EXHIBIT 5
DATE 1/14/05
HB 11, 6

RANCH COUNTY WATER DISTRICT
TSEP & RRGL GRANT REQUESTS

- **THE CURRENT SYSTEM IS WORN OUT**
  - Nearly 30 Years Old & Poorly Constructed
  - 30 current users (max 48)
  - All but wells need to be replaced.

- **HEALTH AND SAFETY RISKS**

  TSEP/CDBG TECHNICAL REVIEW:
  - ***"Though illness has not yet been reported the threat is imminent."***
  - ***"The lack of adequate fire flows places the system under considerable risk of major property loss ....."***

- **COSTS ARE LIKELY TO INCREASE**

  TSEP/CDBG TECHNICAL REVIEW:
  - ***"Costs for the proposed storage tanks, however, appear low."***
  - ***"It should be noted, however, that steel prices have been experiencing unprecedented increases over the last year and accurate estimates are very difficult to make at this time."***

RANCH COUNTY WATER DISTRICT
TSEP & RRGL GRANT REQUESTS

- EST. MONTHLY WATER RATES TOO HIGH
  - TARGET RATE: $48.47/MONTH (INCOME BASED)
  - TSEP EST. RATE: $77.39/MONTH – LIKELY TOO LOW
    - Higher Interest Rates & Higher Construction Costs Likely
    - Inadequate Provision For Reserves
    - **TSEP GRANT LIMITS TOO LOW VS. TARGET RATES**
      - Med. HH Income meant to adjust target rate
      - TSEP Limits prevent target achievement
  - HARDSHIP CRITERIA MET – but Incomplete Grant Application Led to Incorrect TSEP & RRGL Demographic Assumptions Affecting Grant Recommendation
    - Only 3 seasonal homes – Not 10 as assumed
    - 15 new primary residences in last 10 years - No new seasonal homes
    - Not just a bunch of rich folks: Single parent families, Widow(er)s, Working families, Retirees
      - 18% Low-to-Moderate Income

RANCH COUNTY WATER DISTRICT
TSEP & RRGL GRANT REQUESTS

- TSEP Rate for Ranch – Higher than other richer districts

SPRING MEADOWS DIST.
(Appox: $1,000,000 Water System Improvement)
Median HH Income: $53k
Target Rate: $55.57
TSEP Rate: [redacted] (126% of Target)

RANCH DIST.
(Appox: $1,000,000 Water System Improvement)
Median HH Income: $46k
Target Rate: $48.47
TSEP Rate: [redacted] (160% of Target)

CONCLUSIONS:

- **SIGNIFICANT HEALTH AND PUBLIC SAFETY RISK**
- **CONSTRUCTION AND MONEY COSTS ON INCREASE**
- **RATES TOO HIGH WITH GRANTS AS RECOMMENDED**
- **RANCH DISTRICT NEEDS RATES CLOSER TO TARGET**