



The Waterfront

ANNOUNCEMENT: District headquarters in Placerville will be closed for the fifth and final furlough day on Friday, **November 18**.

EID in the Community



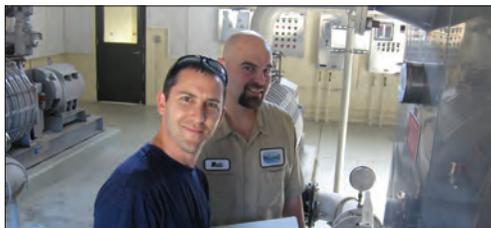
Members from the fifth class of Leadership El Dorado rebuilding the Scout Hill presentation stage at Sly Park Recreation Area.

Dorado County Chamber of Commerce's Leadership El Dorado program. The program offers personal and professional leadership training to help develop community leaders. The program culminates in a project that is meant to benefit the wider community.

EID continues to encourage community involvement, because, as John Heywood said, "Many hands make light work." Together we can make a difference.

College Interns Get Hands-On Experience at EID Treatment Plants

Since the beginning of the fall semester in August, five student interns have been shadowing operators at EID's water and wastewater treatment facilities.



EID had four internships open for water treatment and distribution and four for wastewater treatment. "To be eligible to participate, the candidates had to be enrolled in the cooperative work experience education program at Folsom Lake College and be enrolled

EID employees work hard for the customers they serve to provide high-quality water, wastewater, and recreation services to El Dorado County. For many, however, the good "work" goes beyond their normal jobs.

Many District employees participate outside of work as volunteers on a regular basis for organizations such as Big Brothers Big Sisters, Boys and Girls Club, Marshall Medical Center, and the El Dorado County Animal Shelter. EID employees also devote time to service organizations such as Kiwanis, Rotary International, Lions Club, and the Loyal Order of Moose. They give their time to schools, churches, sports leagues, and participate each year in Toys4Tots, and the El Dorado County Food Bank's Food Drive.

EID also recognizes and encourages leadership development. Each year, since the program's inception in 2006, the District sends a few employees to participate in the El

for the fall semester—or have completed courses with a "C" or better—in the water or wastewater management certificate programs," said Alison Costa, EID human resources analyst.

Although the internships are unpaid, the added experience for the students is sure to pay off down the road.

"This opportunity allows the intern to get a visual, hands-on experience with operator practices and treatment processes," said Dana Strahan, the District's drinking water operations manager and an instructor in the program. "The classes provide the theoretical pieces while the internship helps put the pieces together with practical application."

The certificate programs are designed to meet key competency areas for students

Helping Hands—Neighbors Helping Neighbors

Helping Hands is a program developed by EID in coordination with the El Dorado Community Foundation that provides help to customers who experience a financial catastrophe and are unable to pay their EID utility bill. To date, ten such ratepayers have been helped by the program.

Helping Hands is funded entirely by voluntary contributions from EID employees and customers or other residents of the county. EID staff are able to participate through a payroll deduction.

Anyone who wishes to contribute to the program should write a check payable to Helping Hands Outreach and send it to: El Dorado Community Foundation, 3097 Cedar Ravine Road, Placerville, CA 95667.

EID customers who pay their bills by mail can include a separate check, also made out to Helping Hands Outreach, in their billing envelope, and staff will deliver the checks to the foundation.



interested in entering into the field of water or wastewater management, and to enhance the existing abilities of an individual already employed in the field. Classes are held in Placerville at the El Dorado Center of Folsom Lake College.

To learn more about the requirements to earn a certificate in water or wastewater management, go to the Folsom Lake College website at www.flc.losrios.edu.



Message from the General Manager

Project 184—A Critical System

Jim Abercrombie

In this edition of the *Waterfront's* Question and Answer series, we address the need for the District to update its Capital

Improvement Plan (CIP) each year. One of the larger projects receiving annual CIP investments is the Project 184 water supply and delivery system. I want to take a moment to discuss Project 184 and why it is so critically important for the District to keep it in good, sound working condition.

In October of 1999 EID took advantage of a unique opportunity to purchase the El Dorado Powerhouse, a 21-megawatt hydroelectric power plant, from PG&E. Along with the powerhouse came the system of four alpine storage reservoirs, dams, flumes, a 22-mile-long conveyance system of canals and tunnels terminating at Forebay Reservoir in Pollock Pines, and all of the water rights to run the system. The system is referred to as Project 184, and it carries water from the crest of the rugged and remote Sierra Nevada Mountains to EID, both to generate power and to supply approximately one-third of our customers' consumptive needs. From Forebay, water is either delivered to a water treatment facility for treatment and distribution to customers or is sent to the El Dorado powerhouse, where it produces an average of about \$8 million a year in hydroelectric revenue.

Most importantly, purchasing Project 184 allowed EID to obtain and use an additional 17,000 acre-feet of senior water rights, a twenty-year effort which is nearing completion. These water rights are considered golden because they allow us to control our own destiny by ensuring an ample water supply for the future, and protecting us from downstream users who would like to take it. Also, during years when EID has additional water not currently needed for our customers, the water rights gained through the purchase of Project 184 may allow the District to sell water to other users, thus increasing the District's non-rate revenue in the future.

When the previous Board purchased the whole Project 184 system, they knew EID would have to invest in some major renovations but they thought it was worth it. And, it's proving to be. Buying Project 184 secured one-third of our existing water supply, added hydro-generation revenues valued at \$8 million per year, and made it possible to obtain invaluable and secure water rights that can supply future customers and add non-rate revenue by short-term water sales in the meantime. However, the system is costly to maintain due to its age and location. Therefore, we have to make a conscious effort to do so in order to provide safe and reliable water services that comply with state and federal regulations, and obtain the additional generation benefit for our water customers.

In closing, I want to mention that the key benefit of Project 184 for EID customers is the ability to control our own destiny. The project not only supplies senior water rights for today and tomorrow, but it also allows us to generate additional revenue. It is a win-win for both the District and the customers and worth taking care of for the long haul.

The News—Briefly

Cost of Services Study Update

By the time you read this newsletter, the District will have begun the process of gaining public input on the recently completed cost of services study. For more information, keep an eye on our website at www.eid.org.

2012 – 2016 Capital Improvement Plan Reduced by \$55 Million

During its September 26, 2011, Board meeting, the EID Board of Directors unanimously adopted a five-year 2012-2016 capital improvement plan in the amount of \$87 million, down by \$55 million from last year's five-year plan.

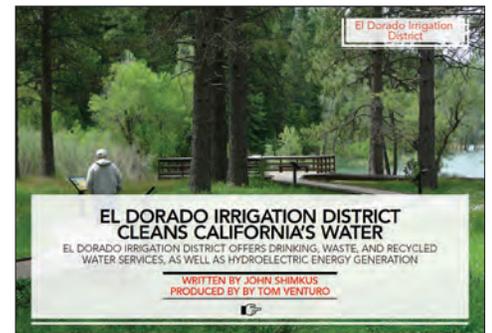


Some of the more significant projects proposed for 2012 include the Flume 41 replacement, Camp 2 bridge replacement, Spillway 47C project, and several sewer lift station upgrades. The focus on this updated plan is on infrastructure repair and replacement for the existing assets in order to maintain safety and reliability of the District's water and wastewater systems and to meet regulatory requirements.

EID Featured in *Energy Digital Magazine*

The District was profiled in the September 2011 issue of *Energy Digital* magazine. "*Energy Digital*, a digital magazine that features articles on many national and international Fortune 500 companies, selected EID to be featured based upon the District's unique mix of services and challenging environment in which to provide services," said

Mary Lynn Carlton, EID's Director of Communications and Community Relations. "I think it's a real feather in the District's cap to be featured in this preeminent magazine at no cost to the District. It speaks volumes about how the technology world views EID." Read the report here: <http://www.businessreviewusa.com/magazines/4928>



Questions and Answers: What is a CIP?

EID Communications and Community Relations Director Mary Lynn Carlton and Engineering Director Brian Mueller



What is a Capital Improvement Plan (CIP) and why is it necessary? A CIP is a five-year plan that is updated each year to identify and plan for necessary improvements that ensure the safety and reliability of the District's infrastructure. The Board of Directors reviews and adopts an updated plan every year, only approving specific project funding on an as-required basis. Through the preparation and adoption of the CIP, the District can ensure that adequate long-term funding is secured to pay for these important projects.

Who develops the CIP and how is it done? EID's engineering department develops the plan with input from other departments and the general manager. Staff continually monitors operational, engineering, and business requirements to ensure that systems are in good working order. Each year our staff evaluates the scope and timing of existing and new projects and assigns projects to one of three priority levels. A "level 1" project is considered mandatory from a health and safety standpoint, or if it responds to a regulatory requirement. A "level 2" project is considered necessary because it maintains the reliability of the District's systems and facilities by replacing existing assets that have exceeded their useful life. Failure to replace the asset would lead to eventual failure of our water or wastewater facilities and cause interruptions in service. A "level 3" project increases service levels or improves efficiency, but does not affect health and safety nor is it required by legal mandate. Once staff has made recommendations, the plan is brought before the District's Board for consideration and approval. This typically occurs in September – October of each year, and in advance of finalizing the operating budget.

How much has EID spent over the years on its CIP projects and what were they spent on? In the late 1990s, EID faced major challenges with regulatory compliance issues. Past Boards forecasted that significant CIP expenditures were needed to comply with many unfunded mandates, ranging from the lining and covering of drinking water reservoirs and implementing new state-mandated wastewater treatment requirements, to the need to address deferred maintenance issues. The \$22 million Pleasant Oak Main replacement project undertaken in 2005 – 2006 is an example of addressing a deferred maintenance issue. In 1999, the Board forecasted that between \$176 and \$300 million needed to be spent to resolve these issues, not including refurbishing the Project 184 water delivery system acquired in 1999. Project 184 water provides consumptive water to one-third of all EID customers and, as an ancillary benefit, generates an average of \$8 million in hydroelectric power sales per year.

The District has spent approximately \$100 million to upgrade and maintain this system.

In the ten-year period from 2000 to 2009, the District invested approximately \$400 million in capital projects to maintain the reliability of our services and to expand capacity for new customers. This includes upgrades to our water and wastewater treatment facilities to comply with new regulations and provide additional capacity; replacement and repair of Project 184 canals, tunnels

and flumes and other projects to comply with our FERC license; improvements to the wastewater collection system such as pipeline replacement and sewer lift station upgrades; and new storage tanks to eliminate uncovered storage reservoirs and provide operational, emergency and fire

flow storage for our customers. Approximately \$141 million or 35 percent of these expenditures addressed improvements to comply with regulatory mandates.

How much is EID forecasting to spend in 2012 and in the next five years on capital projects, and what is it for?

The five-year 2012 – 2016 CIP is estimated at \$87 million and averages \$15 to \$20 million per year.

The plan was reduced by \$55 million from last year's five-year plan. We have taken a very careful look at the projects to ensure that what we have in the plan is vital and necessary to maintain reliability and protect public health. We know that in these tough economic times we need to conserve capital as much as possible. However, we do not want to jeopardize public health and safety or experience a catastrophic failure, as other regional utilities have recently experienced.

The five-year plan includes approximately 134 projects. These projects are segregated into five categories of work—water, wastewater, recreation, hydroelectric, and general district. In 2012, planned expenditures total approximately \$21.7 million. Although the 2012 plan is \$2.6 million more than planned in 2011, the increase is primarily due to over \$6 million of

“We do not want to jeopardize public health and safety or experience a catastrophic failure as other regional utilities have recently experienced.”

—Brian Mueller

projects not completed in 2011 that are being rolled over to 2012. Projects to be worked on in 2012 include continued replacement of aging assets in our Project 184 system, upgrades to several sewer lift stations to reduce the potential of overflows, and various improvements to the drinking water system. Also included is design work on the Forebay dam remediation project and a project at the Reservoir “A” water treatment plant to replace the chlorine gas disinfection process with a safer liquid chlorine product. All of these projects are necessary for operational and system reliability.

One information technology (IT) project has been rolled over which is considered a business continuity project. It is necessary to complete the project because it will ensure that IT capabilities critical to the delivery of safe, reliable water and effective customer service will remain available even when a significant failure occurs. IT is one of the essential tools EID is using to do more with less since the major downsizing that took place beginning in 2008. One example is that the District can now operate its treatment plants with fewer people, as we can

monitor the plants via a sophisticated Supervisory Control and Data Acquisition (SCADA) computer system.

CIPs in the amount of \$15 – \$20 million per year sound like a lot of money. Why does it have to cost so much? Can't we defer more of these projects? The high cost of the District's CIP is due to the fact that we have a lot of assets in the ground—over \$800 million worth, spread over 220 square miles. Assuming a 50-year life expectancy of these assets, the District should be spending an average of \$15 to \$20 million a year to replace or repair them each year. To make sure we get these repairs done at the best price possible for our ratepayers, the District competitively bids all major construction contracts.

If we defer these improvements, we know that the ultimate price is potentially experiencing long-term system outages, such as water canal failures, which could even be more costly to our customers. And, in some cases, we would risk being in violation from the various agencies that regulate us. In summary, safety, service reliability, and meeting regulatory mandates are three of the most important reasons we don't want to defer important projects.

SLY PARK RECREATION AREA
Recreation for the whole family!

Visit the EID website today to reserve your camping stay. Also get your 2012 annual day use permit. Applications are online.

Half price camping at Sly Park until March 31, 2012

www.eid.org



Sly Park Chosen as Local Favorite

In November 2011, the District's Sly Park Recreation Area was honored with the 2011 Readers' Choice award for best recreation facility by readers of the *Mountain Democrat* newspaper. This year Sly Park was also chosen as the number one favorite for kid's activities by El Dorado County's *Style* magazine. Thank you to our visitors!



Don't FOG Your Drain!

The holidays are here again, and with them come the byproducts of cooking: fats, oils, and grease (FOG). Sending FOG down your sink drain or toilet can lead to sewer clogs, which could result in wastewater backing up into your home, business, or neighborhood. And that could mean costly clean-up and repairs.

You can dispose of household FOG by putting it in a sealed container or mixing it with something absorbent—paper towels, shredded newspaper, or cat litter would do the trick—before placing it in the trash.



Remember to Adjust Your Irrigation System!

With winter coming, remember to adjust your irrigation system accordingly. This is especially important for residential sewer customers as your 2012 residential sewer rates will be based on your water use for the months between November 2011 and February 2012.

2011 REGULAR BOARD MEETINGS

January	February	March	April	May	June	July	August	September	October	November	December
10	Cancelled	14	11	—	13	—	8	—	11 (T)	14	12
24	28	28	25	23	27	25	22	26	24	—	—

Board meetings generally occur on the second and fourth Monday of each month. The first October meeting takes place on a Tuesday.

The Waterfront is written and designed by EID's Communications and Community Relations Department.