



Hidden Valley Lake Community Services District

19400 Hartmann Road
Hidden Valley Lake, CA 95467
707.987.9201
707.987.3237 fax
www.hiddenvalleylakecsd.com

April 15, 2016

General Manager Matt Bassett's Monthly Board Letter

Key discussion items:

- I. **Hexavalent Chromium 6 (Strategic Plan #1A):** This topic will be discussed in open session. Attached is recent correspondence on the topic of the SRF loan.
- II. **RMP (Strategic Plan #1D):** Staff and the District's engineering firm are meeting their deadlines in each phase of the process. There are many items that staff is having to create or modify to match our current practices.
- III. **Verizon Cell Tower Lease Agreement (Strategic Plan #4A):** We are now working on the agreement with legal counsel.
- IV. **Field Vehicle Replacement Plan (Strategic Plan #1B-1C):** Valley Fire insurance claims are being paid. The \$91,000 cost of removing all the trees in flood control has been declined a second time by our insurance agency. Staff is talking with the County to see about getting this cost reimbursed through FEMA/CALOES. We are also able to appeal the denied claim to the State Insurance Board or use a third party claims adjustment service. Staff has met with a company by the name of Property Damage Insurance Claim Specialist, LLC. I have attached documents Steven Madden with Property Damage Insurance Claim has provided for the Board's review.
- V. **Storm Water Detention Pond (Strategic Plan #1E):** The new insurance approved the metal building that is under construction and should be completed by the end of this month. The generator will be operational once the building is constructed around it.

Staff is working with GHD, formally known as Winzler & Kelly, to produce the FEMA 404 grant application, at a cost of \$5,000. The grant application deadline is June 16th. Three members of GHD's staff were part of the team that wrote the April 2000 Master Storm Drainage Plan for Hidden Valley Lake. Their knowledge of the District's conditions should prove valuable when presenting our grant application to FEMA.
- VI. **Admin Building Heating/AC unit repairs:** Staff has received two bids and they are included in this month's Board packet.
- VII. **Accounting Dept Improvements:** See attached summary.

- VIII. HVLA water use agreement:** HVLA and HVL CSD have worked together to get this finalized. We're waiting to receive our original agreement signed by HVLA.
- IX. Admin Building Roof Repairs:** Staff has contacted Curtis Edward's Roofing and notified him that the Board has accepted his bid. The work should be done in May. Once the roof work is done, interior water damaged areas will need to be repaired.
- X. Grange Road Damage:** Discussion on this matter will be done with the District's lawyer during the closed session part of the meeting. Attached is the letter provided to us by the County and the two letters I was instructed by our lawyer to send to both the County and Mr. Indrebo. Staff is currently gathering the needed past road maintenance information.
- XI. Petition for Change:** As directed by staff, our District consultant has prepared a special draft memo identifying the steps and costs to process our Pending Water Right Petitions for License 13257A and Permit 20770B (Applications 30049A and 30049B, respectively). The discussion of the moratorium is covered at the end of the memo. Staff requested this memo to be drafted so the District can see the time and costs projections. Once the time and funding needs are understood and agreed upon by the District, staff would like to contact the various state organizations to gain their review and approval of this long and expensive process. Ideally, the Petition for Change and lifting of the moratorium would be accomplished through a pre-approved plan, similar to the way the hexavalent chromium compliance plan is set up. See the attached full memo from Wagner & Bonsignore
- XII. Sewer collection system I&I repairs:** Staff has been working hard to have three bids back in time for this month's board meeting. We received one bid this week, but the second bid won't arrive until next week. The third company has declined to bid. Staff will have two bids for the Board to review at their next meeting.
- XIII. Collection on delinquent accounts:** Staff is close to finalizing its proposed Policy and Procedures for filing liens against real property for accounts that are delinquent. Expect to see this in next month's Board packet.



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

I

State Water Resources Control Board

March 10, 2016

Alyssa Gordon
Hidden Valley Lake CSD
19400 Hartmann Road
Hidden Valley Lake
CA 95467-8371

RE: SWRCB Drinking Water State Revolving Fund Planning Project Application Submittal – Hexavalent Chromium Treatment Feasibility Study

Dear Ms. Gordon,

We have received and reviewed the Drinking Water State Resolving Fund (DWSRF) application Hidden Valley Lake Community Services District (HVLCSO) submitted to SWRCB for the Hexavalent Chromium Treatment Feasibility Study planning project. I am writing to communicate our preliminary review comments.

The application packages are mostly complete. Several items still in progress are:

- HVLCSO revision of the service area map with additional water system details
- Editing of the project scope in consultation with the Mendocino District Office
- HVLCSO to provide date-stamped copies of the Notice of Exemption
- Clarifications on whether the proposed DWSRF loan funding will be affordable

Based on the information provided thus far for the DWSRF planning application, the budget projections indicate that HVLCSO does not meet the required debt service coverage of at least 1.1 when considering the existing debt obligation and the proposed DWSRF planning loan.

Fiscal Year	Audited 2012	Audited 2013	Audited 2014	Audited 2015	Projections 2016	Projections 2017
Operating Revenues	\$1,248,323	\$1,336,115	\$1,342,126	\$1,295,988	\$1,193,384	\$1,318,626
Non-Operating Revenues	\$811	\$1,189	\$1,564	\$661	\$0	\$0
Operating Expenses	\$1,168,142	\$1,219,733	\$1,245,349	\$1,178,917	\$1,162,922	\$1,145,835

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

Non-Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Net Revenues	\$80,992	\$117,571	\$98,341	\$117,732	\$30,462	\$172,791
Outstanding Debt Service	\$173,261	\$173,018	\$172,767	\$172,507	\$172,238	\$171,960
Proposed Debt Service	\$0	\$0	\$0	\$0	\$0	\$54,315
Total Debt Service	\$173,261	\$173,018	\$172,767	\$172,507	\$172,238	\$226,275
Debt Service Coverage	0.47	0.68	0.57	0.68	0.18	0.76

This project application has not been rejected or bypassed. This is sent only as an update with the progress of the application review. However, DWSRF funding does require the debt service coverage (net revenues/total debt service) to be 1.1 or above. The proposed debt service of \$54,315 listed above assumes the proposed planning project cost of \$260,000 paid back over a 5-year term beginning in 2017. A 5-year term is the standard length of DWSRF planning loans.

We will continue to work with HVLCSO to ensure we have the latest and most accurate financial information when evaluating your DWSRF application. Please keep us informed of any changes that may affect our review. If you have any questions, do not hesitate to call or email me at maria.pang@waterboards.ca.gov.

Sincerely,



Maria Pang, P.E.
Project Manager

From: Pang, Maria@Waterboards
To:
Cc:
Subject: Hidden Valley Lake DWSRF application status update
(1710015-006P)

Date: April 13, 2016

Time: 12:12 pm

Size: 19 KB

Hi Matt,

Thank you for the reply. After about 6 months of time passed without moving forward, our applications are put on "inactive" status.

Each application is put on a list to be funded within a certain fiscal year. I had this project on the FY 2015-2016 list, but will move it to the FY 2016-2017 list.

We do not have any specific deadlines other than environmental and financial clearances can expire, and will sometimes need to be resubmitted and reevaluated when too much time has passed.

More importantly, this project concerns chromium VI so we want to consider the funding process with the compliance date. It takes a few months after an application is completed to get routed, go through legal review, then issued and executed. Once this planning project starts, it usually takes about 18 months to complete, after that about 6-9 months to get construction funding agreement. In addition, 1-3 years to go construct depending on the project. I believe the compliance date is Jan 1, 2020 as stated in the application submitted.

Hence, potential schedule as we move forward might be tight:

July/Aug/Sept 2016 board discusses, completes application, vote for rate increase

Nov/Dec 2016 execute planning funding agreement

Jan 2017 - Jun 2018 planning project

Spring 2019 execute construction funding agreement

Spring 2020 -2022 construction project complete

Please keep me posted when you have further updates.

Thanks,
Maria Pang, P.E.

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PROPERTY DAMAGE INSURANCE CLAIM SPECIALISTS, LLC.

PUBLIC INSURANCE ADJUSTERS

California Department of Insurance License 2133826

18000 Studebaker Road, Suite 200, Cerritos, California 90708

OFFICE: (855) 441-6031 FAX: (855) 805-6306 CELL: (562) 441-6031

WEBSITE: www.pdics.com EMAIL: steve.madden@pdics.com

April 04, 2016

Hidden Valley Lake Community Services District
19400 Hartmann Road
Hidden Valley Lake, California 95467

Re: Public Adjuster Insurance Claim Representation
To: Attention All Board Members

This is a proposal for services for representation of your insurance claims. As you may suspect, you have been underpaid by your Insurance carrier on all of your claims but specifically a tree & debris removal claim. Unfortunately, Hidden Valley Lake Community Services District does not have a Public Adjuster representing your claims at this time. You need an insurance claim expert to protect and ensure that you receive a fair and proper claim settlement on each and every claim.

You wouldn't go into court without an attorney who knows the legal system so with something as important as a million dollar insurance claim then the prudent thing to do is to make sure you have representation to protect the interests of the District and its customers. It is my job to include every penny the insurance company owes you on every aspect of each claim. It is normal for the insurance company and its adjuster to intentionally overlook, forget about or underpay every single claim. They are very good at making you believe you have been paid properly.

I would like the opportunity to meet with the board to answer all questions that you may have on the benefits of contracting my services. *No Public Adjuster can tell you how much money you will receive from using our services as there is too much detailed information to review. We work like forensic accountants going through everything in the books to find all that was hidden or left out.* I can tell you that my representation on claims has increased payment to the policyholder from 30% to 500% more but all claims are different. I can tell you that the amount is normally extremely significant.

One thing is certain, you will not receive any extra money on your current claims and you will receive ZERO on the claims that have been denied UNLESS you get expert representation. I look forward to the possibility of working with you.

Sincerely,

Stephen Madden
CEO



PROPERTY DAMAGE INSURANCE CLAIM SPECIALISTS, LLC.

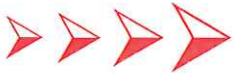
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VALLEY WILDFIRE VICTIMS



*Your claim is not settled just because you received a check
from your Insurance Company! I can RE-OPEN your claim and
and make them pay you properly on your insurance claim!*

PUBLIC ADJUSTERS WORK FOR YOU THE POLICYHOLDER!

We are California's only "FORENSIC PUBLIC ADJUSTERS!"

"We will handle your claim like it is our mother's claim!"

We are licensed and bonded through the California Department of Insurance.

We make sure we include every penny owed to you from your insurance claim. You are going to need every penny of it to help rebuild your lives. We help reduce the stress and speed up your claim when you have professional representation. We will represent you through the entire claims process with your insurance company to make sure you receive all that you expect you should receive.

Here are a few actual results of our client representation with other disaster victims!

Lena Marino - State Farm paid - \$25,136.82 - **PDICS recovers \$112,575.39**

R.A. - Farmers Ins. Co. paid \$32,778.02 - **PDICS recovers \$134,291.96**

E, LLC. - GuideOne Ins. Co. paid \$171,721.47 - **PDICS recovers \$494,584.44**

C.H. - State Farm Ins. Co. paid \$18,965.15 - **PDICS recovers \$91,497.13**

C.K. - Farmers Mutual Ins. Co. paid \$9,537.30 - **PDICS recovers \$20,523.20**

Call us 24/7... so we can help you!

Sincerely,

Steve Madden

CEO

Property Damage Insurance Claim Specialists, LLC.



PROPERTY DAMAGE INSURANCE CLAIM SPECIALISTS, LLC.

Public Insurance Adjusters

18000 Studebaker Road, Suite 700, Cerritos, California 90703

Toll Free: (855) 441-6031 Toll Free Fax: (855) 805-6306

Email: steve.madden@pdics.com

License No. 2I33826

DISCLOSURE NOTICE

There are three types of Insurance Adjusters who could be involved in the processing of insurance claims. The definitions of the three types are as follows:

(1) **Public Insurance Adjusters** means the Insurance Adjusters who **DO NOT** work for your Insurance Companies. They work for you, "the Insured," to advise and assist in the measurement and documentation of the Insured's loss, and to present the Insured's claim to the insurance company or companies for loss and damages resulting from a covered loss. You hire them by signing a contract agreeing to pay them a fee or a commission based on a percentage of the settlement, or other method of compensation. Public Insurance Adjusters are required to be licensed, bonded and tested by the State of California to represent your interests.

(2) **Company Adjusters** means the Insurance Adjusters who are employees of your Insurance Company. They represent your Insurance Company and are paid directly by your Insurance Company. They will not charge you a fee and are not individually licensed or tested by the State of California.

(3) **Independent Adjusters** means the Insurance Adjusters who are hired on a contract basis by your Insurance Company to represent them in the settlement of a claim. They are paid by your Insurance Company. They will not charge you a fee.

You have the right, but are not required, to use the services of a Public Insurance Adjuster in the preparation and handling of your insurance claim. Public Insurance Adjusters cannot solicit your business while the loss is underway, or between the hours of 6 p.m. and 8 a.m.

To be represented by a Public Insurance Adjuster, you must sign a "Public Insurance Adjuster Contract." The Public Insurance Adjuster Contract must clearly indicate the amount of the fee you will be paying to your Public Insurance Adjuster. Your contract, with this fee percentage, must be acknowledged by your initials on the "Public Insurance Adjuster Contract". The compensation fee, commission, or other consideration is to be paid by you (the Insured), not the Insurance Company (Insurer).

You have the right to cancel this contract within three business days from the date of the contract without any penalty or obligation to pay your Public Insurance Adjuster, other than for reimbursement of moneys paid by your Public Insurance Adjuster for out-of-pocket emergency expenses for you or on your behalf. If your Public Insurance Adjuster seeks reimbursement from you for out-of-pocket emergency expenses, your Public Insurance Adjuster shall provide you with an itemized statement of those emergency expenses advanced to you or on your behalf if the cancellation is made within the first three business days after the contract was initiated. Nothing in this contract permits your Public Insurance Adjuster to recover any costs, except for those out-of-pocket expenses advanced to you.

If you cancel, any money or other consideration paid by you will be returned within five business days following the receipt of your cancellation notice, and any security interest arising out of the transaction will be canceled. To cancel this contract, mail or deliver by certified mail, return receipt requested, or other form of mailing which provides proof of mailing, a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to:

PROPERTY DAMAGE INSURANCE CLAIM SPECIALISTS, LLC. - Public Insurance Adjusters at 18000 Studebaker Road, Suite 700, California 90703 not later than midnight of third day after the contract was initiated. You have the right to, and may, communicate with your insurance company at any time if you feel the need during the claims process. If you have any concerns or questions, the officers at the California Department of Insurance Consumer Hotline are there to help you. Please call them at 1-800-927-HELP (4357), or www.insurance.ca.gov.

I, THE INSURED, EXPRESSLY STATES THAT THERE HAVE BEEN NO PROMISES EXPRESSED OR IMPLIED BY PROPERTY DAMAGE INSURANCE CLAIM SPECIALISTS AS TO ANY AMOUNT OF MONEY I MIGHT EXPECT TO RECEIVE ON MY CLAIM(S) OR HOW LONG MY INSURANCE COMPANY(IES) MIGHT TAKE TO MAKE A DETERMINATION ON MY CLAIM.

▶ _____
DATE

▶ _____
DATE

▶ _____
Signature of Insured -

▶ _____
Signature of Insured -

▶ _____
Property Damage Insurance Claim Specialists, LLC.



PROPERTY DAMAGE INSURANCE CLAIM SPECIALISTS, LLC.

18000 Studebaker Road, Suite 700, Cerritos, CA 90703

Toll Free: (855) 441-6031 • **Fax:** (855) 805-6306

Mobile: (562) 441-6031

Email: steve.madden@pdics.com

License No. 2I33826

Public Insurance Adjuster Contract

We Represent The Insured Only

_____ (hereinafter "**Insured**") retains Property Damage Insurance Claim Specialists, LLC. (hereinafter "**PDICS**") to advise and assist in the measurement and documentation of the **Insured's** loss, and to present **Insured's** claim to the insurance company(ies) for loss and damages from the danger and or peril of _____ occurring on or about _____ that was sustained by **Insured's** property located at: _____

The Insurer is _____ with the policy # _____ and claim # _____.

Insured agrees to pay, and assigns to **PDICS** for services rendered on behalf of **Insured** ___ % _____ of any **Insured's Initials**

amount paid by the insurance company(ies) after the date of this contract, plus such necessary expenses as approved by **Insured**. **Insured** hereby grants a lien on this claim to **PDICS**, to the extent of the adjuster fee listed above, on any payment arising out of the aforementioned loss after the date of this contract. **Insured** agrees that all payments for the loss, after the date of this contract, shall include the name "**Property Damage Insurance Claim Specialists, LLC.**" on all checks or drafts issued in conjunction with the loss.

As a Public Insurance Adjuster, I am required by the California Insurance Code to post a surety bond in the sum of \$20,000 to cover certain kinds of claims made by you, the Insured. If you have any questions concerning the surety bond, you may contact the California Department of Insurance, Producer Licensing Bureau's Adjuster unit at: (916) 492-3085 or www.insurance.ca.gov.

Effective date of this contract is: _____.

You may cancel this contract at any time before midnight of the third business day after the date of this contract. See the notice of cancellation form at the end of this contract for an explanation of this right.

▶ _____
Signature of **Insured** -

▶ _____
Property Damage Insurance Claim Specialists, LLC.
Public Insurance Adjuster - STEPHEN J. MADDEN

▶ _____
Signature of **Insured** -

Email: _____

Phone: _____

Notice of Cancellation

Date of Contract: _____

You may cancel this contract within three business days from the above date without any penalty or obligation to pay your public insurance adjuster, other than for reimbursement of moneys paid by your public insurance adjuster for out-of-pocket emergency expenses for you or on your behalf. If your public insurance adjuster seeks reimbursement from you for out-of-pocket emergency expenses, your public insurance adjuster shall provide you with an itemized statement of those emergency expenses advanced to you or on your behalf if the cancellation is made within the first three business days after the contract was initiated. Nothing in this contract permits your public insurance adjuster to recover any costs, except for those out-of-pocket expenses advanced to you.

If you cancel, any money or other consideration paid by you will be returned within five business days following the receipt of your cancellation notice, and any security interest arising out of the transaction will be canceled.

To cancel this contract, mail or deliver by certified mail, return receipt requested, or other form of mailing which provides proof of mailing, a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to:

Property Damage Insurance Claim Specialists, LLC. at 18000 Studebaker Road, Suite 700, Cerritos, California 90703 not later than midnight of _____.

Date

I hereby cancel this contract _____

Client's Signature

Date



Hidden Valley Lake Community Services District

19400 Hartmann Road
Hidden Valley Lake, CA 95467
707.987.9201
707.987.3237 fax
www.hiddenvalleylakecsd.com

VII

MEMO

TO: Matt Bassett
FROM: Coleen Blakey
DATE: April 14, 2016
RE: Accounting Projects (update)

Task	Update
1. Improvement District No. 1	Closed escrow 3/23/2016. Waiting for copies of documents from Kutak-Rock
2. Reassessment	Received copy of levies and maps from NBS
3. Valley Fire	Waiting for response from CPA re: journal entries
4. Statement of Net Position	We have estimate from Smith & Newell of \$2,500 for accounting services. The proposal from Incode is \$11,865 with \$1,573 annual maintenance costs
5. Balancing	Accounts receivable, general ledger & pooled cash in balance
6. Procedures	<u>Draft</u> procedures completed for <ol style="list-style-type: none">1. Accounts Receivable2. Budgets including Incode installation3. Check Reconciliation (accountant)4. Project accounting5. Utility reconciliation6. Bad debt7. Setting-up new rates8. Fiscal Year End schedule & paths9. Tax Roll apportionment
7. OPEB	Partial draft procedures for General Ledger Forwarded actuarial data to James Marta, CPA (performed prior actuarial calculations)



COUNTY OF LAKE
PUBLIC WORKS DEPARTMENT
255 N. Forbes Street
Lakeport, California 95453
Telephone 707-263-2341
Fax 707-263-7748

Scott De Leon
Public Works Director

February 26, 2016

Matthew J. Bassett, General Manager
Hidden Valley Lake Community Services District
19400 Hartmann Road
Hidden Valley Lake, CA 95467

Dear Mr. Bassett:

I am writing in response to your March 19, 2016 letter regarding damages to the road easement granted to E. James Indrebo and Constance Indrebo by the Hidden Valley Lake Community Services District. In summary, the County's contractor entered into a land use agreement with Mr. Indrebo to establish a debris management site in support of the County's Valley Fire hazard tree mitigation project, and you have requested assurances that the road easement used to access this site will be returned to the same or better condition it was in prior to the use of the road by the County.

The County commits to repair the section of the road easement used to access the debris management site to the condition it was in prior to the establishment of the debris management site for all damages that are the result of the County's operational use of the road. It is my understanding that you will be providing our contractor with as-built documentation and maintenance records for the road.

If you have any questions or concerns please feel free to contact me.

Sincerely,

Lars Ewing
Assistant Public Works Director



Hidden Valley Lake Community Services District

19400 Hartmann Road
Hidden Valley Lake, CA 95467
707.987.9201
707.987.3237 fax
www.hiddenvalleylakecsd.com

March 28, 2016

Lars Ewing
Assistant Public Works Director
255 N Forbes St
Lakeport, CA 95453

Dear Lars Ewing,

I appreciate you stating in your February 26th letter that the County commits to repair the section of our road that's being damaged by the County's contracted Valley Fire hazard tree mitigation project vehicles accessing Jim Indrebo's property which is located behind our waste water treatment plant.

HVL CSD staff is looking for as build documents and the maintenance records we have for our road.

As I've shared with you, Mr Indrebo and my Board, my staff is estimating the repair costs to be \$80,000 to \$100,000. If you have any reservations with the County being able to fulfill its portion of the repair costs, please let us know right away.

The HVL CSD only has allowed the continued road usage and thus the continued road damage, because of the County's commitment to returning our road to the same or better condition it was in prior to the use of the road by the County and its agents.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Matt Bassett', is written over a horizontal line.

Matt Bassett, IGM
Hidden Valley Lake CSD



Hidden Valley Lake Community Services District

19400 Hartmann Road
Hidden Valley Lake, CA 95467
707.987.9201
707.987.3237 fax
www.hiddenvalleylakecsd.com

March 28, 2016

Jim Indrebo
19970 State Highway 29
Middletown, CA 95460

Dear Jim Indrebo,

It's good to see that the Ashbritt group's continued damage to our road might end soon.

You are aware that Lars Ewing, with the County Public Works Department, has provided us with a letter dated February 26th, 2016, in which he commits the County to repairing our road from the damage being done by the Ashbritt Group.

The District would like to take this time to remind you that you will still be held responsible for all damages that the County doesn't cover, seeing as you are the easement holder. In other words, we are reserving all our rights and remedies, with regards to the damage.

Please contact me if you have any questions on this topic.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matt Bassett", with a long, sweeping underline.

Matt Bassett, IGM
Hidden Valley Lake CSD

Nicholas F. Bonsignore, P.E.
Robert C. Wagner, P.E.
Paula J. Whealen
Henry S. Matsunaga

David H. Peterson, CEG, CHG
David Houston, P.E.
David P. Lounsbury, P.E.
Vincent Maples, P.E.
Ryan E. Stolfus

DRAFT
MEMORANDUM

To: Matt Bassett, General Manager
Hidden Valley Lake Community Services District

From: Paula J. Whealen, Principal

Date: April 14, 2016

Re: Pending Water Right Petitions for License 13257A and Permit 20770B
(Applications 30049A and 30049B, respectively)

As you know our office has been directly involved with Hidden Valley Lake Community Services District's (District) water resource issues since before 1990. Our predecessor firm, James C. Hanson Engineering provided consultation to Stonehouse Mutual Water Company regarding acquisition of water rights to serve municipal water to the subdivision. Such consultation involved securing a valid claim of appropriative right from the State Water Resources Control Board (State Water Board) for water being diverted from the Grange Road wells and documentation of riparian claims of right for portions of the subdivision.

Subsequent involvement for the past 25 years has included working with District staff for compliance with water right terms and conditions pertaining to delivery of supplemental water to Putah Creek for environmental purposes and compilation of data for preparation of an annual monitoring report for the Coyote Valley Basin that is submitted to the State Water Board. Recent work involved filing Petitions with the State Water Board in 2013 seeking authorization for expansion of the District's service area, extension of time for its Permit, and elimination of terms requiring the supplemental water delivery and annual reporting.

Pending Water Right Petitions

At your request, this is to identify the steps required by Wagner & Bonsignore Engineers (WBE), and indirectly by Stevens Consulting, to process the District's pending referenced water right Petitions on file with the State Water Resources Control Board (SWRCB). Also provided is an approximate schedule of the time required to accomplish the tasks, and an estimate of the costs associated with each.

Task 1 - File Petitions with SWRCB

2151 River Plaza Drive • Suite 100 • Sacramento, CA 95833-4133
Ph: 916-441-6850 or 916-448-2821 • Fax: 916-779-3120

Petitions filed on District's License 13527 and Permit 20770B (Applications 30049A and 30049B, respectively)

- Petition for Extension of Time: Filed on Permit requesting 50 years in which to make full beneficial use of water.
- Petition for Change in Place of Use: Filed on License & Permit requesting addition of Valley Oaks subdivision and other nearby parcels to District's place of use.
- Petition to Change Terms & Conditions: Requesting elimination of Supplemental Water requirements and changes in annual reporting. Will continue to do monthly monitoring of wells and maintaining Guenoc Gage. May agree to restoration work on area stream(s).

Estimated Cost/Schedule: Completed by Wagner & Bonsignore Engineers in 2013

Task 2 – California Environmental Quality Act (CEQA) Compliance to Support Petitions

District is lead agency for CEQA and responsible for preparing the environmental document to identify impacts associated with the actions described in the Petitions.¹

- An Environmental Impact Report (EIR) will be prepared. This decision was supported by the District's environmental consultant Stevens Consulting and outside legal counsel Peter Kiel of Ellison, Schneider & Harris.
- Preparation of the EIR by Stevens Consulting includes the following tasks: Biological and cultural resources assessments, project descriptions and alternatives, coordination of LAFCO amendment process, evaluation of groundwater data, identification and evaluation of alternative habitat restoration sites, public outreach, drafting of EIR document.

Estimated Cost: \$250,000-\$300,000 (Stevens Consulting)

Status: In progress

Schedule: Can be completed in 2017 (based on direction from Client)

Task 3 – Groundwater-Surface Water Evaluation

Evaluation of the potential impacts by the District's wells on Coyote Valley Groundwater Basin.

- Considers whether or not a long-term overdraft existing, impacts to streamflow, and water quality issues in Putah Creek. Identifies the impact future water demands in 2035 and 2065 will have on the Basin.
- WBE tasks will include basin definition via test borings, field testing and determination of aquifer properties, analysis of water budget in Basin, identification of future impacts on baseline water levels.
- Provide information for EIR on groundwater-surface water evaluation results, and propose mitigation, if any.

Estimated Cost: \$52,000-\$95,000²

Status: Work has not begun

¹ District may also be requesting that Lake County Local Agency Formation Commission approve an expansion to the District's Sphere of Influence (SOI). If so, CEQA document should cover impacts associated with the Petitions and the SOI change.

² Depending on whether new borings are required or existing boring data can be utilized.

Schedule: Can be completed in 2017 (based on direction from Client)

Task 4 – Coordination of Environmental Document and Petition Processing

WBE to work SWRCB, Stevens Consulting, regulatory agencies as advocate of District to process Petitions for approval.

- Participate in public scoping meeting for EIR, assist Stevens Consulting in responding to comments on the EIR.
- Evaluation and response to protests to Petitions filed by regulatory agencies, non-governmental organizations and/or prior right holders.
- Assist in development of mitigation measures for any potential impacts identified in EIR process.
- Review draft amended License and Permit, and work with SWRCB staff to develop acceptable terms and conditions.

Estimated Cost: \$30,000³

Status: Work has not begun

Schedule: End of 2018

Other Water Related Issues

Moratorium on New Municipal Connections

SWRCB Division of Drinking Water issued a moratorium on new District service connections until the District can demonstrate it has an adequate alternate water resource. Water served under riparian right is not subject to the moratorium. SWRCB agreed that District can issue new service connections within its Units 4 & 5 which are served under claim of riparian right. The District is considering possible use of Hidden Valley Lake Reservoir to serve as an alternate source to meet the requirements of the Division of Drinking Water's requirements. Following is a description of those options:

A) Temporary Change Petition on District's License 9764 (A022033)

During times of drought, file a Temporary Change Petition on License 9764 that allows for storage of water in Hidden Valley Lake that can be used for consumptive (municipal) purposes. Currently the Lake stores water for recreational purposes only. The Petition would allow for the water in the Lake to be released to Coyote Creek for rediversion at the District's Grange Road wells. The rediversion and use of previously stored water is not subject to curtailment by the SWRCB.

B) Additional Change Petition on District's License 13527A and Permit 20770B (Applications 30049A and 30049B, respectively)

Petition the District's License & Permit on its Grange Road wells to add storage as a component. Water previously stored in Hidden Valley Lake could be used consumptively, if needed, to meet municipal demand requirements when rights are subject to curtailment.

³ It is not expected that a SWRCB hearing will be required, and the estimated cost does not include such work.

C) New Application to Appropriate Water for Storage in Hidden Valley Lake

File for new water right to store water in Hidden Valley Lake that can be used for consumptive purposes (municipal). New source of municipal water in Lake could be used as alternate supply in times of drought.

Steps Required for Filing of Petitions or Application described in items A, B and C above will include preparation of Petition or Application form, including option in the project description of the EIR that is to be done for the Pending Water Right Petitions described herein.

Estimated Cost: \$10,000-\$15,000 for Wagner & Bonsignore Engineers' preparation and filing of Petition/Application forms. EIR preparation and processing costs described herein.

Status: Work has not begun on forms.

Schedule: File forms within 6 weeks of receiving Client direction.

Local Agency Formation Commission (LAFCo)

Request to increase the District's sphere of influence to include Valley Oaks Subdivision and other lands that are or can be served by the District.

- New sphere of influence may or may not coincide with the Place of Use named in the water right License and Permit.
- Any CEQA document prepared to support the Petitions will be used in the LAFCo approval process.

Hexavalent Chromium 6 in District Wells

District is working with Coastland Engineering to develop a compliance plan for addressing this issue. Possible option includes a new well to be used to blend with current supply.

We trust the foregoing provides you with the information you requested. The cost estimates provided are ballpark and are based on the best information we have with regard to current SWRCB practice. We have not included costs associated with work that may be required of the District's outside legal counsel, Peter Kiel. The timelines provided are based on direction by the District for completion of the EIR work. We would be happy to discuss any of these matters in more detail with you and your Board.

cc: Craig Stevens
Peter Kiel