

5.0 RAND COMMUNITIES WATER DISTRICT

The Rand Communities Water District (District) provides potable water service to three communities within unincorporated Kern County and one park facility.

5.1 LOCATION AND BOUNDARIES

The District is located in Johannesburg, California, which is an unincorporated community located in northeastern Kern County. As shown in Figure 5.1, the District's land area within its boundary and coterminous Sphere of Influence (SOI) is very large and extends into San Bernardino County.

5.2 DISTRICT SERVICES AND FACILITIES

Water Services

The District provides potable water services to three unincorporated communities within Kern County. These communities include Randsburg, Johannesburg, and Red Mountain, which are shown on Figure 5.1. The District currently has 300 connections, of which 273 are currently active. The District estimates that the population within the District is approximately 920; however, the population within the area increases during summer months.

In 2007, the District pumped approximately 55.37 acre-feet (af) of water from District wells and sold approximately 39.90 af to the District customers. Hence, the District has ample supply from its existing well to serve the existing water demand of the District. As shown in Table 5.A, the District largely serves residential uses, which utilize over 85 percent of the District's water deliveries.

Table 5.A: Summary of 2007 Water Service Provided by the District

Water Uses	Acre-Feet Delivered	Percentage of Water Demand
Single-Family Residential	34.08	85.4
Commercial	2.42	6.1
Industrial	2.29	5.7
Fire Department	1.12	2.8
Total	39.90	100%

Source: Rand Communities Water District 2007 Public Water System Statistics.

The District currently has two wells; however, one of the wells exceeds the maximum contaminant levels for arsenic and has not been used since the United States Environmental Protection Agency (EPA) lowered the maximum arsenic levels in 2002. Hence, the District's only current supply of water is obtained from one well. This well is located approximately 12 miles (mi) from the District's office. The existing well has the ability to pump 100 gallons per minute (gpm). After being pumped,

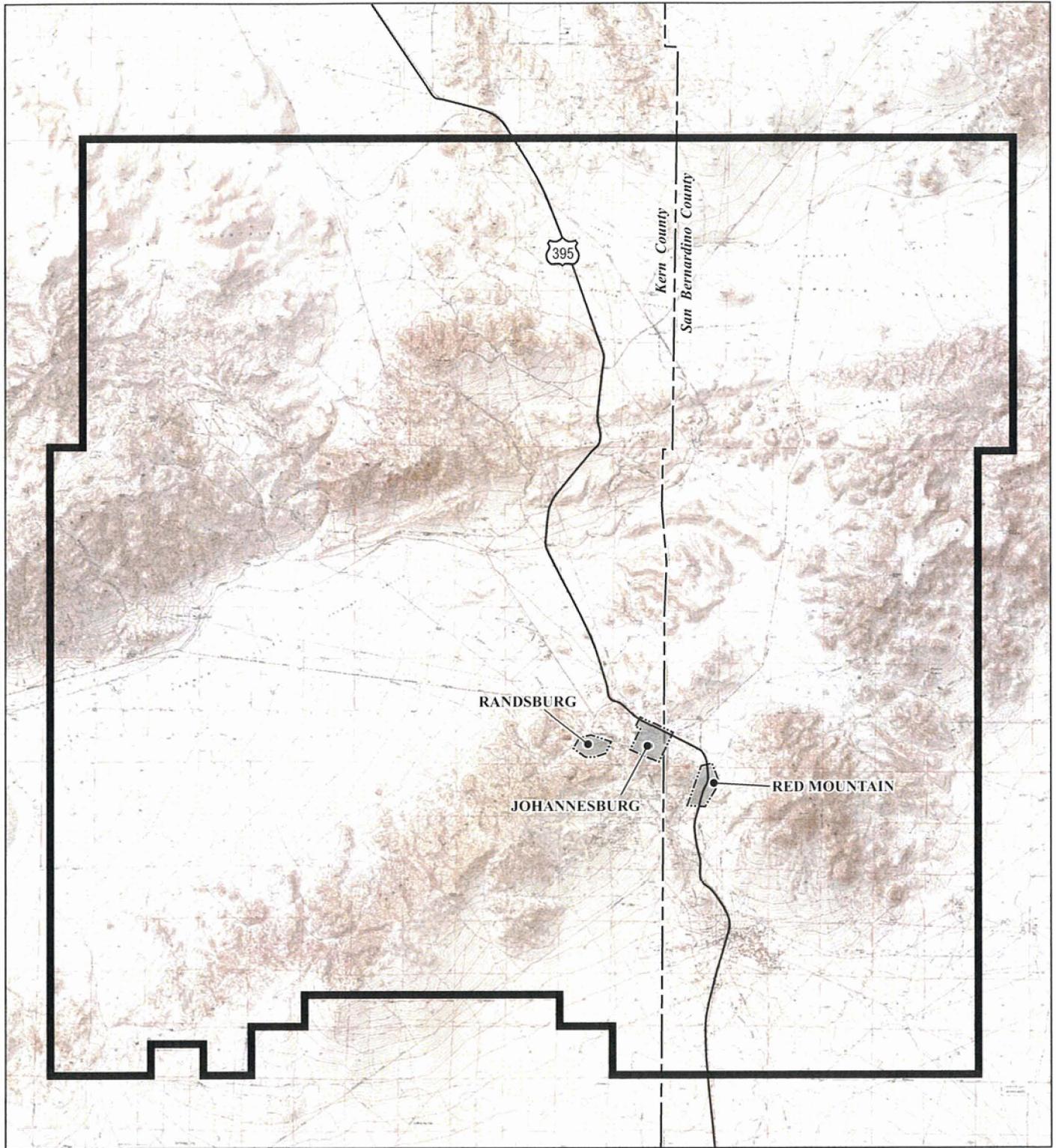


FIGURE 5.1

LSA

LEGEND

-  - District Boundary and Sphere of Influence
-  - County Line
-  - Existing District Service Area



BASE MAP SOURCE: USGS

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Ridgecrest Area Municipal Service Review
Rand Communities County Water District

the water is transported through 12 mi of transmission lines and through three pumping stations to the District's three water storage tanks. The District's storage tanks can hold approximately 525,000 gallons at maximum capacity (one tank holding 210,000 gallons and two tanks holding 105,000 gallons).

The District's water system was developed in 1970. The District has stated that as a result of age, the entire water system is failing. Both major and minor water distribution lines within the system are breaking and leaking frequently. As a result, the District is fixing infrastructure and water service lines daily. Likewise, should the one existing active well or pumping station fail to function for longer than several hours, the District would not be able to supply water to its customers. Further, the District infrastructure has no redundancy, which could lead to the inability to provide water supplies.

The District is funding infrastructure maintenance and repairs through service charges and grants. Likewise, the District is currently working on submitting a grant to fund arsenic removal equipment.

Park Services

The District also provides maintenance and upkeep to a park located across the street from the District's office. The park is one city block in size and was willed to the District. The Will requires that the land be used for open space parkland uses. The park includes the following amenities: picnic tables, barbeques, restrooms, and a baseball diamond.

5.3 GOVERNANCE

The District is governed by a five-member Board of Directors, which is elected by the residents within the District's boundaries for four-year terms. The District's regularly scheduled Board meetings are held at 7:00 p.m. on the second Thursday of each month at the District office. The District posts the meeting agenda at least 72 hours prior to the meeting in the following locations: the community center, community store, gas station, and the District office.

The District currently has two full-time employees (District Manager and District Clerk) and three part-time employees. One of the part-time employees reads water meters, and the other two part-time employees provide infrastructure maintenance and repairs.

5.4 FINANCE

Table 5.B provides the District's sources of revenues and major expenditures. As shown, the District's largest revenue source is from water sales. In addition, property tax revenue provides a substantial portion of the District's income.

It should be noted that the District's largest expense is related to employee salaries and benefits and that water-pumping and related infrastructure needs consist of a small portion (between 28 and 34 percent) of the District's financial needs.

Table 5.B: Summary of District Revenue and Expenses, FY 2006–2008

District Revenue	2006 Percentage	2007 Percentage	2008 Percentage
Water Sales	77.3	78.0	81.6
Property Tax	16.1	19.7	17.3
Other Income	6.6	2.2	1.1
District Expenses	2006 Percentage	2007 Percentage	2008 Percentage
Salaries and Payroll Taxes	31.3	31.9	31.7
Medical Insurance	8.8	10.0	10.9
General Insurance/Workman's Comp	4.3	3.1	5.5
Depreciation	12.3	11.4	11.1
Interest	2.9	0.0	2.4
Repairs and Maintenance	9.2	13.0	7.8
Water Pumping and Analysis	10.7	10.6	8.9
Principal on Bond	7.6	7.2	7.3
Other Expenses	12.9	12.8	14.4

Source: Rand Communities Water District 2008–2009 Budget.
FY = fiscal year

As shown on Table 5.C, the District has had expenses exceed revenues in fiscal year (FY) 2006 and 2007 and is anticipating expenses to exceed revenues in FY 2008–2009.

Table 5.C: Summary of District Revenues and Expenses, FY 2006–2009

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Budgeted
Revenues	\$198,141	\$247,515	\$243,735	\$222,109
Expenses	\$242,095	\$251,200	\$247,391	\$266,963
Net Revenues (Loss)	(\$43,954)	(\$3,685)	\$19,643	(\$44,854)

Source: Rand Communities Water District Audited Financial Statements June 30, 2008; District Budget, Fiscal Year 2008–2009.

FY = fiscal year

The District's financial audit for the fiscal year ending in 2008 states that the District reduced operating expenses in FY 2007–2008 by upgrading the electrical system at the booster stations, repairing transmission line leaks, and increasing preventative maintenance wherever possible.

Investment Policy

The District's Investment Policy authorizes investments in the local government pool administered by Kern County. Additionally, the District may invest idle or surplus funds in accordance with California Government Code Section 53601, which includes local bonds, United States Treasury instruments, etc.

However, as of June 30, 2008, the District did not have any investments other than cash. The District's cash reserve consisted of \$156,463.

Long-Term Debt

As of June 30, 2008, the District's long-term debt consisted of \$81,626 in bond-related debt. The District's debt payments are due annually (averaging \$22,000 each payment) through 2013.

Rates for Water Services

All of the District's customers have metered connections and are billed based upon usage. Table 5.D provides a summary of the District's water service rates.

Table 5.D: District Monthly Rates for Water Service

Meter Size	Amount of Water	Monthly Rate
¾" meter	Up to 2,499 gallons	\$36.50
	2,500-4,999 gallons	\$45.40
	5,000+ gallons	\$45.40 + 1.1 cents per gallon
1+" meter	Up to 2,499 gallons	\$90.00 + 1.8 cents per gallon
	2,500+ gallons	1.8 cents per gallon

Source: Rand Communities Water District Ordinance No. 7, July 2006.

To provide a comparison in water service rates in the eastern portion of Kern County, the rates for one month of water service providing 1,000 cubic feet of water have been provided in Table 5.E. As shown, the cost of water from the Rand Communities Water District is much higher than water service from California City or the Indian Wells Valley Water District.

Table 5.E Comparison of Monthly Water Service Rates

Agency	Size of Meter	Amount of Water (Cubic Feet)	Monthly Rate
Rand Communities Water District	¾"	1,000t	\$72.68
California City	¾"	1,000	\$17.26
Indian Wells Valley Water District	¾"	1,000	\$24.08

5.5 DETERMINATIONS FOR THE RAND COMMUNITIES WATER DISTRICT

The MSR guidelines prepared by the State Office of Planning and Research recommend that issues relevant to the jurisdiction be addressed through written determinations called for in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Based on the above information, the following are the written determinations for the District.

Infrastructure Needs and Deficiencies

1. The District currently has two wells; however, one of the wells exceeds the maximum contaminant levels for arsenic and has not been used since the EPA lowered the maximum

arsenic levels in 2002. Hence, the District's only current supply of water is obtained from one well.

2. The District can meet the District's peak demand through use of the one existing well. However, to ensure adequate water supply in the future, the District needs to develop another well or other water supply source.
3. As a result of age, the District's water system is failing. Major and minor water distribution lines within the system are breaking and leaking on a daily basis. Likewise, should the existing active well or pumping stations fail to function for longer than several hours, the District would not be able to supply water to its customers. Further, the District infrastructure has no redundancy, which could lead to the inability to provide water supplies.

Growth and Population Projections

1. The District is located in eastern Kern County and is not located near any City or other major population base. Further, the District's area has no specific or large-scale employment base. Therefore, the District does not anticipate any measurable growth in demand for water service within its boundaries.

Financing Constraints and Opportunities

1. The District has financing constraints, as expenses have exceed revenues in FY 2006 and 2007, and is anticipating the same in FY 2008–2009. Continuation of expenses exceeding revenues would result in District operating constraints.
2. The District is funding infrastructure maintenance and repairs through service charges. Currently, the District does not have reserve funds and has a limited supply of cash on hand. Therefore, improving the District's existing infrastructure is financially constrained.

Cost Avoidance Opportunities

1. The District reduced operating expenses in FY 2007–2008, upgrading the electrical system at the booster stations, repairing transmission line leaks, and increasing preventative maintenance wherever possible. Preventative maintenance should continue to be conducted regularly.
2. The District is currently working on submitting a grant to fund arsenic removal equipment. The District should continue to pursue potential state or grant funding opportunities where possible to reduce the cost of infrastructure projects. This is a potential cost avoidance opportunity.

Opportunities for Rate Restructuring

1. The District's water service rates are based upon water usage, which is intended to promote conservation. As shown, the District's water service rates are much higher than other nearby water service agencies. However, the District has expenditures exceeding revenues. As a result,

the District should regularly review rates for services to ensure that revenues adequately cover the costs of providing services.

Opportunities for Shared Facilities

1. The District does not have shared facilities. As the District's facilities consist of one office, which is not located near any City or other agency, and because the District has limited staff and equipment, no opportunities for shared facilities have been identified.

Government Structure Options

1. Because the District's location is geographically separate from other agencies and large population areas within the County, and because the District's services are limited, no other government structure options have been identified.

Evaluation of Management Efficiencies

1. The provision of domestic water service to the District's service area is efficient, as one entity is providing water service within the area. There are no other potable water service providers within or near the existing service area. In addition, service provision is efficient because the District has very limited staff.

Local Accountability and Governance

1. The District ensures that local accountability and governance standards are met by holding meetings pursuant to the Ralph M. Brown Act.