

## **GLENN LOCAL AGENCY FORMATION COMMISSION NOTICE OF PUBLIC HEARING**

Notice is hereby given by the Glenn Local Agency Formation Commission that a public hearing will be held on Monday, December 11, 2023, at 9:00 a.m. in the Glenn County Board of Supervisors' Chambers, Memorial Hall, 525 West Sycamore Street, 2nd Floor, Willows, California, regarding the following:

### **ITEM DETERMINED TO BE CATEGORICALLY EXEMPT FROM ENVIRONMENTAL REVIEW**

and

### **NOTICE OF RELEASE OF PUBLIC REVIEW DRAFT MUNICIPAL SERVICE REVIEW/SPHERE OF INFLUENCE PLAN UPDATE FOR THE ORLAND-ARTOIS WATER DISTRICT and PUBLIC HEARING TO CONSIDER ADOPTION OF THE MUNICIPAL SERVICE REVIEW/SPHERE OF INFLUENCE PLAN UPDATE**

Notice is hereby given that the Public Review Draft Municipal Service Review and Sphere of Influence Plan Update for the Orland-Artois Water District (OWAD) is available for public review and comment beginning on Monday, November 20, 2023, at the office of the Glenn Local Agency Formation Commission (LAFCo) and online at <https://www.countyofglenn.net/committee/local-agency-formation-commission/welcome>. At the December 11, 2023, public hearing, the Commission will review and consider the adoption of these documents.

Objections to the regularity or sufficiency of the preliminary proceedings or the reasons why you are in opposition to the proposal must be in writing. Any objections must be filed with the Executive Officer or Commission prior to the conclusion of the hearing. Written comments on the Public Review Draft Municipal Service Review/Sphere of Influence Plan Update should be returned to the Glenn LAFCo office by December 10, 2023, either by mail (525 West Sycamore Street, Suite B1, Willows, CA 95988) or via e-mail to Stephen Betts, Glenn LAFCo Executive Officer, at [executiveofficer@glennlafco.com](mailto:executiveofficer@glennlafco.com). Questions regarding the Public Review Draft Municipal Service Review/Sphere of Influence Plan Update should be directed to Stephen Betts at (530) 864-2541 or via email to the email address shown above.

**PUBLIC REVIEW DRAFT  
MUNICIPAL SERVICE REVIEW AND  
SPHERE OF INFLUENCE PLAN UPDATE**

**for the**

**ORLAND-ARTOIS WATER DISTRICT**



**GLENN LOCAL AGENCY FORMATION COMMISSION  
NOVEMBER 20, 2023**

**PUBLIC REVIEW DRAFT  
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN  
FOR THE  
ORLAND-ARTOIS WATER DISTRICT**

**GLENN LOCAL AGENCY FORMATION COMMISSION**  
525 WEST SYCAMORE STREET, SUITE B1, WILLOWS, CA 95988  
PHONE: 530.934.6400, FAX: 530.934.6519

**COMMISSIONERS:**

BRUCE ROUNDY, CHAIR (CITY COMMISSIONER)  
THOMAS ARNOLD, VICE-CHAIR (COUNTY COMMISSIONER)  
GRANT CARMON (COUNTY COMMISSIONER)  
RICHARD THOMAS (CITY COMMISSIONER)  
CHRISTINE A. STIFTER (PUBLIC COMMISSIONER)

MONICA ROSSMAN (COUNTY ALTERNATE)  
DAVID VODDEN (CITY ALTERNATE)  
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# PUBLIC REVIEW DRAFT

## MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN UPDATE FOR THE ORLAND-ARTOIS WATER DISTRICT

### LAFCO

Established in 1963, Local Agency Formation Commissions (LAFCo) are responsible for administering California Government Code Section 56000 *et. seq.*, which is known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). CKH charges LAFCos with encouraging the orderly formation and development of all local governmental agencies in their respective counties in a manner that preserves agricultural and open-space lands, promotes the efficient extension of municipal services, and prevents urban sprawl. Principle duties include regulating boundary changes through annexations or detachments, approving or disapproving city incorporations; and forming, consolidating, or dissolving special districts. There is a LAFCo located in each of the 58 counties in California.

### Spheres of Influence

Under the CKH Act, LAFCos are required to "develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote logical and orderly development of areas within the sphere" (Section 56425, CKH). A Sphere of Influence (SOI) is generally considered a 20-year, long-range planning tool, and is defined by Government Code Section 56425 as ". . . a plan for the probable physical boundary and service area of a local agency. . . ." The sphere indicates the logical area in which the jurisdiction anticipates services will be needed and can be provided. According to the CKH Act, LAFCos are required to review and update SOIs every five years, or as necessary.

A Sphere of Influence is a long-range planning tool that analyzes the physical boundary of a local agency or jurisdiction, and the present and probable need for services within that area. As such, it does not give property inside the sphere boundary any more development rights than already exist as land use authority in these areas remains entirely at the discretion of the applicable local jurisdiction (city or county). Realistically, an agency's SOI is solely reactive to the land use decisions already adopted by the agencies with land use authority. Ultimately, an SOI study assists LAFCo in making decisions about a change in a jurisdiction's future service area boundary.

Various different categories of spheres of influence boundaries are allowed, including: "**growth**" spheres that are larger than an agency's jurisdictional boundaries and anticipates a need to expand services to new territory; "**coterminous**" spheres which mirror the agency's jurisdictional boundaries and indicates no additional service expansions are needed or an inability to expand services; a "**zero**" spheres, which indicate the agency cannot or does not provide any services and should be considered for a merger or dissolved altogether; and a "**minus**" sphere when an agency does or

cannot provide services to the territory in question. Establishing the appropriate sphere category can be challenging as individual circumstances can vary between agencies. City spheres, which may convey future land use entitlements, are more scrutinized for growth impacts than an agency providing limited services, such as districts that provide irrigation water services. Although a helpful tool for future planning, a sphere of influence determination does not convey any specific entitlements to landowners nor require an agency to guarantee services should priorities change.

### **Municipal Service Reviews**

The Cortese-Knox-Hertzberg Act requires that a Municipal Service Review (MSR) be conducted prior to, or in conjunction with, the update of an SOI. A MSR is a comprehensive analysis of service provision by each of the special districts, cities, and the unincorporated county service areas within the legislative authority of the LAFCo. It essentially evaluates the capability of a jurisdiction to serve its existing residents and future development in its SOI. The legislative authority for conducting MSRs is provided in Section 56430 of the CKH Act, which states “. . . in order to prepare and to update Spheres of Influence in accordance with Section 56425, LAFCOs are required to conduct a MSR of the municipal services provided in the County..”

Pursuant to Section 56430, in order to update a SOI, the associated MSR must have written determinations that address the following factors:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

These determinations must be made by the Commission before, or concurrently with, the sphere review and update for the Orland-Artois Water District.

## **Sphere of Influence Plan Update Process**

Glenn LAFCo is now in the process of preparing an SOI Plan Update for the Orland-Artois Water District (OAWD). There are numerous factors to consider in reviewing an SOI Plan, including current and anticipated land uses, facilities, and services, as well as any relevant communities of interest. Updates generally involve a comprehensive review of the entire SOI Plan, including boundary and SOI maps and the District's MSR. In reviewing an agency's sphere, the Commission is required to consider and prepare written statements addressing five factors enumerated under California Government Code Section 56425(e). These factors are identified below.

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Since OAWD does not provide public services or facilities related to sewers, municipal or industrial water or structural fire protection, factor number 5 listed above is not relevant to the analysis.

## **Proposed OAWD Sphere of Influence Update**

OAWD's current Sphere of Influence is coterminous with the District's jurisdictional boundaries, which is approximately 29,000 acres (45.2 square miles) in size and consists of approximately 570 parcels. OAWD is proposing to add approximately 100 parcels, totaling approximately 11,000 acres, to the District's existing SOI. The District would then annex these parcels into the District's jurisdictional boundaries. The purpose of adding these parcels to the District's SOI, and the subsequent annexation to the District, would allow these lands to receive supplemental surface water for agricultural purposes. Currently these lands do not have access to surface water, and thus the crop demand is being met through pumped groundwater. The subject parcels are primarily located in areas surrounded by District lands. All proposed annexed lands are currently farmed, and the annexation would not result in newly established farmed lands. The proposed SOI Update is analyzed in the Sphere of Influence Plan section of this document.

The proposed annexed lands would be categorized as subordinate lands and would have secondary access to certain District CVP supplies based on availability. Some of the proposed annexed lands are on the periphery of the District service area and would need new infrastructure to receive water. The new infrastructure would include new diversions off the Tehama Colusa Canal (TCC) and subsequent water conveyance pipelines and metered farm turnouts.



**PUBLIC REVIEW DRAFT**  
**MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN UPDATE**  
**FOR**  
**THE ORLAND-ARTOIS WATER DISTRICT**

## **ORLAND-ARTOIS WATER DISTRICT DATA SHEET**

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Contact: Emil Cavagnolo, General Manager  
Address: Office: 6505 Road 27, Orland, CA 95963  
Mailing Address: P.O. Box 218, Orland, CA 95963  
Phone: (530) 865-4304; Fax (530-865-8497)  
Web Page: <https://www.oawd.org/>

### **GOVERNING BOARD**

<u>Board of Directors</u>	<u>Term Expires</u>
Mike Vereschagin, President	12/31/2025
Ernie Pieper, Vice President	12/31/2023
Chuck Schonauer	12/31/2025
John Erickson	12/31/2023
James Jones	12/31/2023

Normal Board Meeting Date: Third Tuesday of each month at 1:30 p.m.  
Meetings are held at: OAWD office - 6505 Road 27, Orland, CA 95963

### **FORMATION INFORMATION**

Date of Formation: November 5, 1954

### **PURPOSE**

1. Enabling Legislation: California Water Code Sections 34000 et seq.
2. Provided Services:
  - Irrigation water

### **AREA SERVED**

1. No. of Parcels: 570
2. District Size: 29,000 acres (45.2 sq. miles)
3. Estimated Population: 850
4. Location: Generally found between the cities of Orland and Willows, east and west of I-5
5. Sphere of Influence: Coterminous with approved district boundaries.

### **FINANCIAL INFORMATION**

End of Fiscal Year 2022

Revenues: \$4,934,398

Expenditures: \$3,310,853

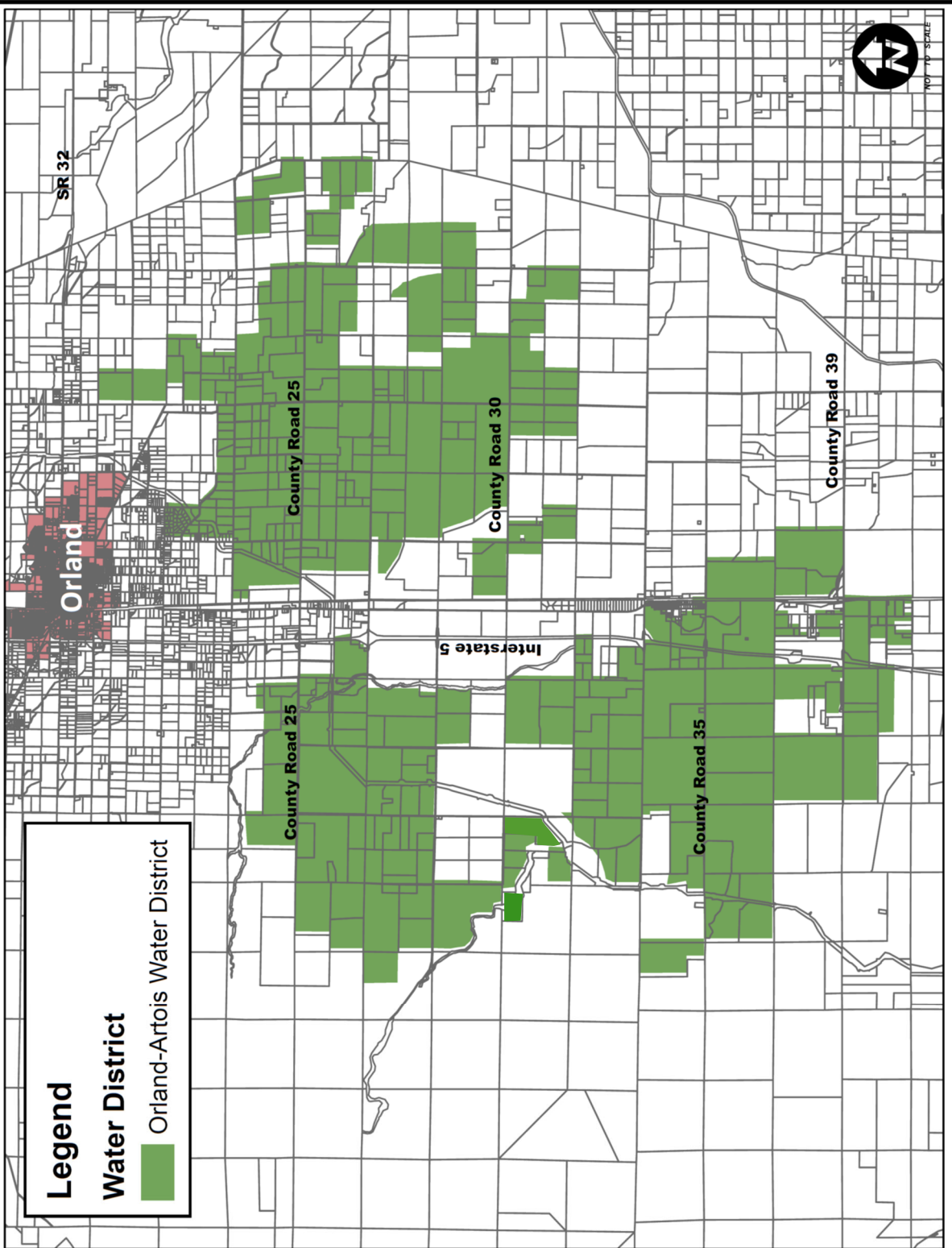
Reserves as of December 31, 2022

\$4,668,426

Revenue Sources:

- Water Sales
- Operations Charges
- Assessments
- Interest

**FIGURE 2 - ORLAND-ARTOIS WATER DISTRICT**



## **DISTRICT CHARACTERISTICS**

The Orland-Artois Water District (OAWD) is an independent special district that provides irrigation water to agricultural uses within the district's jurisdictional boundaries. The District was formed in 1954 for the purpose of contracting with the Bureau of Reclamation (Bureau) for a supplemental surface water supply. The District first contracted with the Bureau in 1963, water deliveries began in 1976, and construction of the District's distribution facilities were completed in 1983.

The jurisdictional boundaries of OAWD are generally located between the City of Orland and the City of Willows, west and east of I-5 (Figure 2-1). The District's jurisdictional area encompasses approximately 29,000 acres (45.3 square miles) and consists of approximately 570 parcels interspersed with non-district lands in a checkerboard-like pattern. The District currently provides irrigation service to approximately 380 parcels. All of the parcels within the district are located within the unincorporated area of Glenn County. The District has an estimated population of 850.

The predominant land use within the District boundaries is agricultural, consisting primarily of orchards, pasture, and forage crops. Most of the parcels within the District are designated as "Intensive Agriculture" by the Glenn County General Plan and are zoned AP-80 (Agricultural Preserve, minimum parcel size 72 acres) or AE-40 (Exclusive Agricultural, minimum parcel size 40 acres). Two areas within the District - the portion of the District just south of the City of Orland and the Artois area - are designated by the Glenn County General Plan as "Rural Residential" or "Single Family Residential", respectively, and are developed with residential uses at relatively high densities.

The OAWD Board of Directors consists of five members who are elected or appointed to their position. The Glenn County Board of Supervisors is the appointing body for OAWD Board of Directors in lieu of election. The OAWD directors hold office for four-year terms. The OAWD board meetings are held the third Tuesday of each month at 1:30 p.m. and are held at the District's office located at 6505 Road 27, Orland.

The District is an enterprise district and various fees and assessments for the services provided by the District are collected from the parcels within the District. The District's water rate charges are reviewed annually to ensure that the fees are sufficient to pay for the District's water supply. In addition to water rates, the District collects an annual operations charge (operation and maintenance costs and the District's share of the Tehama Colusa Canal Authority (TCCA) O&M and California State Water Resources Control Board Water Rights Fee).

In 2020 the District obtained bank loans to pay off two loans from the U.S. Bureau of Reclamation that were utilized for construction of the District's distribution system. The District collects an annual \$21.76 per acre charge to repay the bank loan that was utilized to pay off the Bureau loan for construction of District infrastructure. The District also collects an annual \$23.00 per acre charge to repay the bank loan that was utilized to pay off a Central Valley Project (CVP) construction charge loan. Both of these charges are assessed annually, regardless of water use and both loans will be paid off by 2035.

The District receives its water supply from various sources, including CVP federal water, groundwater obtained by District-owned wells, and water transfers. The District's main source of water is federal water supplied by the Central Valley Project (CVP). The District has a contract with the U.S. Bureau of Reclamation (Contract No. 14-06-200-8382A-LTR1) that allows the District to receive up to 53,000 acre-feet of water annually.<sup>1</sup> In 2020, the 25-year water service contract was converted to a permanent contract under the Federal WIIN Act of 2016. The contract allows the District to provide water for municipal and industrial (M&I) uses and the District provides approximately 15 to 20 acre-feet of water annually to these uses on parcels of five acres or less in size. The District does not provide drainage services for water drainage from the agricultural uses within the District. In recent years, numerous acres of rice and row crops within the District have been converted to orchards, which has decreased the demand for irrigation water within the District.

The actual amount of water provided each year to the District under the CVP contract can vary depending on hydrologic conditions and implementation of Federal and State laws. The likelihood of the District actually receiving the amount of federal water in any given year is uncertain. For the 2022 water year, the Bureau of Reclamation announced 0% water allocation for water service contractors and a Shasta Critical year for settlement contractors. With the lack of rain and low reservoir levels, the settlement contractors received 18% of the water. There was so little water that OAWD's multiyear transfer contracts were not available. Transfer rates were negotiated by a TCCA committee, and a basin wide premium of \$375 dollars per acre-foot was agreed to. The District purchased water from three settlement contractors - Anderson-Cottonwood ID, Princeton-Codora-Glenn Irrigation District, and Reclamation District 1004, and its use was defined under settlement contractor's rules. These rules allow that the water cannot be used after October 31<sup>st</sup>. The remainder of the water the District delivered was well water from its 2 deep wells and Warren Act Water from landowner wells. In 2022, the District delivered about 9,750 acre-feet of water.

The winter of 2022/2023 was very wet. In March of 2023, the District received a 35% initial allocation for the 2023 water year and Settlement Contractors non-Shasta Critical at 100% allocation. By May, the Water Service Contractors allocation was at 100% and Section 215 water had been available since mid-January. The District's multi-year contracts with Settlement Contractors were once again valid.

The demand for irrigation water in the District is determined primarily by the crops grown on District lands, climatic factors, on-farm irrigation systems and management, and the cost of groundwater versus the cost of surface water. The District currently has 307 water delivery points (turnouts and connections), 23 of which serve more than one farm. All 307 water delivery points are metered. The District's monthly billing statements include current month use and yearly use for each delivery. Growers receive a report of their monthly and yearly use by turnout and use per acre. Most of the District's growers supplement district water with groundwater and the District does not have private ground water use records.

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<sup>1</sup> <https://www.usbr.gov/mp/cvp-water/docs/latest-water-contractors.pdf>

The CVP water supplied to the District flows from the Sacramento River at the Red Bluff pumping plant into the 140 mile-long Tehama-Colusa Canal, which ends in Dunnigan. The Tehama-Colusa Canal is operated and maintained by the Tehama-Colusa Canal Authority (TCCA). TCCA is a Joint Powers Authority comprised of 17 Central Valley Project water contractors spanning four counties (Tehama, Glenn, Colusa, and Yolo) along the west side of the Sacramento Valley.

In addition to water from the CVP, the District also obtains water from private contractors or other water districts. These contracts have the contingency to provide water in critical years if the District buys the water every year. These agreements ensure that the landowners within the District are in a good position for the next critical year at reasonable costs.

District infrastructure consists of incoming flow locations, turnouts (internal flow) and outflow (spill) points, conveyance system, storage facilities, elevated tanks and pumps, operational loss recovery system, district wells and lift pumps, water quality monitoring locations, and groundwater facilities. The District's water conveyance system consists of 115 miles of buried pipes with diameters ranging from 8 to 96 inches. None of the District's water is conveyed by canals. The combined delivery capacity through the turnouts from the Tehama-Colusa Canal is 427 cubic feet per second. Deliveries to lands lying down gradient (generally east) of the Tehama-Colusa Canal are made by gravity, while up-gradient deliveries are made by canal side pumping plants and elevated tanks. The District's water is received from the Tehama-Colusa Canal at the following five locations:

<b>Location Name (TCC Mile Location)</b>	<b>Physical Location</b>
33.6	County Road M, north of Road 24
35.2	Road 25, east of Highway 99
38.6	North of Road 28
41.2	Road D
44.1	Road 35

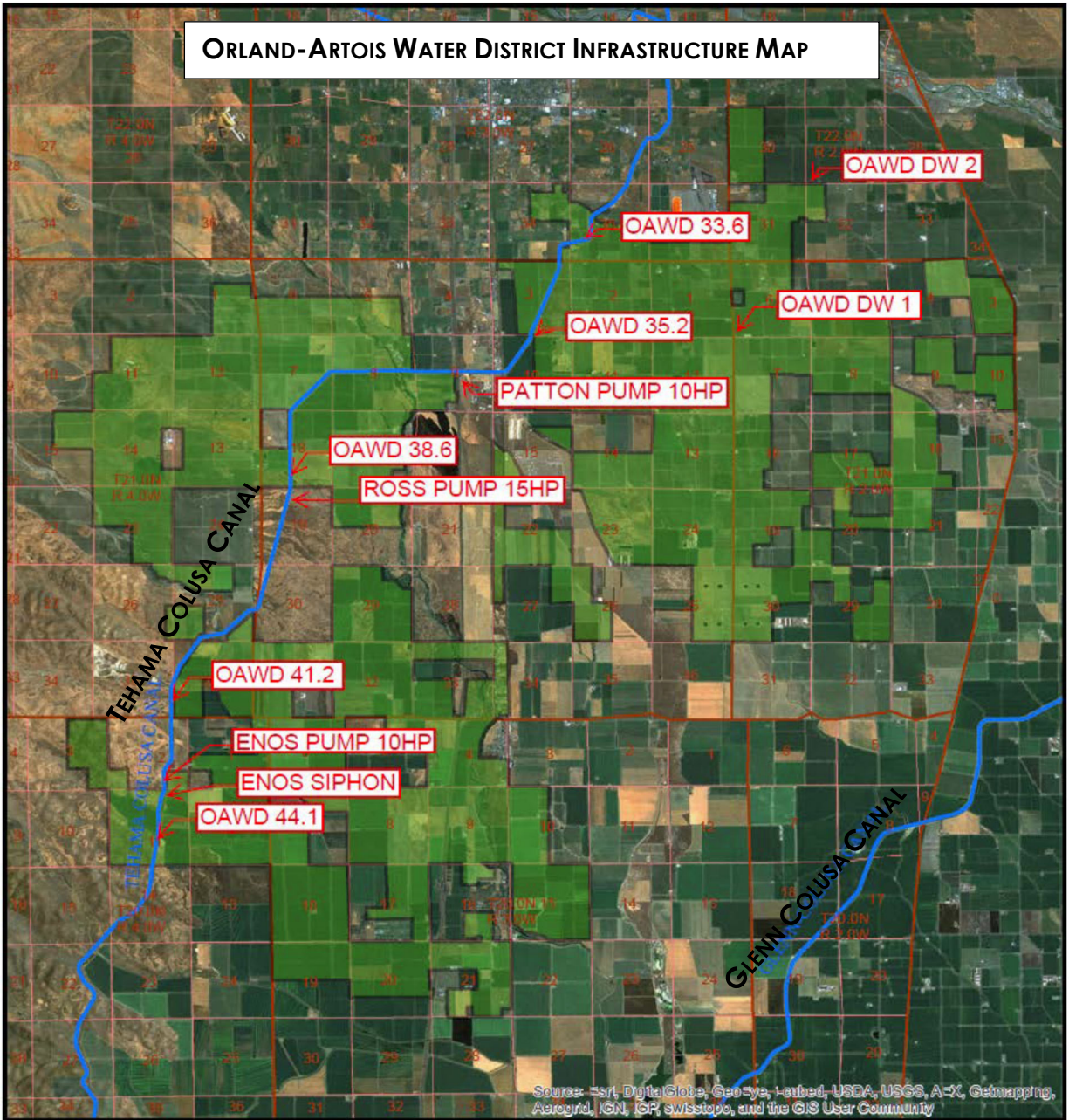
OAWD water storage infrastructure includes the following facilities:

<b>Location Name (TCC Mile Location)</b>	<b>Type</b>	<b>Capacity (AF)</b>	<b>Distribution or Spill</b>
33.6	40'X40' Steel Ground Tank	376,000 gal.	Distribution
38.6	40'X40' Steel Ground Tank	376,000 gal.	Distribution
	40' Steel Elevated Tank	250,000 gal.	Distribution
41.2	40'X50' Steel Ground Tank	300,000 gal.	Distribution
44.1	30' Steel Elevated Tank	100,000 gal.	Distribution
Deep Well 2	15' Plastic Ground Tank	10,000 gal	Distribution

The District owns and operates two deep aquifer groundwater wells, which the District utilizes to supplement their water supply in short water years. The two wells can produce

2,000 to 3,000 acre-feet per year of water for irrigation and using a combination of the District's delivery system and the use of a Warren Act Contract, the District is able to deliver the well water throughout the district<sup>2</sup>.

The following map shows the location of the District's infrastructure as noted above.



<sup>2</sup>The Warren Act is a federal statute passed in 1911 that allows local water agencies to contract with federal agencies to store and convey non-project water in federal reservoirs that have excess capacity.

## **Sustainable Groundwater Management Act (SGMA)**

OAWD is a member of the multi-agency Glenn Groundwater Authority, which is composed of nine local agencies participating through a Joint Exercise of Powers Agreement (JPA). The nine signatory agencies include the County of Glenn, Provident Irrigation District, Princeton-Codora-Glenn Irrigation District, Kanawha Water District, Glenn-Colusa Irrigation District, Glide Water District, Orland-Artois Water District, City of Willows, and City of Orland. The Glenn Groundwater Authority is a Groundwater Sustainability Agency (GSA) for the Glenn County areas of the Colusa Subbasin. The Glenn Groundwater Authority's purpose is to undertake sustainable groundwater management in the Glenn County areas of the Colusa Subbasin.

## **Sites Reservoir**

Until recently, OAWD was a member of the Sites Project Authority. The primary purpose of the Authority is to pursue the development and construction of the Sites Reservoir Project, which has long been viewed as an ideal location for additional off stream storage to provide direct and real benefits to instream flows, the Delta ecosystem, and water supply. OAWD decided that the costs associated with obtaining water from the proposed reservoir were too high and withdrew from the Sites Project Authority as of November 20, 2018.

## **I. MUNICIPAL SERVICE REVIEW**

### **MSR FACTOR NO. 1: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA**

The primary land use within OAWD's jurisdictional boundaries is agricultural, consisting mostly of orchards. Residential uses within the District are very limited, although two areas of the District - the portion of the District just south of the City of Orland and the Artois area - are developed with residential uses at relatively high densities. Due to the agricultural nature of the District, population within the District is very low, with an estimated population of approximately 850.

Population growth within Glenn County as a whole has been very minimal due to the rural and agricultural nature of the county. From 2010 to 2023, the population of Glenn County as a whole rose from 28,122 to 28,636, an increase of approximately 1.8 percent over a 13-year period.<sup>3</sup> For the same period, the population within the unincorporated portion of Glenn County decreased by approximately 4.6 percent.

The following table shows the current estimated population of the county as a whole, the estimated population of the two incorporated cities within the county, and the estimated population of the unincorporated area of the county.<sup>4</sup> Additionally, the table shows the percent change in population from 2022 to 2023.

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<sup>3</sup>State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Census Benchmark*. Sacramento, California, May 2022.

<sup>4</sup>State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2022 and 2023*. Sacramento, California, May 2023.



County/City	Total Population		
	1/1/2022	1/1/2023	Percent Change
Glenn	28,778	28,636	-0.5
Orland	8,294	8,252	-0.5
Willows	6,443	6,395	-0.7
Balance of County	14,041	13,989	-0.4

Development potential within the District is very limited given that almost of the parcels within the District are designated for agricultural uses on large parcels. The population of the District is not expected to significantly increase in the near future. No significant residential developments, which could cause an increase in population, are anticipated to be constructed within the district.

**MSR DETERMINATION 1-1:** *The District has a current population of approximately 850 people.*

**MSR DETERMINATION 1-2:** *The population within the District is not expected to have any significant growth based upon the historic low population growth rates of Glenn County and on the agricultural character of the District.*

**MSR FACTOR NO. 2: THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE**

Disadvantaged unincorporated communities (DUCs) are defined by statute as inhabited territory (meaning 12 or more registered voters), or as determined by commission policy, that constitutes all or a portion of a community with an annual median household income (MHI) that is less than 80 percent of the statewide annual MHI (Water Code Section 79505.5). The statewide MHI data is obtained from the US Census American Community Survey (ACS) 5-Year Data: 2017 - 2021. The identification of DUCs as it relates to LAFCo is to ensure that these communities are fairly served with essential municipal services of public sewer, water and fire protection.

DUCs within OAWD's boundaries were identified by utilizing the Disadvantage Communities Mapping tool offered by the California Department of Water Resources at <https://gis.water.ca.gov/app/dacs/>. Based on an analysis of census block groups, a large portion of the District, located west of I-5, is identified as a Severely Disadvantaged Community, with a median household income of \$44,318. Additionally, a large portion of the District located east of I-5 is identified as a Disadvantaged Community, with a median household income of \$49,583.

The District provides irrigation water services to the parcels within the District's boundaries, including those identified as being within a disadvantaged unincorporated community. The existence of disadvantaged unincorporated communities within the District does not impact the District's ability to provide services, nor do the District's services impact the status of these communities as "disadvantaged".

**MSR DETERMINATION NO. 2:** *A large portion of the District is identified as being within a Disadvantaged or a Severely Disadvantaged Community based on U.S. Census block group data. The District provides the same level of service to the parcels within these disadvantaged unincorporated communities as it does to the non-disadvantaged communities within the District.*

**MSR FACTOR NO. 3: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES INCLUDING NEEDS OR DEFICIENCIES RELATED TO SEWERS, MUNICIPAL AND INDUSTRIAL WATER, AND STRUCTURAL FIRE PROTECTION IN ANY DISADVANTAGED, UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE.**

**FACILITIES**

The District's office is located south of the City of Orland, at 6505 Road 27, Orland. The 4.1-acre parcel that the District's office is located on is owned by the U.S. Bureau of Reclamation. The District built the two structures that are located on the parcel. The District does not pay the Bureau for use of the parcel.

The District's office and detached maintenance building were constructed in 1983. The office structure is approximately 2,000 square feet in size and the maintenance structure is approximately 3,000 square feet in size. Both structures appear to be well maintained, with new carpeting and desks recently installed in the office building. The District does not currently see a need to make any significant improvements to either structure.

The District's office is open Monday through Friday, between the hours of 8:00 a.m. and 4:00 p.m. The District office is closed daily from 12:00 pm to 1:00 pm for lunch. Residents of the District can leave a voice mail if calling after normal business hours. The email addresses of all District employees are found on the District's web page.



**OAWD Office Building**



**OAWD Maintenance Building**

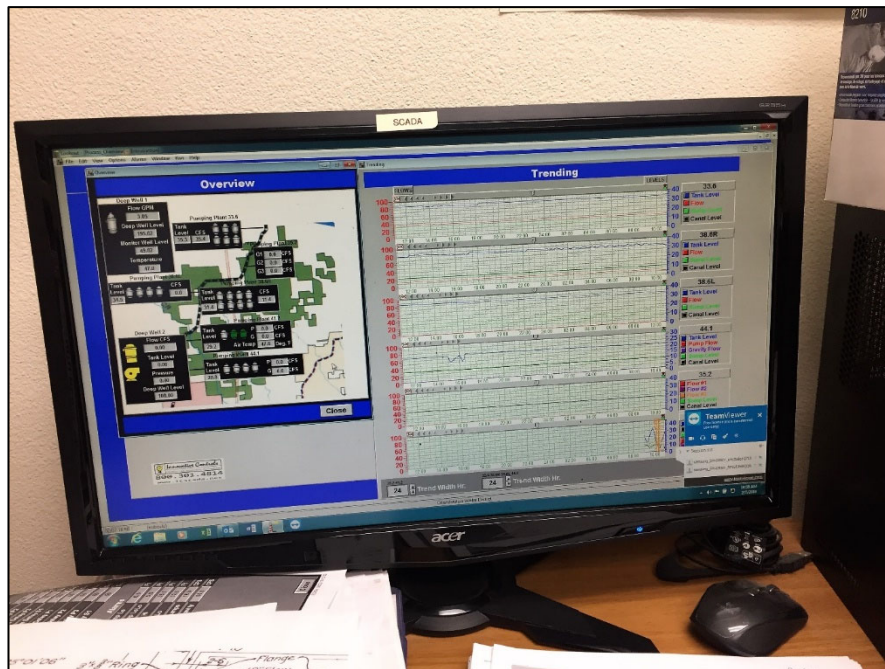
### **District Equipment**

The District owns various types of equipment that is utilized to ensure the provision of efficient and effective irrigation water services. Major equipment that the District owns and operates includes pickup trucks, a service truck with a crane, and a 16-foot dual axle trailer. Equipment that is nearing its useful life is replaced as needed.

The District does not own any digging equipment, such as a backhoe. The District retains the services of private business to perform any type of work that requires digging.

The District performs all minor maintenance services on their trucks. Major repairs for the trucks are performed by a certified vehicle repair business.

The District owns and maintains a supervisory control and data acquisition (SCADA) system that monitors and controls various elements of the District's infrastructure, such as wells, pumps, and water storage tanks. This system uses control software, SCADA pack programmable logic controllers, and radios. The system can be run by district personnel using smart phones. The current SCADA system has been in place for about 20 years and is at the end of its useful life. The SCADA software that the District utilizes – Lookout – is outmoded and is no longer being supported, although the software is still performing adequately. District staff are in the process of finding a suitable replacement for its software, programmable logic controllers, and radios.



**OAWD SCADA System**

### **Adequacy of Public Services**

The District provides irrigation water services to approximately 29,000 acres of farmland. The District appears to provide effective and efficient irrigation water services throughout its jurisdictional boundaries.

**MSR DETERMINATION 3-1:** *The District has sufficient facilities and resources to provide comprehensive, efficient, and effective irrigation water services.*

**MSR DETERMINATION 3-2:** *District equipment and infrastructure is adequately maintained and is replaced as necessary to ensure efficient and effective irrigation water services.*

#### **MSR FACTOR NO. 4: FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES**

This section analyzes the financial structure and fiscal viability of the District. Included in this analysis is the consideration of revenue sources, amount of revenue, stability of revenues, and expenditure sources.

OAWD follows the General Accounting Standard Board Statement No. 34 (GASB 34) accounting standards. The District complies with Generally Accepted Accounting Principles (GAAP).

The District's fiscal year starts on January 1 and ends on December 31 of each year. This fiscal year time period is somewhat unusual as the fiscal year for most special districts (and cities) starts on July 1 and ends on June 30 of the following year.

#### **Revenues**

The District is an enterprise district and various fees and assessments for the services provided by the District are collected from the landowners within the District. The District's water rate charges are reviewed annually to ensure that the fees are sufficient to pay for the District's water supply. In addition to water rates, the District collects an annual operations charge (operation and maintenance costs and the District's share of TCCA O&M).

The District receives revenue from the following sources:

- Water Sales
- Operations Charges
- Assessments
- Other (interest)

#### **EXPENDITURES**

District expenditures vary from year to year, reflecting the amount of anticipated revenue for that year and any high-cost expenditures, such as a new vehicle. Normal expenditures for the District include water purchases, loan repayments, use of the Tehama-Colusa Canal, infrastructure maintenance/improvements, salaries, pension and health insurance contributions, administration expenses, and the occasional purchases of new vehicles and equipment.

**ANNUAL BUDGETS**

A special district's budget is a financial plan that details the district's projected revenues and expenditures for a defined period of time, which for OAWD starts on January 1 and ends on December 31 of each year. Special districts typically have operating budgets, which is a plan of current (annual) spending and the means to pay for it (taxes, fees, etc.). As previously noted, the District prepares a budget for each fiscal year that shows anticipated revenue and anticipated expenditures (appropriations).

The District's adopted budgets for Fiscal Years 2022 and 2023 are shown in the below table.

<b>O&amp;M BUDGET</b>	<b>2022 Adopted Budget</b>	<b>2023 Adopted Budget</b>
<b>O&amp;M INCOME</b>		
Distribution System Assessment Income	628,882.00	628,882.00
CVP Construction Charge	664,438.00	681,595.57
<u>Total Assessment/ Land Charge Income</u>	<u>1,293,320.00</u>	<u>1,310,477.57</u>
Transmission, Distribution & Admin. Income		
District Operations Charge	1,129,421.00	1,109,372.00
Annexation Income	0.00	0.00
Misc. Income / Collection of Tax Roll Debt	0.00	0.00
<u>Total Operations Income</u>	<u>1,129,421.00</u>	<u>1,109,372.00</u>
Total Investment Interest Income	0.00	0.00
<u>Total Trans. Distrib. &amp; Admin. Income</u>	<u>2,422,741.00</u>	<u>2,419,849.57</u>
<u>Total Reserve Acct. Transfers-Income</u>	<u>0.00</u>	<u>0.00</u>
<u>Total O&amp;M Income</u>	<u>2,422,741.00</u>	<u>2,419,849.57</u>
<b>O&amp;M EXPENSES</b>		
Groundwater Sustainability Agency	1,000.00	1,000.00
Annexation Expenses	0.00	0.00
Miscellaneous Expenses - Grant for Screens	0.00	0.00
<u>Total Special Projects Expense</u>	<u>1,000.00</u>	<u>1,000.00</u>
Distribution System Loan Payments	546,853.00	546,853.00
Distribution System Loan Reserves - Restricted	82,028.00	82,028.00
CVP Construction Charge Payments	577,772.00	577,772.00
CVP Construction Reserves - Restricted	86,667.00	103,824.57
SWRCB Water Rights Fee	66,000.00	72,000.00
TCCA Assessment	429,516.00	422,917.00
<u>Total Shop &amp; Field</u>	<u>108,110.00</u>	<u>108,110.00</u>
<u>Total Trans. and Distrib. Expenses</u>	<u>1,896,946.00</u>	<u>1,913,504.57</u>
<u>Total Office Expenses</u>	<u>84,970.00</u>	<u>94,020.00</u>
<u>Total Salaries &amp; Benefits</u>	<u>419,625.00</u>	<u>391,125.00</u>
<u>Total Administration Expenses</u>	<u>504,595.00</u>	<u>485,145.00</u>
<u>Total Operations &amp; Admin Expenses</u>	<u>2,401,541.00</u>	<u>2,398,649.57</u>
<u>Total to Reserves</u>	<u>20,200.00</u>	<u>20,200.00</u>
<u>Total O&amp;M Income</u>	<u>2,422,741.00</u>	<u>2,419,849.57</u>
<u>Total O&amp;M Expenses</u>	<u>2,422,741.00</u>	<u>2,419,849.57</u>
<b>TOTAL NET O&amp;M INCOME</b>	<b>0.00</b>	<b>0.00</b>
<b>WATER BUDGET</b>		
<u>Total Water Sales Income</u>	<u>2,310,830.00</u>	<u>2,310,830.00</u>
<u>Total Water Expenses</u>	<u>2,310,830.00</u>	<u>2,310,830.00</u>
Net Water Income	0.00	0.00
<b>DISTRICT GRAND TOTALS</b>		
<u>Total District Income</u>	<u>4,733,571.00</u>	<u>4,730,679.57</u>
<u>Total District Net Income</u>	<u>4,733,571.00</u>	<u>4,730,679.57</u>
<u>Total District Expenses</u>	<u>0.00</u>	<u>0.00</u>

The District's actual budgets for Fiscal Years 2021 and 2022 are shown in the below table.

<b>Detail by Revenue Category and Expenditure Object</b>	<b>2021 Actuals</b>	<b>2022 Actuals</b>
<b>REVENUES</b>		
Water Sales	3,471,212	2,427,309
Operations Charge	1,133,929	1,116,822
Assessments	631,015	631,421
Reserve Acct. Transfers-Income	684,429	685,840
Interest	23,287	73,006
<b>TOTAL REVENUES</b>	<b>\$5,943,872</b>	<b>\$4,934,398</b>
<b>EXPENDITURES</b>		
Source of supply	2,945,113	2,070,198
Transmission and distribution	643,559	620,318
Administrative	270,027	269,379
Depreciation	347,321	350,958
<b>TOTAL EXPENDITURES / APPROPRIATIONS</b>	<b>\$4,206,020</b>	<b>\$3,310,853</b>
<b>NET COSTS / USE OF FUND BALANCE</b>	<b>\$1,737,852</b>	<b>\$1,623,545</b>

As shown in the above tables, District revenues exceed expenditures, resulting in a revenue surplus, which adds to the District's reserves. The annual expenditures of a special district should generally equal, or, ideally, be less than the revenue a district receives in any given fiscal year.

Budgets are meant to balance revenues and expenditures, so that a public agency is able to provide needed services with the resources available. However, the reality is that budgets will rarely work out precisely as planned, leading to operating deficits (when expenditures exceed revenues) or operating surpluses (when revenues exceed expenditures.) As long as these deficits or surpluses are minor or intermittent, they do not constitute a material problem for a local government and should not be cause for concern. It is when there is a persistent pattern of larger surpluses or deficits that there should be concern about the budgeting practices of the agency.<sup>5</sup>

For public agencies, unappropriated fund balances are not just money in a bank; they are fundamental resources for ensuring reliable core services and community security.<sup>6</sup> Public agencies designate money toward savings in order to balance their budget, respond to emergencies, keep rates affordable, maintain current infrastructure and plan for future public works projects. The following are the benefits of a public agency maintaining an adequate level of unappropriated fund balance:

<sup>5</sup> *Citizens' Guild to Local Budgets*, Office of the New York State Comptroller-Division of Local Government and School Accountability. 2010.

<sup>6</sup> *Special District Reserve Guidelines - A Guide to Developing a Prudent Reserve*. Second edition. California Special Districts Association. 2013.



- Balancing Budgets – Over the course of the fiscal year, fund balances help balance the ebb and flow of revenues verse expenditures.
- Emergency Preparation – In the event of a disaster, communities can't afford not to have savings readily available to quickly repair critical local infrastructure and bring core services back online.
- Affordable Rates – With appropriate savings, special districts are able to use resources wisely and smooth out the highs and the lows of volatile economic conditions, rather than spend their entire surplus and then seek new revenue or jeopardize services.
- Infrastructure Maintenance – Reserves mean the pipes are fixed, roofs are patched, and worn equipment is replaced without going back to the taxpayers or ratepayers to pay for routine upkeep.
- Planning for the Future – A long-term, thoughtful approach to public infrastructure requires the foresight to plan for, and discipline to save for, future needs.

### INVESTMENTS

District investments consist of investments in the State Treasurer's Local Agency Investment Fund (LAIF) pooled investment fund, a checking account, and three money market saving accounts. Such investments are within the State statutes and the District's investment policy.

As of December 31, 2022, the carrying amount of the District's cash deposits was \$562,021 and the balance in financial institutions was \$576,332. The bank balance was covered by Federal depository insurance and was covered by collateral held in the pledging banks' trust department as mandated by state law. The following table shows the District's cash deposits and investments as of December 31, 2022.

Petty cash/till float	\$402
Deposits with financial institutions:	
Checking	\$53,031
Money market	<u>\$508,588</u>
Total cash	<u>\$562,021</u>
Investments in Local Agency	
Investment Fund (LAIF) -	
General reserve	\$3,931,879
Loan reserve	<u>\$436,045</u>
Total investments	<u>\$4,367,924</u>
Total cash and investments	<u>\$4,929,945</u>

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A-1 by Standard & Poors or P-1 by Moody's Commercial Paper Record, bankers' acceptances repurchase agreements, medium-term corporate notes, mutual funds and the LAIF. The District's funds in LAIF are invested in a diversified portfolio such that it considers the risk of material loss to be minimal. The District's funds held in LAIF can be withdrawn on demand.

## **District Debt**

In November of 2020, the District converted its 25-year Water Service Contract to a permanent Contract and refinanced its two loans with the Bureau under the WIIN Act of 2016. The refinancing of the 9e CVP Construction loan received a discount under the WIIN Act and the refinancing of the 9d, Distribution System, loan made the District "paid out" and relieved it from the rules of RRA. The loans reside with PNC Bank at 1.89% interest for 15 years. The amounts borrowed were \$6,990,010 for the 9d loan and \$7,439,507 for the 9e loan.

The 9d (Distribution System) loan with PNC Bank requires annual principal (December 15) and semi-annual interest (June 15 and December 15) payments of \$540,118 through 2035.

The 9e (CVP Construction) loan with PNC Bank requires annual principal payments (December 15) and semi-annual interest (June 15 and December 15) payments of approximately \$548,000 through 2033. In 2021 the District made a one-time principal payment of \$1,439,507 from the proceeds of the 2021 CVP Construction refund received from the U.S. Bureau of Reclamation.

The two loans are not secured by a net revenue pledge. The District has the ability to use water revenue for repayment if it chooses, but the primary source of repayment is the District's land-based charges.

The early payoff of the loans with the USBR were made under the WIIN Act of 2016. The WIIN Act allowed District's to pay off their federal debt at a discounted amount and to convert their 25-year Water Service Contract to a permanent contract. Paid out districts are exempt from the rules of the Reclamation Reform Act of 1983 (RRA). This removed the restrictions for foreign ownership, the 960-acre restrictions, and other RRA regulations. Being a paid-out district allows the District to deliver water for irrigation equally to all landowners, therefore increasing deliveries. Before the new loans, the CVP Construction loan was paid in the water rate which was increased by \$34 per acre-foot. When this became a land charge at \$23 per acre, it reduced the water rate and the annual cash outlay for growers. Because the USBR loans were interest free, the District did not save money but does operate more efficiently and equitably. Now all landowners are treated equally and the lack of RRA paperwork allows the District to operate more efficiently. Additionally, the lack of RRA paperwork saves time and money for the landowners it affected.

## **FINANCIAL AUDIT**

State Law requires that every public agency retain the services of a certified public accountant to prepare that agency's financial audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in an agency's financial statements. Financial statements include all transactions for which a public agency is financially accountable. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The District has financial audits prepared annually. The last financial audit for the District was prepared in June 2023, which was for Fiscal Year 2022, and was prepared by Robert W. Johnson, an accountancy corporation. The financial audit did not note any material deficiencies in the District's financial statements.

**MSR DETERMINATION NO. 4-1:** *Revenue for the District is received from water sales, operations charges, assessments, and interest. The District does not receive any property taxes. Revenue for the District provides adequate funding to cover the cost of providing effective irrigation water services. OAWD appears to be financially sound with strong and stable sources of revenue and substantial reserves.*

**MSR DETERMINATION NO. 4-2:** *Normal expenditures for the District include water purchases, loan repayments, use of the Tehama-Colusa Canal, infrastructure maintenance/improvements, salaries, pension and health insurance contributions, administration expenses, and the occasional purchases of new vehicles and equipment. The District's expenditures do not appear to be excessive and are necessary to provide efficient and effective irrigation water services.*

**MSR DETERMINATION NO. 4-3:** *The District maintains three money market accounts and has investments with the State Treasurer's Local Agency Investment Fund (LAIF). The District maintains four reserve accounts that currently contain over \$3 million, which could be utilized for unanticipated expenses, capital improvements, or to cover revenue shortfalls.*

**MSR DETERMINATION No. 4-4:** *The District has two loans from PNC Bank that were utilized to pay off two loans from the U.S. Bureau of Reclamation. The 9d (Distribution System) loan requires an annual principal and semi-annual interest payments of \$540,118 through 2035. The 9e (CVP Construction) loan with PNC Bank requires an annual principal payment and semi-annual interest (payments of approximately \$548,000 through 2033. The District charges an assessment for repayment of the loans but has the ability to use water revenue for repayment if it chooses.*

**MSR DETERMINATION No. 4-5:** *The District has required financial audits prepared annually in a timely manner. The last financial audit prepared for the District (Fiscal Year 2022) showed no material deficiencies in the District's financial statements.*

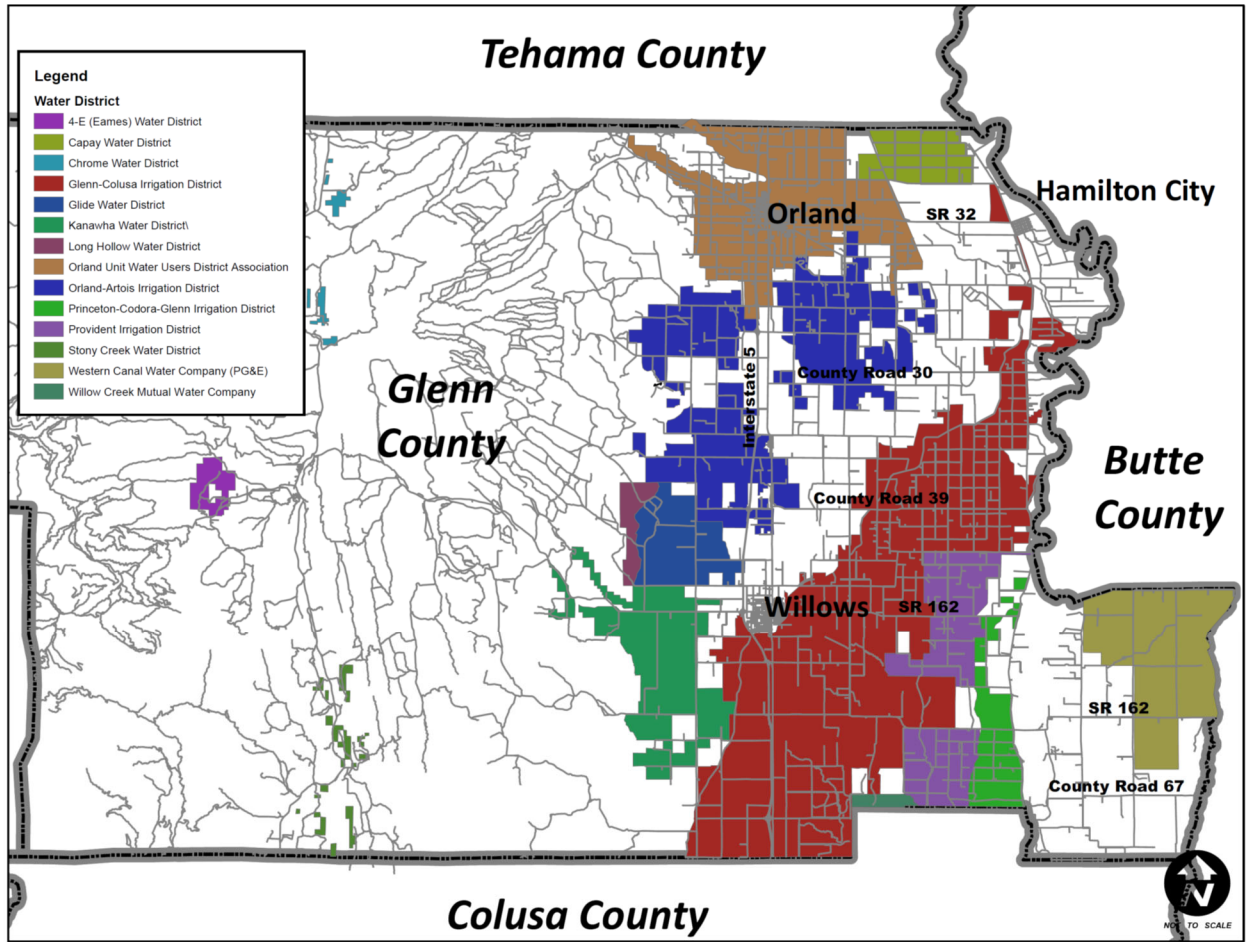
#### **MSR FACTOR 5: STATUS OF, AND OPPORTUNITIES FOR SHARED FACILITIES**

OAWD is a member of the Tehama-Colusa Canal Authority, which operates and maintains the Tehama-Colusa Canal. OAWD is also a member of the multi-agency Glenn Groundwater Authority, which is a Groundwater Sustainability Agency (GSA) that is composed of nine local agencies participating through a Joint Exercise of Powers Agreement (JPA). The Glenn Groundwater Authority's purpose is to undertake sustainable groundwater management in the Glenn County areas of the Colusa groundwater subbasin.

There are numerous special districts within in Glenn County that provide irrigation water services. These districts are:

- 4-E Water District
- Glenn-Colusa Irrigation District
- Monroeville Groundwater District (formerly the Glenn Groundwater District)
- Glide Water District
- Kanawha Water District
- Orland-Artois Water District
- Princeton-Codora-Glenn Irrigation District
- Provident Irrigation District
- Stony Creek Water District

The following maps shows the general location of the water/irrigation districts in Glenn County.



Opportunities for shared facilities between the various water/irrigation water districts in Glenn County is certainly possible, although there appears to be little interaction between these agencies. Opportunities for shared facilities could include sharing of equipment, staff, and expertise. These districts may have different enabling acts, different contracts with the U.S. Bureau of Reclamation, and different operational characteristics, which may limit opportunities for shared facilities.

**MSR DETERMINATION No. 5.** *The District is a member of the Tehama Colusa Canal Authority and a member of the Glenn Groundwater Authority. Opportunities for shared facilities with other water/irrigation districts in Glenn County may be feasible although there does not appear to be any collaboration between these agencies.*

**MSR FACTOR 6: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.**

**OAWD BOARD OF DIRECTORS**

The Orland-Artois Water District is governed by a 5-member Board of Directors. The Board of Directors are elected by the registered voters within the District or are appointed by the Glenn County Board of Supervisors in lieu of election.

The OAWD Board of Directors serve a four-year term of service. The District Board of Directors President receives \$100 per diem for attendance at the monthly Board of Directors meeting, while the other Directors receive \$50 per diem for attendance at the monthly Board of Directors meeting. The Board of Directors are eligible to participate in the District's health care program, but none currently participate. If a Board member does participate in the health care program the Board member must pay the full cost to receive the benefits.

The Board of Directors is responsible for setting policy and general administrative procedures for the District, establishing and regulating fees, and selection of the District Manager, who serves at the will of the Board. The policies and procedures set by the Board of Directors are administered by the District Manager.

Regular meetings of Orland-Artois Water District Board of Directors are held on the third Tuesday of each month at 1:30 p.m. The Board of Directors meetings are held at the District's office located at 6505 Road 27, Orland. Normally no members of the public attend the Board of Directors meetings.



**OAWD Board Room**

The public notices for the Board of Directors meetings are posted at least 72 hours before the meetings are held and are posted at the District's office. The District also provides notice of each meeting notice to the *Sacramento Valley Mirror* newspaper.

**OAWD STAFFING**

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current

financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

OAWD is managed by the District Manager, who is appointed by the OAWD Board of Directors and serves at the will of the Board. The current General Manager was hired in 1992 as Water Superintendent and became General Manager in 2012. The General Manager is the Executive Officer of the District and for the Board of Directors. The General Manager administers the District and has exclusive management and control of the operations and works of the District, subject to approval by the Board of Directors, and provides day-to-day leadership for the District. He/she has general charge, responsibility and control over all property and facilities of the District. Under policy direction of the Board of Directors, the General Manager is responsible for all District activities including administration, finance, operations, and maintenance; represents the Board's policies and programs with government entities, employees, community organizations and the general public; oversees preparation of the annual budget, responsible for employer-employee relations; and performs related work as required. The General Manager also acts as Secretary to the Board.

The District has five full-time employees, as follows:

- District Manager/Secretary of the Board (full time)
- Water Superintendent (full time)
- Field Technician (full time)
- Office Secretary (full time)
- Office Assistant (full time)

Most of the employees have been with the District for numerous years. This longevity results in a very stable, knowledgeable, and effective workforce.

At the February 2022 Board meeting, the General Manager announced to the Board that he would be retiring as of January 31, 2024. Since then, the Board has been working on a plan to hire a new manager. The Board recently advertised for a new manager, with applications due by October 23, 2023. It is anticipated that the new general manager will start on January 1, 2024.

The District Board of Directors appoints a Treasurer, who is an officer of the District and not an employee. The Treasurer is paid a per diem of \$50 per monthly Board of Director meeting.

The management structure of OAWD is very simple and reasonable for the type of operations undertaken by the District. No alternative structures or reorganizations of staff would result in more efficient daily operations, and the existing structure is considered appropriate.

The District's employees do not participate in the California Public Employees' Retirement System (CalPERS) defined benefit pension plan. Instead, on December 19, 1984, the District established a deferred compensation plan. The plan is a single-employer Simplified Employee Pension (SEP) plan with the assets held in trust by New York Life. The

Plan is administered by the management of the District and the provisions of the plan can be changed and amended by the Board of Directors of the District. All full-time salaried employees are eligible to participate in the plan after completing three years of service with the District. The District pays 100% of the contribution, based on an annual percentage of 7% of the employee's wage. Participant's accounts are credited with the employer contributions. The amount the District contributes each year on behalf of the participating employee is established by the Board of Directors. Investment earnings and losses as well as administrative expenses are also charged to the participant accounts. Allocations are based on participant's earnings and losses of chosen investments or account balances. Employees are vested in the plan upon entrance into the plan. The amount of the contribution for 2022 was \$18,295.

### **District Transparency**

Governmental transparency promotes accountability and provides information for citizens about what their government is doing. A public agency's transparency is necessary to provide the residents of the agency a thorough knowledge of the services the agency provides, how it operates, how and by who the agency is governed, and the financial status of the agency. Information on an agency should be easily accessible.

The District's transparency is very good, with a wealth of information on the District being found on the District's web page. As required by State law, the District provides notice of upcoming Board of Directors meetings by posting a notice at the District office and on the District web page. Board of Directors meeting minutes are also found on the District's web page.

Pursuant to California Government Code Section 53051, every public agency is required to submit a *Statement of Facts-Roster of Public Agencies Filing* to the California Secretary of State anytime there is a change in the membership of the governing board of the agency or the agency's official mailing address. Agencies are required to also submit the *Statement of Facts-Roster of Public Agencies Filing* to the county clerk of the applicable county. The District last updated its *Statement of Facts-Roster of Public Agencies Filing* on February 4, 2019, and the District complies with the requirements of §53051.

On September 14, 2018, Senate Bill 929 was signed by the Governor and chaptered into law by the California Secretary of State, which added §6270.6 and §53087.8 to the California Government Code. This law requires, beginning on January 1, 2020, that every independent special district maintain an Internet Web site that clearly lists contact information for the special district. An exception to this requirement is allowed if, pursuant to a majority vote of its governing body at a regular meeting, the district adopts a resolution declaring its determination that a hardship exists that prevents the district from establishing or maintaining an Internet Web site.

The District created and maintains a web page, which can be found at <https://www.oawd.org/>. The District's webpage is very comprehensive, containing a wealth of information on the District's services and operations. Email addresses for every full-time staff member can be found on the District's webpage. The District is to be commended for having such a comprehensive and useful web page.



**MSR DETERMINATION 6-1:** *OAWD is governed by a five-member Board of Directors, who are elected to four-year terms or are appointed by the Glenn County Board of Supervisors in lieu of election. OAWD holds meetings that are open and accessible to the public. OAWD maintains accountability and compliance in its governance, and public meetings appear to be held in compliance with Brown Act requirements.*

**MSR DETERMINATION 6-2:** *OAWD operates with a full-time staff of five employees. The overall management structure of the District is sufficient to perform effective and efficient irrigation water services.*

**MSR DETERMINATION 6-3:** *The Orland-Artois Water District has a web page that is very comprehensive and is kept current. The District is to be commended for creating and maintaining an outstanding web page.*

**MSR DETERMINATION 6-4:** *Transparency of the Orland-Artois Water District is excellent, with the District's web page containing a wealth of information on the District's services and operations.*

**MSR FACTOR NO. 7: ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY.**

**GOVERNMENTAL STRUCTURE - REORGANIZATION**

There are nine special districts located within Glenn County that provide irrigation water services. This large number of districts that provide the same service presents a situation where a consolidation or reorganization to combine some or all of these districts should be considered. Consolidation or reorganization of some or all of the districts into one district may result in cost savings, the elimination of governing bodies, eliminate the need for expensive financial audits to be prepared, provide for more effective and efficient irrigation water services, and result in better governmental transparency.

A consolidation or reorganization may also have negative impacts such as increased operational complexities, particularly in light of the difference in services between each agency. Additionally, consolidation or reorganization of the districts may not be possible due to the water supply contracts and/or loans that each district has with the U.S. Bureau of Reclamation.

The opportunity to consolidate the districts may be affected by limited funding and/or political issues, especially regarding the loss of local control. Additionally, a consolidation

of the subject districts would require majority approval by the registered voters or landowners of all the districts, but such approval is not assured. Such governance reorganizations are not always readily accepted among affected constituents who may feel current services are adequate and who have a connection to their current local agency and board of directors. Additionally, the costs to prepare a consolidation study and to hold an election could be cost prohibitive and funding would need to be secured before going forward with the consolidation process.

**MSR DETERMINATION NO. 7-1:** *There are nine agencies within Glenn County that provide irrigation water services. Consolidation or reorganization of some or all of these districts into one district may be problematic and may not be supported by the voters or landowners within these districts. A consolidation/reorganization study would need to be prepared, which may be very costly and may conclude that consolidation/reorganization is not feasible.*

## **II. SPHERE OF INFLUENCE PLAN**

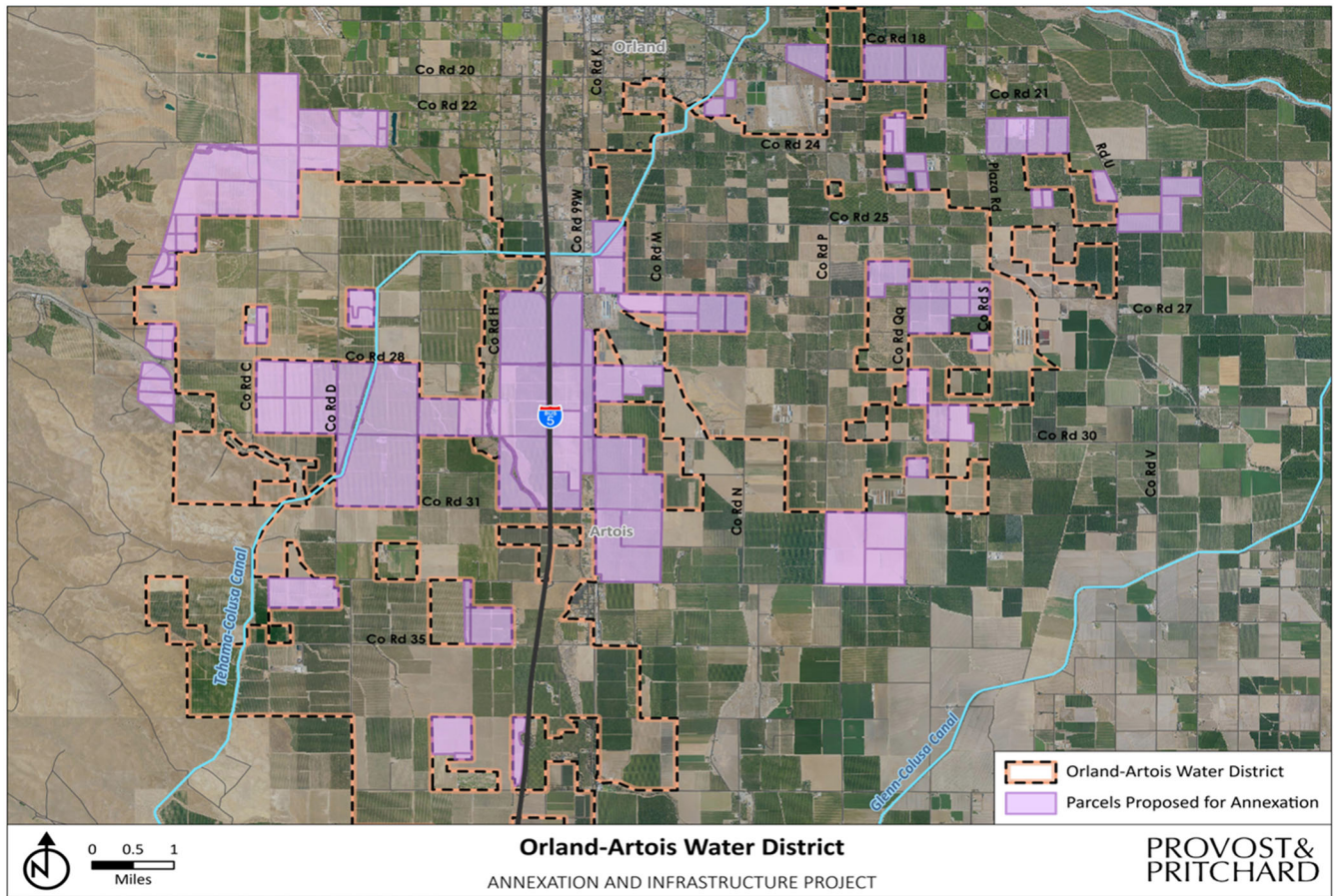
The existing Sphere of Influence (SOI) for the Orland-Artois Water District is coterminous with the District's jurisdictional boundaries. The SOI Plan recommendation is based directly on the information and discussions in the MSR and the MSR factor determinations above.

### **SPHERE OF INFLUENCE PLAN REVIEW FACTORS FOR THE ORLAND-ARTOIS WATER DISTRICT**

There are numerous factors to consider in reviewing a SOI Plan, including current and anticipated land uses, facilities, and services, as well as any relevant communities of interest. Updates generally involve a comprehensive review of the entire SOI Plan, including boundary and SOI maps and the District's MSR. In reviewing an agency's sphere, the Commission is required to consider and prepare written statements addressing five factors enumerated under California Government Code Section 56425(e). Each of the SOI review factors are listed below, with a corresponding determination.

### **Proposed OAWD Sphere of Influence Update and Annexation Proposal**

OAWD is proposing that approximately 100 parcels, totaling approximately 11,000 acres in size, be added to the District's existing Sphere of Influence and then subsequently annexed into the District's jurisdictional boundaries. The future annexation, if approved, would allow the District to extend irrigation water, when available, to the subject parcels. The SOI amendment area is contiguous to the District's existing SOI and jurisdictional boundaries. All of the subject parcels are designated as Intensive Agricultural by the Glenn County General Plan and are zoned AP-80 (Agricultural Preserve, minimum parcel size 72 acres) or AE-40 (Exclusive Agricultural, minimum parcel size 40 acres). Many of the parcels proposed to be added to the District's SOI are subject to a California Land Conservation Act ("Williamson Act") contract. The parcels proposed to be added to the District's SOI are shown on the following map.



This SOI Plan Update considers amending OAWD's SOI to add the subject parcels as shown on the above map.

**SOI FACTOR NO. 1:** The present and planned land uses in the area, including agricultural and open-space lands.

**SOI DETERMINATION NO. 1-1:** *The County of Glenn retains the responsibilities for land use decisions for the parcels located within the District.*

**SOI DETERMINATION NO. 1-2:** *The vast majority of the parcels within the District are designated and zoned for agricultural uses, and most of the parcels within the District are developed with agricultural uses. The services provided by the District ensures that existing and future agricultural uses within the District are provided with critical irrigation water needed to support agricultural uses.*

**SOI DETERMINATION NO. 1-3:** *The parcels proposed to be added to the District's SOI are designated as Intensive Agricultural by the Glenn County General Plan and are zoned AP-80 (Agricultural Preserve, minimum parcel size 72 acres). Many of the parcels proposed to be added to the District's SOI are subject to a California Land Conservation Act ("Williamson Act") contract. The proposed SOI Update is consistent with the Glenn County General Plan, the Glenn County Zoning Ordinance, and with the California Land Conservation Act contracts on the subject parcels.*

**SOI FACTOR NO. 2:** The present and probable need for public facilities and services in the area.

**SOI DETERMINATION NO. 2-1:** *OAWD provides vital and necessary irrigation water to the agricultural uses within the District.*

**SOI DETERMINATION NO. 2-2:** *Irrigation water supplied by the District will be able to be extended to the parcels proposed to be added to the District's SOI, thus ensuring an adequate water supply for existing and future agricultural uses on these parcels.*

**SOI FACTOR NO. 3:** The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

**SOI DETERMINATION NO. 3-1:** *OAWD has adequate facilities, equipment, staff, and funding to provide efficient and effective irrigation water services to the agricultural uses within the District.*

**SOI DETERMINATION NO. 3-2:** *The proposed SOI Update will allow OAWD to provide irrigation water to the parcels proposed to be added to the District's SOI when the District has sufficient water resources to do so. The proposed SOI Update will not cause any impacts to existing water users.*

**SOI Factor No. 4:** The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

**SOI DETERMINATION NO. 4-1:** *All of the parcels within the jurisdictional boundaries of OAWD are within the unincorporated area of Glenn County. Social or economic communities of interest within or near the District include the City of Orland, the City of Willows, and the unincorporated community of Artois.*

**SOI FACTOR NO. 5:** For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

**SOI DETERMINATION NO. 5-1:** *OAWD does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.*

#### **ORLAND-ARTOIS WATER DISTRICT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE FINDINGS AND RECOMMENDATIONS**

Based on the MSR and SOI determinations as listed above, the Commission:

1. Finds that the District provides efficient and effective irrigation water services to the agricultural uses within the District.
2. Finds that the proposed Sphere of Influence Update to the Orland-Artois Water District is consistent with the determinations found in this Municipal Service Review and Sphere of Influence Plan.
3. Amends the Sphere of Influence for the Orland-Artois Water District by adding the parcels shown on the map on Page 2-25 of this Plan, totaling approximately 11,000 acres in size, to OAWD's Sphere of Influence.

## **Adopting Resolution and Adopted SOI Map (Placeholder)**

The Glenn LAFCO resolution adopting the Orland-Artois Water District MSR/SOI Update and the adopted SOI Plan Update map will be added to this section.

## **COMMENTS RECEIVED AND RESPONSES TO COMMENTS (Placeholder)**

Comment regarding the Public Review Draft Orland-Artois Water District MSR/SOI Update will be added to this section.

## **GLOSSARY**

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<b>ADOPTED BUDGET</b>	The spending plan approved by resolution of the Board of Supervisors after the required public hearing and deliberations on the Recommended Budget. The Adopted Budget must be balanced with Total Financing Sources equal to Total Financing Uses.
<b>ANNEXATION</b>	The inclusion, attachment, or addition of a territory to a city of district.
<b>BOARD OF SUPERVISORS</b>	The elected board of supervisors of a county.
<b>BUDGET</b>	The planning and controlling document for financial operation with appropriations and revenues for a given period of time, usually one year.
<b>CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)</b>	The California Environmental Quality Act (CEQA) is intended to inform governmental decision-makers and the public about potential environmental effects of a project, identify ways to reduce adverse impacts, offer alternatives to the project, and disclose to the public why a project was approved. CEQA applied to projects undertaken, funded, or requiring issuance of a permit by a public agency.
<b>CONTINGENCY</b>	An amount appropriated for unforeseen expenditure requirements.
<b>DISTRICT OR SPECIAL DISTRICT</b>	An agency of the state, formed pursuant to general law or special act, for the local performance of government or proprietary functions within limited boundaries. "District" or "special district" includes a county service area.
<b>EXPENDITURES</b>	Expenditures occur when the County buys goods and services and pays its employees. Expenditures can be categorized into three types: operating expenditures, capital expenditures, and debt service expenditures. Operating expenditures are the day-to-day spending on salaries, supplies, utilities, services, and contracts. Capital expenditures are generally for acquisition of major assets such as land and buildings or for the construction of buildings or other improvements. Debt expenditures repay borrowed money and interest on that borrowed money.



<b>FISCAL YEAR</b>	Twelve-month period for which a budget is prepared, generally July 1 through June 30 of each year.
<b>FUND BALANCE</b>	The difference between assets and liabilities reported in a governmental fund.
<b>GENERAL PLAN</b>	A document containing a statement of development policies, including a diagram and text setting forth the objectives of the plan. The general plan must include certain state mandated elements related to land use, circulation, housing, conservation, open-space, noise, and safety.
<b>INTERFUND TRANSFER</b>	A transfer made between budget units in different funds for services rendered and received. The service rendering budget unit shows these transfers as revenue, as opposed to expenditure reduction.
<b>LAFCO</b>	Local Agency Formation Commission. A state mandated local agency that oversees boundary changes to cities and special districts, the formation of new agencies including incorporation of new cities, and the consolidation of existing agencies. The broad goals of the agency are to ensure the orderly formation of local government agencies, to preserve agricultural and open space lands, and to discourage urban sprawl.
<b>LOCAL ACCOUNTABILITY AND GOVERNANCE</b>	The term "local accountability and governance," refers to public agency decision making, operational and management styles that include an accessible staff, elected or appointed decision-making body and decision making process, advertisement of, and public participation in, elections, publicly disclosed budgets, programs, and plans, solicited public participation in the consideration of work and infrastructure plans, programs or operations and disclosure of results to the public.
<b>MANAGEMENT EFFICIENCY</b>	The term "management efficiency," refers to the organized provision of the highest quality public services with the lowest necessary expenditure of public funds. An efficiently managed entity (1) promotes and demonstrates implementation of continuous improvement plans and strategies for budgeting, managing costs, training and utilizing personnel, and customer service and involvement, (2) has the ability to provide service over the short and long term, (3) has the resources (fiscal, manpower, equipment,

adopted service or work plans) to provide adequate service, (4) meets or exceeds environmental and industry service standards, as feasible considering local conditions or circumstances, (5) and maintains adequate contingency reserves.

<b>MUNICIPAL SERVICE REVIEW (MSR)</b>	A study designed to determine the adequacy of governmental services being provided in the region or sub-region. Performing service reviews for each city and special district within the county may be used by LAFCO, other governmental agencies, and the public to better understand and improve service conditions.
<b>PUBLIC AGENCY</b>	The state or any state agency, board, or commission, any city, county, city and county, special district, or other political subdivision.
<b>RESERVE</b>	(1) For governmental type funds, an account used to earmark a portion of the fund balance, which is legally or contractually restricted for a specific use or not appropriate for expenditure. (2) For proprietary type/enterprise funds, the portion of retained earnings set aside for specific purposes. Unnecessary reserves are those set aside for purposes that are not well defined or adopted or retained earnings that are not reasonably proportional to annual gross revenues.
<b>REVENUE</b>	Funds received to finance governmental services from various sources and treated as income to the County. Examples: property taxes, sales taxes, and per parcel service charges.
<b>SPHERE OF INFLUENCE (SOI)</b>	A plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO
<b>SPHERE OF INFLUENCE DETERMINATIONS</b>	In establishing a sphere of influence the Commission must consider and prepare written determinations related to present and planned land uses, need and capacity of public facilities, and existence of social and economic communities of interest.
<b>ZONE OF BENEFIT</b>	A geographic area within a special district that provides a particular service or services to the parcels within that area.

**ZONING**

The primary instrument for implementing the general plan. Zoning divides a community into districts or "zones" that specify the permitted/prohibited land uses.

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