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ENTERPRISE

Water! Will a good crisis go to waste? Part 4: Organizational Structure

By Patric Hedlund

She's been a resident of Frazier Park for 50 years and is proud of that fact. Between the two of them, Kitty Jo and Keith Nelson served on the school board, the water board, the South West Healthcare District board and more. Kitty Jo knows how things work.

The Nelsons raised their children here and hold the championship as the longest-running publisher-editor team of *The Mountain Enterprise*. As it happened, Kitty Jo Nelson sent a letter to the editor this week as we

were working on our story about the structural issues of a water system annexation.

She asked what kinds of organizational changes could occur if Frazier Park Public Utility District and Lake of the Woods Mutual Water Company were to merge into a regional water district.

An extraordinary opportunity has been triggered by California's drought-driven water crisis. This week World Water Day was marked around the globe with

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declarations of concern about the growing scarcity of clean drinking water and the need for smart, "resilient" infrastructure planning.

World Water Day at home

In the U.S. and California, rhetoric was matched by the budgeting of money to invest in smarter groundwater management.

In our own Mountain Communities, that is exactly what has been going on since 2013.

Preplanning Committee

A preplanning committee was funded by the state to research ways to come to grips with drought through (1) upgrading aging infrastructure to eliminate chronic leaks; (2) putting meters on unmetered systems; (3) trying to define what appropriate collaboration between small water systems might look like; and (4) to decide whether a regional water system with financial incentives from state and federal sources could achieve a more dependable and cost-effective water supply system.

What we have learned

Only Lake of the Woods and Frazier Park Public Utility District accepted the challenge to do the initial research. Now other well-owners have stepped forward to participate.

Many of the questions have been refined, and more information has become available about consumption patterns by users and the groundwater basin capacity (which we talked about in last week's issue).

Infrastructure upgrades

Simultaneously, Consultant David Warner of Self-Help Enterprises has facilitated the flow of millions of dollars into the small water systems in this region over the past three years.

Lake of the Woods Mutual Water Company will be installing new state-of-the-art water meters this year and 4,000 feet of distribution lines will be replaced to eliminate water loss through leakage.

New wells have been drilled in both LOW and in Fra-

zier Park. The problem is, it is very difficult to secure clean drinking water within LOW's boundaries during this drought, even at 500 feet. Meanwhile, the middle Cuddy Canyon Groundwater Basin near Frazier Park is accessible just 33 feet below the surface.

How would a regional system be governed?

A regional water system would be a public utility district with a single board of directors and a water manager.

It is possible that the Frazier Park Public Utility District's five-person board would expand. All residents of the service region who are eligible would be able to run for the board.

Rebecca Moore of Kern County's Local Agency Formation Commission (LAFCO) said, "If the areas are annexed into the Frazier Park Public Utility District, the mutual water company will become a part of the public entity and no longer be private."

Here is how it is explained by Consultant Dave Warner:

Annexation by the Frazier Park Public Utility District will bring the Lake of the Woods annexed area into the district's boundaries.

Once the regional water project improvements are built, then the LOW Mutual Water Company, the LOW Mobile Home Park, the Lutheran Church and private homes served by a single well will get water from the regional water system that would be owned and operated by FPPUD, a public entity. Several of the private wells mentioned above are high in nitrates and cannot be used for drinking water.

Warner added that any area annexed into the regional district will have all the same voting rights as current district residents. To vote, property owners must be registered Kern County electors. Elections are conducted by Kern County officials.

What about the costs?

Warner breaks the costs into two main sections, annexation costs and project costs.

Annexation Costs

The Frazier Park PUD would not pay for the annexation costs.

The State Preplanning Grant fund has budgeted \$95,910 to pay for annexation costs. There is also state preplanning contingency money that can cover additional annexation costs, if any.

Project Costs

Warner said he believes the FPPUD and private well owners that have confirmed they want to annex and consolidate into the regional system can also qualify for the same 100% state grant funding as the Lake of the Woods system. The

estimated grant funding for the current overall region that may be annexed is \$8,550,000, depending on how many entities join the regional project.

As a part of the regional project, Frazier Park PUD would be eligible for up to \$5,000,000 in grant funds to be used to pay for fixing the district's waterlines, new wells and other needed improvements.

The regional district would also apply for state grant funds to pay for regional water project costs. Based on the regional water system participants, this would equal an estimated

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\$8,550,000 + \$5,000,000 for about \$13,550,000 in state grant funds which will not require interest payments and will not need to be paid back.

Of the Lake of the Woods area's additional state grant share, over \$3 million would be paid to the new regional district for "Capacity and Connection Fees" that must be used by the regional district for water system improvements (along with the \$5 million the district would receive itself). Those include waterline replacement, new wells, plus more efficient meters and pumps.

What is the actual process?

Kitty Jo Nelson's letter asks for more specifics about how to merge a public and private (mutual) water district.

Dave Warner explained that the regional system will go through an annexation process defined by state law and conducted through the Kern Local Agency Formation Commission.

Kern LAFCO's Executive Officer Rebecca Moore said that once an application is submitted, the process to get it to the commission for hearing takes about six months.

"There will be a noticed public hearing. The landowners and property owners are mailed notices. A notice of public hearing is also placed in [the newspaper of record for the area]," Moore explained.

"The public will have an opportunity to send in comments in advance and to speak at the meeting," she continued.

"If the commission approves the proposal, there is a 'request for reconsideration period' of 30 days. If the time

for reconsideration has passed or the commission declines to reconsider, the proposal moves to the protest hearing part of the process.

"The LAFCO executive officer will take written protests from the time of the protest meeting notice until the end of the meeting.

"At this point it's all about the threshold for the protests," Moore wrote in an email: "25% protest from landowners will force an election; 25% protest from the registered voters will force an election; 50% protest from the registered voters will stop the annexation."

What if the money isn't there?

Warner and the boards of LOWMWC and FPPUD have said repeatedly that no annexation application will be submitted to LAFCO if there is not grant money available to build the regional water system. But what if an application were submitted, and then the funding suddenly was not available?

LAFCO's Moore said that "if the district declares prior to the commission hearing that they cannot feasibly extend services to the new areas, the proposal can be continued ('tabled') until funding is obtained, or the commission can deny the proposal based on this information."

And if it all goes smoothly?

Moore agreed that after the regional system is built, including water system improvements to the Lake of the Woods annexed areas, the new regional version of the Frazier Park Public Utility District will take over operations of the new regional system and begin to provide

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water service to all annexed area users.

The LOW Mutual Water Company, the church and the mobile-home park will no longer operate water systems and will give up their water supply permits as a part of the consolidation.

All the people and property owners in the annexed area will be members of the new regional version of the Frazier Park Public Utility District, with the same rights and duties as the current members of the district, including receiving water service, voting for board members (by registered voters residing within the district), running for board office and paying their water bill.

Though the Lake of the Woods Mobile Home Park owns a well, its high nitrates would not qualify it to be used by the regional district, Consultant Dave Warner said.

He added that of all the churches in the area with their own wells, "only Shepherd of the Mountains Lutheran Church Water System has chosen to participate in the regional water service."

But the church well's high nitrates make it unlikely the regional district would choose to use this well in the system.

Private properties served by wells are given the option to keep their wells; but they must disconnect them from their house or structure and install a backflow device approved by the district.

The goal is to prevent any water from these properties from entering the regional water system—which is held to very high standards for health reasons and goes through frequent testing to confirm that quality standards are being maintained.

Why go to all this trouble?

Self-Help Enterprises is a nonprofit that was founded over 30 years ago to help rural areas secure safe drinking water. Through that group, David Warner has worked on behalf of several Mountain Community water districts, from Lebec through Lake of the Woods, as well as for small water districts throughout Central California.

He had some strong parting words in our interview.

"There are benefits for all who annex together and participate in building a regional water system that will be owned and operated by the Frazier Park PUD. It will provide:

- Water supply;
- Clean water that meets state drinking water standards;
- An estimated \$13,550,000 in grant funds which will help provide

- A new well or wells;
- New water lines in both Frazier Park and Lake of the Woods areas;

- New meters in Frazier Park and any annexed areas without meters (LOWMWC will have meters in 2016);

- A water blending station to allow use of the district's Monte Vista well;

- A water supply line between Lake of the Woods and Frazier Park;

- Added storage as needed for the regional water system which will also assist in fire protection for the region.

Warner said in the public board meeting last month that if it is decided not to seize the opportunity available right now to this region, funds for making these upgrades to the regional water supply systems would require each of the systems to take on debt that would make the cost of water very expensive.