

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

STRATEGIC BUSINESS PLAN

On November 14, 2006, the Board of Directors of the Paradise Irrigation District held a Strategic Business Planning Workshop with staff. The purpose of the workshop was to discuss key District issues and a vision for the District. The Strategic Plan serves as a framework for decision making for the upcoming budget fiscal year and the future. It is a disciplined effort to produce fundamental decisions that shape what the District plans to accomplish by selecting a rational course of action. This plan identifies the District's mission statement, strategic plan key issues, and strategic plan goals that are needed for continued success in the operations and management of the District

Mission Statement

The Agency's Mission Statement is a declaration of an organization's purpose. Ideally, all activities of the Agency should be in support of the Mission Statement.

Strategic Plan Key Issues

These are the broad, primary areas of Agency management, operations and planning that need to be addressed and supported by Goals to ensure optimum progress.

Strategic Plan Goals

These are the more specific activities that expand and refine the Strategic Plan Key Issues.

The following diagram shows how these items are linked:



Mission Statement

The mission statement of Paradise Irrigation District (PID) is to produce and deliver a safe, dependable supply of quality water in an efficient, cost effective manner with service that meets or exceeds the expectation of our customers.

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

Strategic Plan Key Issues and *Status Updates*

- *Water Supply*
 - The number one issue facing the District is water supply. The District has a sufficient water supply to meet the current needs of all customers during normal years. As shown in the 2005 Paradise Irrigation District Urban Water Management Plan, reductions to deliveries to customers will be required in a dry year and significant reductions would be required in a series of dry years. The District currently has water rights of 18,300 acre-feet for storage, but only has storage capacity of 12,300 acre-feet. Alternatives for increasing storage at Paradise Lake or Magalia Reservoir are being investigated. Because of the significant cost of these potential projects, all possibilities are being looked into prior to selecting the best alternatives. The District will also consider the balance between an acceptable level of water supply reliability and water supply project costs as it investigates water supply projects for selection.
 - *In the past year the District worked on the following water supply projects:*
 - *Acquisition from Del Oro*
 - *The District invested a considerable effort into preparing an offer for the acquisition of Del Oro Water Company's Lime Saddle and Magalia districts. Del Oro Water Company identified in their opinion "significant damages" that they would require to be paid with any acquisition. The District did not agree that damages would occur due to offering 1000 gpm of water availability to the Paradise Pines District, but the risk was too high to proceed with the acquisition in the courts. After two offers were provided and rejected, the Board determined that negotiations should be concluded and other alternatives investigated.*
 - *Paradise Lake Bladder Dam*
 - *The District presented the project to the California Department of Water Resources Division of Safety of Dams (DSOD). It was determined that the chimney drain in the dam would have to be raised three feet before they would approve a three foot bladder dam. With this information in mind, the District will now move forward with the environmental analysis for the project after engineering is complete. Proposals for engineering are expected in July 09.*
 - *Magalia Raw Water Bypass*
 - *The District completed the Magalia Bypass in 2007 which has the ability to provide water to the treatment plant during construction of a repair or replacement of Magalia Dam.*
 - *Miocene Canal Supply*
 - *The District is now in confidential negotiations with Pacific Gas and Electric and Cal Water Service Company for the opportunity to purchase five cubic feet per second when the District is in need. These negotiations are expected to take time as a detailed analysis of water availability is being completed by PG&E.*

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

- *Aging Infrastructure*
 - Although the District has been aggressive in replacing aging leaking steel pipes, we still have nearly seventy miles of pipeline to replace. In the last ten years we have made significant strides in reducing the unaccounted water from over 26% down to as low as 16%, but the losses have crept up to over 18% recently. The \$1.3 million dollar three year grant from the Department of Water Resources was helpful in replacing about four miles or 22,000 feet of leaking pipe. We have established that we can replace pipe with District personnel at a lesser cost than contracting out and we are most effective at pipes that are 12" in diameter or smaller. We are seeking grant funds for the replacement of mainlines on Bille Road and Skyway. We will focus our efforts at 6" and 8" pipelines that are in higher-pressure areas of the District and 2" pipelines that are not anticipated to be upsized.
 - We have successfully used reserve funds to recoat all but one of the District's steel tanks and have replaced the liner and cover on the underground "B" reservoir. The remaining steel tank is being analyzed for repair or replacement at a new location.
 - *This District has focused our efforts at replacing 6" and 8" pipelines, but the leaks and unaccounted water is still increasing. The District secured grants for major replacements of 12" and 16" pipelines on Skyway and Bille Roads. We are hoping these large projects together with our continued efforts will reverse the rising leaks and unaccounted water.*
 - *The Skyway and Bille Road Projects were completed under budget and the District is working with the California Department of Water Resources to try and use the remaining funds on an additional project.*
 - *The District has identified additional mainline replacement projects to potentially be constructed by contract while pricing is still aggressive. The plan includes contractors installing mainline and District personnel installing service lines to the customers.*
- *District Office & District Yard Facilities*
 - The District yard facilities are very old and not very functional. The repair facilities are difficult to work in and the warehouse space for storage is minimal. The overall appearance of the District yard is poor and the layout does not promote an efficient work environment. With the construction of the new park next door, the District should improve the visual quality of its yard. We are working on a plan that will allow for the improvements to the yard over time and evaluating the potential of consolidating the District Office to that location. We hope to begin construction in the next year on a new building on the south property line that will enhance the view of the park users. The District office is forty years old, but still functional. It has a good location and a property value that could offset the cost of consolidating the facilities.
 - *The District was successful in acquiring property on Clark Road for the future location of the Corporation Yard Facilities. The District also acquired the adjacent AAA building for the Administration Office. A site*

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

plan is being designed that should provide for the sale of some Clark Road frontage property since the AAA acquisition was successful. The new administration building has been leased by the Paradise Parks and Recreation District through November.

- *Security and Safety*
 - It is always a high priority of the District to improve the security and safety of the District facilities and water supplies. The District is planning on the construction of a water supply bypass pipeline along Magalia Reservoir in 2007. This project would not only save energy costs for the District, but also more importantly provide an alternative water supply in the event of contamination from a chemical spill into Magalia Reservoir from the Skyway. This project would also serve as a source of supply to the District during the reconstruction or raising of Magalia Reservoir and the District would not need to rely on a contractor for delivery of water to the treatment plant.
 - *The Magalia Raw Water Bypass was completed in 2007. This District now has an alternative location to bring water to the treatment plant. We are now longer exposed to an indefinite loss of water due to a chemical spill on Magalia Dam.*

- *District Expansion*
 - The District realizes that growth in the community is a polarizing issue. It is the District's responsibility to plan for and accommodate potential growth and the Town of Paradise's responsibility to determine to what extent and where the Town may grow in the future. The benefit to the District of a growing community is the ability to spread the fixed costs of the District to more customers, reducing the size of rate increases in the future. The District will continue to look at additional water supply opportunities to accommodate future growth.
 - *The District worked toward the acquisition of Magalia and Lime Saddle districts from Del Oro Water Company. We were unable to come to terms and the District decided to conclude negotiations. The District is currently working toward an expansion of its Place of Use and the Sphere of Influence boundaries.*

- *Cost Control*
 - As stated in our Mission Statement, the District will continue to monitor costs and look for ways to provide service to the community in the most cost effective manner possible.
 - *The District was successful in obtaining a grant from the California Air Resources Board for the purchase of a new loader, three new backhoes, and a skid steer loader. These pieces of equipment were in need of replacement and the grant provided for 75% of the cost of the equipment.*
 - *The above mentioned grants for the Bille Road and Skyway pipelines were successful and the District is working with the Department of Water Resources to use the remaining grant funds on a third project.*
 - *With the down economy, construction contractors are bidding more aggressively, providing an opportunity to install large mains at a reduced*

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

cost. The District is proceeding with additional pipeline projects that will include the construction of the main pipeline by outside contractor. The service lines will be constructed with District personnel.

- *Public Information*
 - The District feels it is important to operate as openly with the public as possible. We will continue to work to provide information to the public in various ways so they are informed as to the actions of the District.
 - *The District continues to update the website regularly. The Board of Directors has recently created a Public information committee to further improve the District's communication with the public.*
 - *The District will be evaluating our options for billing to determine if additional communication can be made with our customers.*

- *Succession Planning and Staffing*
 - The District is consistently looking for the optimal level of staffing to provide quality service to our customers. The District Manager was replaced in 2004 with the expectation he will lead the District through the significant challenges the District faces. Key staff at the District are nearing retirement age and a succession planning effort will be undertaken to make for smooth transitions of the management staff.
 - *The District has succession plans in place for the management of the District. Individuals have been put in place to work with the management staff anticipated to retire in the near future.*

- *Customer Service*
 - Service to our customer is the most important role District employees take on each day. The District will continue to evaluate the most cost effective way of providing service, while maintaining a high level of service to our customers.
 - *The District is in the process of working with Chevron to automate the meter reading process and give the customer services department information on a timelier basis. We are also in the process of integrating the mapping system with the billing system to give the customer service department all data at the touch of a button.*

- *Regulatory Compliance*
 - The District enjoys a high level of confidence from the regulators we work with. The District will continue to maintain a safe workplace for employees and comply with regulations necessary to provide safe drinking water without adverse effects to the environment.
 - *The District has continued to maintain positive working relationships with regulators. We received an inspection of our treatment plant from OSHA and we were successful with no violations.*

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

- *Meter Reading*
 - District employees manually read the meters of our customers every two months. The District will evaluate potential solutions to improve the efficiency of meter reading in a cost effective manner.
 - *This District is currently working with Chevron Energy Solutions to evaluate the potential for automated meter reading. We anticipate the District will review their proposal in July of 2009. Automated meter reading would provide the opportunity to bill our customers monthly, reduce exposure to workers compensation issues, provide greater leak assistance to our customers, and improve our ability to monitor lost water.*

- *Infrastructure Improvement*
 - Through the Long Term Capital Projects Plan, the District will evaluate and prioritize improvements to District infrastructure.
 - *The District continues to evaluate the projects included in the Long Term Capital Projects Plan. The District is currently updating the Supervisory Control and Data Acquisition equipment, including the system that operates the treatment plant.*

- *Hydropower*
 - The District has completed studies evaluating the hydropower potential at Paradise and Magalia Reservoir. This study helped identify the Magalia Bypass Pipeline Project as a valuable project for the District. Under current regulations, no other alternative was viable. The District will be investigating the potential for a pumped storage project at Paradise Lake and Magalia Reservoir in the near future. A pumped storage project would generate electricity during peak demands by flowing water from Paradise Lake to Magalia Reservoir and then the water would be pumped back up to Paradise Lake during off peak hours.
 - *The District is working with a private company to evaluate the potential of a pumped storage project between Paradise Reservoir and Magalia Dam. The downturn in the economy has slowed the company's ability to move quickly on the potential project.*
 - *The District installed a mini hydro generator to provide power to the new SCADA tower on Paradise Dam.*

- *Recreation*
 - The District realizes the importance of providing recreational opportunities at Paradise Lake and will continue to evaluate improvements in the most cost effective manner.
 - *The District plans on completing the reconstruction of the playground in 2009. The District has a Memorandum of Understanding with the Paradise Parks and Recreation District to allow them to develop a new park site in Magalia on District property.*

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

- *Water Recycling/Sewer System in Town of Paradise*
 - The District recognizes water recycling as an efficient use of water and will work with the Town of Paradise to investigate opportunities for water recycling.
 - *No progress has been made on this issue.*

Five-Year Vision for the Paradise Irrigation District

The District goal is to complete the following in the next five years:

- ***Obtain Approval to raise the restricted level in Magalia Reservoir ten feet.***
 - A study supporting and requesting a relief in the restricted level in Magalia Reservoir was denied by the Division of Safety of Dams because of a lack of information on the Magalia Fault that falls near the Magalia Dam. The District's consultant has completed a study of the Magalia Fault that will be presented to the Division of Safety of Dams soon.
 - *DSOD is requiring further review after the District consultant completed the fault study for the Magalia Fault. During the construction work through the saddle dam at Magalia, wet clay was found in the core. This finding makes it doubtful any approval for relief in the restricted level will ever be obtained.*
- ***Magalia Reservoir Bypass installed.***
 - Design work is sixty percent completed and the environmental document is set for circulation. We plan to construct the bypass in 2007.
 - *The Magalia Raw Water Bypass is completed and operational.*
- ***Three-foot bladder dam installed at Paradise Lake.***
 - We are near completion of acquiring the necessary easements. We are working on approvals from the Division of Safety of Dams for construction in the fall.
 - *After the preliminary design was reviewed by DSOD, it was determined the Chimney drain in the Paradise Dam would have to be raised three feet also. We are finalizing the maximum rainfall studies and will soon begin design work. We anticipate completing an environmental analysis of this plan after design is completed.*
- ***Regional Intertie issues resolved.***
 - The District is negotiating with Del Oro Water Company on the potential opportunities to use Lake Oroville water for drought mitigation for the District.
 - *The District spent the past year evaluating the potential acquisition of Del Oro Water Company's Magalia and Lime Saddle Districts. The District provided an offer and a revised offer, but both were rejected by Del Oro Water Company. Although the District provided for a Water Exchange Agreement that was coupled with the offer, Del Oro's insistence on the*

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

payment of damages which were too high, caused the District to conclude negotiations until other opportunities are investigated. The District will seriously consider any offer Del Oro Water Company brings forward for a water exchange agreement.

- **Completion of a Hendricks Canal investigation as a possible water source.**
 - The Hendricks Canal delivers water from the West Branch of the Feather River to Butte Creek for power generation for PG&E. Water from this canal can be gravity fed to Paradise Lake and we are exploring the potential of obtaining water from this source.
 - *The District met with PG&E staff and were brought up to speed on the current relicensing of the project that included the Hendricks Canal. The environmental demands for the water for Salmon and Steelhead are too large to make available water to PID at the times it would benefit PID. The District is now in discussions on the availability of water from the Miocene Canal.*

- **Completion of feasibility study of Magalia Reservoir raise with a pumped storage hydropower project.**
 - Initial studies show the District could raise Magalia Dam to fully use its water rights without the need to acquire land. A formal study is needed to evaluate the feasibility of this project. If the District were to use its water rights to increase storage at Magalia Reservoir, the potential exists that water could be used to generate electricity during peak energy hours and pumped back to Paradise Lake during off peak hours.
 - *The District executed an agreement with a private company to evaluate the feasibility of a pumped storage project. The downturn in the economy has apparently affected the pace of analysis. A preliminary look at the environmental impacts of a Magalia Dam raise will be included in the District's EIR for our Water Rights.*

- **Begin design of additional storage project at Magalia Reservoir or Paradise Lake.**
 - It is expected a final water supply project will be selected and design started in the next five years for potential construction with consideration of the District's debt picture.
 - *The District's main focus has been seeking an extension of time for the District's Water Rights and no work has been completed on any additional storage projects other than the previously mentioned Bladder Dam. An analysis completed in 2008 revealed the need to focus District efforts at an imported water supply. The start of design for additional storage is expected near the end of the five year plan.*

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

- **Replace 75,000 feet of steel mainline within five years.**
 - The District is currently replacing about 12,000 feet of pipe per year. With the focus on smaller diameter pipes, the goal is to increase that amount to 15,000 feet per year.
 - *The District gained some ground on the goal with the successful completion of the Skyway and Bille Road grant funded projects. In an effort to further accelerate replacement, the District will consider contracting the mainline installation on projects this year and using District personnel to install services to customers.*

- **Upgrade or replace yard facilities.**
 - We are working on a plan that will allow for the improvements to the yard over time and evaluating the potential of consolidating the District Office to that location. We hope to begin construction in the next year on a new building on the south property line that will enhance the view of the park users.
 - *The District has completed the acquisition of property on Clark road that was part of an exchange for our existing corporation yard on Black Olive Dr. We have also completed the acquisition of the former AAA building adjacent to the new corporation yard property. This should allow the District to subdivide Clark Road frontage property for resale.*

- **Succession planning executed.**
 - Key staff at the District are nearing retirement age and a succession planning effort will be undertaken to make for smooth transitions of the management staff.
 - *Succession Planning is complete and personnel are in place, readying themselves for when key staff retire from the District.*

- **Supervisory Control and Data Acquisition (SCADA) at key facilities.**
 - SCADA systems are used to remotely control pumps and flows from one central location. We are planning to upgrade the current system and add to key facilities so that the treatment plant can control water flow through the District. A good SCADA system will allow the District to delay expansion of the treatment plant and save energy.
 - *The SCADA system is completed and operating successfully.*

- **Treated water bypass installed from treatment plant to “A” zone.**
 - The District has one delivery pipe from the treatment plant to the distribution system. The bypass would provide for an emergency supply of water if that single delivery pipe were damaged.
 - *This project was put on hold, pending the outcome of negotiations with Del Oro Water Company. With negotiations concluding unsuccessfully, this project will move back up in priority.*

Paradise Irrigation District
FY 2009/10 Budget
Long-Term Financial Plan

- **Water rights permits extended.**
 - The current permits for the District's water rights expire in 2007. We will work toward an extension of time to construct the facilities for the ultimate use of our entire 18,300 acre-feet of water rights.
 - *The applications for extending the District's Water Rights were filed on time. The District has hired a consultant to complete the Environmental Impact Report necessary for the application. The consultant has begun and is working toward completion by the end of 2009.*