



**MUNICIPAL SERVICE REVIEW
AND
SPHERE OF INFLUENCE PLAN**

2016

Prepared by MHCSD
for
San Joaquin LAFCO

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I. EXECUTIVE SUMMARY

California has established a Local Agency Formation Commission (LAFCO) for every county. Among the purposes of LAFCOs are the discouragement of urban sprawl, and the encouragement of the orderly formation and development of local agencies or districts.

LAFCOs have numerous powers, but those of primary concern are the power to act on local agency or district boundary changes and to adopt spheres of influence. According to LAFCO, the "Sphere of Influence" means a plan for the probable physical boundaries and service area of a local agency or district that is expected to grow over time.

The 2016 Municipal Services Review (MSR) and Sphere of Influence (SOI) update has been prepared for the San Joaquin Local Agency Formation Commission in order to be in compliance with the 2000 Cortese-Knox-Hertzberg Act (Act). The Act requires that a MSR be prepared prior to or concurrent with an update of a SOI. Moreover, this 2016 updated MSR and SOI will be used by the San Joaquin LAFCO when reviewing amendments and annexations of immediate and surrounding lands into the Mountain House Community Services District's (MHCS D) SOI. The MSR reviews the MHCS D's ability to provide services to residents and businesses within its existing boundaries and for future annexed areas.

The MSR is required by the Act to contain six categories, as defined by the San Joaquin LAFCO "Service Review Policies," dated December 14, 2012. The six categories are as follows:

- Growth and Population Projections for the Affected Area
- The Location and Characteristics of any Disadvantaged Unincorporated Communities within and Contiguous to the Sphere of Influence
- Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies
- Financial Ability of Agencies to Provide Services
- Status of and Opportunities for Shared Services
- Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

Each of these categories requires a written determination.

The 2016 MSR and SOI Update addresses two objectives: (1) to reconfirm the existing SOI, and in doing so, to make four determinations with regard to the Sphere of Influence boundaries, and (2) to make six determinations regarding the MHCS D's ability to provide current and future services for residents and businesses within its current and future annexed boundaries.

A. DETERMINATIONS REGARDING SPHERE OF INFLUENCE BOUNDARIES

The MHCSO SOI covers an area of 4,784 acres or approximately 7.5 square miles. The 1994 adopted Master Plan for Mountain House identified the Sphere of Influence boundary to coincide with the ultimate MHCSO community “build-out” boundaries.

The MHCSO SOI was established when the original boundaries of the Mountain House Master Plan area were adopted by the County Board of Supervisors. The intention of the requirements and policies in the Master Plan is that these boundaries not change so that planned public facilities, services, and the financing plan continue adequately to meet the needs of the current and future populations of the Mountain House Community. The following determinations are each consistent with the original plans for Mountain House and affirm the MHCSO’s ability to provide adequate services to existing and future populations within the SOI boundaries.

1. Present and Planned Land Uses

Present and planned land uses are consistent with the adopted Master Plan and SOI boundaries. The MHCSO is approaching one-third (1/3) “build-out” with a significant Town Center portion currently undergoing the County’s Planning approval process. The MHCSO Master Plan includes goals, policies, and implementation programs that address growth, development, and conservation of open space. Present and planned land uses as specified in the Master Plan include Very Low Density Residential, Low Density Residential, Medium Density Residential, Medium-High Density Residential, High Density Residential, Neighborhood Commercial, Community Commercial, General Commercial, Freeway Service Commercial, Mixed Use, Office Commercial, Recreation Commercial, Limited Industrial, General Industrial, Industrial Park, Open Space/Resource Conservation, Open Space/Other, Public Facilities, Neighborhood Park, Community Park, and Regional Park.

Present and planned land uses as specified in the Master Plan are appropriate for serving existing and future residents of Mountain House within the SOI boundaries.

A buffer around the community is provided by policies of San Joaquin County as well as sizing of the infrastructure to serve the geographic area and population within the SOI/Master Plan boundaries.

2. Present and Probable Need for Public Facilities and Services

The MHCSO presently provides adequate public facilities and services for the existing population within the SOI. The MHCSO has the ability to provide additional public facilities and services for any probable need of future populations within the SOI. The MHCSO entered into a Public Services Allocation Agreement that defines which services are the responsibility of the County and which are provided by the District. Services provided by the MHCSO include, but are not limited to, water, wastewater, storm water, police, and fire. Public facilities provided by the MHCSO include, but are not limited to, library, recreational, and transportation facilities.

A public financing plan was developed that projected the costs of providing services and public facilities to the SOI/Master Plan boundaries at “build-out” of

the community. Sufficient funds are currently available to meet the needs of the present population and are projected to be sufficient to meet the needs of the population at “build-out.” New development within the SOI will lead to population growth and the need for additional and expanded services. The expanded tax and assessment base that result from new development within the SOI will provide funding for these additional and expanded public facilities and services.

Policies, procedures, and implementation measures, as specified in the Master Plan, developer impact fees, and the *Mountain House Public Financing Plan*, have been adopted to ensure that present and probable need for public facilities and services are adequate. Development and connection fees will address the capital costs and user charges will address the operating expenses.

3. Present Capacity of Public Facilities and Adequacy of Public Services

Present capacity of public facilities and public services are adequate to meet the needs of the current population within the SOI. Excess water, wastewater, and storm water capacity exists to meet the needs of near-term growth within the SOI. Adequate Public Safety services for fire and police have been obtained through agreements with the French Camp McKinley Fire District (FCMFD) and the San Joaquin County Sheriff’s Department (Sheriff), respectively. In September 2015, a contract was executed between the MHCSD and the FCMFD to provide for fire and emergency medical services (Fire and EMS). The FCMFD has staffed Fire Station #98 which serves the SOI’s south of Byron Road area. A second Fire Station is planned for and would effectively serve the northern area of the SOI (north of Byron Road). Both stations are anticipated to serve the entire master plan community as current response times are demonstrating that most if not all of the community can be served by one or both and still meet National Fire Protection Association (NFPA) standards. The Sheriff presently has adequate staff and facilities. Expansion of fire and police public safety services will be consistent with growth and standards per Master Plan guidelines and the Public Services Allocation Agreement. The MHCSD’s water supply, wastewater, and storm drainage services meet the needs of the current population and are being updated and expanded to meet the needs of future populations.¹ Neighborhood Parks, Community Parks, Schools, Arterial and Collector Streets are designed and constructed to meet the needs of each new neighborhood that is opened for development within the SOI boundaries.

4. Existence of Social and Economic Communities of Interest

This 2016 MSR and SOI update includes the same “existing communities of social and economic interest” that were addressed in the previously approved 2008 MSR. No change in the Mountain House Sphere of Influence is being proposed, thus, no adjacent community or population will be impacted any differently than anticipated in the environmental review of the Master Plan and subsequent Specific Plans.

¹ Following adoption of the Master Plan, the MHCSD has completed master plans for the water, wastewater, and storm drainage systems to be consistent with growth forecasts of the Master Plan. MHCSD also adopted an Urban Water Management Plan (2016) in compliance with the State of California Urban Water Management Planning Act.

B. MUNICIPAL SERVICES REVIEW DETERMINATIONS REGARDING THE MHCS D'S ABILITY TO PROVIDE SERVICES

LAFCO is charged with determining whether the MHCS D has the ability to provide an adequate level of service within the current district boundaries and ultimately within the sphere of influence boundaries. Presently, approximately two-thirds of the area within the Master Plan and SOI boundaries is within the District. The following determinations, based upon the information contained in this report, establish that the MHCS D has the present ability to provide service needs of the current population. The following determinations also have plans and financial ability to meet the needs of the growing community through buildout of the entire area within the SOI.

1. Growth and Population Projections

The adopted 1994 Mountain House Master Plan and subsequently approved Specific Plans provide the basis for development of the community. These Plans provide a framework for the MHCS D's ability to provide adequate services for future growth and population projections thru build-out. They detail the approved land uses and project the population in the land uses that will need the services provided by the MHCS D. According to the 2010 US Census, the population was 9,675. The current population is approaching 15,000. The 2008 population was estimated at 8,000 and is projected to increase to approximately 44,000 in year 2040, based upon the current projected growth pattern. Additionally, there are many factors that will ultimately influence the actual population (i.e., market conditions, job availability, housing availability, housing affordability, etc.). Nevertheless, the MHCS D will continue to and has the ability to provide services for the growth and population projections of the Master-Planned community.

2. Disadvantage Unincorporated Communities

Senate Bill 244 (SB244) requires the identification and description of all "disadvantaged unincorporated communities" located within or contiguous to the existing SOI of Cities and/or Districts that provide fire protection, sewer, municipal and industrial water services. Disadvantaged unincorporated communities are defined as inhabited unincorporated areas with an annual median household income that is 80% or less than the statewide annual median household income. The identified disadvantaged unincorporated communities are required to be addressed by LAFCO when:

- Considering a City or District annexation proposal involving 10 or more acres within an existing disadvantaged unincorporated community located contiguous to the proposal area; and
- Approving SOI and municipal service review determinations associated with the update or establishment of SOI for local agencies or districts subject to SB 244 requirements.

SB 244 became effective on January 1, 2012 and included specific requirements for LAFCO that began on July 1, 2012.

The MHCS D has reviewed all the census tract data for area within the SOI. There are no Disadvantaged Unincorporated Communities that are reflected within this data. Therefore, this topic is not discussed in more detail in the MSR.

3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies

Fire Protection and Emergency Medical Services

The Master Plan, in conjunction with the adopted Fire Protection plan, includes policies and implementation measures that would allow for the Department to continue providing adequate facilities and staffing levels. The French Camp McKinley Fire District (FCMFD) also known as the Mountain House Fire Department (MHFD) handles approximately 500 calls for service per year.

Fire and Emergency Medical Services (EMS) in Mountain House are managed through a combination of service providers. First response Fire and EMS services are provided by MHFD (Note: FCMFD began its contractual service to MHCSD on September 13, 2015, replacing Tracy Rural County Fire Protection District). Calls for Fire and EMS in Mountain House are dispatched through the Valley Regional Emergency Communications Center (VRECC) as part of a Joint Powers Agreement with the San Joaquin County Joint Radio Users Group (JRUG) where the French Camp McKinley Fire District participates as a voting member.²

The average response time within MHFD is 5:57 for EMS calls and 5:35 for fire calls, with an overall average response time of 5:50 for all calls. The shortest response time is below 2:00, with a turnout time of approximately 1:20. Contractual agreements require an 8:00-minute or less response time 90% of the time. The average turnout time is 1:11 for both Fire and EMS calls. Although no contractual requirements are in place, the Fire Department average is less than 1:30.³

Fire and EMS services in Mountain House currently meet all National Fire Protection Association (NFPA) standards and San Joaquin County EMS requirements. FCMFD, or MHFD, began serving the community in September 2015 upon staffing Fire Station No. 98, located on the southwest corner of Tradition Street and Mustang Way in Mountain House (adjacent to the east side of the Mountain House High School stadium). The MHCSD owned Fire Station No. 98, also known as Mountain House Fire Station No.1, is staffed 24/7 by MHFD firefighters. The Emergency Medical Services are handled by MHFD and private EMS, primarily AMR through contract with San Joaquin County Emergency Medical Services (SJCEMS), with MHFD providing an expanded level of Basic Life Support (BLS), which includes the administration of Epinephrine via an EPI PEN for life threatening allergic reactions and the administration of Naloxone for the use in Opiate (pain killers) overdoses. The MHFD with services provided under contract with the FCMFD are the only agencies in San Joaquin County that have a Basic Life Support Optional Skills (Expanded Scope BLS) program. Prior to the agreement between SJCEMS and MHFD, only advanced life support providers were able to administer these lifesaving drugs. This expansion of the Emergency Medical Treatment (EMT) scope allows for BLS providers to address and treat these critical issues in the field. AMR provides Advanced Life Support (ALS) and transport services to the community of Mountain House, exceeding contractual requirements for response to Mountain House within 7.5 minutes 92% of the time (Contractual requirement is 7.5 minutes 90% of the time).

² Per French Camp Fire Chief, Paul Tualla, via correspondence

³Per French Camp Fire Chief, Paul Tualla, via correspondence

MHFD staffs 4 personnel, 24 hours a day, 7 days a week, with an available Chief Officer. This is based upon a three platoon system that works a 48 hours on and 96 hour off schedule. The shift staffing includes (1) Company Officer, (1) Fire apparatus engineer or certified apparatus operator, (1) Firefighter, (1) day Shift Coverage Firefighter that works a 10 hour schedule. When the day shift Firefighter is off for the pm shift, or is off for the day, a trained Reserve firefighter comes in to fill the shift. This allows for two, 2-person engine companies to be available at all times.

In addition to the staffing at the Mountain House Fire station, a Full-time Fire Chief, Assistant Chief / Fire Marshal, Training / Operations Battalion Chief, Administrative Assistant and a Part-Time Fire Inspector / Investigator are available for Administrative and Operational support of the Mountain House Fire Department.

A second fire station is planned per the Master Plan and will be built and staffed north of Byron Road when development in that area begins. At buildout, these fire expansion plans will be sufficient to provide a Fire and EMS response within the National Fire Protection Association and Insurance Service Office standards of coverage.

The MHFD is a recognized member of the San Joaquin County Fire Chief's Association and participates in the local and statewide mutual aid system. The MHFD has an automatic aid agreement with the Defense Logistics Agency (Tracy Depot), Montezuma Fire District and has additional resources available through the San Joaquin County Mutual Aid system.

The Mountain House Fire Department currently holds an ISO 4 rating. It is the intent of the MHFD to improve this rating within the next year.⁴

The adopted FY2015-16 budget for Fire and Emergency Medical Services is \$2,254,740. Funding for the stations and equipment is paid for by the developers through the Community Facility Fee program and dedicated to the MHCSD to own and operate. Operating expenses are projected to be fully funded by a combination of revenues from the Public Safety Special Tax and Property Tax.

Law Enforcement⁵

The Master Plan includes policies and implementation measures that would allow for the MHCSD to continue providing adequate staffing levels. The Law Enforcement services are provided under contract with the San Joaquin County Sheriff's Department.

The San Joaquin County Sheriff's Department provides contracted law enforcement services to the Master Plan and Sphere of Influence area. The Sheriff has been and will be providing law enforcement coverage with officers dedicated 24 hours per day, 7 days per week. The Sheriff's Department classifies calls for service as Priority 1, Priority 2, or Priority 3. The definitions for these Priority calls are as follows:

- Priority 1 - Highest Priority, requires immediate dispatching, A crime, typically in-progress, where the physical well-being of a person is in jeopardy. Ex: assault, homicide, kidnapping, robbery, home invasion, burglary (suspect possibly on premises), brandishing a weapon, officer request a fill, bomb

⁴ Per French Camp Fire Chief, Paul Tualla, via correspondence

⁵ Per San Joaquin County Sheriff's Department, Cpt. Philip George, via correspondence

threats, coroners case, missing or lost children, disaster (natural or man-made) etc.

- Priority 2 -These calls do not require an immediate response, but should be dealt with as soon as possible. Non-violent persons' crimes and property crimes with known suspects. Ex: Family disturbance, suspicious person (no weapons seen), burglary (suspect not on premises), theft of property with possible suspect lead, welfare check, etc.
- Priority 3 - The majority of calls fall into this category; these calls are handled in the order in which the call is received. Property crimes with no suspect leads, incidents where the victim delayed reporting the crime. Ex: Cold burglary, property theft or damage, mail theft, noise complaints, information requests etc.

The 2015 department's provided response times for the three priority calls are as follows:

San Joaquin Co MH Response Times	
Priority 1	6 min
Priority 2	16 min
Priority 3	24 min

Through its contract with the San Joaquin County Sheriff's Department for law enforcement, the MHCS D provides the Mountain House community with six (6) full-time (Full-Time Equivalents or FTEs) deputies serving a population of over 15,000, which equates to a staffing level of 0.40 officers per 1,000 residents. The Sheriff's Department also provides additional deputy support to Mountain House through its assignment of one (1) full-time deputy for the western part of the county defined as Beat 10. With the combination of deputies assigned to Mountain House and Beat 10, the law enforcement staffing level approximates 1.0 officer per 1,000 residents. The Sheriff's Department also provides law enforcement services that include a command structure, investigation services, technical support (evidence gathering, video/picture logging), community-oriented policing, a citizen's academy, and incarceration in the county jail. The Sheriff's Department collects monthly statistical data for Mountain House that is available online at the (1) Sheriff's web page at www.sjsheriff.org and (2) the MHCS D website in the monthly Board agenda packages at www.mountainhousecsd.org. As the community of Mountain House grows, the need for additional law enforcement personnel will be addressed by the Board of Directors, MHCS D General Manager, the County's Board of Supervisors, and the Sheriff's Department. The analysis will include an assessment of crime statistics, response times, community needs, and revenue availability. The Fiscal Year 16-17 MHCS D adopted budget for law enforcement services is \$1,374,000, which is sufficient to cover the current law enforcement services. The budget also includes a \$25,000 fund for strategic traffic enforcement services to supplement existing deputies in Mountain House. The California Highway Patrol also assists the Sheriff's Department with traffic enforcement within Mountain House. An administrative office is used by the Sheriff's Department as a police substation currently located in the MHCS D offices.

Water Supply and Treatment Determinations

A number of documents set forth the reliability and availability of water supply and treatment of water within the community of Mountain House. Original formation documents contained the first discussions on water supply and treatment, including the original Environmental Impact Report and Mountain House Master Plan. Since that time, other planning documents have been developed, including the following: Water Master Plan, Urban Water Management Plan (2016), and Water Supply Assessments (Senate Bill 610, Water Supply Assessment, and Senate Bill 221, Written Verification) for Specific Plans II and III. Other documents include the “Water Services Agreement Between Byron Bethany Irrigation District and Mountain House CSD,” as well as policies and implementation programs related to maintaining an adequate water supply for the MHCS D’s population. The MHCS D currently obtains the majority of its water supply by agreement through the Byron Bethany Irrigation District (BBID) to provide for a water supply allotment up to 9,813 acre-feet per year for the MHCS D. The water is diverted from an existing diversion pumping station built by the Mountain House Master Developer (Trimark) and dedicated to BBID, who holds an agreement with the Department of Water Resources (DWR) for diversions from the State Water Project (SWP) canal (Note: BBID diversion facilities pre-date the state and federal water projects) located approximately 2-miles downstream of Clifton Court Forebay. Water is diverted from the SWP facility via primary and backup pumps and conveyed through a 30-inch, cathodic protection, pipeline to MHCS D’s water treatment plant (WTP) with a current capacity of 15 million gallons per day (mgd) for treatment, expandable to 20-mgd.

The raw water pipeline and pumping facilities are sized to have an ultimate capacity of 20 mgd. At the WTP site, the raw water enters a 15 mgd conventional surface water treatment plant with coagulation, sedimentation, and filtration with a ultimate capacity of 20 mgd. The treated water then passes through a 20 mgd Ultra Violet (UV) system. The water is then chlorinated and stored in a 4.5 Million Gallon (mg) water storage tank at the WTP site and two additional 3.7 mg water storage tanks located near the Delta College campus site. From these three treated water storage tanks, the water is then pumped into the water distribution system into two separate pressure zones.

The water supply and treatment system adequately serves all of the present developed area and will be expanded as necessary by MHCS D through developer funds to meet increasing demand. All facility expansion work is funded by the developers with a reimbursement mechanism paid into a capital facility fund maintained by the MHCS D for reimbursement to developers as funds are collected from a capital construction fee included in the monthly utility bill for each customer.

Wastewater Collection and Treatment

The Master Plan, Sanitary Sewer Collection System Study, and technical reports address present and build-out wastewater treatment through various policies and implementation programs. The 1999 MHCS D Sanitary Sewer Collection System Study, revised 2001, and 2004 updated studies, in conjunction with the Public Financing Plan, present the design and costs to incrementally construct through build-out of the MHCS D wastewater collection and treatment system per the Master Plan and Specific Plans. The current wastewater collection system is a gravity flow collection system which conveys all wastewater to a State-of-the-Art Wastewater Treatment Plant

(WWTP). The overall collection sewer system will ultimately consist of a combination of trunk sewer gravity collection pipelines with pump or lift stations to convey wastewater to the MHCSD wastewater treatment plant. The MHCSD WWTP is located in the northeastern portion of Mountain House, east of Byron Highway and north of Bethany Road.

The MHCSD wastewater treatment is provided through an upgraded 3 mgd capacity Sequential Batch Reaction plant (completed in 2007) to replace an older technology treatment system. This capacity will serve about half of the expected buildout development in Mountain House with expansion of the facility partially built and designs in place for completing work. The future expansion, once triggered, will bring the total wastewater treatment plant build-out capacity to 5.4 mgd, which will serve all of the Mountain House Master Plan and Sphere of Influence area.

The wastewater collection and treatment system serves all of the present developed area and will be expanded as necessary by MHCSD through developer funds to meet increasing demand. All facility expansion work is funded by the developers with a reimbursement mechanism paid into a capital facility fund maintained by the MHCSD for reimbursement to developers as funds are collected from a capital construction fee included in the monthly utility bill for each customer.

Storm Water Drainage

The Master Plan addresses storm water drainage through various policies and implementation programs. The 1999 Mountain House Storm Water Master Plan, 2002 update, 2003 update, and 2004 addendum, in conjunction with the Public Financing Plan, present the design and costs to incrementally construct thru build-out of the MHCSD storm water drainage system.

The MHCSD provides storm water collection and treatment for the current and future build-out of the Master Plan and SOI. The *Mountain House Full Build-Out Storm Water Report* and the *Mountain House Storm Water Master Plan Update (Addendum 1)* are the primary sources for the information included in this section. The Master Plans outline a long-term strategy for meeting future discharge and capacity requirements in order to meet community needs for build-out of the SOI.

The Mountain House storm water drainage system is a gravity collection and conveyance system of pipelines and detention ponds or basins that serve as temporary storage of “first flush” runoff before discharging into Mountain House Creek and eventually on to Old River. One pond currently exists north of Byron Road. A second basin, also gravity operated, which is partially developed, and a number of detention basins located in series within the Mountain House creek completes the system that will serve the Master Plan and Sphere of Influence area through buildout of the community.

The MHCSD possesses a National Pollution Discharge Elimination System (NPDES) permit issued by the Central Valley Regional Water Quality Control Board (Regional Board) authorizing storm water to be collected and discharged to Mountain House Creek and released downstream into Old River. The NPDES permit sets forth the program elements that the MHCSD is required to operate in order to minimize the amount of environmentally harmful elements being transported into the storm water runoff system. A Storm Water Quality Management Program has been developed and modifications have been made consistent with final permit conditions.

The storm water collection system is a state-of-the-art system complete with primary filtration at street level collection sites using carbon based filters for treatment of contaminants and debris, which then flows via gravity to outfalls in Mountain House Creek where it enters storm water quality detention basins for further treatment of the storm water quality. The storm water collection and treatment system serves all of the present developed area and will be expanded as necessary by MHCS D through developer funds to meet increasing demand. All facility expansion work is funded by the developers with a reimbursement mechanism paid into a capital facility fund maintained by the MHCS D for reimbursement to developers as funds are collected from a capital construction fee included in the monthly utility bill for each customer.

4. Financial Ability of the Agency to Provide Services

The MHCS D receives funds from utility user service charges, property tax, special parcel taxes, franchise and permit fees, and developer reimbursement of MHCS D costs in support of developer construction of infrastructure and planning activities, as well as operations and maintenance of community facilities, programs, and services, such as public safety and utility services. As land within the Master Plan and Sphere of Influence areas are developed and annexed into the MHCS D, the tax and fee structure of the District are applied equally to develop the appropriate revenue base to provide services to the community.

Revenue from the current fee and tax structure is adequate to fund existing demand for services, with projected revenues projected to be sufficient to fund the projected level of services at buildout of the community. The MHCS D manages its finances on a continual basis through the Annual Financial Report and the MHCS D Budget. The MHCS D's management and reporting of its finances are in accordance with the legal requirements. An outside audit is performed to ensure that the legal requirements are met. All property owners and residents pay their fair proportionate share toward the provision of services based on the fee and tax structure adopted by the MHCS D Board of Directors that is currently in place. Development will pay a fair share of all costs of required public infrastructure and services. A rate analysis for the MHCS D water and, wastewater enterprise systems is underway and scheduled to be completed in early 2017.

The MHCS D reviews their fees and user charges to determine the correct level of adjustment required to pay for adequate services and to reverse any deficits and assure funding for needed infrastructure going forward. Beginning early in each new calendar year, the MHCS D performs its mid-year financial analysis and budget adjustments, along with updating its various supporting plans, such as the five-year Capital Improvement Program (CIP), the Pavement Management Program (PMP), and the Strategic Plan. Together, these updated documents serve as the foundation for developing a draft budget each spring, which is then presented to the Board and the community through a series of public workshops streamed real-time over the internet, along with ample time for Q&A. The budget workshops are archived on the MHCS D website for later viewing. This process works well in guiding all interested parties toward a well-informed budget planning process and an adopted balanced budget.

The MHCS D has budgeted for current and future expenses, debts, and revenues. The MHCS D's financial statements show that it is fiscally sound. The MHCS D will continue to manage and report its financial condition on an annual basis.

5. Status of, and Opportunities for, Shared Facilities

The MHCS D has multiple planning processes in place to assess whether levels of service provided are adequate to accommodate new growth, including the Master Plan, Specific Plans, annual budgeting process, master planning and CIP processes for water, wastewater, storm drainage systems, as well as fire protection, emergency medical services, and law enforcement services.

The MHCS D currently has a shared facility with the Sheriff's Department at its primary District offices. Sharing this MHCS D facility helps keep overall cost down and provides for more cost effective law enforcement services. The shared facility also maintains a law enforcement presence within a public space adding to the District's security system. In addition, MHCS D maintains a branch library that is part of the larger countywide library system.

Additional opportunities for shared facilities exist within the community. The MHCS D is planning collaboratively with other parties, such as Lammersville Unified School District (LUSD) and the county library system to leverage funding and shared facilities for community use, such as multi-purpose rooms, community recreation event centers for all ages, a community pool for all ages, teen center, child care center, as well as other shared facilities. MHCS D is currently working with Mountain House Developers, LLC (MHD), to implement the design and construction of the new Town Center Town Hall and Main Library expected to be complete and ready for occupancy in mid-2019. A MHCS D Board committee is also exploring all opportunities for shared facilities to include: a transit center, a regional trail, recreational facilities, railroad facilities, commuter facilities, and a maintenance corporation yard that could be a joint effort between MHCS D and LUSD. As the need for more extensive road, street light and traffic signal maintenance occurs with growth in the Master Plan and Sphere of Influence area, these also represent opportunities to share the use of public facilities to meet contractor needs that in turn lower costs to the MHCS D. As each public facility is planned and constructed, the MHCS D reviews the opportunities for joint use and shared operation, including options for diversifying water supply with neighboring agencies as identified in the MHCS D urban water management plan.

6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

The MHCS D became a "Special District", of the State of California, on April 16, 1996, pursuant to Division 3 of Title 6 of the Government Code. In December 2008, the community elected and seated its first 5-member Board of Directors. The Board of Directors, comprised of a President, Vice President, and three Directors, all at-large, make the final decisions for the Community Service needs concerning fee structures and provisions of service. The Board of Directors appoints a General Manager who is the highest level management staff member responsible to the Board of Directors for the implementation of the policies established by the Board of Directors.

The MHCS D was created for purposes of providing infrastructure and municipal services for the master planned community within an unincorporated area in San Joaquin County, California. This master planned community consists of approximately 4,784 acres as designated on the San Joaquin County General Plan Land Use Map.

Development of the Mountain House community is guided by the Master Plan. The intent of the Mountain House Master Plan is to implement the San Joaquin County General Plan Amendment, which added the new community of Mountain House to the San Joaquin County 2010 General Plan, as recommended by the County Planning Commission on February 4, 1993 and approved by the Board of Supervisors on February 25, 1993. On November 10, 1994, the Board of Supervisors adopted the Mountain House Master Plan with Amendments. The Master Plan has numerous goals, objectives, policies, and actions to ensure that adequate services are provided in a cost effective manner to accommodate new growth.

Land within the Master Plan and Sphere of Influence boundaries, but outside of current District boundaries, will be annexed as owners are ready to develop their property. This land outside of the District has been included as an integral part of the Mountain House Master Plan and the Sphere of Influence, and it has been assumed from the initial planning of the community that annexation would occur as market conditions permitted. Governance of the annexed area will be by the Board of Directors and revenue collected and services provided there on the same basis as in the remainder of the District and under the terms of the Public Services Allocation Agreement.

Since the conversion of the MHCS D to an “independent district” with its own elected Board of Directors who are residents of the community, the District continues to provide greater opportunity for access and public participation in the design and implementation of services in the community. The use of televised public meetings, a monthly newsletter, monthly utility bills with conservation messages, mail notices, social media, and a revamped website are providing ready access to current information. The District staff works with the Board in designing and implementing additional participation processes determined to be appropriate to the community by the Board of Directors, such as workshops and semi-annual town hall meetings.

Mechanisms are in place within the MHCS D departments to effectively provide for public participation in the planning and development process, such as the Town Center, design of the library and town hall, transportation opportunities, as well as other civic issues important to the well-being of the community with the goal of providing efficient and cost effective public facilities and services.

The MHCS D use of its budget process and long range infrastructure planning processes ensure that it is able to provide directly, and through contract, adequate levels of service in a cost-effective manner within its service areas. The MHCS D has demonstrated the ability to work with other service providers and districts to ensure that adequate services are provided in a cost effective manner. Efforts to ensure effective government structure for the provision of fire protection, law enforcement, water supply, wastewater treatment, and storm drainage facilities demonstrate the MHCS D’s foresight to plan for future service needs as the MHCS D’s boundaries expand due to annexations and population increases.

II. INTRODUCTION

In accordance with the 2000 Cortese-Knox-Hertzberg Act, the San Joaquin County Local Agency Formation Commission (LAFCO) is required to prepare a Municipal Services Review (MSR) for the Mountain House Community Services District (MHCS D) prior to establishing or updating the MHCS D sphere of influence (SOI). This MSR has been prepared by the District for LAFCO to reconfirm the existing sphere of influence and to make determinations regarding the MHCS D's ability to provide services.

State law and LAFCO Policies and Procedures for Spheres of Influence, Service Reviews, and Annexations require this Municipal Service Review (MSR) to make six written determinations with regard to the ability to provide services:

- Growth and Population Projections for the Affected Area
- The Location and Characteristics of any Disadvantaged Unincorporated Communities within and Contiguous to the Sphere of Influence
- Present and Planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
- Financial Ability of the Agency to Provide Service
- Status of, and Opportunities for, Shared Facilities
- Accountability for Community Service Needs, including governmental structure and Operational Efficiencies

This 2016 MSR update addresses the current sphere of influence and each of these municipal service determinations in a separate chapter.

This MSR is exempt from the California Environmental Quality Act because it is an information document that is intended only to be used in the consideration of future actions that have not been approved or funded. LAFCO will prepare a notice of exemption as part of the process of reviewing this MSR.

III. SPHERE OF INFLUENCE PLAN

Government Code Section 56076 defines a SOI as a “plan for probable physical boundaries and service area of a local agency, as determined by the commission.” It is an area within which a city or district may expand, over a defined period of time, through the annexation process.

The SOI is a planning tool and the establishment of a SOI or the inclusion of property within a SOI of an existing governmental entity does not automatically mean that the area is being proposed for annexation and development at this time. LAFCO is responsible for determining that an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within the MHCSO and in the SOI. The information in this MSR supports the MHCSO current boundaries to expand via annexation to build out of the master plan community, which coincides with the existing SOI.

This chapter describes the MHCSO SOI Plan and analyzes the District’s ability to serve both the current residents and the projected buildout population within the SOI boundaries. Analysis is provided that will permit LAFCO to make determinations for the following factors required to be considered under Government Code 56425:

- Present and planned land uses in the area, including agricultural open space land
- Present and probable need for public facilities and services in the area
- Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
- Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

LAFCO’s guidelines for determining spheres of influence provides that territory that is currently receiving services from the MHCSO, or is projected to need services from the MHCSO, within a 0-30 year timeframe may be considered for inclusion within the MHCSO SOI. LAFCO requires that “Sphere Horizons,” or planning increments, should depict the District’s logical boundaries at a time period between 5 and 10 years and up to a 30-year time period. The territory must be consistent with the General Plan Land Use element. The adopted SOI must also consider the County general plans, and policies for growth management, annexation, resource management and any other relevant policies, unless the plans or policies conflict with the legislative intent of the Cortese-Knox-Hertzberg Act (Government Code Section 56000 et seq.).

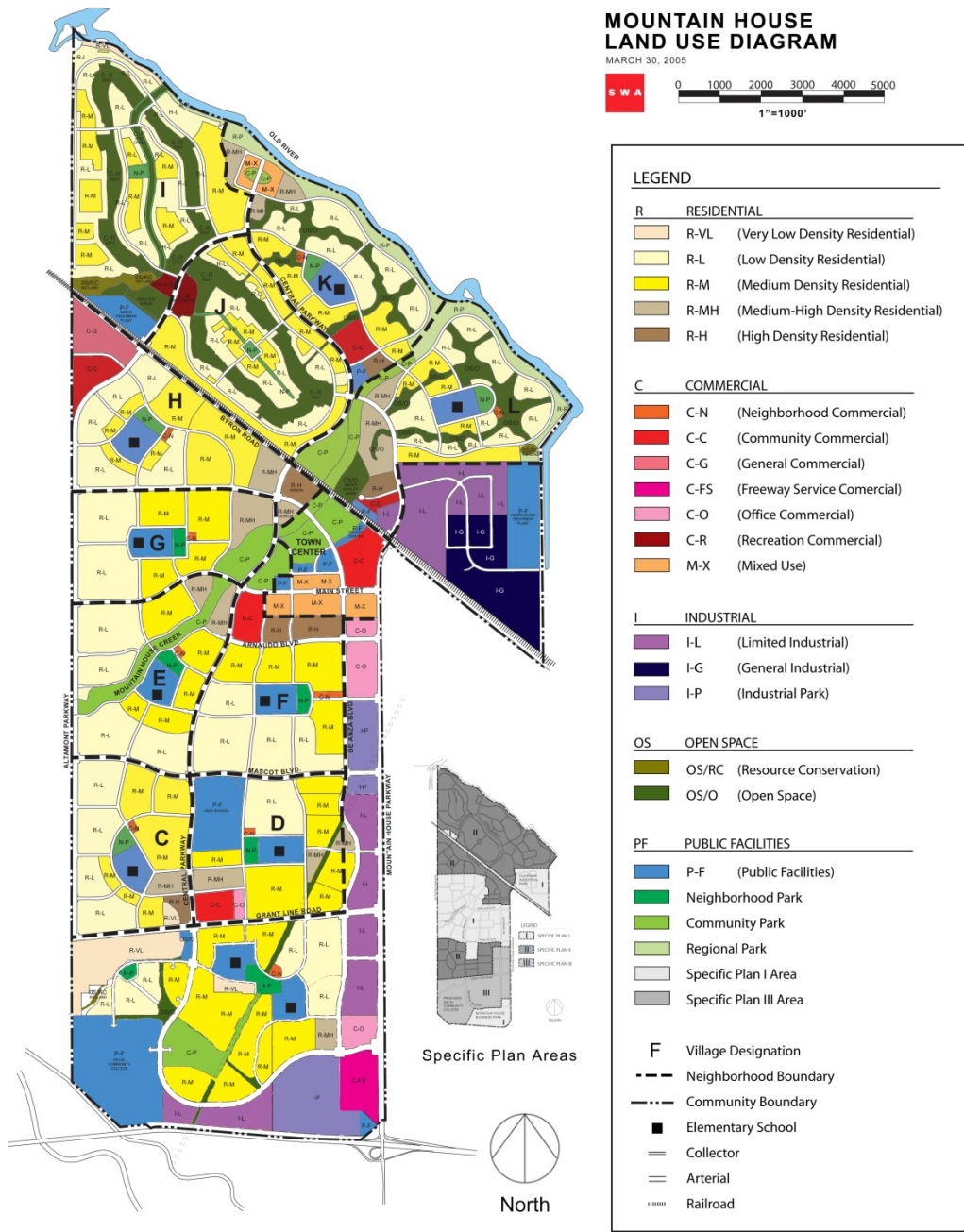
LAFCO Policies and Procedures make it clear that LAFCO’s preference is for sphere of influence proposals that are based on general plan policies for implementing ordinances and programs that address smart growth principles, infill and redevelopment strategies, mixed use and increased densities, job development centers, community buffers, and conservation of habitat, agricultural land, and open space.

A. SPHERE OF INFLUENCE BOUNDARIES

The MHCS D was created by the County of San Joaquin to provide services within the boundaries of the Master Planned Mountain House Community. A General Plan and three Specific Plans have been adopted that encompass the entirety of the territory, 4,784 acres, intended to be the maximum geographic extent of growth for the MHCS D. Map I reflects the boundaries of the Master Plan area, which are the same as the established boundaries of the Sphere of Influence. This MSR is only intended to provide LAFCO with the information and determinations to reaffirm the existing Sphere of Influence for the MHCS D.

Not all of the area within the Master Plan and Sphere of Influence has been annexed to the District, although Specific Plans have been adopted for the entire area. Map II reflects the portion of the Master Plan area that has not been annexed, with the exception of the area denoted as Delta College, which was annexed in 2007. The remainder of the property in Map II is expected to be annexed when the property owners complete their infrastructure design and are ready for construction. This annexation is anticipated in the Master Plan and all of the associated public facility and public financing plans for Mountain House.

Map I: Mountain House Master Plan



B. PROJECTED POPULATION WITHIN THE SPHERE OF INFLUENCE

Projected population for the Mountain House Master Plan Area and Sphere of Influence is based on the expected occupancy for each land use as reflected in the Master Plan and anticipated market absorption for each type of land use. **Table III-1** below reflects the most recent expected population growth pattern. The population in 2016 resides within the current boundaries of the MHCSD in Neighborhoods C, E, F, G and H, five of the twelve master planned neighborhoods.

Table III-1: Population Projections

<u>Year</u>	<u>Additional Population</u>	<u>Total Population</u>
2008 ⁶	N/A	7,996
2010 ⁷	1,679	9,675
2015 ⁸	5,325	~15,000
2025	11,600	26,600
2035	11,600	38,200
2040 (buildout)	~5,800	~44,000 ⁹

C. LAFCO DETERMINATIONS

The MHCSD is not requesting nor does it intend to change the current sphere of influence boundary. Therefore, the determinations in the following sections describe the continuing ability of the MHCSD to provide services adequate to meet the needs of both the current population within the Mountain House Master Plan and Sphere of Influence boundaries as well as the projected population at buildout of the Master Plan area.

1. Present and Planned Land Use within the Current Sphere of Influence

The Mountain House Master Plan and Specific Plan I were adopted by the San Joaquin County Board of Supervisors on November 10, 1994, Specific Plan II adopted on February 8, 2005 and Specific Plan III adopted on November 22, 2005. The total Master Plan area is 4,784 acres. Presently approved land uses are reflected on Map III. The land uses reflect a mix of Low- to High-Density residential, commercial and industrial so that jobs are created for every resident in the community who plans to work, and

⁶ Per 2008 MSR

⁷ US Census, recorded date of April 1, 2010

⁸ Approximated based on analysis contained in MHCSD Urban Water Management Plan (2016)

⁹ Per Master Plan

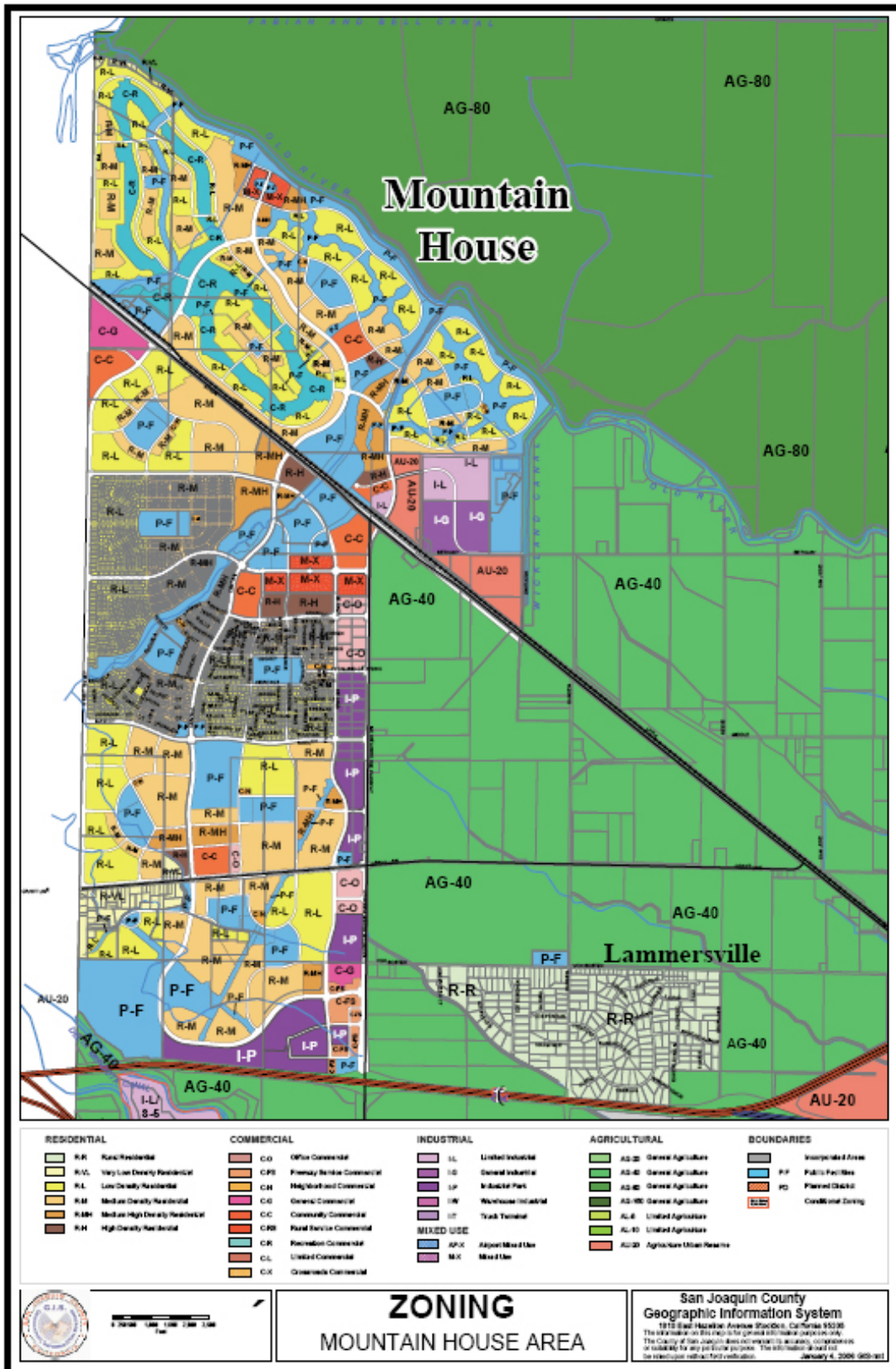
providing housing that is affordable to those working residents as well. Open space and recreational facilities have been provided in the Master Plan, with their implementation provided in greater detail in the Specific Plans. Fiscal policies to ensure the implementation of community amenities are provided in the Mountain House Public Financing Plan (PFP) and the Master Acquisition and Reimbursement Agreements (MARA) with each developer. A buffer around the community is provided by policies of San Joaquin County as well as sizing the infrastructure to serve only the geographic area and population within the sphere of influence/master plan area.

Present and planned land uses as specified in the Master Plan, SOI, and Specific Plans (Plans) are appropriate for serving existing and future residents of the Mountain House community. Together, these Plans are consistent with land use goals, policies, and objectives contained in the existing and current draft San Joaquin County General Plans. All of these plans include goals, policies, and implementing programs that address growth, development, and conservation of open space. Present and planned land uses as specified in the Master Plan include Very Low Density Residential, Low Density Residential, Medium Density Residential, Medium-High Density Residential, High Density Residential, Neighborhood Commercial, Community Commercial, General Commercial, Freeway Service Commercial, Mixed Use, Office Commercial, Recreation Commercial, Limited Industrial, General Industrial, Industrial Park, Open Space/Resource Conservation, Open Space/Other, Public Facilities, Neighborhood Park, Community Park, and Regional Park.

The 2035 San Joaquin County General Plan Land Use Map remains unchanged for Mountain House from what is shown in the current County General Plan 2010. The updated 2035 General Plan is also carrying forward all the current policies from the 2010 General Plan regarding Mountain House to the General Plan 2035. No new policies or map updates are being added.¹⁰

¹⁰ Personal communication, John Funderburg, Principal Planner, San Joaquin County, September 13, 2016

Map III: Presently Approved Land Uses



2. Present and Probable Need for Public Facilities and Services

The ability of the MHCSD to provide services is presented in this MSR with an analysis that shows MHCSD's capability in providing adequate public facilities and services to meet the existing and growing needs of the community.

The MHCSD entered into a Public Services Allocation (PSA) agreement that defines which services will continue to be the responsibility of the County and which will be provided by the District. The County will provide land use and building approval/inspection services, while the MHCSD provides services under its eighteen legal powers as defined in the California government code establishing the MHCSD for water, wastewater, storm water, garbage, law enforcement, fire and EMS, street lighting, library and building services, road maintenance, transportation services, graffiti abatement, CC&R enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunication, dissemination of information, and park and recreation. Many of these services are currently provided through contracts for service. As the town grows and/or incorporates, contract for services will be continually re-evaluated for cost-effectiveness, efficiency, and service quality to the community.

A financing plan was developed that projected the costs of providing an urban level of service to the Master Plan area at buildout of the community. Details regarding the level of services are contained in the Master Plan and subsequent supporting documents approved by the County. Sufficient funds are currently available to meet the needs of the present population and are projected to be sufficient to meet the needs of the population at buildout. The sufficiency of funding has been reviewed by the County each time it has approved a Specific Plan. The most recent summary is attached as **Exhibit I**.

Public facilities, including all water, wastewater, storm water, streets/signals/lighting, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding agreements with developers to ensure proper funding and triggers for construction of the facilities are met. New development within the SOI will lead to population growth and the need for additional public facilities and service provisions as stipulated within the development and financing agreements that serve as implementation of the Master Plan.

The expanded tax base that results from new development will provide funding for these facilities and services. Development fees collected when building permits are issued are used to pay back developers for constructing community facilities, while utility debt service fees collected as part of the monthly utility bill are used to pay back the Master Developer for design and construction of the state-of-the-art water, wastewater and storm water treatment systems. Development and connection fees will fund capital costs with user charges funding operating and maintenance (O&M) expenses. Current O&M rates are under review by the MHCSD to ensure revenues cover O&M expenses. Master Plan policies are in place to ensure adequate service provisions for current and future populations. Greater detail regarding present and planned public facilities is in Chapter III.

3. Present Capacity of Public Facilities and Adequacy of Public Services

Existing public facilities and services are adequate to meet the needs of the MHCSO population. In September 2015, MHCSO entered into a contract with the French Camp McKinley Fire District (FCMFD), or Mountain House Fire Department (MHFD), for Fire and Emergency Medical Services (Fire and EMS). MHFD provides 24/7 staffing meeting the National Fire Protection Association (NFPA) standards. Fire and EMS are provided to the community from MHCSO-owned Firehouse Station 98. A second fire station is planned to be constructed north of Byron Highway once development begins in that area.

The San Joaquin County Sheriff's Office (SO) currently provides six officers assigned full-time to Mountain House, with support for these deputies from San Joaquin County Sheriff's Office Beat 8. Additional SO resources are assigned as necessary to Mountain House to address specific needs, such as traffic enforcement, criminal investigation, technical services, such as evidence gathering and documentation, transport, and incarceration, as well as other community services, such as community oriented policing, citizen's academy, STARS, etc. MHCSO works closely with the SO to ensure adequate funding covers the necessary cost for these services, including a special fund of \$25,000 per year to cover the cost associated with enhanced traffic enforcement. The California Highway Patrol also works closely with the SO in Mountain House to support traffic enforcement. The SO maintains a substation located in the MHCSO office building.

The MHCSO's water supply, wastewater, and storm drainage services meet the needs of the current population and are being updated and expanded to meet the needs of future populations.¹¹ Expansion of water, wastewater and storm drainage public facilities to meet the needs of the buildout population are either under construction or plans are being approved with projected construction dates forecast to be ahead of demand created by population growth. A contract with the Byron Bethany Irrigation District (BBID) provides Pre-1914 water to meet current water demands for the existing population while ensuring a long-term supply of water to meet the projected needs of the community at buildout.

Neighborhood Parks are constructed and opened for public use prior to completion of each neighborhood. Four villages, or neighborhood parks, have been completed, with a fifth park under design now for Hansen Village. A sixth Village, Julius Cordes Village (or Cordes Village) is currently undergoing final plans for approval, with construction of Cordes Village proceeding in spring 2017, which include a village park and a small park that will be added to the local lighting, landscape maintenance district to meet operations and maintenance needs. Phase I of the Central Community Park is also completed, with design soon to be underway for Phase II expansion of the community park.

Major arterial and collector roads have been completed to serve the present population and will be extended into new areas as construction occurs. Grant Line Road between

¹¹ Subsequent to the adoption of the Master Plan (1994), Water Supply Assessments (SB 610) and Written Verifications (SB 221) were completed for SPII and SPIII (SPI pre-dates SB 610/221, therefore no SB 610/221 was performed for SPI, but water supply analysis was analyzed in the certified Environmental Impact Report (1994)); master plans for water, sewer, and storm water undergo regular updating to be consistent with growth forecasts and infrastructure needs identified in the Master Plan.

the Alameda County line and Mountain House Parkway is in the engineering design phase for expanding from a two-lane roadway to a four-lane roadway with median, with construction to begin in 2017 to make the necessary improvements. A number of north-south connectors to Grant Line Road are also in the engineering design phase connecting Central Parkway, Great Valley Parkway, and others to Grant Line Road, which should improve general circulation and ease traffic congestion in the area.

The determinations included in Chapter IV of this MSR show that public facilities and services are adequate to meet the needs of the current population, are being improved over time, and specific timeframes have been established to meet future population levels.

4. Existence of Social and Economic Communities of Interest

No change in the Mountain House Sphere of Influence is being proposed. Thus, no adjacent community or population will be impacted any differently than anticipated in the environmental review of the Master Plan and subsequent Specific Plans.

IV. DETERMINATION #1: GROWTH AND POPULATION PROJECTIONS

This part of the Municipal Services Review provides information on the current and projected population in Mountain House that will create the need for the services discussed in Chapter III. Occupancy in Mountain House began in 2003 following the conclusion of the 2000 United States federal census, therefore detailed demographic data for the current population were not available until the 2010 census, where records show a population as of April 1, 2010 of 9,675. Estimated current population based on per capita per dwelling unit and projections from the Mountain House Urban Water Management Plan (2016) are available and serve as the basis for the following sections.

A. CURRENT POPULATION AND DWELLING UNITS

The present population of Mountain House is currently estimated to exceed 15,000 based on the number of occupied dwelling units.¹² In January 2006, the State Department of Finance conducted a special population census for Mountain House and estimated then that the average household size for each single family dwelling unit was 3.045. This data provided an average and did not distinguish between low-density and medium-density residential land use, nor condominiums.

Current estimated population densities by dwelling unit type from the Mountain House Urban Water Management Plan are reflected below in **Table IV-1**, along with the most recently projected number of dwelling units to be occupied at build out of the Master Plan and Sphere of Influence area.

Table IV-1: Dwelling Unit Population Density and Projected Dwelling Units

Master Planned Residential Land Use	<u>Persons Per Dwelling Unit</u>	<u>Number of Dwelling Units at Build Out</u>
Very Low and Low Density	3.12	5,211
Medium Density	3.12	6,374
Medium High Density	2.0	2,596
High Density	2.0	1,034
Senior and Age Restricted	2.0	290
Town Center Mixed Use	2.0	200

¹² See 2016 Urban Water Management Plan, Section 3.4 MHCS D Service Area Population and Demographics, prepared by West Yost Associates, and Adopted May 11, 2016 by the MHCS D Board.

B. PROJECTED POPULATION

Current population projections estimated the Master Plan and Sphere of Influence area to be built out by 2040. The anticipated growth pattern is reflected in **Table IV-2** based on the land uses approved in the most recent Specific Plans and tentative maps.

Table IV-2: Historical and Projected Population and Number of Dwelling Units

<u>Year</u>	<u>Incremental Population Increase</u>	<u>Incremental Number of Occupied Dwelling Units</u>	<u>Total Population</u>	<u>Total Number of Occupied Dwelling Units</u>
2008 ¹³	7,996	2,631	7,996	2,631
2015 ¹⁴	~7,004	1,929	~15,000	4,560
2022	8,120	3,120	23,120	7,680
2028	6,960	2,675	30,080	10,355
2034	6,960	2,675	37,040	13,030
2040 ¹⁵ (buildout)	6,960	2,675	44,000	15,705

C. DETERMINATIONS

The Mountain House Master Plan and Specific Plans provide the basis for development of the community. Together, these plans detail the approved land uses and project the population in the land uses that will need the services provided by the MHCS D. The 2008 MSR reported the population to be 7,996 and a total number of occupied dwelling units to be 2,631. According to the 2010 US Census, as of April 1, 2010, the population was reported to be 9,675. As identified in the tables above, the current population exceeds 15,000 and is growing. According to the Master Plan, the build out population is projected to be approximately 44,000. The updated projected build out year is year 2040. In addition, the 2008 MSR reported the total number of occupied dwelling units at buildout to be 14,915 dwelling units based on approved land uses. However, the adopted Master Plan shows the total number of expected dwelling units at buildout to be 15,705. Services described in Chapter III are adequate to meet the needs of the projected buildout population of the Master Plan and Sphere of Influence area.

¹³ Per MSR 2008

¹⁴ Per MHCS D Staff & info

¹⁵ Per Master Plan and MSR 2008

V. DETERMINATION #2: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

The purpose of this section is to evaluate infrastructure needs and identify potential deficiencies of services provided by the MHCSO, especially as they relate to current and future users. LAFCO is required to make a determination regarding the infrastructure needs, or deficiencies, within the MHCSO and the SOI.

This section of the MSR will address the provision of the following public services, some of which are directly provided by the MHCSO and others which are provided through contracted services:

- Fire Protection and Emergency Medical Services
- Law Enforcement
- Water Supply and Treatment
- Wastewater Collection and Treatment
- Storm Water Collection, Treatment, and Discharge and Flood Protection
- Parks, Schools and Libraries.

In order to approve a change in the SOI and annexation of land into the MHCSO, LAFCO must determine that the necessary infrastructure and public services exist to support the new uses at comparable service levels. The information put forward in this MSR demonstrates support for the MHCSO build-out SOI boundaries.

A. FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES¹⁶

Fire and Emergency Medical Services are managed through a combination of service providers. The Fire and Emergency Medical Services (Fire and EMS) is managed through a contract with the French Camp McKinley Fire District (FCMFD) or Mountain House Fire Department (MHFD), since September 13, 2015. Prior to this date the contracted fire services were managed through Tracy Rural Fire Protection District (TRFPD - By contract with the City of Tracy through the South County Fire Authority).

The Emergency Medical Services are provided through a combination of expanded scope Basic Life Support¹⁷ (Expanded Scope BLS provides additional life saving measures beyond BLS) through MHFD with transport provided primarily by American Medical Response (AMR) with Advanced Life Support (ALS) services.¹⁸ The expanded BLS scope provided by MHFD allows department personnel to administer Epinephrine in severe allergic reaction cases and Naloxone to reverse the effects of opiate (pain killers, narcotics) overdoses. These were formerly only allowed to be given by

¹⁶ Per MHFD Fire Chief, Paul Tualla, written correspondence

¹⁷ MHFD written correspondence between Fire Chief Paul Tualla and Dan Burch, San Joaquin EMS Agency, September 9, 2015

¹⁸ See San Joaquin County EMS Agency Report on Ambulance and Fire Response Services in the Mountain House Community Services District

Paramedic Personnel. MHFD is the first fire department in the County to participate in this program under the San Joaquin EMS Agency. MHFD has also submitted an ALS Application to the San Joaquin EMS Agency as part of its contractual obligations with MHCSD. According to Mr. Dan Burch, the SJCO EMSA administrator, the agency is reviewing the application and data to determine feasibility of Fire based ALS in Mountain House and determine the effectiveness of this program in comparison to BLS expanded scope supported by ALS provided AMR.

The MHFD Fire and EMS is staffed through a contract with the FCMFD. FCMFD currently employs approximately 40 personnel:19-Reserve Firefighters (Note: Reserve firefighters support all functions of the district when called upon for paid duty), and 19-Full time firefighters working a day shift or a one of three, 48-96 shift platoons. The District also employs a full time Administrative Assistant and a Part Time Investigator/ Fire Inspector.

FIRE & EMS SERVICE DELIVERY

As part of the MHCSD Fire and EMS contract, the MHFD operates out of Mountain House Fire Station 98. The station staffs 4 personnel, 24 hours a day, 7 days a week, with an available Chief Officer. This is based upon a three platoon system that works a 48 hours on and 96 hour off schedule. The shift staffing includes (1) Company Officer, (1) Fire apparatus engineer or certified apparatus operator, (1) Firefighter, (1) day Shift Coverage Firefighter that works a 10 hour schedule. When the day shift Firefighter is off for the PM shift, or is off for the day, a trained Reserve firefighter comes in and fills the shift. This allows for two, 2-person engine companies to be available at all times.

In addition to the staffing at the Mountain House Fire station, a Full- time Fire Chief, Assistant Chief / Fire Marshal, Training / Operations Battalion Chief, Administrative Assistant and a Part- Time Fire Inspector / Investigator are available for Administrative and Operational support of the MHFD. Fire personnel provide expanded services to the community beyond traditional Fire & EMS duties that include the following: Assistance in emergency preparedness to include the MHCSD's Emergency Operation Plan and Emergency Operations Center, Incident Action Plans, and Community Emergency Response Teams, as well as classroom Fire & EMS education in the community's K - 12 schools.

TRAINING

The Training Battalion Chief and his Assistant Training Coordinators are responsible for the delivery of all fire and EMS programs. The training includes a full array of mandatory and professional development topics such as: fire operations, to include live burns, EMS operations, Hazmat FRO and Decon, professional development courses, prevention courses, technical rescue and CAL OSHA topics. These training requirements are set forth in the annual training plan. Personnel are required to maintain a minimum of 12 hours of training per month as part of this plan.

EQUIPMENT

The Mountain House Fire Station houses the following equipment:

- 1999 KME Firefox Type 1 Fire engine with 500 gals of water and a 1500 GPM pump
- 1991 Pierce Quint Ladder truck with 300 gals of water, 1,500 GPM pump and 75' aerial device.
- 1995 Hi-Tech Spartan Type 1 Fire engine with 800 gals of water and a 1,500 GPM pump
- 2008 Ford F-550 4X4 Type VI Quick Response Vehicle (QRV) – Wildland Engine with 300 gals of foam and pump. Due to the smaller size and quickness of the QRV, this vehicle serves as the primary EMS vehicle, as well as its ability to access parks and walking trails and vegetation fires difficult to reach with larger engines.

Additional equipment is available at the French Camp McKinley Fire District Station #11-1, for reserve and backfill purposes. The additional equipment available is:

- 2010 Hi-Tech Spartan Type 1 Fire engine with 500 gals of water and a 1500 GPM pump
- 1990 Ford Grumman Type 1 Fire engine with 1000 gals of water and a 1500 GPM pump
- 2007 Ford EVS Medium Rescue Vehicle with 300 gals of water, 50 gals of foam and a Compressed Air Foam System (CAFS)
- 1991 International Type 6 wildland engine
- Three support staff vehicles

FIRE AND EMS RESPONSES¹⁹

The MHFD handles approximately 500 calls for service per year. These calls are dispatched through the Valley Regional Emergency Communications Center (VRECC), as part of a Joint Powers Agreement with the San Joaquin County Joint Radio Users Group (JRUG) in which the FCMFD participates as a voting member.

The average response time within MHFD is 5:57 for EMS calls and 5:35 for fire calls, overall average is 5:50 for all calls. Contractual agreements require an 8-minute or less response 90% of the time. The average turnout time is 1:11 for both Fire and EMS calls. Although no contractual requirements are in place, the Fire Department average is less than 1:30. The following table summarizes the Fire - EMS statistics for the last year.

Table V-1: Fire - EMS Summary Statistics

Call Volume	Average Call Assign	Average Turnout	Turnout 90 th Percentile	Average Response Time	Response Time 90 th Percentile
480	0:32	1:28	1:41	5:54	7:19

¹⁹Per French Camp Fire Chief, Paul Tualla, via correspondence, July, 2016 and October, 2016

The MHFD is a recognized member of the San Joaquin County Fire Chief's Association and participates in the local and statewide mutual aid system. Automatic aid agreements exist between MHFD and the following organizations: The Defense Logistics Agency (Tracy Depot), Montezuma Fire District, along with additional resources available through the San Joaquin County Mutual Aid system.

The MHFD currently holds an ISO 4 rating. With the acquisition of additional equipment and training, MHFD is seeking to improve this rating within the next year. MHFD and the Mountain House community is currently being reviewed by ISO. With improvements in staffing, training, equipment, mutual aid, water pressure, reliability, and the high density of hydrants, an improvement in the ISO rating is expected soon.

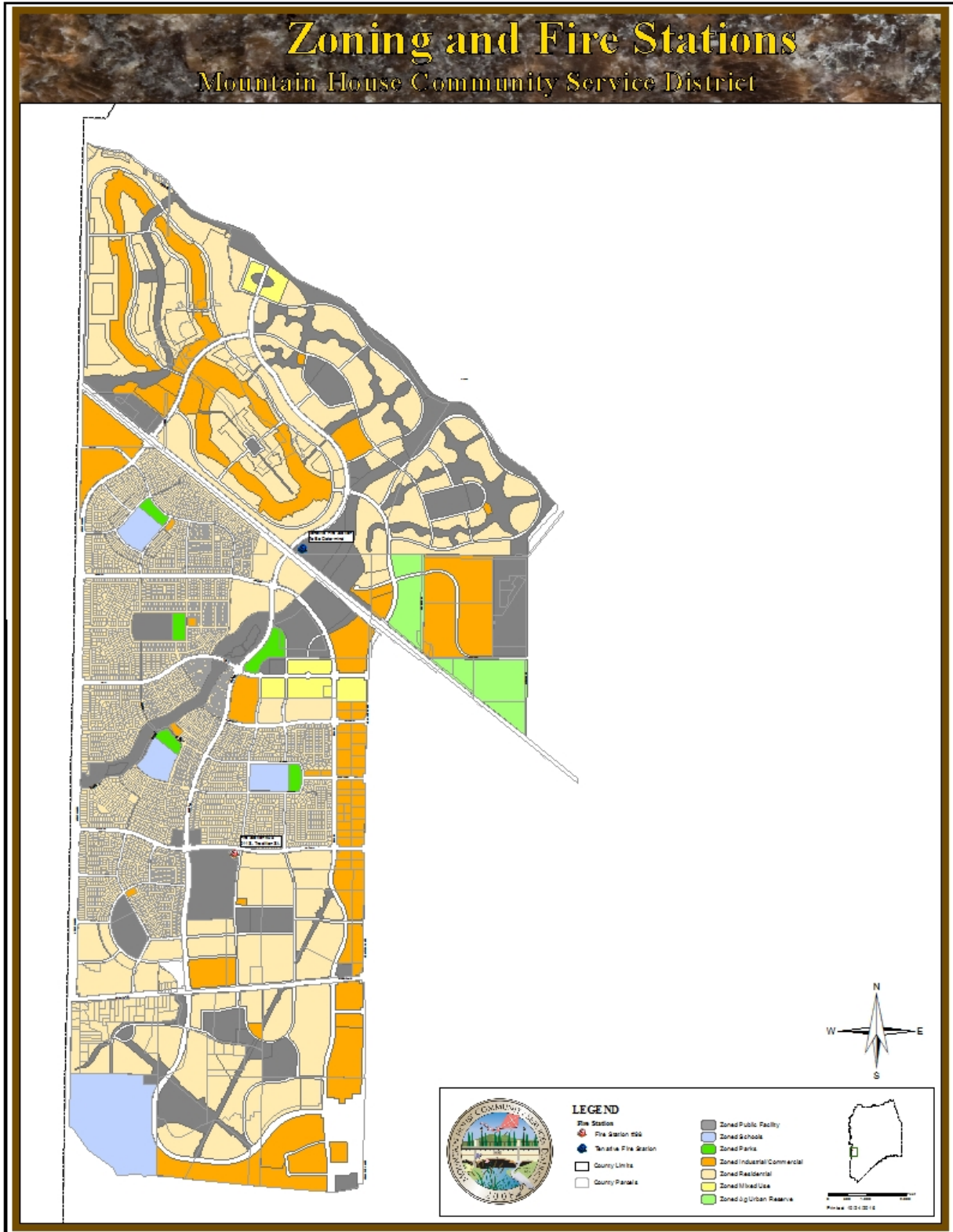
The Mountain House Master Plan, consistent with the County General Plan, specifies that the MHCSD will provide a suburban level of fire protection service and emergency medical services either as direct provider or by contracting for services. Fire protection is required to be provided in compliance with County General Plan requirements and the standards of a Fire Protection Plan adopted by the MHCSD.

The contract with the FCMFD provides for staffing additional fire stations and engine companies as the need occurs. A second fire station is planned north of Byron Road in the near future. National Fire Protection Administration and Insurance Service Office performance standards are met through the current Fire and EMS level and will continue to be met as demands increase from the growing population and addition of the second fire station.

Map IV shows the location of existing Mountain House Fire Station No. 1 (aka Fire Station No. 98), located at 911 Tradition Street, in Mountain House, and the surrounding *South County Fire Authority* fire stations which all have available services for the Master Planned Mountain House community and SOI areas. A second new fire station Mountain House Fire Station No.2 (aka Fire Station No. 99) to be located north of Byron Road, in the Mountain House SOI and master planned areas, will be built in the near future, as development occurs north of Byron Highway.

The adopted Fiscal Year 2015-16 budget by the MHCSD for Fire and Emergency Medical Services contracted services is \$2,254,740, which is sufficient to cover the current staffing levels and operations and maintenance of the fire station and equipment. The need for additional personnel in the future will be addressed by the Board of Directors, MHCSD General Manager, the FCMFD Board of Directors, and the FCMFD Fire Chief, as response times are reassessed and as the budget allows.

Map IV: Fire Station Locations



B. LAW ENFORCEMENT²⁰

Law Enforcement is contracted through the San Joaquin County Sheriff's Office (SJCOSO). The SJCOSO command staff and deputies operate out of two facilities: (1) A satellite office located at the MHCSD office building, 230 S. Sterling Drive, Mountain House, California; and (2) the SJCOSO headquarters located at 7000 Michael Canlis Blvd, French Camp, California. A new, permanent Town Hall is currently being designed with the goal of being occupied by MHCSD in mid-2019 that will include larger law enforcement facilities as a police substation for the SJCOSO. As the community grows, a separate law enforcement headquarters building is planned to be constructed, with a current projection for completion in approximately 2030 dependent on the needs of law enforcement and the community.

The SJCOSO presently assigns six patrol officers full time to Mountain House. Additional law enforcement service is provided by the deputies assigned to Beat 8, a "beat area" that includes Mountain House and the adjacent unincorporated county area. Investigative and all other law enforcement support services are provided through the SJCOSO. The Fiscal Year 2015-16 MHCSD Budget contains funds to hire the additional staff for full-time assignment to Mountain House that will ensure a patrol unit 24 hours per day, 7 days a week present within the MHCSD boundaries and SOI. The current budget also contains funds to provide 'enhanced' traffic enforcement by the SJCOSO in Mountain House, with assistance by the California Highway Patrol. The Mountain House Master Plan provides that sworn officers will be added at levels specified in the County General Plan consistent with standards for comparable urban communities within the County and any additional needs determined by the community. Any increase or decrease of services is coordinated through the MHCSD Board of Directors, General Manager, and SJCOSO.

The Master Plan includes policies and implementation measures that would allow for the MHCSD to continue providing adequate staffing levels. The San Joaquin County Sheriff's Department provides contracted law enforcement services to the Master Plan and Sphere of Influence area. The Sheriff has been and will be providing law enforcement coverage with officers dedicated 24 hours per day, 7 days per week. The Sheriff's Department classifies calls for service as Priority 1, Priority 2, or Priority 3. The definitions for these Priority calls are as follows:

- Priority 1 - Highest Priority, requires immediate dispatching, A crime, typically in-progress, where the physical well-being of a person is in jeopardy. Ex: assault, homicide, kidnapping, robbery, home invasion, burglary (suspect possibly on premises), brandishing a weapon, officer request a fill, bomb threats, coroners case, missing or lost children, disaster (natural or man-made) etc.
- Priority 2 -These calls do not require an immediate response, but should be dealt with as soon as possible: Non-violent persons' crimes and property crimes with known suspects. Examples: Family disturbance, suspicious person (no weapons seen), burglary (suspect not on premises), theft of property with possible suspect lead, welfare check

²⁰ Per San Joaquin County's Sheriff Department, Lt. George, written correspondence

- Priority 3 - The majority of calls fall into this category. These calls are handled in the order in which the calls are received: Property crimes with no suspect leads, incidents where the victim delayed reporting the crime. Examples: Cold burglary, property theft or damage, mail theft, noise complaints, information requests etc.

THE 2015 SAN JOAQUIN SHERIFF'S DEPARTMENT PROVIDED RESPONSE TIMES ARE AS FOLLOWS:

SAN JOAQUIN CO MH RESPONSE TIMES	
PRIORITY 1	6 MIN
PRIORITY 2	16 MIN
PRIORITY 3	24 MIN

Crime rates are typically low in Mountain House, especially when compared with other communities located in northern San Joaquin Valley. MHCSD staff works closely with the SJCOSO command staff and deputies to proactively address concerns, such as crime or traffic safety.

Through its contract with the San Joaquin County Sheriff's Department for law enforcement, the MHCSD provides the Mountain House community with six (6) full-time (Full-Time Equivalents or FTEs) deputies serving a population of over 15,000, which equates to a staffing level of 0.40 per 1,000 residents. Mountain House is designated by the Sheriff's Department as Beat 8. The Sheriff's Office also provides additional deputy support to Mountain House through its assignment of one (1) full-time deputy for the western part of the county defined as Beat 8. The Sheriff's Office also provides law enforcement services that include a command structure, investigation services, technical support (evidence gathering, video/picture logging), community-oriented policing, a citizen's academy, and incarceration in the county jail. The Sheriff's Office collects monthly statistical data for Mountain House that is available online at the (1) Sheriff's web page at www.sjsheriff.org and (2) the MHCSD website in the monthly Board agenda packages at www.mountainhousecsd.org. As the community of Mountain House grows, the need for additional law enforcement personnel will be addressed by the Board of Directors, MHCSD General Manager, the County's Board of Supervisors, and the Sheriff's Department. The analysis will include an assessment of crime statistics, response times, community needs, and revenue availability. The Fiscal Year 16-17 MHCSD adopted budget for law enforcement services is \$1,374,000, which is sufficient to cover the current law enforcement services. The budget also includes a \$25,000 fund for strategic traffic enforcement services to supplement existing deputies in Mountain House. The California Highway Patrol also assists the Sheriff's Department with traffic enforcement within Mountain House. An

administrative office is used by the Sheriff's Department as a police substation currently located in the MHCSD offices.

The adopted FY15-16 budget by the MHCSD for Law Enforcement contracted services is \$1,374,000, which is sufficient to cover the current staffing levels. The need for additional personnel in the future will be addressed by the Board of Directors, MHCSD General Manager, the County's Board of Supervisors, and the Sheriff's Office as response times are reassessed and as the budget allows.

The California Highway Patrol (CHP) is responsible for all traffic related matters that occur within the unincorporated areas of the state, including Mountain House. Specific to Mountain House, the CHP is responsible to enforce the traffic laws, as outlined in the California Vehicle Code, investigate traffic accidents, investigate vehicle thefts that occur from a roadway and respond to parking and other traffic complaints. As a law enforcement agency, the CHP also assists other local and state agencies when requested for general law enforcement and traffic control.²¹

C. WATER SUPPLY, CONSERVATION, AND TREATMENT

The MHCSD provides water service to all of its 15,000 residents and customers. The Mountain House master planned community is comprised of three separate Specific Plans: Specific Plan I, Specific Plan II, and Specific Plan III. Individual water supply assessments (WSA) were done for Specific Plans II & III in compliance with SB 610 and SB 221²² (statutes adopted by the California State Legislature in 2001) that demonstrate an adequate, reliable water supply. Approval of Specific Plan I pre-dates both Senate Bills, therefore no WSA was required, but water supply reliability was contained in the Environmental Impact Report certified by the San Joaquin County Board of Supervisors (1994).

MHCSD has completed an array of studies regarding water supply, distribution system, and treatment systems. The following reports comprise the source for information contained in the remainder of this section: Potable Water System Master Plan Update (West Yost Associates, July 2016), Urban Water Management Plan (West Yost Associates, May 2016) SB 221 Written Verification for Mountain House Specific Plan II (West Yost Associates, July 12, 2016), SB 221 Written Verification for Mountain House Specific Plan III and Mountain House Business Park (West Yost Associates, November 6, 2008), "Water Services Agreement Between Byron-Bethany Irrigation District and MHCSD" (Appendix 12-A, Mountain House Master Plan, dated September 7, 1993).

Approximately 4,400 billable water meter connections are currently served, with an average daily usage of 1.97 million gallons, or about 2,400 acre-feet per year. All water

²¹ Per Rick Campbell, CHP Commander, written correspondence

²² Senate Bills 610 (Chapter 643, Statutes of 2001) and Senate Bill 221 (Chapter 642, Statutes of 2001) amended state law, effective January 1, 2002, to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 and SB 221 are companion measures which seek to promote more collaborative planning between local water suppliers and cities and counties. Both statutes require detailed information regarding water availability to be provided to the city and county decision-makers prior to approval of specified large development projects. Both statutes also require this detailed information be included in the administrative record that serves as the evidentiary basis for an approval action by the city or county on such projects. Both measures recognize local control and decision making regarding the availability of water for projects and the approval of projects.

supply infrastructure, including the diversion point, conveyance facilities, treatment plant, storage, and pump stations is designed for ultimate buildout of the community.

The Pre-1914 raw water supply comes from the surface water of the Sacramento-San Joaquin Delta and is purchased from the Byron Bethany Irrigation District (BBID). The BBID raw water intake diverts water from the California Aqueduct, approximately three miles northwest of the existing MHCS D's Water Treatment Plant (WTP). The WTP began operations in 2002 with a current capacity of 15 MGD. The WTP is designed for ultimate buildout and can be expanded to a capacity of 20 MGD as buildout of the MHCS D SOI and master plan area occurs.

Raw water is pumped to the WTP by BBID through a 30-inch diameter pipeline with sizing of the facilities designed for ultimate capacity of 20 mgd. At the WTP site, the raw water enters a 4 million gallon (MG) water storage tank. Water is then pumped by the Filter Pump Station into a compact water treatment facility containing an absorption clarifier, filter, and filter well. The treated water is pumped by the Low-lift Pump station through an Ultra Violet (UV) system. The water is chlorinated and then stored in a 4.5 MG water storage tank. From the storage tank, the treated water is pumped by the on-site pump station into the water distribution system. A drawing of the Water System Master Plan is attached as **Exhibit II**.

MHCS D receives its raw surface water from BBID under a long-term contract with BBID using its Pre-1914 right. The pre-1914 right provides an adequate, reliable water supply for the community of Mountain House now and at buildout. In June 2015, the State Water Resources Control Board (SWRCB) ordered a curtailment of pumping for certain pre-1914 water rights, including BBID's rights. BBID immediately challenged the SWRCB's action resulting in dismissal of the action. To avoid any concern regarding a water supply shortage, MHCS D immediately purchased supplemental raw water from the South San Joaquin Irrigation District to meet its needs during several months in mid-2015 when the SWRCB lifted its curtailment. In an effort to meet future water supply emergencies, MHCS D has completed a water supply master plan (2015) identifying several high priorities to meet future water supply needs: (1) establish a restricted fund (drought mitigation fund) containing sufficient reserves to purchase water on the state's open water market (Goal met in the Fiscal Year 2015-16 budget); (2) investigate feasibility of Aquifer Storage & Recovery (currently in planning phase); (3) investigate partnerships with neighboring agencies (currently ongoing); develop water banking conjunctive use and exchange program (long-term); and (4) participate in water storage development (ongoing). Together, these water supplies will ensure a safe, high quality water supply for the community now and at buildout.

Annual water production for Mountain House since the water treatment plant began operation is presented in Table 1. Total water production in 2015 was 780 million gallons (MG) or 2,394 acre-feet (af) representing a decrease of approximately eleven (11) percent from the previous year.

Table 1. Annual Treated Water Production^{(a)(b)}			
Year	Annual Production, afa	Annual Production, MG	Percent Change from Previous Year
2003	260	85	
2004	541	176	107%
2005	1,005	328	86%
2006	1,554	503	53%
2007	2,372	773	54%
2008	2,678	873	13%
2009	2,703	881	1%
2010	2,590	844	-4%
2011	2,630	857	2%
2012	3,085	1,005	17%
2013	3,391	1,105	10%
2014	2,698	879	-20%
2015	2,394	780	-11%

^(a) 2003-2012 Based on Water Treatment Plant production data from Eco Resources and South West Water Company.
^(b) 2013-2015 Based on production data from MHCS D.

The amount of water purchased and delivered to customers in each year between 2015 and buildout of the community will depend upon the pace of development as determined by market conditions and the pace at which developers construct parks and other landscape amenities in the community. Additional water may be obtained from BBID through agreement if the need develops. In addition to the purchased water, portions of lands included in Specific Plan II have a riparian right to use water from Old River. The projected customer demand within the riparian area is about 2,600 acre-feet annually.²³ The MHCS D closely monitors its water supply and water conservation efforts, and is actively seeking sources of emergency water supply in case of a water supply emergency.

Table 2. Projected Total Water Demands²⁴					
<u>afa</u>	<u>2020</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>	<u>2040 (Estimated Buildout)</u>
Acre Feet of Water (annually)	5,120	6,394	7,666	8,938	10,172

²³ Potable Water System Master Plan Update 2016, West Yost

²⁴ MHCS D Urban Water Management Plan (2016)

MHCSD owns the water treatment plant and distribution system and contracts operations and maintenance (O&M) to a private operator to meet MHCSD contract specifications and State and Federal laws and permit conditions. The contract with the current O&M operator was approved by the MHCSD Board of Directors in May 2008, with a revised five-year contract term approved by the Board in 2015.

1. Water Distribution System

The Mountain House water distribution system consists of approximately 49 miles of pipelines ranging from 6 to 30 inches in diameter. Generally, pipelines less than 24 inches in diameter are polyvinyl chloride, and those 24 inches or larger are ductile iron. The existing water system has one raw water storage tank and three treated water storage tanks. These tanks provide water to meet hourly demand fluctuations, supply demands during emergency and power outage conditions, and a fire flow reserve. The existing water distribution system also has a booster pump station located at the WTP site which contains four booster pumps with room for two more. The booster pump station has an onsite power generator for power outages. A second booster, the Westside Booster Pump Station, has been constructed to boost water from Zone 1 and Zone 2. A bypass has been included at the pump station with a pressure reducing/sustaining valve with a setting of 30 pounds per square inch (psi) to allow water to flow from Zone 2 into Zone 1 during emergencies. The College Park Zone 1 and Zone 2 booster pump station is located near the Delta College in Zone 2. Each zone has three pumps with a redundant pump to be shared between the two zones. All tanks and lines have been placed in operational use over the past twelve years and presently serve Neighborhoods A (Delta College), C (High School and Fire Station), E, F, G and H. Existing systems are sized to serve the community at buildout with additional lines to be constructed by the developers as future neighborhoods are built.

2. Water Treatment Plant and Storage

A state-of-the-art surface 15 MGD water treatment plant (WTP) using ultraviolet (UV) and chloramine for disinfection is presently in operation. The WTP is designed for expansion to 20 MGD as demands increase. The existing water system has one 4.5-million gallon (MG) treated water storage tank at the WTP and two 3.75 MG treated water storage tanks at the Delta College location. These tanks collectively provide 12-million gallons of potable water storage, more than enough to meet hourly demand fluctuations, supply demands during emergency and power outage conditions, and potential fire flow demands. All tanks and lines have been placed in operational use over the past twelve years and presently serve Neighborhoods A (Delta College), C, E, F, G and H. The existing WTP is designed to be expanded by adding treatment equipment into existing treatment bays with new water storage tanks to be constructed as a requirement to meet future development needs.

All treatment plant facilities have extensive instrumentation and control (I&C) systems, such as Supervisory Control and Data Acquisition (SCADA) and communication protocol to allow remote operation, along with an integrated state of the art security system to protect against physical or electronic intrusion.

The raw water is provided by BBID through their pump station located along the California Aqueduct downstream of the Harvey O. Banks Pumping Plant (BBID's

diversion and pumping facilities pre-date the State Water Project system, and therefore, the BBID possesses a settlement agreement with the SWP recognizing BBID's right to divert) and is delivered through a BBID-owned 30-inch pipeline to the treatment plant, where the raw water becomes the responsibility of the O&M operator.

3. Water Conservation Measures

The MHCS D has used conservation pricing since the inception of water service in Mountain House in order to discourage high water usage. Additionally, the MHCS D has an active public information program included in utility bills, newsletters, website, and at special events. All building construction has occurred within the past twelve years, therefore, new building codes using low water use fixtures and state-of-the-art irrigation systems are in place, which helps the community of Mountain House to be among the lowest per capita water users in the state despite being located in the hot, semi-arid northern San Joaquin Valley. The Master Plan requires low water use landscaping, with reviews of the landscaping made each year resulting in improving (or lower) water use landscaping. The Master Plan also requires minimal use of turf, which doubles as storm water infiltration during the winter for each lot. During the summer irrigation system, the small amount of turf is irrigated using sub-surface irrigation to minimize overspray, runoff, and losses to evaporation. All irrigation is also computer controlled to minimize over irrigation.

All water connections are one-hundred percent metered in the MHCS D. The MHCS D actively monitors customer water usage to identify possible water leaks on the customer side of the meter and surveys its own portion of the distribution system for leaks at least monthly, while meters are being read. In 2015, the MHCS D approved and began the installation of "Smart" water transmitters that allow the MHCS D and individual property owners/users to remotely monitor water usage via a secure cloud-based login from any smart device. Using this technology, customers can set up rule curves for water usage, elect messages to be sent to their smart device, and actively monitor real-time water use to minimize and avoid water losses. The MHCS D will continue to monitor water use/demand through its water meter reading program to ensure that conservation measures are being implemented. Adjustments will be made according to the data obtained through the water meter reading program.

As a result of the drought, the MHCS D Board of Directors implemented its Stage III Water Shortage Emergency in 2014 to reduce potable water demands and preserve water supplies, which restricted outdoor water use to three days per week. In 2015 due to the ongoing drought, the MHCS D Board of Directors revised its Stage III Water Shortage Emergency to restrict outdoor water use to two-days per week. During this same time, MHCS D worked proactively on reducing its institutional irrigation (parks and landscaping) and coordinated with the Lammersville Unified School District (LUSD) on its irrigation of school fields to reduce irrigation through implementation of climate-based controllers. Throughout all its proactive conservation programs, the MHCS D and the community have continued to exceed state mandated requirements for water use reduction.

The MHCS D completed its first ever state-mandated Urban Water Management Plan in June 2016 (UWMP). As part of that update, the UWMP evaluates the capita water demand as required by SBx7-7, the Water Conservation Act of 2009, and its resulting future demand as a function of growth. The document also explores the use of

reclaimed water as an alternative water supply to help offset potable water demands. Due to high salinity levels and high cost to treat and distribute, the use of reclaimed water at this time is not feasible. The Master Plan anticipates use of recycled water for development north of Byron Highway, which will be blended with raw water and used for landscape irrigation to offset and save potable water.

4. Future Supply and Demand and Improvements to the System²⁵

Mountain House will continue to purchase raw water under the BBID pre-1914 right to meet its firm water supply demand. As demonstrated in supporting water supply documents an adequate, reliable water supply is available to meet the buildout demand of the community. Development north of Byron Highway will add riparian water from the Delta as part of its water supply source. Reclaimed water will also be available from the nearby wastewater treatment plant to 'blend' with raw riparian water to serve as an irrigation source for landscaping and the planned golf course.

The MHCSD is building a diverse water supply portfolio in order to supplement, provide redundancy, and diversify its existing water supplies. Water supply options under examination by the MHCSD are contained within the Governor's Water Action Plan²⁶ and include the following: storage, interconnections with nearby systems, aquifer storage and recovery, conjunctive use, water banking, water conservation, recycling, and water transfers. Currently, the MHCSD budget contains approximately \$500,000 in a restricted drought mitigation fund to purchase supplemental water supplies if necessary during a drought or water supply emergency. The MHCSD adds \$200,000 to this fund each year up to a maximum cap of \$2-million dollars. This fund is separate from the MHCSD reserve fund, which is set up to provide three-months of operating cash reserves in case of an emergency.

Because the Master Plan community of Mountain House is new, all construction involving the water system has occurred within the past twelve years. This system, therefore, is considered new and has not experienced any failures or current need to upgrade or improve the system. Despite the newness of the system, the MHCSD has begun to implement technological upgrades to its system to improve performance and enhance water conservation savings. Technology upgrades includes updating its Supervisory Control and Data Acquisition (SCADA) system as well as "smart" or "climate based" water meter replacements and sensors to better monitor, pinpoint demands, and track usage. Mountain House is also fully metered with water meters read and billed monthly. By deploying new "smart" technology, MHCSD is deploying a transmitter at each water meter that will allow real-time water use tracking by its customers. By logging onto a cloud-based, secure software, customers will not only be able to track water usage real-time, but will be able to setup alerts and message if water usage exceeds a certain value. Industry leaders have shown tracking water usage with behavior will result in greater water savings for the entire community.

MHCSD maintains two funds to support its water enterprise fund: (1) annual Operations and Maintenance fund; and (2) five-year Capital Improvement Plan (CIP) to

²⁵ MHCSD Urban Water Management Plan 2016

²⁶ http://resources.ca.gov/california_water_action_plan/

fund water system upgrades. Both plans are updated each year and adopted as part of the overall annual operation budget for the MHCS D. Revenues for these funds are generated from water rates. Water rates are reviewed and updated as needed periodically to assure adequate funds are available for required water system upgrades and maintenance. Expansion to the system to serve new development is funded by developers.

D. WASTEWATER COLLECTION AND TREATMENT

The MHCS D provides wastewater collection and treatment infrastructure for the master planned Mountain House community. *The Mountain House-Master Plan (November 10, 1994), the Mountain House-Specific Plan I (dated November 10, 1994), The MHCS D Sanitary Sewer Collection System Study (dated June 1, 1999, revised May 17, 2001), and the Amendment to the Sanitary Sewer Collection System Study (dated May 17, 2001)* are the primary sources for the information included in this section. The master plans and studies outline a long-term strategy for meeting future discharge and capacity requirements in order to meet the community needs for buildout of the Master Plan. A drawing of the Wastewater System Master Plan is attached as **Exhibit III**.

The wastewater collection and treatment system is managed by the MHCS D's Public Works Department. O&M services are contracted to a private entity, currently Severn Trent, for the wastewater collection and treatment system to meet MHCS D contract specifications, State and Federal laws, and permits conditions. The wastewater O&M contract was originally approved by the MHCS D Board of Directors in May 2008, but was renewed with a new five year term with the Severn Trent in June 2011 and July 2015.

The wastewater treatment plant (WWTP) and additional lift stations and collection lines will be constructed by developers as needed to connect the trunk sewer lines as new development comes online.

1. Wastewater Collection System

The wastewater system serving the Mountain House community includes a wastewater collection, treatment and disposal system. Approximately 80% of the service area drains by gravity through a backbone collection system to the treatment plant. The remaining 20% is and will be pumped as development occurs to the treatment plant through lift stations and force mains. For instance, the wastewater collection system located south of Byron Road is a gravity system to the treatment plant, currently consisting of approximately 56 miles of collection lines. The wastewater treatment and disposal system was designed and built to serve build out of the community with phasing for expansion of equipment within the treatment plant to be added as necessary to meet development needs. The existing system serves Neighborhoods A (Delta College), C, D (High School, Fire Station), E, F, G and H. The wastewater collection system located north of Byron Road is at a preliminary level of design that will consist of four lift stations as it pumps wastewater up the prevailing grade to the wastewater treatment plant in the nearby vicinity. Additional wastewater infrastructure will be constructed by the developers, as development occurs to meet new demands.

At buildout of the community, all wastewater will flow to the WWTP located within the community master plan and SOI boundaries.

2. Wastewater Treatment Plant

The WWTP will be sized at total buildout to provide 5.4 mgd Average Dry Weather Flow (ADWF) of treatment capacity (all future references to treatment plant capacity will be ADWF). During 2007, the present Phase II treatment system and the associated infrastructure were replaced with a “state-of-the-art” 3 mgd Sequential Batch Reactor system. This system includes head works (influent pump station, screening system and grit removal system), an anoxic reactor for flow/load equalization and a carbon source for denitrification, sequencing batch reactors for biological treatment including nitrification and denitrification, tertiary filtration, automated chemical feed, ultraviolet disinfection and aerobic sludge digestion. Lined aeration lagoons exist as emergency storage lagoons. All new treatment plant facilities have extensive instrumentation and control (I&C) systems, such as SCADA, and an integrated state-of-the-art security system.

Design of the additional expansion of the WWTP is complete and construction is anticipated as development triggers the need per the master plan. Final phase of the WWTP expansion will bring the plant treatment capacity to a total dry weather treatment capacity of 5.4 mgd, sufficient to treat all of the wastewater generated within the Master Plan and SOI boundaries and contained within the existing permit conditions.

Current and projected annual flows at the wastewater treatment plant are as follows:

	<u>2008</u>	<u>2015</u>	<u>2040 (Estimated Buildout)</u>
Flow ¹	0.60	0.70	5.4

1. Total Annual Average Day Flow (AADF) in million gallons per day.

The actual amount of wastewater treated each year between now and buildout of the community will depend upon the pace of development as determined by market conditions.

3. Effluent Discharge, Sludge Disposal and Industrial Waste Regulations

Treated effluent is discharged to the Old River pursuant to Wastewater Discharge Requirements Order No. R5-2013-0004, NPDES Permit No. CA0084271 and Time Schedule Order No. R5- 2012-0073. These orders and the permit are effective August 3, 2012 and expire in 2017.

Sludge generated in the Sequential Batch Reactors is removed as needed and recycled on permitted lands or disposed of in a landfill of appropriate classification.

The MHCS D Board of Directors has adopted an ordinance “Regulating Industrial Waste into the Mountain House Wastewater Collection and Treatment System.” MHCS D is responsible for administration of the programs to enforce the provisions of this ordinance and expects day-to-day monitoring to be the responsibility of the contracted services provider. The MHCS D’s WWTP is governed by an NPDES permit issued by the Central Valley Regional Water Quality Control Board (Regional Board), which is required to be reviewed every five years.

4. Future Wastewater Demand and Systems Improvement

Based on projected wastewater generation factors for various land use, the projected buildout plant capacity is 5.4 mgd. The overall collection sewer system will consist of a combination of trunk sewer gravity collection system with pump or lift stations located along the alignment to convey wastewater to the wastewater treatment plant. According to the Master Plan, the land located in SPIII and other smaller parcels will be annexed and will collect and convey its wastewater flows generated from these areas.

The Wastewater Operations and Maintenance (O&M) Fund and the Capital Improvement Plan (CIP) Fund pay for necessary O&M as well as any system upgrades necessary to meet regulatory conditions and infrastructure repairs. Revenues for these two funds are generated from wastewater rates, with a review of rates currently underway. Rates are planned to be reviewed every five years to ensure O&M expenses and CIP requirements are met. Infrastructure expansion to serve new development is funded by developer impact fees.

The MHCS D evaluates the fee structure on a continuous basis to assure that sufficient funds are generated from development to pay for the various public improvements needed to provide wastewater treatment and collection services for the existing and increased population.

All building construction involving the wastewater system has occurred over the past twelve years. Current ongoing maintenance and CIP projects include a meter installation, floor repair, SBR transfer valve, valve replacement, SBR guide repair, grit room compressor installation, decanter repair, and SBR air membrane replacement, totaling an estimated \$600,000 with costs spread over the next two years.

E. STORM WATER DRAINAGE

The MHCS D provides storm water drainage infrastructure for the master planned Mountain House community. *The Mountain House Storm Water Master Plan Update-Addendum 1 (May 3, 2004), the Mountain House Storm Water Master Plan Update (dated April 26, 2002, Revised April 22, 2003, Updated May 27, 2003), and the Mountain House Storm Water Master Plan (dated 1999)* are the primary sources for the information included in this section. The master plans outline a long-term strategy for meeting future collection, drainage, and conveyance requirements in order to meet the community needs for buildout of the Master Plan. A drawing of the Storm Water Drainage System Master Plan is attached as **Exhibit IV**.

The storm water drainage system is managed by the MHCS D's Public Works Department. Although managed by the MHCS D, the operations and maintenance services are contracted out for the storm water drainage system to meet MHCS D contract specifications, State and Federal laws, and permits conditions. The MHCS D NPDES permit is also managed by the Public Works Department. The contract with the private contractor for O&M services was originally approved by the MHCS D Board of Directors in May 2008, with two contract extensions in June 2011 and July 2015.

1. Existing Storm Water Collection System and Planned Expansion

The existing “state-of-the-art” storm water collection system collects, filters, conveys, and treats runoff from within the master planned SOI area and from within the watersheds to Old River via a gravity flow system.

The Mountain House storm water collection system is a gravity system consisting of street inlets, carbon filters located at the inlets, water quality storage ponds and treatment basins, an engineered Mountain House Creek (for further treatment), culverts, inlets, and approximately 57 miles of lines. All facilities have been placed in operational use over the past twelve years and presently serve Neighborhoods A (Delta College), C, D (High School, Fire Station), E, F, G and H. The storm water drainage system will be expanded as development occurs within the master planned and SOI area. Additional lines and infrastructure will be constructed by the developers as neighborhoods are ready for development.

The storm water collection system has been designed for build out through its various master infrastructure plans. The MHCS D is experiencing development pressures now as neighborhoods C and D develop toward buildout of their approved maps. Interest in developing the Town Center is underway with plans for the design and construction of the new Town Hall and Library, as well as a new retail shopping center. Development plans are being discussed for lands south of Grant Line Road near I-205 contained within SPIII. As this development occurs, the storm water collection system will expand as necessary according to the Master Plan and in concert with existing designed facilities, such as the engineered Mountain House Creek conveyance, treatment, and drainage systems. .

The charcoal filters located at each existing inlet within the developed area provides initial treatment of runoff collected from rooftops and streets. The primary treated storm water flows from the street level inlets to water quality detention and treatment ponds where secondary treatment occur allowing sediments, debris, and chemicals to settle before runoff is allowed to enter the primary channel of Mountain House Creek, and ultimately Old River. Maintenance of the detention basins is contained in a Mountain House Creek O&M plan. Further filtration of water quality occurs in Mountain House Creek as flow meanders through vegetated areas. In addition to treatment, the ponds serve as temporary storage regulating storm water flow to the system downstream. Additional water quality detention basins currently exist north of Byron Road, adjacent to the railroad and Mountain House Creek, and south of Grant Line Road at Central Parkway. Storm water quality is an integral part of the MHCS D’s storm water management program that contributes to the overall quality of life in the community.

Storm water quality standards imposed and monitored by the EPA and the State Water Resources Control Board through the City’s storm water NPDES permit require treatment of storm water runoff prior to its release into the sloughs, creeks, rivers or the Delta. Treatment is often provided within the detention basins in a separate “wet” area that is adjacent to the main basin. Other treatments are being provided by on-site source control and by site specific BMP measures such as inlet filtration fabrics, street sweeping, etc.

Mountain House Creek has been enlarged to maintain the minimum required freeboard for 100-year flood conditions and to contain detention ponds to regulate flow downstream. MHCS D has updated a hydraulic model of Mountain House Creek

showing capacity to contain flows in excess of the 100-year flood event. In accordance, with Senate Bill 5 and interrelated flood management bills passed by the California Legislature in 2007, work is underway to define what a 200-year discharge event is in terms of flow and determine to what extent Mountain House Creek can contain the larger flow.

2. Storm Water Discharge Permit and Water Quality Management Program

MHCSD has obtained a NPDES Storm Water Discharge permit from the Central Valley Regional Water Quality Control Board (Regional Board (Order No. R5-2013-0004 and NPDES No. CA0084271). These permits issued by the Regional Board set forth the regulatory requirements that MHCSD is required to follow in order to operate and maintain its storm water facility with the goal of minimizing any environmental impact to the waterways of the state. These requirements are contained in the Regional Board's Basin Plan and are better known as Best Management Practices (BMPs), which identify the following programmatic requirements to protect water quality. BMPs include the following: educational activities, street sweeping, periodic testing of storm water runoff and working with commercial and industrial businesses to minimize their contribution of polluting elements contained in runoff that goes into the storm water system. The MHCSD has installed individual storm drain catch basin carbon-based filter inserts to treat and capture various debris, litter, waste, and other contaminants at its collection points prior to entering the storm water conveyance facilities.

A Storm Water Management Program was developed in August 2008. In October 2015, the Mountain House Storm Water Management Program (SWMP) was developed to comply with the NPDES Phase II requirements for small municipal separate storm sewer systems (MS4s). The goal of the SWMP is to reduce the discharge of storm water pollutants to the Maximum Extent Practicable (MEP), protect water quality and satisfy the requirements of the Clean Water Act (CWA). The SWMP includes the implementation of best management practices (BMPs) in each of six categories, an implementation schedule, and measurable goals to help ensure that storm water discharged is of the highest quality that is economically possible. Modifications will be made consistent with final permit conditions.

3. Future Storm Water Drainage Demands and System Improvements

MHCSD maintains a storm water master plan (May 2003) with updates (2006) for the Mountain House community. The existing storm water infrastructure is designed to employ a variety of drainage concepts, the most critical being the ability to exceed 100-year flood protection. The storm water system also serves to improve water quality and enhance the community's natural aesthetics by providing open space and nature trails along the perimeter of Mountain House Creek, the primary storm water conveyance that collects storm water from the residential villages and conveys the storm water to the downstream discharge at Old River. According to recent modeling studies (Pace Advanced Water Engineering Technical Memorandum, 200-Year Flood Elevations in Mountain House Creek, November 2015), Mountain House Creek is able to convey the 200-year flood event, with several areas of minor over topping of the creek's banks adjacent to woodland and park areas that can store and regulate the 200-year storm water event without damage to critical infrastructure or residential areas.

Development located along Old River added and graded material to protect against the 100-year flood event in 2006 during the last building boom. As development in this area returns, an examination of the improved elevation to protect against the 200-year flood event will be made at that time. San Joaquin County serving as the land use authority will be responsible for making the final determination. Per the General Plan Update, Section 3.3, Public Health & Safety Element, the County will update floodplain information as necessary to make informed land use decisions.

MHCSD is also updating the *Operations and Maintenance Manual - Mountain House Creek* (draft date of February 2016) with a final draft expected to be delivered by end of 2016. The purpose of this manual is to determine and provide O&M guidelines for proper management and engineering of Mountain House Creek. The Capital Improvement Plan contained in the *FY2015-16 adopted MHCSD Operating and Capital Improvement Budget* identifies Creek repairs and renovation work to be done. The budget identifies \$75,000 under storm water projects for the fiscal year. The funding source for this project is identified from the Storm Water Fund.

The MHCSD evaluates the fee structure on a continuous basis to assure that sufficient funds are generated from development to pay for the various public improvements needed to serve the increased population.

F. DETERMINATIONS

Based on the information provided in the sections above, the following sections provide determinations regarding the infrastructure needs or deficiencies within the Mountain House Community Services District and its Sphere of Influence.

1. Fire Protection and Emergency Medical Services

Fire Protection and Emergency Medical Services (Fire and EMS) are consistent with the adopted Fire Protection Plan and the Mountain House Master Plan and meet the National Fire Protection Association (NFPA) standards. Fire and EMS is provided to the Master Plan boundaries and beyond (as mutual aid). The existing Fire and EMS services are provided by the French Camp McKinley Fire District, or Mountain House Fire Department. The MHCSD owns Mountain House Fire Station No. 1 (aka Fire Station 98) located at 911 Tradition Street in Mountain House. A second fire station will be built and staffed north of Byron Highway once development in that area begins. Staffing for Fire and EMS will grow as the community grows with response times monitored closely through monthly reports. As development occurs, the Fire and EMS plans will continue to meet NFPA standards and Insurance Service Office standards of coverage for an urban area, with all parts of the community within 4 minutes travel time of a fire station. Funding for the stations and equipment is provided by the developers. Operating expenses are projected to be fully funded by a combination of the existing Public Safety Special Tax and the Property Tax revenue of the MHCSD.

2. Law Enforcement

The San Joaquin County Sheriff's Department provides law enforcement services to the Master Plan and Sphere of Influence area. With the six dedicated deputies, additional deputies funded through 'enhanced' strategic enforcement, as well as "shared" coverage from patrolling deputies in Beat 8 and surrounding unincorporated areas, the

MHCSD is and will continue to provide adequate law enforcement coverage 24 hours per day, 7 days per week. Funding is available through the Public Safety Special Tax and Property Tax revenue to expand the number of officers as the community grows and call volume warrants a larger force. An office is used by the Sheriff's Department currently in the MHCSD office building. The new Town Hall currently being designed by architect Field Paoli includes a larger law enforcement substation that will enable enhanced services within the community. As the community grows, the Master Plan and funding program includes a requirement for a 17,000 square foot police station to be constructed, which is anticipated to be occupied in 2030. Principal law enforcement services will continue to be provided from the main Sheriff's Department facility on Mathews Road.

The California Highway Patrol (CHP) is responsible for traffic related matters that occur within the unincorporated areas of the state, including Mountain House. Enhanced traffic enforcement is contracted with San Joaquin County Sheriff's Department to provide a higher level of traffic service specific to Mountain House. CHP is and will continue to be primarily responsible for enforcing the traffic laws, as outlined in the California Vehicle Code, investigate traffic accidents, investigate vehicle thefts that occur from a roadway and respond to parking and other traffic complaints. As a law enforcement agency, the CHP also assists other local and state agencies when requested for general law enforcement and traffic control.²⁷

3. Water Supply and Treatment

An adequate long-term water supply is available for the full build out of the Mountain House community and SOI through a contract for 9,813 acre feet annually of pre-1914 water from the Byron Bethany Irrigation District. In addition, riparian water rights exist for development lands adjacent to Old River north of Byron Highway. A "state-of-the-art" water treatment plant with a 15 mgd capacity is operational and will be expanded to 20 mgd to meet the built out needs of the Master Plan and Sphere of Influence area.

The system serves all of the present developed area and will be expanded by developers into the developing areas as needed. All work is funded by the developers with reimbursement provided to them, as funds are collected from a capital construction fee (debt service) included in the monthly utility bill to each customer.

4. Wastewater Collection and Treatment

Wastewater treatment is provided through a "state-of-the-art" three (3) mgd capacity Sequential Batch Reaction plant, completed in 2007. This capacity will serve about half of the expected buildout development in Mountain House. Expansion of the wastewater treatment facility is designed and construction bringing the build out treatment capacity to 5.4 mgd will occur as necessary to meet increasing demands. This capacity is sufficient to treat all of the wastewater projected to be generated within the Master Plan and Sphere of Influence area.

The wastewater collection system serves the currently developed portion of the community and will be expanded by developers as new areas develop in Mountain House. All work is funded by the developers with reimbursement provided to them, as

²⁷ Per Rick Campbell, CHP Commander, written correspondence

funds are collected, from a capital construction fee included in the monthly utility bill to each customer.

5. Storm Water Drainage

The Mountain House storm water collection system is a “state-of-the-art” engineered, multi-step treatment and gravity flow system. Stormwater is collected from the community’s roof tops, driveways, and roads and directed to storm water inlets containing carbon filters to provide (1) initial treatment of potential hazardous materials and (2) keep trash, debris, and litter from entering the storm water conveyance facility. Once storm water receives its initial treatment, it is conveyed to the engineered Mountain House Creek through one-way storm water outfalls where it enters water quality detention ponds and basins that serve as temporary storage of further treatment of the runoff to settle out any solids or deleterious substances that makes its way past the primary treatment. From these water quality basins, stormwater enters Mountain House Creek where it flows and discharges into Old River. One pond currently exists north of Byron Road, adjacent to the railroad and Mountain House Creek. Mountain House Creek is designed to exceed the 100-year flood event and contain detention basins to control the flow of water downstream, as well as to serve as water quality settling basins. A second basin, also gravity operated, is partially developed, and will be enlarged as development occurs, to complete the system that will serve the Master Plan and Sphere of Influence area through buildout of the community.

Since the design and construction of Mountain House Creek, Senate Bill 5 added requirements to take into consideration the 200-year flood event in land use decision-making. In response to this new requirement, MHCS D commissioned an update to its modeling studies (Pace Advanced Water Engineering Technical Memorandum, 200-Year Flood Elevations in Mountain House Creek, November 2015), with results showing Mountain House Creek is able to convey the 200-year flood event, with several areas of minor over topping of the creek’s banks adjacent to woodland and park areas that can store and regulate the 200-year storm water event without damage to critical infrastructure or residential areas.

Development located along Old River added and graded material to protect against the 100-year flood event in 2006 during the last building boom. As development in this area returns, an examination of the improved elevation to protect against the 200-year flood event will be made at that time. San Joaquin County serving as the land use authority will be responsible for making the final determination. Per the General Plan Update, Section 3.3, Public Health & Safety Element, the County will update floodplain information as necessary to make informed land use decisions.

An NPDES Storm Water Discharge permit has been issued through the Regional Water Quality Control Board (RWQCB) and sets out the programs that MHCS D will be required to operate in order to minimize the amount of environmentally harmful elements being included in storm water discharge into Old River. A Storm Water Management Program has been developed and modifications will be made consistent with final permit conditions.

The storm water collection system serves the currently developed portion of the community and will be expanded by developers as new areas develop in Mountain House. All work is funded by the developers with reimbursement provided to them, as

funds are collected, from a capital construction fee included in the monthly utility bill to each customer.

VI. DETERMINATION #3: FINANCIAL ABILITY OF THE AGENCY TO PROVIDE SERVICE

This chapter of the Municipal Services Review describes the financing system currently in place that provides the Mountain House Community Services District with the ability to fund all of the services contemplated in the original Master Plan and the Public Service Allocation Agreement between the MHCS D and San Joaquin County. The financing system was described in the Public Financing Plan adopted by the County as one the “Community Approvals” that provide the guidance for the implementation of the Master Plan.

A. INFRASTRUCTURE FINANCING

All infrastructure needs for the Mountain House Master Plan area and SOI is described in the Master Plan and detailed in the Specific Plans and the tentative maps. The concept approved by the San Joaquin County Board of Supervisors (from the beginning and carried out today) is that developers would install and fund. They would be reimbursed by payment of building permits as development occurs for the costs associated with installing this “backbone” infrastructure. This financial system is managed by the MHCS D and serves the developers as they construct the various required facilities contained within the conditions of approvals for each map. Required facilities include utility collection and distribution lines, water and wastewater treatment plants, pump and lift stations, storm water basins, arterial and many of the collector streets and associated street lighting, traffic signals, parks and public facilities - all facilities necessary to provide a high quality of life for Mountain House residents. These facilities are detailed in the various planning documents. Costs for infrastructure within the boundaries of individual “tracts” that serve individual parcels are not reimbursable since this is the developers’ cost of preparing parcels for building.

Developer reimbursements occur through two financial vehicles. The first primary financial reimbursement is to the Master Developer, Trimark, for the construction of the water, wastewater, and stormwater treatment facilities required prior to any construction in Mountain House. Located on Mountain House ratepayer monthly utility bills is a line item for debt service. These line items represent Water, Wastewater, and Stormwater notes payable to the Master Developer that constructed the original improvements. The current debt balance for the systems identified above is \$184,697,720. Bonds typically contain a fixed repayment schedule at an identified interest rate; notes can have a repayment schedule as well, but in the case of Mountain House, the debt payments are paid as they are received from the ratepayers, which means there is no repayment schedule or term that is defined when the debt should be paid in full, which is projected to be around 2050 +/- . MHCS D discloses the debt numbers and supporting documentation in the annual financial statements, the most recent available June 30, 2015 (Note: An audit for Fiscal Year 2015/2016 is underway and will be available later this year). According to the “Payment Requirements for Debt Service” (Notes to Basic Financial Statements, June 30, 2015, Page 34), an explanation reads as follows: “Due to the unknown amount and timing of future debt payments on the pledged (debt service) notes payable, the future maturity schedules for these payables are not available. The public financing agreement with the Master Developer

for construction of these facilities requires the debt service obligation to increase annually by the ENR (Engineering News Record; an engineering construction indicator similar to CPI but targeted toward utilities - The ENR is available on-line).

The second financial vehicle for reimbursing developers for constructing public facilities and roads is through the Community Facility Fee (CFF) and Transportation Improvement Fee (TIF) programs. As the community develops, maps are approved that contain conditions of approval requiring the construction of public facilities, many of which contain triggers when certain public facilities and roads must be built. Once the facilities are built, MHCS D accepts and certifies the facility following a detailed inspection to ensure it meets all standards and specifications. Once accepted by MHCS D, the facility ownership and responsibility for O&M is transferred to the MHCS D. The certification process and the Master Acquisition and Reimbursement Agreement (MARA) stipulate the amount to be reimbursed to the developer. As building permits are pulled, a certain amount of each permit goes into restricted CFF and TIF funds maintained by the MHCS D, which are then paid to the developer next in line for reimbursement.

B. OPERATING SERVICES FINANCING

The Public Finance Plan for the Mountain House Community Services District was coordinated with the Public Service Allocation Agreement between the MHCS D and San Joaquin County to ensure that the MHCS D has sufficient funds at buildout to provide the services that the Agreement delegates to the District without a financial impact to the county. This Chapter of the MSR addresses the source and adequacy of funding for each type of service.

Operating Services have five principal sources of funding. Utility Services are funded through user fees. General government services such as public safety, parks and recreation, and road maintenance are funded through a combination of Special Parcel Taxes designated for particular services, property taxes, and franchise and permit fees from the gas and electric and other utility type providers and the refuse collection provider. Services to oversee developer construction of infrastructure are funded entirely through charges to the developers.

Gas Tax, Motor Vehicle in lieu taxes and Sales Taxes were retained by the County to provide a source of funding for county land use, law enforcement (MHCS D also funds law enforcement via contract with the county described elsewhere within this document), social and health services available and provided to Mountain House residents.

Four special taxes by parcel exist in Mountain House - one of the primary funding mechanisms to ensure the Master Plan community of Mountain House is not a financial burden to existing San Joaquin County residents. The table below reflects the use of the tax and the amount paid by the average sized residential property in Mountain House at the FY 2016-17 tax rate.

Table VI-1: Special Parcel Tax Use and Annual Rate²⁸

<u>Tax</u>	<u>Use</u>	<u>Rate for Average Size Home</u>
Special Tax I - Roads	Maintenance of streets, public transportation, and operational costs not adequately funded from other sources	\$966
Special Tax II - Public Safety	Fire, police, ambulance, security, graffiti abatement and animal control	\$490
Special Tax III - Parks, Recreation and Community Facilities	Parks, landscaping, open space and community facilities maintenance and operation and provision of recreation services	\$86
Special Tax IV - Public Works	Street lighting and traffic signals, and other public works services.	\$90

Approximately 16 percent of the 1 percent of property tax collected on property within the MHCS D is returned to the District to fund services. The Byron Bethany Irrigation District collects 11 percent of the 1 percent of the property tax within MHCS D because Mountain House is located within BBID’s irrigation district service area, which provides access to the pre-1914 water rights.

1. Utility Services

Water, wastewater and storm water utilities are intended to be funded through user fees, billed monthly to the customers. The user fee rates were initially set to require the use of property tax revenue to supplement user fee revenue in the first five years, assuming that land within the Mountain House Master Plan area would be developed at the rate last projected in 2002. It was understood that fixed costs to operate the utilities would change largely at the rate of inflation and in response to any new federal or state regulatory conditions. Some costs, such as purchase of raw water from the Byron Bethany Irrigation District, would increase in proportion to the rate of development in Mountain House.

With the downturn in the housing market in 2008, the projected growth did not occur leaving single-family residential construction significantly behind expectations, along with little in the way of retail, commercial, or industrial development. As a result, utility user fees revenue continue to be insufficient to cover all of the costs of operating the three utilities and will continue to require the use of property tax revenue to balance the utility enterprise funds for an estimated five more years. MHCS D is working with NBS Consultants who specialize in developing water and wastewater rates to develop an appropriate five-year utility rate plan. Utility rates for

²⁸ Per MHCS D Finance staff

water, wastewater, and storm water have not changed since 2003, other than a five year period when rates were increased by the Consumer Price Index from 2008 through 2013. For the 'full' Fiscal Year 2016-17, the utilities will require \$1,650,000 of property tax revenue to support the water and wastewater enterprise fund for operations and maintenance, in lieu of increasing utility rates. The MHCS D General Fund is projected to be able to support the anticipated subsidy while meeting other service needs in the community. MHCS D staff will present the NBS five year rate proposal to the Board early in 2017 for consideration.

2. General Government Services

MHCS D is legally responsible to provide eighteen (18) general government services. Eighteen of the primary general government services for which the MHCS D is responsible are the following:

1. Water Service
2. Sewer Service
3. Garbage Service
4. Fire Protection
5. Public Recreation
6. Street Lighting
7. Library Buildings and Services
8. Convert Utilities to Underground
9. Police Protection
10. Road Maintenance
11. Transportation Services
12. Graffiti Abatement
13. Covenant Codes & Restrictions Enforcement
14. Flood Control Protection
15. Pest and Weed Abatement
16. Wildlife Habitat Mitigation
17. Telecommunication Services
18. Dissemination of Information

Some of the regulatory powers provided to MHCS D by law, such as "Convert Utilities Underground," are not applicable, since all utilities are designed and built underground per the Master Plan since the inception of the community. Services that do apply are funded through Special Taxes, Property Taxes, Franchise Fees and Permit revenue. The most recent fiscal model prepared for the adoption of Specific Plan III illustrates that there is sufficient funding available at buildout of the Master Plan and Sphere of Influence area to finance the required services.

3. Services to Assist Developers

As developers construct water, wastewater and storm water facilities, parks, roads and community buildings, the MHCSD checks the plans to ensure that they conform to the Master Plan requirements and that the detailed plans and specifications will provide a facility that is long lived and meets the expectations of levels of service in various detailed planning documents such as the Mountain House Water, Wastewater and Storm Water Master Plans and the Park and Leisure Plan. As facilities are constructed, the MHCSD inspects them to ensure they are constructed according to the approved plans. This work is preceded by extensive meetings with the developers as they plan the timing of facility construction. The Master Acquisition and Reimbursement Agreement (MARA), tentative map conditions, and fee schedule collectively provide developer funding requirements for MHCSD staff time and materials to facilitate approval of infrastructure development and community planning. No general government funds are used to support developer activities. Rather, the developers are invoiced and reimburse MHCSD for the cost of services.

C. SCHOOL CONSTRUCTION FINANCING

Prior to approval of a final map, the developer must reach a financing mitigation agreement with the Lammersville Unified School District (LUSD). To date, those mitigation measures have been the formation of a Mello-Roos District, pursuant to the Mello-Roos Community Facilities Act of 1982, to have each property pay a tax to generate the revenue for school construction. While each developer may use some other financing arrangement to pay the cost of school construction, it is anticipated that all of the property within the Mountain House Master Plan and Sphere of Influence area will be included in a Mello-Roos District to generate the needed school construction funds. MHCSD is not legally responsible or involved in any way with the LUSD and development activities regarding the payment and construction of schools.

D. OTHER ASSESSMENT DISTRICTS

If the developer chooses to provide open space, park land or lighting infrastructure in excess of the standards established for Mountain House, they are required to form an assessment district under the appropriate state code provisions, so that the properties that will benefit from the higher level of infrastructure to pay the cost of on-going maintenance. The MHCSD is in the process of forming several lighting and landscape assessment districts at the request of developers pursuant to this policy.

E. OPPORTUNITIES

The residents of Mountain House and Board of Directors of the MHCSD have the following opportunities to increase revenue to fund District services:

- Increase utility user charges to reduce the amount of general tax money needed to fund utility services. This option would trigger the statutory requirement for

a protest ballot vote contained within Proposition 218 requirements approved by California voters in 1996.

- Increase the special tax rate. The MHCSD Board is limited to increasing the rate not more than 4% per year to offset the impact of inflation on service costs. The Board determined a 0% increase in the last two fiscal years because of concerns regarding high property taxes, assessments, and rates in Mountain House.
- Establish a community-wide Mello Roos District to fund a higher level of service than the present tax and fee revenue might allow.
- Establish park and recreation fees to help offset operating costs as recreation services are implemented and community facilities, such as community centers and swimming pools, are constructed and operated.

F. DETERMINATION

The MHCSD receives funds from utility user service charges, property and special parcel taxes, franchise and permit fees, and developer reimbursement of MHCSD costs in support of developer construction of infrastructure and planning activities. As land within the Master Plan and Sphere of Influence area are annexed to the MHCSD, the tax and fee structure of the District will apply equally to the newly annexed territory.

Revenue from the current fee and tax structure is adequate to fund the projected level of services needed at buildout of the community, except utility rate charges for water and wastewater operations and maintenance costs. As stated previously, a five year rate analysis is underway for water and wastewater operations and maintenance enterprise funds and will be presented to the MHCSD Board for their consideration in early 2017. All property owners and residents will pay their fair proportionate share toward the provision of services, based on the fee and tax structure adopted by the MHCSD Board of Directors and currently in place.

VII. DETERMINATION #4: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

This chapter is a review of the current use of shared facilities by the MHCSD and the opportunity for sharing additional facilities and resources. The MHCSD can provide an appropriate level of fire protection and emergency medical services, law enforcement, water, wastewater (sewer), and storm water services in a cost efficient manner to areas within the master planned area and SOI.

A. CURRENT AND FUTURE POTENTIAL SHARED FACILITIES

1. Law Enforcement and Fire and Emergency Medical Services

Currently, the MHCSD has a joint fire station and sheriff's administrative substation located in the same building on Tradition Street. Dedicated office space is also located within the MHCSD offices that the Sheriff's patrolling deputies utilize on a 24/7 basis. Law enforcement support services originate from the main Sheriff's Department facility, approximately 20 minutes driving time from Mountain House. At times, the Sheriff's department utilizes personnel and resources from the California Highway Patrol, from the nearby CHP Tracy, California station. Additionally, the new, permanent Town Hall is in its design phase with a significantly larger police substation within the shared town hall being planned to provide enhanced services to the community.

Additionally, the MHCSD main fire station and the planned second station north of Byron Road are part of an overall fire response and emergency medical system for the community of Mountain House. Mutual and Automatic Aid is received from and provided to fire districts adjacent to Mountain House providing additional Fire and EMS services. This sharing of resources and facilities avoids duplication and overlapping service areas while providing all of the residents with a properly spaced set of fire stations and a timely response from not only the closest station but also quick and adequate backup from nearby fire stations.

The current fire station has provided sharing opportunities for community meetings to take place by sharing their conference rooms for meetings and assembly. The Emergency Operations Center is housed at the current fire station and is available for shared emergency response and the California Office of Emergency Services. The fire station parking facility also is utilized for shared parking of MHCSD official vehicles.

2. Utility Services

The current contract for utility operations and maintenance provides that the MHCSD and the contract operator can agree that the operator can establish a state certified laboratory at the Mountain House facility. This state certified laboratory could provide an opportunity to be shared with other facilities operated in the region by the contractor, resulting in not only shared cost savings to the MHCSD, but also lower testing costs by having the ability to conduct tests with on-site staff rather than send them out to another laboratory.

3. Landscape Maintenance

Presently, the contractor providing landscape maintenance services has to store equipment outside of Mountain House because storage and work yard facilities are not available. The MHCS D has held discussions with them to determine the timing and usefulness of the contractor leasing a portion of a future MHCS D corporation yard within the Master Plan area. Once the corporation yard is constructed by the developer, the landscape maintenance contractor has expressed desired interest with sharing a portion of the MHCS D corporation yard to house its equipment. This will provide a faster response and lower cost of service to the MHCS D through the lease revenue.

4. Library Services

The Mountain House branch library is part of the Stockton-San Joaquin County unified library system. The Master Plan for the community and the Public Service Allocation agreement between the County and the MHCS D both note that the library services will be provided to Mountain House through this arrangement. The MHCS D, like other communities with branch libraries of the countywide system, provides the library building and building operating expenses. The initial collection of library material and all furnishings were also provided by the MHCS D. The library system provides the staff and replacement/enhancement of the collection. Funding for the library system's responsibility comes from a portion of the County property tax revenue that is earmarked by the County to fund library services to the branches outside of the City of Stockton and to provide access for all county residents to both the main library in Stockton and any branch library. Materials can be reserved and will be delivered to Mountain House from other branches upon request by a library patron.

The MHCS D is currently in planning stages with the developer for the construction of a new permanent Library to be co-located with the new permanent community Town Hall to be located on Main Street in the Town Center. The two new buildings will share a common conditioned lobby and courtyard, as well as share a multi-purpose room and conference rooms to be accessible to the community. Both facilities are being designed and constructed to be occupied by mid-year 2019 and will serve the community now and through build out of the master plan and SOI.

5. Parks and Recreational

The Mountain House community in conjunction with the MHCS D has individual neighborhood parks located in each of the twelve villages and a Central Community Park to provide ample park and recreational shared facilities with various parties, groups, vendors, bands, and others who wish to hold events, activities, and recreation. The master plan discusses the future Regional Trail system that can have the opportunity to share and link with other regional trails such as the Alameda County's East Bay Regional Park District's trail system. This potential will provide shared facilities for recreational use on a regional level. In addition, the proposed golf course(s) planned for the master plan and SOI areas north of Byron Road has the potential opportunity for possibly shared public/private golf course and lake facilities on a local or regional level.

6. Infrastructure

The current infrastructure in terms of poles, public facilities, and lands offers shared opportunities with high-tech companies to provide modern technologies (i.e. cell phone towers, Wi-Fi antennas, etc.) to the master planned population while providing an additional revenue stream for the MHCSD in terms of franchise fees. Within the past year, a major cellphone provider has been working with the MHCSD for installation and shared use of its facilities for installing and providing their telecommunication services.

7. Transit

The planned Transit Center located within the Town Center will provide shared facilities with other transit agencies, operators, and entities to/from the master planned community for commuting or mobility purposes. These shared transit opportunities and facilities will serve and provide quality of life benefits for the current and future population within and outside the master plan and SOI boundaries. MHCSD is also working with Commute Connection and Regional Transit to develop Park-N-Rides strategically located throughout the Mountain House community using a phased approach to begin providing this service at the earliest possible date. During this interim period, the MHCSD parking lot is used as a Park-N-Ride for commuters to meet and carpool.

B. DETERMINATION

The MHCSD has multiple planning processes in place to assess whether levels of service provided are adequate to accommodate new growth, including appropriately noticed and managed Board meetings, the Master Plan and Specific Plans, financial planning and audits, strategic planning, capital improvement plans, pavement management plans, annual budgeting process, master planning processes for water supply and distribution, wastewater and sewer systems, urban water management plan, as well as fire protection and law enforcement services. The financial department is now working through its first non-mandated, but appropriate, Comprehensive Annual Financial Report (CAFR) as a tool to provide high level financial integrity in the District's systems. Through these processes the MHCSD will continue to monitor and assess whether future opportunities for shared facilities will improve levels of service in a cost-effective manner.

VIII. DETERMINATION # 5: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

This chapter of the Municipal Services Review considers the accountability for community service needs given the MHCS D's government structure and operational efficiencies. LAFCO is required to consider the advantages and disadvantages of any options that might be available to provide the services. In reviewing potential government structure options, consideration may be given to financial feasibility, service delivery, quality and cost, regulatory or government frameworks, operational practicality, and public reference.

A. GOVERNMENTAL STRUCTURE

1. Change from a Dependent to an Independent Community Services District

The initial stage in the process of creating a district that is representative of the Mountain House community residents was to create a "dependent district," with the San Joaquin County Board of Supervisors serving as the District Board of Directors. The state legislation creating the district specified that an election would be held to determine if the residents wanted to change the district to an "independent district." This election was held in November 2008, and the residents voted to convert to an "independent district" governmental structure also known as the MHCS D. The election for the Mountain House Board of Directors was also held in November 2008 and the new Board took office in December 2008.

The functions of the MHCS D Board of Directors are the same as those of the Board of Supervisors who acted as the District Board of Directors. These functions are spelled out in the Public Services Allocation Agreement as well as the Master Plan. The County Board of Supervisors retained and continues to provide responsibility through its planning and building department for land use decisions, as originally planned. The sources of revenue for the district have remained unchanged and all ordinances, resolutions, board orders and agreements approved by the San Joaquin County Board of Directors to date have remained in effect.

2. Public Information and Participation

Since its creation and election, the MHCS D and its Board of Directors have been holding public meetings in the evening. Such Board meetings and other meetings are widely advertised in advance per the Brown Act and encourage the community to attend/participate. These same meetings are streamed live online. In addition, for those who are not able to attend, or are not able to watch real time via streaming services, community members can watch a recording of the board meeting available thru the MHCS D website. Over the past few years, the community has communicated and ramped up its public participation processes and the MHCS D has exchanged public information through expanding use of social media. Representatives of the Sheriff's Department and the Fire Department, the Library and local medical providers

have made presentations at MHCSD Board meetings and MHCSD sponsored community Town Hall meetings. The use of “Town Hall” meetings is very successful and meetings are well attended, which serves to convey important and timely information to the community.

The MHCSD publishes a monthly newsletter mailed to all of the residents and notifies them of special community events and other information. Further, the District’s website recently underwent a major upgrade to current technology that allows staff to update the website on a nearly continual basis to provide dynamic, current information to the community. Alongside the non-digital residents, the MHCSD conducts an annual public survey thru a combination of either or both hard copy mailings or home visits. MHCSD offices and staff are public and directly accessible to the public.

B. EVALUATION OF OPERATIONAL EFFICIENCIES

1. Method of Establishing New Operating Systems and Procedures

As a participatory form of local government, residents ultimately have input and oversight on the provision of community service needs and public services. Residents elect its Board of Directors through staggered four-year (4) terms. Elected directors take an oath of office to serve in the best interest of the community. In turn, the Board of Directors appoints a General Manager responsible for carrying out the day-to-day policy decisions and direction of the Board. The General Manager is responsible for overseeing and directing the MHCSD staff and resources for meeting the community service needs.

Since the principal focus of the staff is necessarily on designing and implementing infrastructure and services, the MHCSD is using the services of consultants experienced in managing all aspects of urban services to develop the detailed plans, ordinances, policies, standards and financial systems. Where possible, the MHCSD has continued to use the services of the County. However, the MHCSD has also had to develop its own personnel rules and labor relations policy, purchasing ordinance, waste management, water and sewer ordinances. Many new operating systems and procedures are being developed, implemented, or purchased as they are needed.

The MHCSD is constantly changing to add new operating systems, policies, and procedures. The MHCSD staff via the General Manager brings these issues to the attention of the Board of Directors, along with the history and status of policies and procedures, and recommends new operating systems, policies, and procedures for the Board to adopt. The Board of Directors will work with the General Manager to ensure that staffing levels are appropriate to the level of service desired by the community and that work processes are prioritized to the needs of the community and are the most cost effective.

C. DETERMINATION

The present governance structure of the MHCS D changed to that of an independent district in December 2008. The establishment of a voter-approved MHCS D also resulted with the seating of a newly elected Board of Directors. The Board of Directors will make the final decisions concerning fee structures and provisions of service subject to state law. The MHCS D Board of Directors reviews its fee structures for fire protection and emergency medical, water, sewer, and storm drainage on a nearly continual basis, but no less than once every five years. The Master Plan and other documents have numerous goals, objectives, policies, and actions to ensure that adequate services are provided in a cost effective manner to accommodate new growth.

The ability to serve the anticipated growth within the SOI is not expected to have a significant effect on the governmental structure of the MHCS D or its ability to provide services. Mechanisms are in place within the organization to effectively provide for public participation in the planning and development process to address government structure options to provide efficient and cost effective public facilities and services. Most of the planning, operational and financial systems of the MHCS D are being developed as the District staff work to implement very large infrastructure projects and establish new services for the growing community. With a new Board of Directors, the MHCS D staff continues to seek approval and direction from the Board in prioritizing goals and objectives to assess service levels, appropriate staff levels for the needed services, and to monitor the effectiveness of service delivery.

The conversion of the MHCS D to an “independent district” with its own elected Board of Directors who reside within the community provides greater opportunity for access and public participation in the design and implementation of services in the community. The use of public meetings, newsletters, direct mail of notices, surveys, and a web site provide access to information. The MHCS D staff works with the new Board in designing and implementing additional participation processes determined to be appropriate for the community.

The MHCS D’s use of its budget process and long range infrastructure planning processes ensure that it is able to provide directly, and through contract, adequate levels of service in a cost-effective manner within its service areas. The MHCS D has demonstrated the ability to work with other service providers and districts to ensure that adequate, reliable services are provided in a cost effective manner. Efforts to ensure effective government structure for the provision of fire protection and emergency medical, law enforcement, water supply, wastewater treatment, and storm drainage facilities demonstrate the MHCS D’s foresight to plan and provide for future service needs as MHCS D boundaries expand due to annexations and population increases. Assuming the MHCS D continues to evaluate existing government structure and seek opportunities for improvement, no significant barriers are expected in regards to government structure during and up to build-out.

Lands within the Master Plan and SOI boundaries, but outside of current MHCS D boundaries, will be annexed as owners are ready to develop their property, anticipated in the near future. This land outside of the MHCS D has been included as an integral part of the Mountain House Master Plan and it has been assumed from the initial planning of the community that annexation would occur as market conditions permitted. Governance of the annexed area will be assumed by the Board of Directors.

Revenue will be collected and services provided there on the same basis as in the remainder of the MHCSD and under the terms of the Public Services Allocation Agreement.