

## **6. REASON FOR PROPOSAL: DONNER SUMMIT PUBLIC UTILITY DISTRICT TO ANNEX THE BIG BEND MUTUAL WATER COMPANY**

### **A Brief History**

The Big Bend Mutual Water Company (BBMWC) is located in an unincorporated area of Placer County and is comprised of 29 residences which for the most part are second homes and are predominately used in the summer. Eleven of the cabins are leased from the United States Forest Service.

The Donner Summit Public Utility District (DSPUD) for five years, by way of a Services Agreement has been operating, maintaining, and managing the BBMWC. The BBMWC is considered a non-transient community water system by the State of California, operating without a permit and under a Boil Water Notice for the past 8+years. The reason for the Boil Water Notice is that the State and Placer County has classified the drinking water supply as ground water that is under the influence of surface water. BBMWC had two options; 1. construct a treatment plant which would bring the system into compliance with the Safe Drinking Water Act, or 2. drill a vertical well that would produce a water source that meets the Safe Drinking Water Act standards, and meets capacity demand of approximately 22gpm. The BBMWC Board of Directors with the support of the BBMWC rate payers chose to drill a vertical well.

In April of 2009, the DSPUD acting on behalf of BBMWC contracted with Interflow Hydrology, Inc. for professional hydrologic services for siting, design and testing of a new well on United States Forest Service property located on the north side of Interstate 80, Big Bend, Placer County.

In June of 2009 Interflow Hydrology, Inc. submitted its report and assessment of potential well locations to the District. The report took into consideration; fracture trend analysis, access to drilling equipment and proximity to the USFS water supply well. Interflow identified five potential well locations.

During the next three years the DSPUD has worked through a number of issues, including funding of the project, in order to proceed with the well project.

### **Current Status and Reason for Proposed Annexation**

The well project is set to move forward in the summer/fall of 2013. The estimated project budget is \$240,231, see attached budget scope. The BBMWC does not have reserves or cash on hand to pay for the project.

DSPUD on behalf of the BBMWC in June of this year applied for a loan through the California Department of Public Health (CDPH) State Revolving Fund. In July, the CDPH informed DSPUD that the funding application would take eight months or longer to process. It was decided that due to the uncertain timing of funding and the need to proceed with the project that a private lender should be sought out.

DSPUD made contact and applied for a loan on behalf of BBMWC through CoBank, a national bank which specializes in rural community assistance loans. CoBank was willing to loan BBMWC the funds *if* DSPUD agreed to co-sign on the loan. The DSPUD Board of Directors were understandably concerned that if BBMWC defaulted on the loan then they would have no or little recourse to collect debt payments from BBMWC, which would force the DSPUD to make debt payments using DSPUD funds.

After discussing the options available to DSPUD and BBMWC it was decided that the best option would be for the DSPUD to annex BBMWC which would give DSPUD a number of avenues to collect loan payments in the event BBMWC defaulted on some or all of its debt.

All of the above explains the reason for annexation at this time, however, there are other items that an annexation would address:

- assure full-time management;
- certified staffing;
- dependable and reliable maintenance, and operations of the water system;
- future financing for other capital improvements to the water system as needed;  
and
- meets the DSPUD SOI, 1998-2018, as adopted by Placer and Nevada LAFCo.