed. Greenwood Creek is a trout stream which originates high in the Coast Range at an elevation of 2,300 feet, descending to sea level where it drains into the Pacific Ocean. The Creek is dependent on rainfall which usually varies between 40 to 60 inches per year, with most rain falling in the wet season between October and May. Since the ECWD well is relatively shallow, it's likely that the groundwater table is relatively close to the surface and hydrologically connected to surface water. Portions of ECWD's service area are designated a Critical Water Resource area by the CA Department of Water Resources (DWR) in the 1982 Coastal Groundwater Study.

The District does not have another source of water, other than the new well, and does not have any water supply purchase agreements to purchase water from other sources. ECWD has water right permits at Greenwood Creek for approximately 41 gpm and Bonee Gulch for about 13 gpm). ECWD submits monthly reports to the DPH, which describe the amount of raw water pumped, the amount of water treated and the results of various water quality tests including turbidity and pH. Refer to Figure 3-8 for well purpose and status.

ECWD pumped a total of 9 million gallons in 2009, 6.5 million gallons in 2010, and 11 million gallons in 2011 from the two original wells. Water diversion (pumping) declined by approximately 32 percent between 2009 and 2010; however, water pumping increased significantly from the year 2010 to 2011, going up by 59 percent. During the summer months (June, July, and August) of 2011, the average amount of water pumped was 786,992 gallons per month. In January 2011, the District pumped almost 4.5 million gallons of water, which was quite high compared to the remaining months and accounted for 39 percent of the annual water diversion.

#### DEMAND

The District defines a customer as a "parcel" that is served by the water system, and is tracked by name and address. The District currently has approximately 101 customers, of which 80 customers are residential uses. One customer, a local nursery, receives raw water.

In 1982, DWR estimated that average per capita water use in coastal Mendocino County was 180 gallons per day. However, for this MSR the calculated actual water demand by ECWD was approximately 123 gallons per day per capita in 2012. (Average annual use of 8.9 million gallons divided 365 days/year and divided by 197 people).

ECWD's system has a water permit from the Water Resources Control Board for the Greenwood Creek source of about 41 gpm. Filter plant capacity is about 42 gpm. Actual use is approximately 26 gpm average maximum. The District does not have any plans to increase the capacity of the system.

The District encourages water conservation through metering water and pricing. Metering allows customers to track their water use. High water costs encourage reduced usage. ECWD does not have any outstanding "will serve" letters for new/proposed development. Water demand for districts are typically impacted by new housing and/or commercial development occurring within the District that could result in an increased water use. The community of Elk is an isolated community with little growth projected. Demand for water from ECWD is not expected to increase significantly over the next few years.



#### INFRASTRUCTURE AND FACILITIES

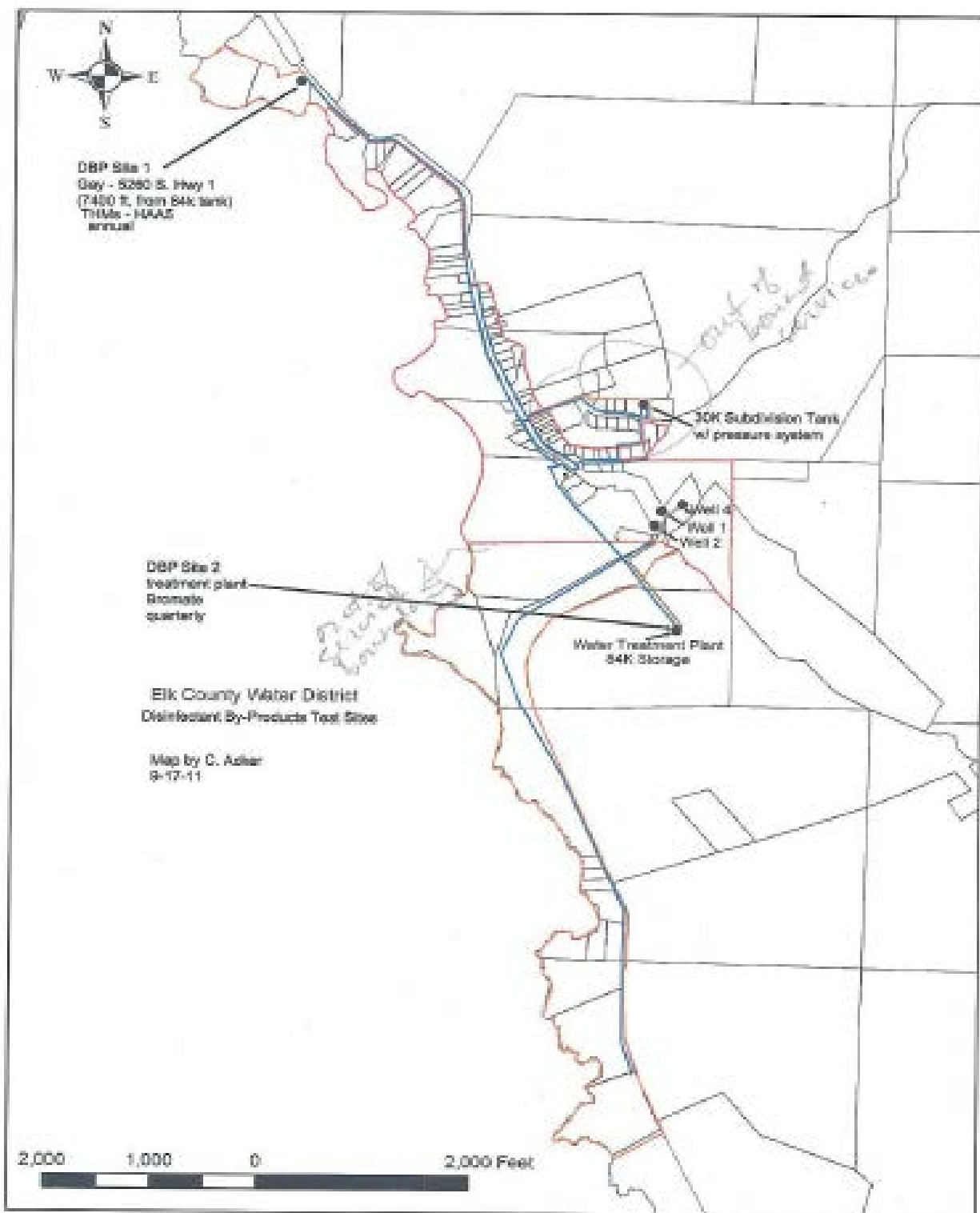
ECWD's water system is classified as a 'community water system' and includes a water treatment plant (WTP), one well, and several miles of pipeline. (Refer to Figure 3-9) The WTP uses direct filtration to remove 99 percent of *Giardia lamblia* cysts and 90 percent of viruses. The District does not own any major equipment. The District owns the following infrastructure:

- water treatment plant;
- two water storage facilities – 30,000 and 84,000 gallons
- pipes;
- One new supply well;
- parcel of land where the well is located (one parcel is owned and ECWD has an easement over the second parcel); and
- parcel of land that houses a storage shed, community center, and volunteer fire station.

**FIGURE 3-8: DETAILS ON ECWD WELLS**

WELL NUMBER	PURPOSE OF WELL IN 2011	STATUS OF WELL IN 2013
1	Active shallow well that supplies water to ECWD	Deactivated
2	Active shallow well that supplies water to ECWD	Deactivated
3	New well to replace Wells 1 & 2	Activated

FIGURE 3-9: ECWD SERVICE AREA IN RELATION TO PLANT, TANKS, AND WELLS



In the spring of 2012, Caltrans replaced the Hwy 1 Bridge over Greenwood Creek, the construction of which necessitated the de-activation and capping of ECWD's two water wells that had been located beneath the bridge. Well No. 1 is now being prepared for service and should be back on line in a few months. It does not appear to be feasible to re-establish these wells. Associated with the well deactivation was the removal of District water supply lines and other pipes. In preparation for this work, ECWD had drilled a new well, which required additional permits, water quality testing, and new pipeline for connection to the water storage tank.

The new replacement well requires continual maintenance and the District works to keep it flowing at an efficient capacity by cleaning and purging iron deposits which otherwise limit flow. The District identified pipelines as an infrastructure deficiency and pipe replacement is currently ongoing.

Water is distributed by ECWD through several miles of pipeline. The water is piped from its water storage tank to customer homes. Several of the pipes run under Highway 1.

#### OPPORTUNITIES TO SHARE FACILITIES

The ECWD works closely with local community groups and the Elk County Community Services District (volunteer fire department) to facilitate positive interactions to best serve the needs of the small community of Elk and surrounding area. ECWD owns a parcel of land in Elk and shares this parcel with the Greenwood Community Center and the Volunteer Fire Department.

There are no areas within the District boundaries that might be more efficiently served by another agency. The District does not maintain any aid agreements with other agencies. New facility needs have not been identified.

#### CHALLENGES

Projects or impacts to Greenwood Creek have the potential to negatively affect the District's water supply. For example, a project to replace the Greenwood Creek Bridge resulted in temporary impacts to the District.

#### SERVICE ADEQUACY

The District focuses its efforts to the provision, processing, and distribution of water to its 101 customers. The ECWD system has sufficient capacity to serve existing connections. The District reported that the treatment plant is in good condition. The District recently refurbished its water storage tank and recently replaced its water wells. Water services offered by the District appear to be adequate based on the low number of complaints, moderate rates, and good water quality. The District actively maintains its equipment and facilities, thereby extending the expected life cycle. In summary, ECWD's infrastructure is adequate to pump, treat and distribute ~~of~~ water for the next several years.

Currently, the District provides service to a number of customers located outside its boundaries.

## SECTION 3-3 DETERMINATIONS

### GROWTH AND POPULATION PROJECTIONS

1. The number of residents served by ECWD is estimated to be 197. This is based upon the number of residential connections and average household size in the County, and includes 12 residential customers outside the District boundary.
2. The District anticipates limited population growth in the future.

### PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

3. ECWD was established in 1957 to provide water service including pumping, processing, and distribution.
4. The Mendocino County Board of Supervisors issued a Statement of Creation on April 22, 1957 to establish the District.
5. The District's water treatment facility as well as a 30,000 gallon water storage tank, an 84,000 gallon water storage tank, and the Community Center/Fire Station are all outside the District boundary.
6. The ECWD system has sufficient capacity to serve existing connections.
7. The District reported that the water treatment plant is in good condition.

### FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

8. The ECWD is funded through service charges and fees.
9. Operating costs have been rising the past few years due to infrastructure expansion and replacement, increased costs associated with more stringent water quality requirements for sampling and analysis, and due to more reporting to regulatory agencies.
10. The District does not have an adopted Capital Improvement Plan. The District does however, maintain a Capital Reserve Account.
11. The District reported that the current financing level is adequate to deliver services presently.
12. Any new development that is built in the community will need to pay for any required improvements in order to connect to the water system.
13. The District has an adopted rate structure.
14. Rates should continue to be reviewed and adjusted as necessary to fund District costs and provide for capital improvements as needed.
15. A recent audited financial statement offered comments for further improvement including:
  - Minutes of Board meetings with closed sessions should reflect required reporting and functional rules such as the time closed session started and reporting out afterward.
  - Agendas for Board meetings should note closed sessions and provide time for public reporting (if required).
  - Budget workshops should generally occur during an open public meeting.
  - Supporting documents and manual documents should be reconciled to financial reports.

- The Board of Directors should continue to maintain close oversight of District operations.
- ECWD should consider developing and implementing a capitalization policy to provide guidance about expenditures which can be expensed rather than carried on a depreciation schedule.

#### STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

16. ECWD does practice facility sharing as it shares a parcel with the local community center and volunteer fire department.
17. ECWD collaborates with local community organizations to post items on a community website at: [www.elkweb.org/ec\\_water\\_district.php](http://www.elkweb.org/ec_water_district.php).

#### ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

18. ECWD demonstrated accountability through its prompt disclosure of information requested by LAFCo for preparation of this MSR.
19. Board meetings are publically noticed and do comply with the Brown Act, California's open meeting law.
20. ECWD employs four part-time staff, with a total FTE (full time equivalent) of 2.5.
21. The District practices cost reduction by avoiding debt and associated interest charges; completing projects "in-house" rather than hiring contractors, which may be more expensive; and by participation in pooled insurance through Golden State Risk Management Authority.
22. In the short-term, no additional cost avoidance opportunities have been identified at this time.
23. The District's expenditures on electricity have been rising over the past few years. The District could explore the use of new technology to reduce its annual expenditures on utility costs.
24. The history of the District's boundary formation and possible boundary modification is not clear, partly because LAFCo does not have a historic or archived file for the District.
25. The administrative record is not clear about whether or not a sphere of influence was ever established for the District.
26. No boundary changes are pending or proposed at this time. However, the District does provide service to customers located outside its boundaries.
27. ECWD has surplus water agreements and supplies surplus water to a water delivery truck.
28. ECWD follows standard accounting procedures consistent with an 'enterprise' type District.
29. ECWD Board of Directors holds public meetings the first Wednesday of each month at 6:30 PM.
30. All Board Members have access to ECWD data, records and information.
31. The District does not currently have a strategic plan that outlines its mission statement, vision statement, and goals and objectives. Such a strategic plan could help the District improve upon 1) planning efforts, 2) accountability and transparency. However, the District does have an informal aim to replace aging pipelines in a methodical process by zone.