

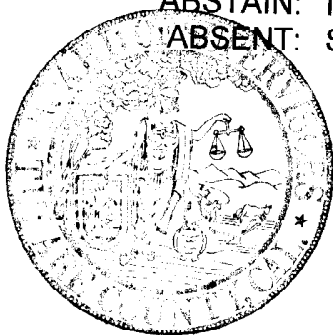
BEFORE THE BOARD OF SUPERVISORS COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF CONSIDERATION
OF TEMPORARY RECEIVERSHIP OF
THE SEVILLE WATER COMPANY

)
) RESOLUTION NO. 2009-0312
)

UPON MOTION OF SUPERVISOR WORTHLEY, SECONDED BY
SUPERVISOR VANDER POEL, THE FOLLOWING WAS ADOPTED BY THE BOARD
OF SUPERVISORS, AT AN OFFICIAL MEETING HELD APRIL 28, 2009, BY THE
FOLLOWING VOTE:

AYES: SUPERVISORS VANDER POEL, COX, WORTHLEY AND ENNIS
NOES: NONE
ABSTAIN: NONE
ABSENT: SUPERVISOR ISHIDA



ATTEST: JEAN M. ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY:


Deputy Clerk

Considered temporary receivership of the Seville Water Company and took the necessary
actions related thereto subject to the following terms and conditions:

- That the receivership be temporary in nature and to last no longer than 24 months.
- That the Court identify and provide to the County as a fiduciary all rights and interest in the Seville Water Company necessary to operate the system.
- That the Court releases the County from any potential liability associated with the past operation of the Seville Water Company and limits liability to the County as receiver so the County is not personally liable for good faith, reasonable efforts to assume possession of and operate the system in compliance with the Court order.
- That the Court set an initial monthly water service charge of \$60 for a single family residence or equivalent and that the Court allow the monthly water service charge to be adjusted up or down such that it will cover the cost of all expenses incurred by the County in operating the water system, including a reasonable reserve.

RMA
Co. Counsel
Auditor

DAY
4/28/09



RESOURCE MANAGEMENT AGENCY COUNTY OF TULARE AGENDA ITEM

BOARD OF SUPERVISORS

ALLEN ISHIDA
District One

PETE VANDER POEL
District Two

PHILLIP A. COX
District Three

J. STEVEN WORTHLEY
District Four

MIKE ENNIS
District Five

AGENDA DATE: April 28, 2009 **REVISED**

Public Hearing Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Published Notice Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Advertised Published Notice	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Meet & Confer Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Electronic file(s) has been sent	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Personnel Resolution attached	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Resolution, Ordinance or Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>			

CONTACT PERSON: Celeste Perez PHONE: (559) 733-6291

SUBJECT: Consideration of Temporary Receivership of the Seville Water Company

REQUEST(S):

That the Board of Supervisors:

Consider temporary receivership of the Seville Water Company and to take any necessary actions related thereto subject to the following terms and conditions:

- That the receivership be temporary in nature and to last no longer than 24 months.
- That the Court identify and provide to the County as a fiduciary all rights and interest in the Seville Water Company necessary to operate the system.
- That the Court releases the County from any potential liability associated with the past operation of the Seville Water Company and limits liability to the County as receiver so the County is not personally liable for good faith, reasonable efforts to assume possession of and operate the system in compliance with the Court order.
- That the Court set a monthly water service charge of \$60 for a single family residence or equivalent. The rate setting would need to be done in a way to allow the County to adjust the rates if necessary to recover unexpected costs associated with operating the water system.

SUMMARY:

A request has been submitted by Self-Help Enterprises for the county of Tulare to take temporary ownership of the Seville Water Company, through the receivership

SUBJECT: Consideration of Temporary Receivership of the Seville Water Company
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process (copy attached). Self-Help has made the request to assure that the community's water system is properly operated while the long term ownership issues are resolved and put the water system in a position to receive funding from the state of California to replace the aging distribution system and construct a new well.

On February 10 and February 24, 2009, the Board received a status report regarding the water system in the community of Seville. Representatives of the community of Seville, the Community Water Center and Self-Help Enterprise spoke in support of the County taking temporary receivership of the Seville Water Company.

Staff would recommend that the county of Tulare consider temporary receivership of the Seville Water Company subject to the following conditions:

- That the receivership be temporary in nature and to last no longer than 24 months.
- That the Court identify and provide to the County all rights and interest in the Seville Water Company necessary to operate the system.
- That the Court releases the County from any potential liability associated with the past operation of the Seville Water Company.
- That the Court set a monthly water service charge of \$60 for a single family residence or equivalent. The rate setting would need to be done in a way to allow the County to adjust the rates if necessary to recover unexpected costs associated with operating the water system.

The Seville Water Company is a small privately owned water company servicing the domestic water needs of the community of Seville in north Tulare County. The water system serves approximately 75 homes and Stone Corral School; approximately a population of 400 residents, and 123 students and 20 staff at the school. The system maintains one (1) well with a 10 horsepower submersible pump; one (1) five (5) horsepower booster pump (not currently in operation); two (2) 1,000 gallon steel pressure storage tanks; and a 12,300 gallon steel gravity storage tank (not currently in operation). The distribution system consists of four inch (4") mains and three inch (3") laterals that are of iron and galvanized piping. The distribution system is leaking in numerous places causing fluctuations in pressure.

The current ownership of the system is in question. The system was operated for many years by Philip G. H. Benzenberg (Benzenberg). On October 11, 1994, Benzenberg transferred the site of the well, storage tank, and pressure tanks to the BH Trust No. 101 (Document No. 1994-073412). On January 21, 2000, Benzenberg transferred his interest in many (if not all) of the lots he owned to Grand View Properties Inc. (Grand View) (Document No. 2000-0004011). At the end of this grant deed is the following statement: "Grantor further grants to grantee any and all easements for pipelines, and all pipelines, fittings, rights with regard to the well and storage system, whether actual, prescriptive or otherwise; and any and all rights,

SUBJECT: Consideration of Temporary Receivership of the Seville Water Company
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including but not limited to options, licenses, leases, permits, and/or claims grantor has acquired or may have the right to acquire in any parcel or property contiguous to any parcel or property herein described or any parcel or property located in the town of Seville, county of Tulare, state of California." From this description staff believes that Benzenberg intended to convey the water distribution system to Grand View with the right to use the well and storage tanks on property that was not conveyed to Grand View. The Tulare County Assessor's Office has assessed the water distribution system to Assessor's Parcel Number (APN) 050-163-03 and the well and storage tanks to APN 050-163-04 (Assessor's parcel map attached).

Mr. Benzenberg passed away in June 2000.

In December 2003, the principal in Grand View (Joseph Lane) passed away. Mr. Lane's brother, David Lane, became the executor of Joseph Lane's estate and began to operate the water system. On December 16, 2007, Dave Lane, in a memorandum (copy attached) to Lawrence Dwoskin, (Tulare County Environmental Health Division), Susan Shaw (Tulare County Environmental Health Division) and Tricia Wathen (California Department of Public Health) identified that he "gave the water system to Greg Frias in 2004". Mr. Frias has been operating the system and collecting payments from the users. However, Mr. Frias has not been keeping up with the state and local requirements for the ownership and operation of a small water system (ergo the need for receivership).

On September 5, 2008, property conveyed to Grand View which was encumbered by deeds of trust (probably executed by Benzenberg in October 1984) was sold in a trustee's sale. Assessor's Parcel Number 050-163-03 appears to now be owned by Dirty Dirt, Inc. with the balance of the affected properties appearing to be now owned by K & L Properties, LLC. Both of these entities have the same mailing address identified on the Trustee's Deed Due Upon Sale documents. This transaction does not appear to include the water system as the language on the original deed from Benzenberg to Grand View does not appear on any of these documents.

Both parcels were recently up for tax sale due to back taxes. Prior to the sale, the back taxes on both parcels were paid.

The well and storage tank parcel (APN 050-163-04) appears to still be owned by the BH Trust No. 101 (Trust). On April 13, staff was contacted by Rick Hagele, a representative of the Trust. Mr. Hagele indicated that they are in the process of modifying the trust into a not-for-profit (or non-profit) structure such that it could own and operate the Seville Water Company. He felt that the County would be in the best position operate and rehabilitate (obtain the state loans and grants) the water system but that the Trust would like to own/operate the water system over the long term. Mr. Hagele further mentioned that the Trust would like to either lease the property to the County or sell the County water from the well/storage tank system.

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The Trust does not appear in any County records as to having been involved in the operation of the Seville Water Company.

In order for the County to avoid any issues associated with the operation of the Seville Water Company, the receivership process must convey to the County any and all interest in the water system necessary for the County's successful operation of the water system.

The water system was reviewed by Water Dynamics, Inc. (Water Dynamics) the County's contractor currently providing system operation for the water and sewer systems owned and operated by the County. Water Dynamics identified that the well is currently pumping directly into the distribution system (the storage tank and booster pump is not in use) and providing system pressure and well as volume of water. This is causing the well pump to run excessively. In addition, Water Dynamics has identified other improvement to the system to improve its reliability, and options to protect the health of the users (automatic chlorination system) should the system lose pressure and contamination backflows into the system. The total estimated cost of these improvements is \$26,805 (quotation attached). If these costs were amortized over a period of two (2) years across the 75 connections, the monthly user cost would be approximately \$15.00 per month.

Water Dynamics has quoted basic service fee of \$400 per month. This would place Water Dynamics in the community of Seville twice per week to perform sampling and keep an eye on the well site. It is estimated that it would cost approximately \$4,000 to bring all of the testing up to date and current. The cost estimates from Water Dynamics does not include any improvements to the distribution system. Any repairs to the distribution system would be through a time and materials approach.

If the County agrees to serve as temporary receiver for the Seville Water System, the California Department of Public Health (CDPH) would complete a declaration as to the need to identify a receiver (sample copy attached). The CDPH would then approach a deputy attorney general who would petition the Superior Court of California in Tulare County to appoint a receiver to assume possession of the property and operate the system upon the terms and conditions as the Court might prescribe. The Court may provide that the receiver appointed shall not be held personally liable for any good faith, reasonable effort to assume possession of, and to operate, the system in compliance with the Court order (reference Health and Safety Code Section 116665, Appointment of Receiver). If the Court holds a hearing on the receivership issue, staff would encourage the petitioner to notify all known parties that might have some interest in the Seville Water Company so that they would have an opportunity to respond to the receivership issue.

A funding request has been submitted to the Safe Drinking Water State Revolving Fund (SRF) administered by the California Department of Public Health (CDPH). The project proposed would construct a new water distribution system (total estimated cost: \$1,268,000). A second application to the SRF has been submitted

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to replace the current well, construct a new storage tank and tie into the community of Yettem water system (total estimated cost \$1,327,500). Both of these funding applications were submitted by the Stone Corral School District which is located in the community of Seville. The SRF will fund the costs associated with the design and bidding for the construction of these improvements. Unfortunately, the SRF will not advance the funding for design and bidding; these costs need to be borne up front by the owner of the system to be reimbursed when the loan/grant is made available. However, in discussions with CDPH staff there may be an opportunity to fund the projects from Proposition 84 which will advance funding for engineering design services. The engineering costs are estimated at \$200,000 for both projects.

Staff, in conversations with CDPH staff, understands that the funding requests have a distinct possibility of being funded. However, there needs to be a strong entity in place to receive the funding, oversee the operation of the system and oversee the construction of the improvements to the system. In a letter from Self-Help Enterprises, submitted on the behalf of the Seville Community, it is requested that the County step in and become the "receiver" of system, at least on a temporary basis through a court appointed receivership process. This process has not yet started.

At a community meeting held in Seville on December 18, 2008, a majority of the residents/property owners in attendance indicated that they would prefer the County serve as a temporary receiver until long-term ownership is resolved. In addition, they indicated that they would like to pursue forming an entity for long-term ownership. Such an entity might be a mutual water company or a public district (Public Utility District or Community Services District). State law will no longer allow for an unincorporated mutual water company; if a mutual water company is formed it will have to be a California corporation. If a public district is formed, the process is governed by the Local Agency Formation Commission (LAFCo). It is staff understanding that the community representatives have not officially started either process.

It does not appear that the County would need to form a Zone of Benefit under the County-wide County Service Area. Nor does it appear that the Board would need to hold a public hearing to set the rate structure. The receivership process can convey to the County the Seville Water Company and can set the rate structure in the process.

Currently, it is believed, the average monthly residential water bill is \$20. The application for SRF funding to replace the distribution system identified a projected monthly residential water bill of \$59.14. Staff recommends a monthly rate of \$60 per single family residence or equivalent. This should provide adequate funding to cover the cost of the improvements to the well/storage tank (over a two (2) year period), the cost of bringing the testing current, provide operation of the water system by the County's contractor, funding to make minor repairs to the distribution system, and provide a contingency in case of unforeseen circumstances. For comparison, the

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monthly water bill for residential service in the community of Yettem west of Seville is \$46.25. The true cost for the Yettem water system (to include depreciation and debt service expense) is approximately \$73 per residence or equivalent.

The receivership process is intended to be temporary in nature with the goal to transfer the ownership to an entity who will undertake the operation of the system in accordance with State law and local ordinances. It is also not intended for the receiver to expend its own resources without the expectation of being paid back; the transfer from receivership to a long-term operator can require the reimbursement for un-reimbursed expenses. Likewise, any money that is on balance with the County can be transferred to the new ownership entity. The receivership can be terminated by the County by petitioning the Court at any time.

It is important to note that placing the Seville Water Company into private receivership is a possibility. This action was taken for the Traver Water Company. In 1990 the court appointed Tito Balling/California Water Services of Coalinga (not to be confused with California Water Service Company headquartered in San Jose) as the receiver of the Traver Water Company. In 2000 Tito Balling/California Water Services became the owner of the Traver Water Company.

FISCAL IMPACT/FINANCING:

In theory, utilities operated pursuant to County Service Area law are to be self sufficient and not require a subsidy from other County funds. However, with few exceptions, utilities operated by Tulare County do require a loan from the County Service Area revolving loan fund. This loan fund is serviced by the General Fund. Taking on the ownership, operation and maintenance of the Seville Water Company even temporarily, might impact the General Fund. The County will need to advance the money for the improvements recommended by Water Dynamics and for the testing required to bring the system into compliance in that regard.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

Considering the status of the Seville Water Company meet the goal of providing adequate facilities for the protection of the public pursuant to the Safety and Security strategic initiation. Such an action would also support the Economic Well-Being and Quality of Life strategic initiatives.

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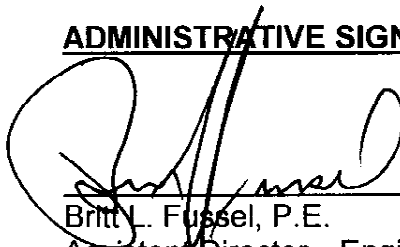
ALTERNATIVES:

1. Initiate the process for and accept receivership of the Seville Water System.
2. Reject taking receivership of the Seville Water System.
3. Continue the item for further research and discussion.
4. Take no action.

INVOLVEMENT OF OTHER DEPARTMENTS OR AGENCIES:

Staff has been in conversation with the California Department of Public Health and Self-Help Enterprises.

ADMINISTRATIVE SIGN-OFF:

 4/20/09
Britt L. Fussel, P.E.
Assistant Director—Engineering
County Surveyor

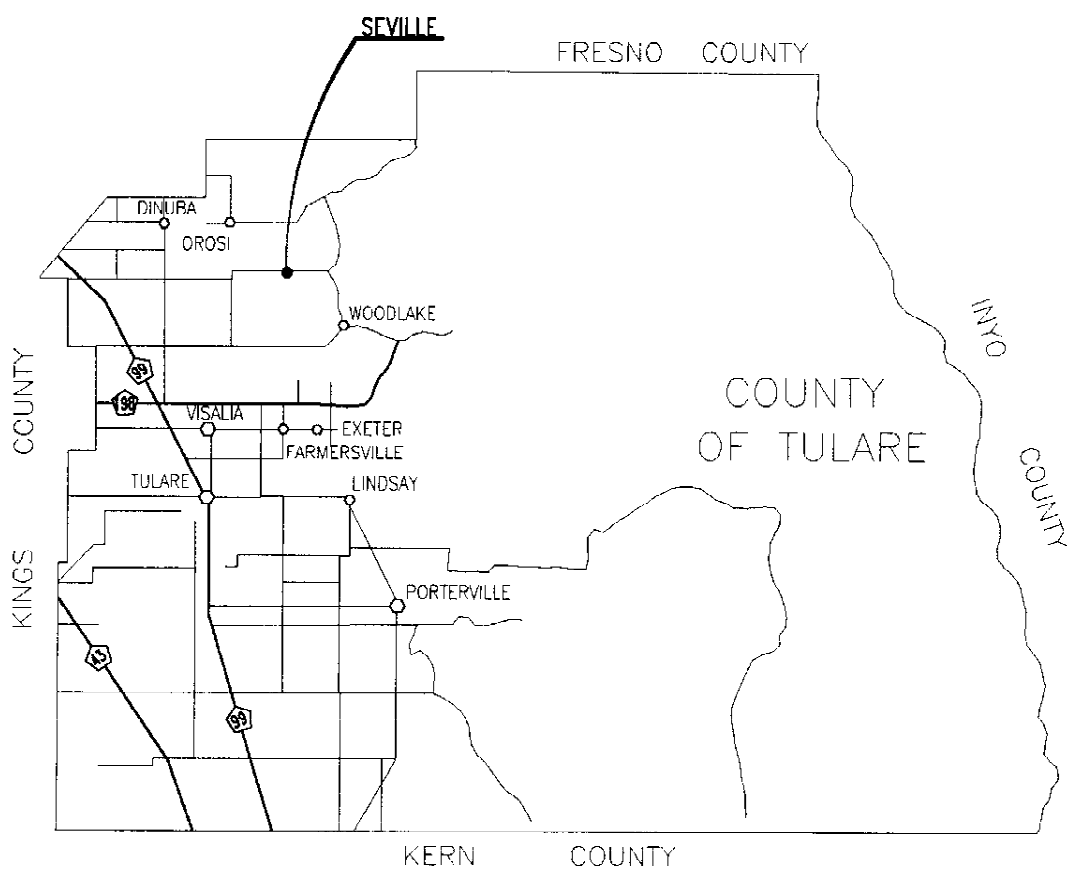

Henry Hash, Director

cc: Auditor/Controller
County Counsel
County Administrative Office (2)
Self-Help Enterprises (Paul Boyer)
Environmental Health Services Division (Charles Hemans)
Health & Human Services Agency (John Davis)
California Department of Public Health (Tricia Wathen, P.E.)
Community Water Center (Laurel Firestone)
Grand View Properties Inc. (David Lane)
BH Trust No. 101 (Virgil Bode and Rick and Debbie Hagele)
Greg Frias

Attachment(s) Vicinity Map
Seville Zone of Benefit Boundaries
Assessors Parcel Map 050-16
Letter from Self-Help Enterprises
Water Dynamics Quotation Dated March 11, 2009
Memorandum from David Lane Dated September 16, 2007
Draft/Sample Receivership Document

COUNTY OF TULARE

SEVILLE



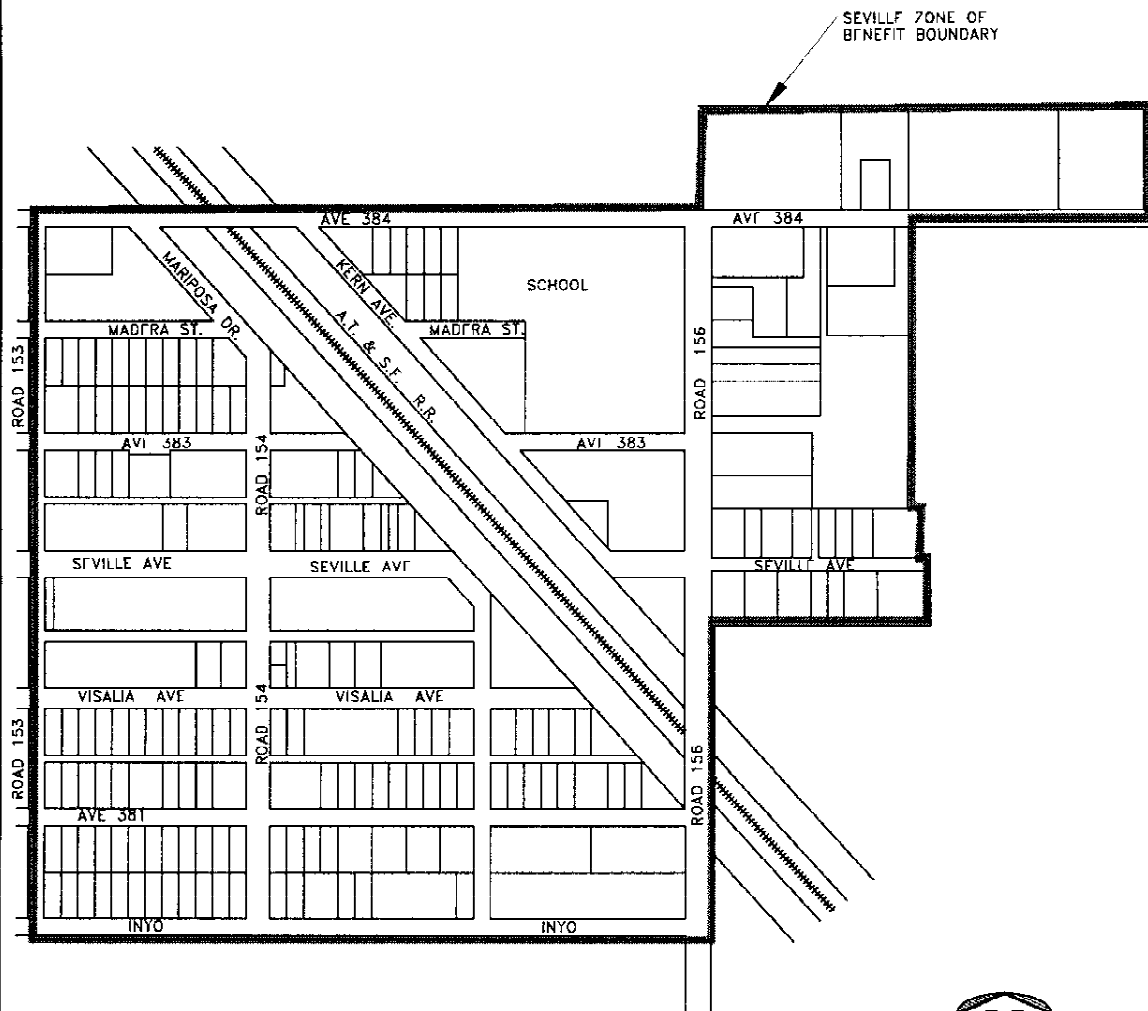
SITE LOCATION MAP



NOT TO SCALE

COUNTY OF TULARE

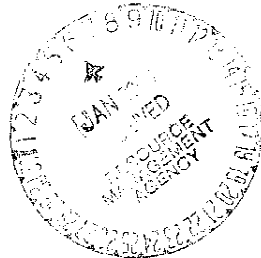
SEVILLE



NOT TO SCALE



A Nonprofit Housing and Community Development Organization



January 5, 2009

Mr. Britt Fussel, P.E.
Assistant Director Engineering
Tulare County Resource Management Agency
5961 South Mooney Blvd.
Visalia, CA 93277-9394

Re: Seville Request for temporary receivership of water system

Dear Mr. Fussel:

As you know, the Seville water system is in a crisis situation. The ownership of the water system is in question, a volunteer has been operating the system for 4 years who wishes to cease operations, the pipelines have considerable amount of leaks and the system's only well has been found recently to produce water that exceeds the Maximum Contaminant Level for nitrate. Based on these circumstances and the community's desires, the California Department of Public Health has concluded that the best short term solution is for the water system to be placed in receivership by the court until the long term ownership issue is resolved. The receivership would be temporary and would only be in place for as long as it takes to get the system running in a stable manner and once ownership has been resolved, the long term owner would take over from the receiver. We don't know for sure, but we estimate that receivership will be necessary for approximately one year while the ownership issue is resolved.

The advantages of receivership at this time are that water will continue to be provided to the 70 homes and school, and water quality testing and other requirements of the Tulare County Department would be met. In addition, funds could be made available from the State Health Department of Public Health (CDPH) to the court appointed receiver in the event of an emergency breakdown of the system requiring capital expenditure.

At a community meeting held in Seville on December 18th the majority of those in attendance requested that the County of Tulare be the temporary receiver until long term ownership is resolved. The reasoning behind this request is that community members believe the County could step into this position effectively because the County already contracts for operation and maintenance of the community's sewer system, the County already has set up a billing system to Seville residents for sewer service, the County knows the community and it is hoped the County would be the most cost effective receiver to keep water rates at a reasonable level.



Main Office: 3445 W. Elwin Court • P.O. Box 6520 • Visalia, CA 93290 • Phone (559) 651-1000 • Fax (559) 651-3534
North Valley Office: 2413 West Cleveland, Suite 101 • Madera, CA 93637 • Phone (559) 675-1100 • Fax (559) 675-0137

info@selfhelpenterprises.org • www.selfhelpenterprises.org

At the December 18th meeting a steering committee was set up to review options, make recommendations and then start the process of forming an entity for long term ownership. There is interest in the formation of a mutual water company or possibly a public district. We plan on working with community representatives and Community Water Center staff to research and evaluate these and possibly other long term options.

The expeditious formation of a new long term ownership structure is critical if the community is to take advantage of State funding to resolve the deteriorated pipeline and water well issues. The Stone Corral School District was allowed to submit a funding application this past January to CDPH to replace a large part of the system's leaky water distribution system. Self-Help Enterprises is preparing an application to CDPH for the School District to provide a new source of water to replace the high nitrate well. It appears that CDPH is willing to accept another application from the School for the well project. However, CDPH can not commit funds to the project until the long term ownership issue is resolved.

Based on these circumstances, we request that the County of Tulare consider acting as court appointed receiver for the Seville water system until the long term ownership issue is resolved. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Paul Boyer".

Paul Boyer
Community Development Manager

cc: Fourth District Supervisor Steven Worthley
Henry Hash, Director, Resource Management Agency
Michael Cortez, Stone Corral School Principal

WATER DYNAMICS, INC.

4644. W. JENNIFER, SUITE 108
 FRESNO, CA 93722
 US

Voice: (559) 271-0953
 Fax: (559) 271-0294

QUOTATION

Quote Number: 101897
 Quote Date: Mar 11, 2009
 Page: 1

Quoted To:

TULARE COUNTY RMA
 5961 S. MOONEY BLVD.
 VISALIA, CA 93277

SEVILLE WATER SYSTEM

Customer ID	Good Thru	Payment Terms	Sales Rep
TULARE	4/10/09	Net 30 Days	ANDERSON DILL

Quantity	Item	Description	Unit Price	Amount
		INSTALL NEW SYSTEM CONTROL PANEL, BOOSTER PUMP, STORAGE TANK LEVEL SENSOR AND HYDROTANK PRESSURE SENSOR. INSTALL HYPOCHLORITE DOSING SYSTEM FOR CONTINUOUS CHLORINATION AND HYDROTANK AIR/WATER INTERFACE LEVEL CONTROL UNIT. COMMISSION NEW SYSTEM. DEMO EXISTING BACKBOARD/CONTROL BOXES. *****		
1.00		CONTROL PANEL FOR WELL/BOOSTER PUMPS	4,860.00	4,860.00
1.00		RADIO TELEMTRY SYSTEM (MODEM, TRANSCEIVER, ANTENNA, CABLE)	615.00	615.00
1.00		BACKBOARD FOR CONTROL PANEL	85.00	85.00
2.00		PRESSURE/LEVEL TRANSMITTERS (STORAGE TANK LEVEL/SYSTEM PRESSURE)	315.00	630.00
1.00		7.5 HP BOOSTER PUMP	1,785.00	1,785.00
1.00		CHLORINATION SYSTEM (FIBERGLASS ENCLOSURE, 35 GAL. HYPOCHLORITE STORAGE TANK, PUMP)	4,000.00	4,000.00
1.00		AIRRITE UNIT (MAINTAINS AIR/WATER INTERFACE LEVEL ON HYDROTANKS)	1,150.00	1,150.00
1.00		MISC. CONDUIT, WIRE, CONCRETE, TUBING ETC.	650.00	650.00
1.00		TOTAL MATERIALS \$13,775 X 15% MARK UP *****	2,066.25	2,066.25
1.00		LABOR- -SYSTEM MODIFICATIONS DESIGN -FABRICATE NEW CONTROL PANEL -CONSTRUCT NEW CONTROL PANEL BACKBOARD	9,775.00	9,775.00

Subtotal	Continued
Sales Tax	Continued
Freight	
TOTAL	Continued

WATER DYNAMICS, INC.

4644. W. JENNIFER, SUITE 108
 FRESNO, CA 93722
 US

Voice: (559) 271-0953
 Fax: (559) 271-0294

QUOTATION

Quote Number: 101897
 Quote Date: Mar 11, 2009
 Page: 2

Quoted To:
TULARE COUNTY RMA 5961 S. MOONEY BLVD. VISALIA, CA 93277

SEVILLE WATER SYSTEM

Customer ID	Good Thru	Payment Terms	Sales Rep
TULARE	4/10/09	Net 30 Days	ANDERSON DILL

Quantity	Item	Description	Unit Price	Amount
		-FORM AND POUR BOOSTER PUMP/CHLORINATION SYSTEM SLAB -INSTALL ANTENNA MAST, TELEMETRY ANTENNA AND CABLING -MOUNT NEW CONTROL PANEL TO BACKBOARD -INSTALL NEW BOOSTER PUMP, PIPING AND ELECTRICAL CONDUIT -INSTALL AIR/WATER INTERFACE CONTROL UNIT ON HYDROTANKS AND NEW CONDUIT FOR ELECTRICAL -INSTALL LEVEL AND PRESSURE SENSORS, CONDUIT AND TERMINATE WIRING AT CONTROL PANEL -INSTALL NEW CHLORINATION SYSTEM -COMMISSION NEW SYSTEM - COMPLETE ALL FIELD WIRING TERMINATIONS - SWITCH PG&E POWER OVER TO NEW SYSTEM -ADJUST AND CONFIRM SYSTEM OPERATING PARAMETERS - TEST TELEMETRY COMMUNICATION -DEMO EXISTING BACKBOARD AND PANELS		

Subtotal	25,616.25
Sales Tax	1,188.09
Freight	
TOTAL	26,804.34

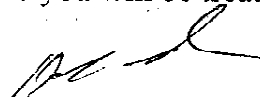
RE: Seville Water Company

FROM: David Lane

TO: Lawrence Dwoskin, Susan Shaw, Tricia Wathen,

To whom it may concern:

Please do not contact me in regards to Seville Water Company, your own records reflect I gave the water system to Greg Frias in 2004. I'm not involved with the water system. In late 2003 my brother Joseph Lane passed away and probate was opened, but we've since decided not to move forward with the proceedings. Grandview Properties owned the system not Joseph Lane. I've advised everyone at Environmental Health that I'm not to be contacted in regards to the system, and that the COUNTY SHOULD TAKE OVER THE SYSTEM. Your failures to your community and to the county citizens have left the system to disarray. As far as I'm concerned Mr. Frias is the owner of the system. If Tulare County has a problem with Mr. Frias owning the system then take it over, but do not contact me under any circumstance. If you contact me via mail or personal phone call be prepared to hear from my attorney, and you will be treated rudely.


9-16-07

**DECLARATION OF
Tricia Wathen, Senior Sanitary Engineer
Visalia District
California Department of Public Health**

Tricia Wathen declares:

1. I am the District Engineer for the Visalia District Office of the California Department of Public Health, Division of Drinking Water and Environmental Management (Department), Southern California Branch, mailing address: 265 West Bullard Avenue, Suite 101 Fresno, CA 93704
2. I have a Masters Degree in Civil Engineering from the California State University Fresno and I am a Registered Civil Engineer in the State of California.
3. I have been employed by the Department since 1997. In 2005, I became District Engineer in the Visalia District Office.
4. As District Engineer, I am responsible for enforcing all sections of the California Safe Drinking Water Act applicable to community, non-community and non-transient non-community public water systems in Tulare County. This includes systems which are also under the Tulare County Health and Human Services, Environmental Health Services Division (Tulare County Health Department). My duties involve supervising the inspection and evaluation of water systems, overseeing the preparation of domestic water supply permits, compliance orders and citations; and directing the evaluation of water quality data and facilities pertaining to production, treatment, storage and distribution of potable water. I

am also the custodian of the Departmental records pertaining to water systems under the jurisdiction of the Visalia District.

5. On December 18 the Tulare County Health Department requested assistance in appointing a receiver for the Seville Water Company serving the community of Seville in Tulare County. The Department has responsibility for assisting the Tulare County Health Department when small public water system in the County experience significant and difficult compliance problems presenting a threat to public health.
6. The Seville Water Company serves a population of approximately 400 in 75 homes and one school with a population of 123 in the community of Seville in north central Tulare County. Joe Lane, the owner of the Water Company passed away on December 1, 2003 and his estate, including the Seville Water Company remains in probate. His brother, David Lane, was appointed Administrator of Joe Lane's estate. David Lane has stated that he gives the Seville Water Company to Gregorio Frias, a resident of the community of Seville who no longer is willing to oversee the system management and operation. Mr. Frias has been providing the services to date with out adequate compensation.
7. The Water Company's source of supply is one well that contains nitrates at levels approaching the maximum contaminant level (MCL) of 45 milligrams per liter (mg/l) and a distribution system that is the source of ongoing leaks which result in significant loss of water and periodic bacteriological contamination of the water

delivered to system customers. Ongoing required water quality monitoring has not been provided for over 2 years and the status of the system water quality remains uncertain. In September of 2007 the system well pump became inoperable and was replaced. The funds needed should a future water system repair need to be made are not available due to the abandonment of the system leaving no one with the authority to collect the water bills from all customers.

- **Nature of health threat.** The Seville Water Company's water system is supplied water from 1 well. Application from Stone Corral School District on behalf of the Seville Water Company for funding to replace their distribution system pipes has been accepted by the California Department of Public Health. The distribution system pipelines have served their useful life and are the source of large water losses due to leaks that go un-repaired. The pipeline leaks are also the source of periodic bacteriological contamination of the water delivered to the system customers. The system is in danger of the need for funds to pay for repair of their delivery facilities (pumping and pipelines) and do not have a means of collecting or receiving financial assistance without proper management and ownership. Without this needed oversight the 70 homes could be without water needed for hygiene and sanitation should system delivery facilities fail.

- **Source of health threat.** The Seville Water Company has been effectively abandon and in danger of a system wide water outage to community with out proper oversight and management. This community water system serves a permanent population of approximately 400 persons through approximately 75 service connections. However the system is un-metered and it has been determined that not all customers have been properly identified and are being charged their monthly bill. The system must develop rules of service that will assure all customers are identified and paying their fair share of the water system operational expenses. Therefore it is critical that meters be installed as soon as possible to assure customers are not abusing the water service. Self Help Enterprise Inc. and Valley Water Center are working with residence of the community to establish a new legal owner of the water system, a mutual water company or public water district, but this process could take over a year to complete. In the interim the lack of proper oversight and water quality monitoring poses a potentially significant public health threat to the customers of the system. A court appointed receiver could operated the system under court supervision until a legal owner is established.
- **How problem was discovered.** The Tulare County Health Department staff and called the Visalia District Office to inform us of the financial problems caused the water system abandonment.
- **Other agencies, if any, called for assistance.** There are no other agencies that can assist with operation with out the authority to collect

water bills for services rendered. Due to abandonment of the system a court appointed receiver is needed until a legal owner can be established. The staff of Community Water Center, an advocate organization located in Visalia California and staff from Self Help Enterprises, Inc. are assisting the community residence in the process establishing a new legal entity that can assume ownership of the Seville Water Company.

- **Action requested by the public water system customers:** A meeting with system customers was held in the community school on the evening of December 18, 2008 to inform the system customers of this situation and how it can best be resolved. The community residence understand the need for a court appointed receiver until such time as a legal water system owner can be established.
- **The California Department of Public Health, Division of Drinking Water and Environment Management, Visalia District Office's recommendation for corrective action.** The Visalia District has recommended appointment of a water system operator and enforcement of appropriate rules of service. This will protect the system customers until such time as a legal owner can be established.
- **Actions taken to obtain funds from other sources.** The Department believes that with enforcement of appropriate water service rules the Seville Water Company can collect enough revenue to pay their outstanding bills and develop a reserve account for funding of system repairs, such as pump failures should this become necessary.

8. I have determined, pursuant to Health and Safety Code section 116665, that the water system of the Seville Water Company has been actually and effectively abandoned by the past owners of the water system. As a result there is no effective operation and management of the system. Important ongoing water system water quality monitoring is not being provided and some system customers are not paying their water bills. There is a need to establish financial control of the system identify all customers to better control the systems water usage and revenue shortfall.
9. The Department has identified a potential entity, (receiver) that could be appointed receiver of the water system of the Seville Water Company.
10. The (receiver) provides water service several small public water systems in the Central Valley. The Seville Water Company is in the area served by the (receiver). The (receiver) have expressed a willingness to operate the system under the draft budget attached.
11. Due to the close proximity of the Seville Water Company system to the small system in Tulare County which are also operated by the (reciever), the Department believes that the interests of the Seville Water Company customers are also those of the (reciever). The Department, therefore, recommends that the (reciever) be appointed receiver of the Seville Water Company and given the authority to enforce appropriate water service rules (See Attachment A) and collect

revenues and pay appropriate expenses thereby insuring power service to the water supply wells is not interrupted and make needed repairs in an future emergency should the need arise.

12. On January xx 2009, the (reciever) confirmed to me that the (reciever) would be willing to act as the receiver for the Seville Water Company.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and, if called as witness, I could competently testify thereto.
Executed at Fresno, County of Fresno, on January xx, 2008.

Tricia Wathen

Appendix A

Sample Water Board

Draft Rate Schedule

1. Standard Residential Rate: The standard residential rate is \$ ____ (ex. \$45) each month.

2. Multiple Residential Use Property: Where more than one residence is connected to a single water main service connection, the monthly water fee for that property shall be the standard monthly residential water fee of \$ ____ (ex. \$45) multiplied by the number of residential units served by the connection. For example, if there is a home and a mobile home on one property, both connected to the same service connection, then the monthly water rate would be \$ ____ (ex. \$90). Multiple residential use properties include mobile home parks, apartment building, motels, housing complexes, properties with more than one full-time trailer home or similar residential developments.

2.1. Agricultural Use Property: Agricultural use property shall be charged \$ ____ (ex. \$45) a month. Any area larger than 20 square feet that is irrigated with water from the _____ [insert water board name] shall be considered agricultural use property. If a residence is using a single water main connection to serve one home and irrigate agricultural use property then the monthly charge will be \$ ____ (\$90) a month – a residential water fee plus an agricultural use property fee.

2.2 Filling of Pools and Other Abnormally Large Water Use: Filling of pools and other abnormally large water use shall be charged a fee of \$ ____ (ex. \$15) for each incident.

When an abnormally large quantity of water is desired for filling a swimming pool or for other purposes, arrangements must be made with the Board prior to taking such water in order to ensure that it does not interfere with basic water use by other users.

3. Change in Ownership Service Activation Fee: When a new owner purchases a property, he or she must complete a "Contract for Services" with the _____ [insert water board name] that includes this "Rate Schedule" and updates the proper billing information. A one time charge for a change in ownership of \$50.00 will be charged to cover the administrative costs incurred through this process.

4. NSF Returned Check Fee: A \$ 25.00 fee will be charged for any returned checks.

5. New Construction Connection Fee: If a new home is built where there is no existing water line, a New Construction Connection Fee of \$2500 will be charged to cover the cost of new water line construction, plus cost of parts and labor.

6. Late Fees and Discontinuation of Services: As per the Draft Termination Policy, on the 25th day of the month or later, the Association shall mail a "Notice of Discontinuance of Service," giving the owner 15 days from the date of mailing to pay the overdue charges. At least 48 hours before the scheduled shut-off date, the Board shall deliver and/or post a "48-Hour Notice" at the premises. At least 24 hours before shut-off, the Board shall attempt to contact the owner. Any discontinuance of service shall occur on business days only (no weekends or holidays). A \$25 administrative fee will be charged to all customers for each notice given (48-Hour Notice and 24-Hour Notice). Customers subject to termination of water service will be charged a disconnect fee of \$50 to cover administrative and labor costs, in addition to all notice fees and the monthly payment.

7. Water Service Reinstatement Fee: When water service has been shut off for non payment a fee of \$50 will be charged to recover the costs incurred for reinstatement of service and a deposit of \$100.00 is

required to ensure future payments and avoid further interruptions of service. Reinstatement will not be allowed until full payment of arrears.

8. Reasonable Use: The most equitable way to charge for water service is to meter each service. However, the costs involved with metering are such that it should be avoided as long as reasonable use can be attained by cooperative effort. For this reason, the Board will rely on voluntary adherence to the following, although the right to take punitive action is not waived.

- (a) Any and all leaks and drips in the plumbing of water users shall be repaired promptly.
- (b) With any air conditioning or air cooling system that uses water for cooling purposes, there shall not be any significant waste of water.
- (c) There shall not be any commercial irrigation with _____ [insert name of water board] water.
- (d) Irrigation of gardens and lawns shall at all times be reasonable. Sprinklers must never be left on overnight. Automatic clock operated sprinkler systems can be operated any time, day or night, but the system must not be designed to use larger than ¾-inch pipe. Surface runoff from irrigation shall be a measure of unreasonable use.
- (e) When an abnormally large quantity of water is desired for filling a swimming pool or for other purposes, arrangements must be made with the Association prior to taking such water.
- (f) The Board reserves the right to install a meter, and to change rates as established at any time, whenever the Board believes that use has been unreasonable.
- (g) The Board reserves the right to increase monthly charges or terminate service when unreasonable use continues after due warning has been given.

Mesa De Agua

Póliza de La Tarifa Retirada

1. La Tarifa Residencial Estándar: La tarifa residencial estándar es de \$___ (ex. \$45) cada mes.

2. Uso Múltiple en una Propiedad Residencial: Donde más de una residencia esta conectada a una sola conexión principal de servicio de agua, el cargo mensual del mes para esa propiedad debe ser la tarifa residencial estándar de \$___ (ex. \$45) multiplicado por el numero de las unidades residenciales usando el servicio. Por ejemplo, si hay una casa y una casa móvil en una propiedad, y las dos están conectados a la misma llave de servicio de agua, entonces el cargo mensual será de \$___ (ex. \$90). Uso múltiple en una propiedad residencial son casas móviles, edificios de apartamentos, moteles y también propiedades con mas de una casa móvil.

2.1. Uso para Propiedad Agrícola: El cargo por el uso de propiedad agrícola será de \$___ (ex. \$45) al mes. Cualquier área más grande de 20 pies cuadrados que se irrigue con el agua de la _____ [inserte el nombre de la mesa de agua] será considerada con uso de propiedad de agrícola. Si el residente utiliza una sola conexión de agua para servir una casa y irrigar la propiedad agrícola la mensualidad será de \$___ (ex. \$90) dólares- un cargo por el uso del agua para la casa más el cargo del uso para la propiedad agrícola.

2.2 Rellenando las Albercas y Otros Usos Grandes: La tarifa para llenar una alberca o otras cosas grandes será de \$___ (ex. \$15) dólares por cada incidente.

Para llenar albercas o otras cosas grandes debe de hacer arreglos con la Mesa antes de usar el agua para asegurar que no intervenga con el uso básico del agua de otros usuarios.

3. Cambio de Activación del Servicio de la Propiedad: Cuándo un dueño nuevo compra una propiedad, él o ella debe de llenar por completo una forma llamada "El Contrato para los Servicios" con _____ [inserte el nombre de la mesa de agua] , esto incluye información de "La Tarifa" y información sobre los pagos. Habrá solo un cargo de \$50 por cambiar de dueño para cubrir los costos administrativos de este proceso.

4. El Cargo de un Cheque sin Fondos: Habrá un costo de \$25.00 por cada cheque que sea regresado.

5. El Costo de una Construcción de una Nueva Conexión: Si un hogar nuevo se construye donde no hay línea de agua, se cobrara un Costo de una Construcción para una nueva conexión entre \$2500 para cubrir los costos de una nueva línea de agua, y los cargos adicionales para las partes y el labor.

6. Pagos Tardes y la Discontinuación de Servicios: De acuerdo con la Póliza de Terminación, en el día 25 del mes o después, La Mesa debe mandar una aviso de "Nota de Suspensión del Servicio", dándole al dueño 15 días del la fecha de envio para pagar los cargos atrasados. Por lo menos habrá 48 horas antes de suspender su servicio, la Asociación debe mandar o anunciar un aviso de "48 horas" en la propiedad. Por lo menos 24 horas antes de suspender el uso de agua, la Mesa debe intentar contactar del dueño. Cualquier suspensión de servicio ocurrirá solo en días de negocio (no en los fines de semana y días festivos). Se les cobrara un cargo de \$25 de administración a todos los clientes por cada nota enviada (Nota de 48 Horas y Nota de 24 Horas). Para los clientes sujetos a la terminación de servicio de agua se les cobrara un cargo de desconexión de \$50 para cubrir la administración y los costos laborales, esto en adicional a todos los cobros de las notas de aviso y el pago mensual.

7. El Costo de Re-establecimiento de Servicio: Cuándo el servicio de agua ha sido apagado por no pagar, habrá un cobro de \$50 para recuperar los costos contraídos para re-establecer servicio y un deposito de

\$100.00 es requerido para asegurar futuros pagos y para evitar interrupciones adicionales de servicio. El re-establecimiento no será permitido hasta que todo los cobros sean pagados.

8. El Uso Razonable: La manera más equitativa para cobrar el servicio de agua es medir cada uso de agua. Sin embargo, los costos implicados con las miras de agua deberían ser evitados siempre en cuando el uso de agua sea razonable y alcanzado por el esfuerzo cooperativo. Por esta razón, la Mesa dependerá en adherencia voluntaria a lo siguiente, pero el derecho de tomar acción punitiva no es removido.

(a) Si gotea o tiene un derrame de agua la tubería de agua, los usurarios tendrán que repararlo inmediatamente.

(b) Con cualquier aire acondicionador o sistema de aire para refrescar, no debe haber desecho de agua significativo.

(c) No habrá ninguna irrigación comercial con el agua de _____ [inserte el nombre de la mesa de agua].

(d) Irrigación para jardines y céspedes siempre debe ser de un uso razonable. Las regaderas nunca se deben dejar abiertas por toda la noche. El sistema automático de las regaderas puede ser usado a cualquier hora del día o de la noche, pero el sistema no debe ser diseñado a usar un tubo más grande de ¾- pulgadas.

(e) Cuando una cantidad grande de agua es requerida para llenar albercas o para otros propósitos, tiene que hacer arreglos con la Mesa antes de tomar el agua.

(f) La Mesa reserva el derecho de instalar una mira de agua, y de cambiar la tarifa en cualquier momento que la Asociación cree que el uso haya sido desrazonable.

(g) La Mesa reserva el derecho de aumentar los cargos mensuales o de terminar el servicio, cuando el uso desrazonable continúa después de haber recibido advertencia.

Sample Water Board

Draft Policy regarding Termination of Water Service

Water bills are sent out on the 1st of each month.

Customers with unpaid bills on the 25th day of the month will be mailed a "Notice of Discontinuance of Service" giving the customer 15 days from the date of mailing to pay the overdue charges. At least 48 hours before the scheduled shut-off date, the Board shall deliver and/or post a "48-Hour Notice" at the premises. At least 24 hours before shut-off, the Board shall attempt to contact the owner. Any discontinuance of service shall occur on the business days only (no weekend or holidays).

A \$25 administrative fee will be charged for each notice given (48-Hour Notice, and 24-Hour Notice).

Customers subject to termination of water service will be charged a disconnect fee of \$50 to cover administrative and labor costs, in addition to all notice fees and the monthly payment.

Customers may avoid termination of service by: (1) paying the amount in arrears to the Board before the scheduled shut-off date; or (2) receiving a hardship deferment and signing a deferred time payment plan specifying payment terms before the scheduled shut-off date.

Customers may appeal a notice of termination of water service. The Board is designated for hearing customer appeals of notice of termination of water service. The Board is authorized to correct errors and adjust the amount due the Board, receive payment to satisfy the amount in arrears, and negotiate deferred payment plans.

A written hearing record of a customer appeal will be prepared and maintained on file by the Board.

[If applicable: According to the Bylaws of the _____, if any member is delinquent in paying their monthly assessment fee for more than 60 days or becomes delinquent more than six (6) times in any calendar year, the Board of Directors may vote to terminate the membership of the delinquent member.]

Mesa De Agua

La Póliza de Terminación del Servicio de Agua Retirada

Los clientes con cuentas no pagadas en el día 25 del mes serán enviados una "Nota de Suspensión del Servicio" dándole al cliente 15 días de la fecha de envío para pagar los cargos atrasados. Por lo menos se darán 48 horas antes de suspender el servicio. La Asociación entregara y/o anunciara una "Nota de 48 Horas" en la propiedad. Al menos 24 horas antes de suspender el servicio de agua, la Asociación intentara contactar al dueño. Cualquier suspensión de servicio ocurrirá en los días de negocio solamente (no en los fines de semana o en días festivos).

Un costo de \$5 para la administración de cada nota administrada será cobrado. ("Nota de Suspensión de Servicio", de "Nota de 48 Horas", y "Nota de 24 Horas").

A los clientes sujetos a la terminación del servicio de agua se les cobrara una cargo de \$25 para cubrir el costo de la administración y el labor. Esto es adicional a todas las notas administradas y el pago mensual.

Los clientes pueden evitar la terminación del servicio haciendo lo siguiente: (1) pagando la cantidad atrasada a la Mesa antes de la fecha de terminación del servicio; o (2) solicitar un pago de diferido para casos de dificultad y firmar el plan de diferido especificando los términos del pago antes de la fecha de terminación del servicio.

Los clientes pueden apelar una nota de la terminación del servicio de agua. La Mesa puede oír las apelaciones de los clientes de la nota de la terminación del servicio de agua. La Mesa esta autorizado a corregir los errores y de ajustar la cantidad debida a la Mesa, tambien de recibir el pago que satisface la cantidad atrasada, y negociar los planes diferidos del pago.

Un registro por escrito de la apelación del cliente se preparará y será mantenida en el archivo por la Mesa.

[Según los Reglamentos de _____, cualquier miembro que no pague su cargo mensual en más de 60 días o no paga en mas de 6 veces en un año, La Mesa Ejecutiva puede votar para terminar la membresía del miembro.]

Sample Water Board

Draft Policy regarding Deferred Payment Plans for Hardship Cases

A customer may apply for deferred payment before the shut-off date by claiming a hardship. A hardship application may be picked up from the _____. If the Hardship qualifies, the customer must sign a deferred payment plan.

Hardships eligible for time payment plans include: Loss of job; medical emergency; excessive bill; and extraordinary financial difficulties.

The maximum length of a deferred payment plan shall be 90 days unless the approved plan specified otherwise.

Minimum monthly payment amounts shall not be less than one-third of the total amount due unless the approved plan specifies otherwise.

Deferred payment amounts shall be in addition to regular service bill amounts.

Mesa De Agua

La Póliza del Plan de Pagos Diferido para casos de Dificultad Retirada

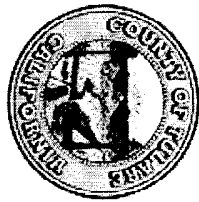
Un cliente puede solicitar el pago diferido antes de la fecha que el servicio sea suspendido, declarando una dificultad. Una aplicación de dificultad puede ser obtenido de _____. Si es que la dificultad declarada califica, el cliente debe firmar un plan del pago diferido.

Las dificultades elegibles para este plan son: la Pérdida de un trabajo; emergencia médica; cuenta excesiva; y dificultades financieras extraordinarias.

El tiempo máximo del plan de pagos diferidos será de 90 días.

La mínima cantidad del pago mensual no debe ser menos de la tercera parte de la cantidad total debida, al menos que el plan especifique de otro modo.

Los pagos del plan diferido deben ser adicionales a el cobro regular del servicio.



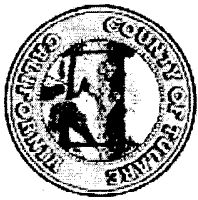
Seville Water Company

April 28, 2009



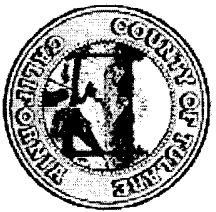
Seville Water Company

- **Staff Recommendation:**
 - Consider temporary receivership of the Seville Water Company and to take any necessary actions related thereto subject to the following terms and conditions:
 - That the receivership be temporary in nature and to last no longer than 24 months.
 - That the Court identify and provide to the County as a fiduciary all rights and interest in the Seville Water Company necessary to operate the system.
 - That the Court releases the County from any potential liability associated with the past operation of the Seville Water Company and limits liability to the County as receiver so the County is not personally liable for good faith, reasonable efforts to assume possession of and operate the system in compliance with the Court order.
 - That the Court set a monthly water service charge of \$60 for a single family residence or equivalent. The rate setting would need to be done in a way to allow the County to adjust the rates if necessary to recover unexpected costs associated with operating the water system.

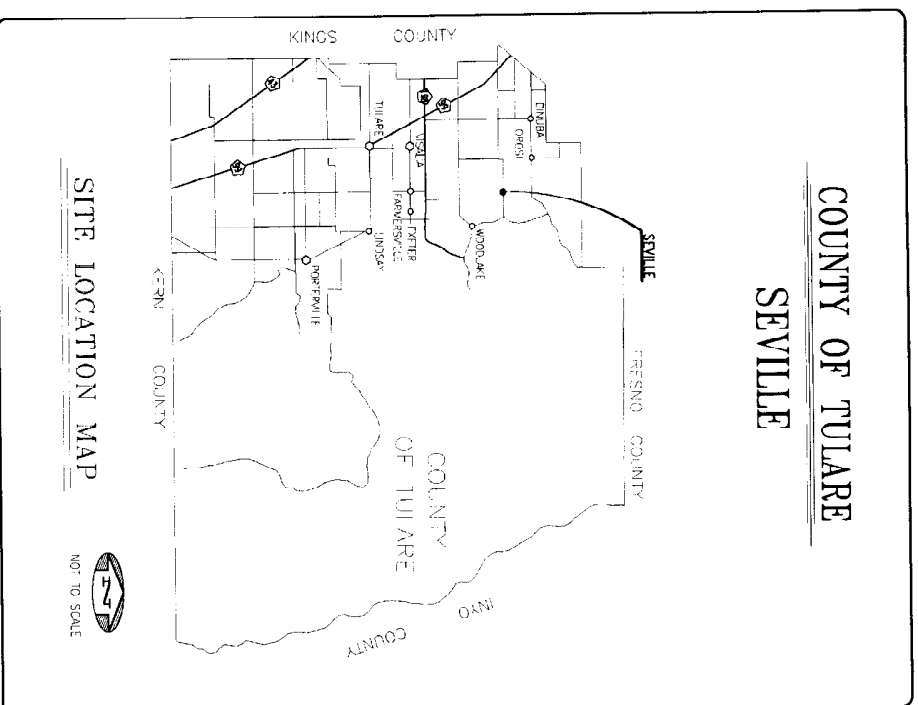


Seville Water Company

- Received a request from Self-Help Enterprises for the County to consider temporary ownership of the Seville Water Company through the receivership process



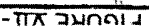
Seville Water Company

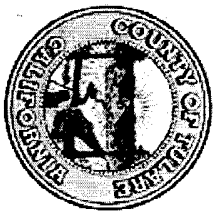


Seville Water Company



Re: 1044 03/17 JRR



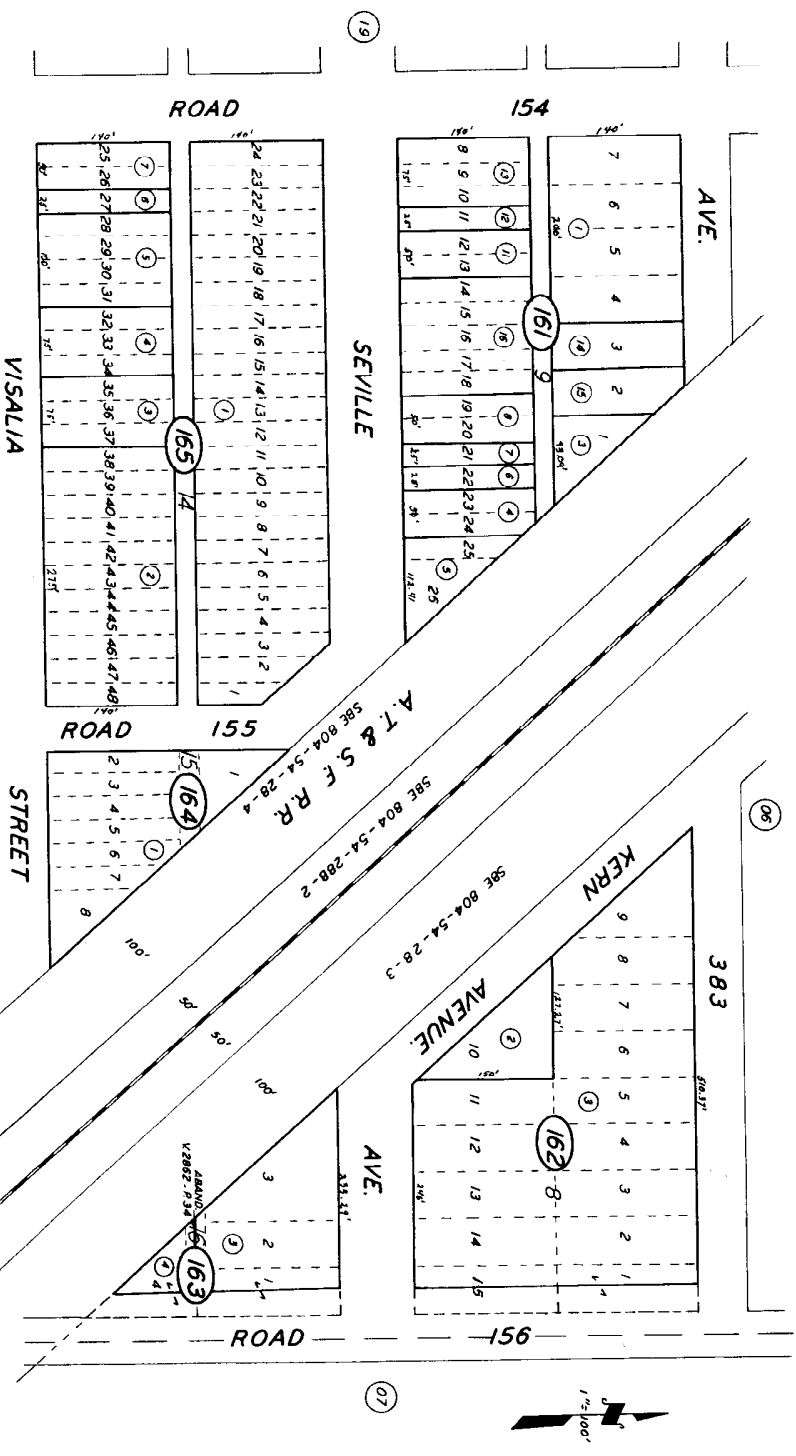


Seville Water Company

POR. NE 1/4 SEC. 2, T.17S., R.25E., M.D.B.&M.

TAX CODE AREA
138-001

50-16



POR. SEVILLE TOWNSITE, R.M. 15-4
BLKS. 8, 9, 14, 15, 16

ASSESSOR'S MAPS BK. 50, PG. 16
COUNTY OF TULARE, CALIF.

NOTE—ASSESSOR'S BLOCK NUMBERS SHOWN IN ELIPSES
ASSESSOR'S PARCEL NUMBERS SHOWN IN CIRCLES



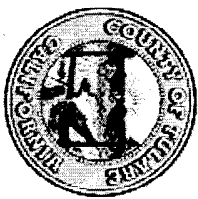
Seville Water company

- Small, privately owned water company
- Serves approximately 75 homes and a school
 - Approximately 400 residents
 - 123 students and 20 staff at the school



Seville Water Company

- Existing system consists of:
 - One (1) well with 10 hp submersible pump
 - One (1) 5 hp booster pump
 - One (1) 12,000 gallon gravity storage tank
 - Two (2) 1,000 gallon pressure storage tanks
 - Four inch (4”) mains, 3” laterals of iron and galvanized pipe
 - The distribution system is leaking in numerous places



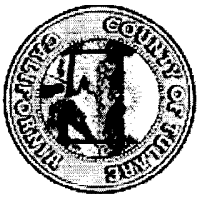
Seville Water Company

- Considered a small system (under 200 connections)
- Oversight provided by Tulare County Environment Health Services
- The system is in constant violation of the health code
- Well is producing water that is high in nitrates



Seville Water System

- System ownership is in question
 - System owned/operated for many years by Philip G. H. Benzenberg
 - Benzenberg transferred the well site to BH Trust No. 101 in October 1994
 - Benzenberg transferred his interest to lots he owned to Grand View Properties, Inc. (Joseph Lane) in January 2000



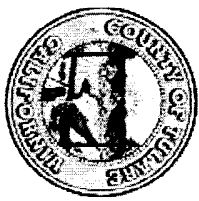
Seville Water Company

- System ownership is in question (cont.)
 - Included the following statement: “Grantor further grants to grantee any and all easements for pipelines, and all pipelines, fittings, rights with regard to the well and storage system, whether actual, prescriptive or otherwise; and any and all rights, including but not limited to options, licenses, leases, permits, and/or claims grantor has acquired or may have the right to acquire in any parcel or property contiguous to any parcel or property herein described or any parcel or property located in the town of Seville, county of Tulare, state of California.”



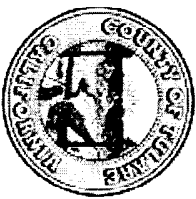
Seville Water Company

- System ownership is in question (cont.)
 - Distribution system assessed with APN 050-163-03
 - Well, storage tanks assessed with APN 050-063-04
 - Benzenberg passed away in June 2000
 - Joseph Lane passed away in December 2003
 - David Lane (Joseph Lane's brother) became executor of Joseph Lane's estate



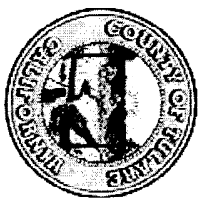
Seville Water Company

- System ownership is in question (cont.)
 - In December 2007, David Lane indicates that he gave the water system to Greg Frias in 2004
 - Greg Frias has been operating the system
 - Dirty Dirt, Inc. acquired -03 parcel in September 2008 by trustee's sale
 - Back taxes have been paid on both -03 and -04 parcel



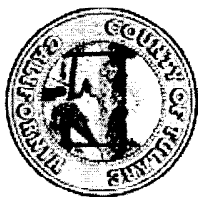
Seville Water Company

- System ownership is in question (cont.)
 - Conclusion:
 - BH Trust No. 101 owns the well, storage tank site (-04 parcel)
 - Grand View Properties, Inc. (or successors in interest) owns the distribution system and has rights to use well and storage tanks



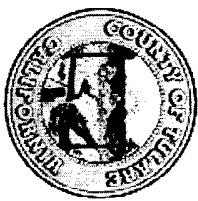
Seville Water Company

- Water system needs
 - Replace booster pump and connect storage tank
 - Replace control panel
 - Install chlorination system
 - Install telemetry system
 - Estimated cost: \$26,805
 - Estimated cost to bring testing current: \$4,000



Seville Water Company

- Proposed State Revolving Fund Projects
 - New distribution system (estimated at \$1,268,000)
 - New well, storage tank, and interconnect to Yettem water system (estimated at \$1,327,500)
 - SRF does not advance funding for engineering (estimated at \$200,000)
 - May be an opportunity for Proposition 84 funding

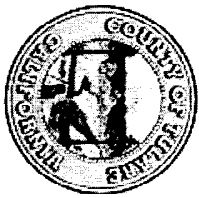


Seville Water Company

- Proposed State Revolving Fund Projects

(cont.)

- California Department of Public Health has indicated that this funding is available if a strong entity is in place:
 - To oversee the operation
 - To receive the funding
 - To oversee the construction of the improvements



Seville Water Company

- Long-term ownership considerations
 - The community of Seville has an interest in owning the system
 - Private mutual water company
 - Requires the creation of a corporation
 - Public district (PUD, CSD, etc.)
 - Requires LAFCo approval
 - BH Trust No. 101 has expressed an interest in owning the water system
 - Recommendation identifies 24 months to determine form and act.



Seville Water Company

- Liability issues
 - County needs to be released from any liability associated with past operation of the Seville Water Company
 - Court to state County is not personally liable for good faith, reasonable efforts to assume possession of and to operate the system in compliance with the Court order



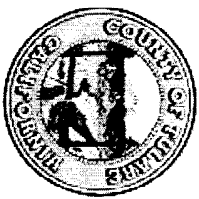
Seville Water Company

- Monthly utility rate
 - Average monthly residential water bill is \$20.00
 - SRF application for distribution system identified a monthly rate of \$59.14
 - Staff is suggesting a monthly rate of \$60.00
 - Improvements to well/storage tank
 - Bring testing current
 - On-going operations
 - Minor repairs to distribution system
 - Contingency for unforeseen circumstances
 - Should result in a reserve at the end of 24 months



Seville Water Company

- Monthly utility rate (cont.)
 - Concern expressed identifying \$60.00 rate in conditions of receivership
 - Following language was suggested: That the Court approve a monthly water service charge that will cover the cost of all expenses incurred by the County in operating the water system, including a reasonable reserve



Seville Water Company

- Monthly utility rate (cont.)
 - Examples:
 - Yettem monthly residential rate \$46.25
 - Yettem true monthly rate is approximately \$73 (including depreciation and debt service)
 - Delft Colony monthly residential rate is \$41.50
 - Delft Colony true monthly rate is approximately \$68 (including depreciation and debt service)
 - Wells Tract monthly residential rate is \$26.75



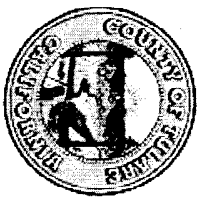
Seville Water Company

- Tulare County operates similar systems
 - Nine (9) sewer systems and three (3) water systems (County Service Area 1 & 2 and Terra Bella Sewer Maintenance District)
 - Actual operation by a contractor
 - County undertakes the billing function
 - With few exceptions, monthly rates do not fully recover the cost
 - Annual contribution made from the revolving loan fund



Seville Water Company

- Private receivership is an option
 - Traver Water Company
 - Court appointed Tito Balling/California Water Services of Coalinga as receiver in 1990
 - Tito Balling/California Water Services became owner of the Traver Water Company in 2000



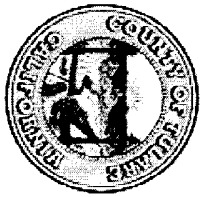
Seville Water Company

- **Process**
 - California Department of Public Health (CDPH) completes a declaration of need
 - CDPH requests a deputy attorney general to petition the Superior Court of California in Tulare County to appoint a receiver
 - Receivership is temporary and voluntary—the County can ask to be released at any time



Seville Water Company

- Alternatives
 - Agree to participate in the receivership process
 - Decline to participate in the receivership process
 - Continue the item for further research and discussion
 - Take no action



Seville Water Company

- Discussion