



PARADISE IRRIGATION DISTRICT

2007 STRATEGIC BUSINESS PLAN

Mission Statement

Paradise Irrigation District (PID) is dedicated to the business of producing and delivering a safe, dependable supply of quality water in an efficient, cost effective manner with service that meets or exceeds the expectation of our customers.

Introduction

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. This Strategic Business Plan will help staff focus time and effort on issues identified in the plan.

Key Issues for the Paradise Irrigation District

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Infrastructure Improvement

Through the Long Term Capital Projects Plan, the District will evaluate and prioritize improvements to District infrastructure.

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.

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.

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.

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.

- ***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.

- ***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.

- ***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.

- ***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.

- ***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.

- ***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.

- ***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.

- ***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.

- ***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.

- ***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.

- ***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.

- ***Water rights permits extended.***

The current permits for the District's water rights expires 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.