

**MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE PLAN**

for the

ORLAND-ARTOIS WATER DISTRICT



**GLENN LOCAL AGENCY FORMATION COMMISSION
ADOPTED APRIL 8, 2019
RESOLUTION No. 2019-04**

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FOR THE
ORLAND-ARTOIS WATER DISTRICT**

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MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN 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 creating an SOI Plan 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 the 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 Amendment

OAWD's current Sphere of Influence is coterminous with the District's jurisdictional boundaries. OAWD is proposing that two parcels and the adjacent portion of the Wilson Creek right-of-way, totaling approximately 612 acres in size, be added to the District's existing Sphere of Influence and subsequently annexed into the District's jurisdictional boundaries. The two subject parcels – identified as Assessor's Parcel Numbers 024-220-020 (56.3 acres) and 024-220-023-9 (531 acres) – are located just southwest of the intersection of County Road 30 and County Road C, on the western boundary of the District. The SOI amendment area is contiguous to the District's existing SOI and jurisdictional boundaries. Both of these parcels are designated as Intensive Agricultural by the Glenn County General Plan and are both zoned AP-80 (Agricultural Preserve, minimum parcel size 72 acres). Both parcels are subject to a California Land Conservation Act ("Williamson Act") contract. The proposed SOI Amendment is analyzed in the Sphere of Influence Plan section of this document.

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

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ORLAND-ARTOIS WATER DISTRICT DATA SHEET

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)
 Webpage: None

GOVERNING BOARD

| <u>Board of Directors</u> | <u>Term Expires</u> |
|------------------------------|---------------------|
| Mike Vereschagin, President | 12/3/2021 |
| Ernie Pieper, Vice President | 12/6/2019 |
| Chuck Schonauer | 12/3/2021 |
| John Erickson | 12/6/2019 |
| James Jones | 12/6/2019 |

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: 564
2. District Size: 28,918 acres (45.2 sq. miles)
3. Estimated Population: 850
4. Location: Generally 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 2018

Revenues: \$4,107,687

Expenditures: \$3,857,539

Reserves as of September 2018

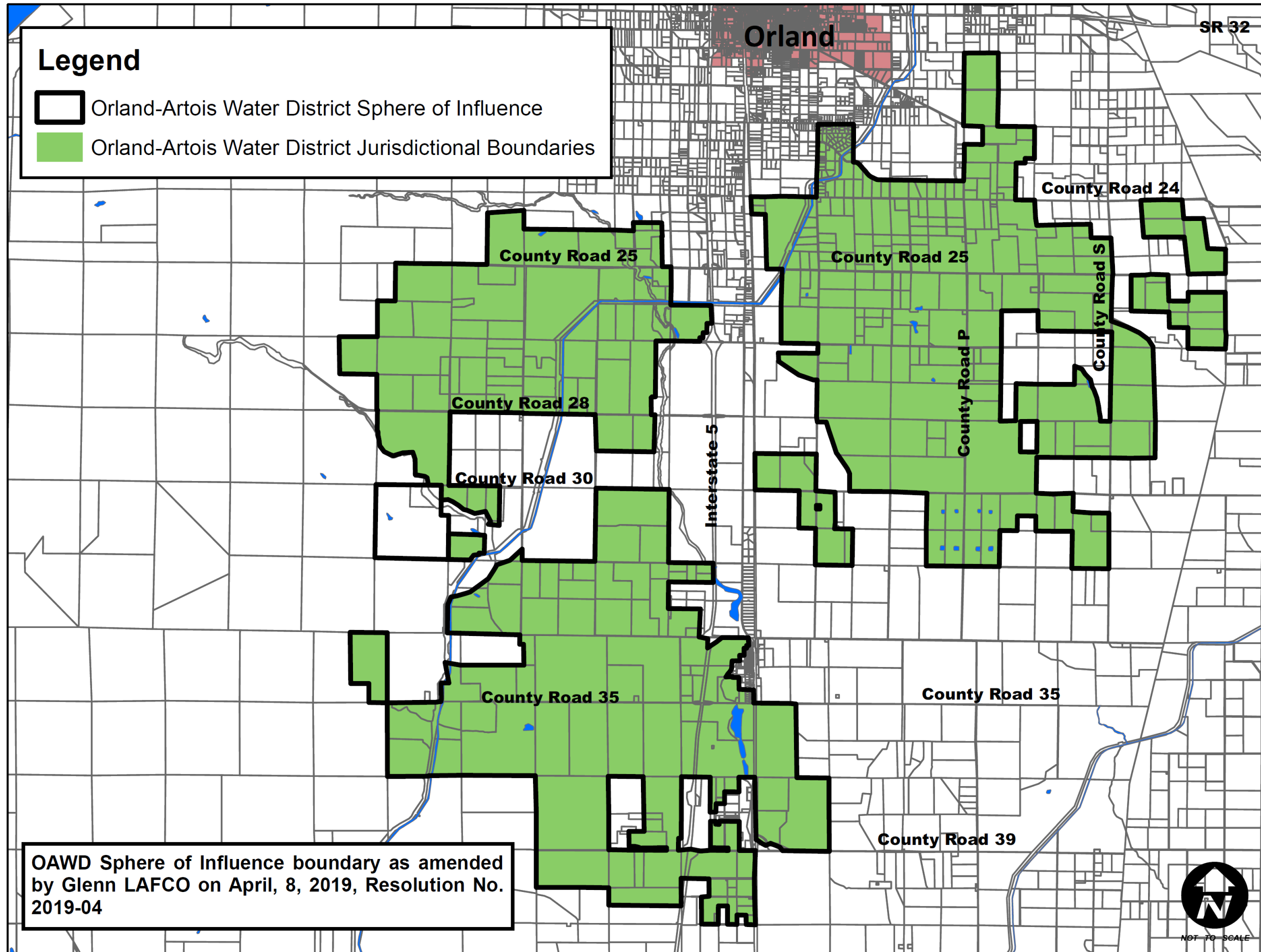
\$2.1 million

Revenue Sources:

- Water Sales
- Operations Charges
- Assessments
- Interest

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FIGURE 2 - ORLAND-ARTOIS WATER DISTRICT



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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 for a supplemental surface water supply. The District first contracted with the Bureau in 1963 and water deliveries began in 1976 when construction of the District's distribution facilities were completed.

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 service area encompasses approximately 28,918 acres (45.2 square miles) and consists of approximately 564 parcels interspersed with non-district lands in a checkerboard-like pattern. 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 and rice fields. The vast majority of the parcels within the District are designated as "Intensive Agriculture" by the Glenn County General Plan. 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 TCCA O&M and California State Water Resources Control Board Water Rights Fee) and collects an annual \$19.94 per acre charge to repay a U.S. Bureau of Reclamation loan.

The District receives its water supply from various sources, including 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.¹ The current contract was signed in 2005 and expires in 2030. The contract does allow the District to provide water for municipal and industrial (M&I) uses and the District provides

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

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. As of the beginning of March 2019, the District has a 70% allocation from the CVP, but the District anticipates that they will receive a 100% allocation (53,000 acre-feet of water) due to the extremely wet 2018-2019 winter that California experienced.

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 ground water and the District does not have private ground water use records.

The CVP water supplied to the District flows from the Sacramento River at the Red Bluff Diversion Dam 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. In 2018, the District had agreements with three settlement contractors for water; one for 2,600 acre-feet, another for 4,500 to 6,000 acre-feet, and another for 3,500 acre-feet of water. These contracts have the contingency to provide water in critical years if the District buys the water every year. These agreements insure 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, 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. The District's water is received from the Tehama-Colusa Canal at the following five locations:

| Location Name (TCC Mile Location) | Physical Location |
|--|---------------------------------|
| 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 |

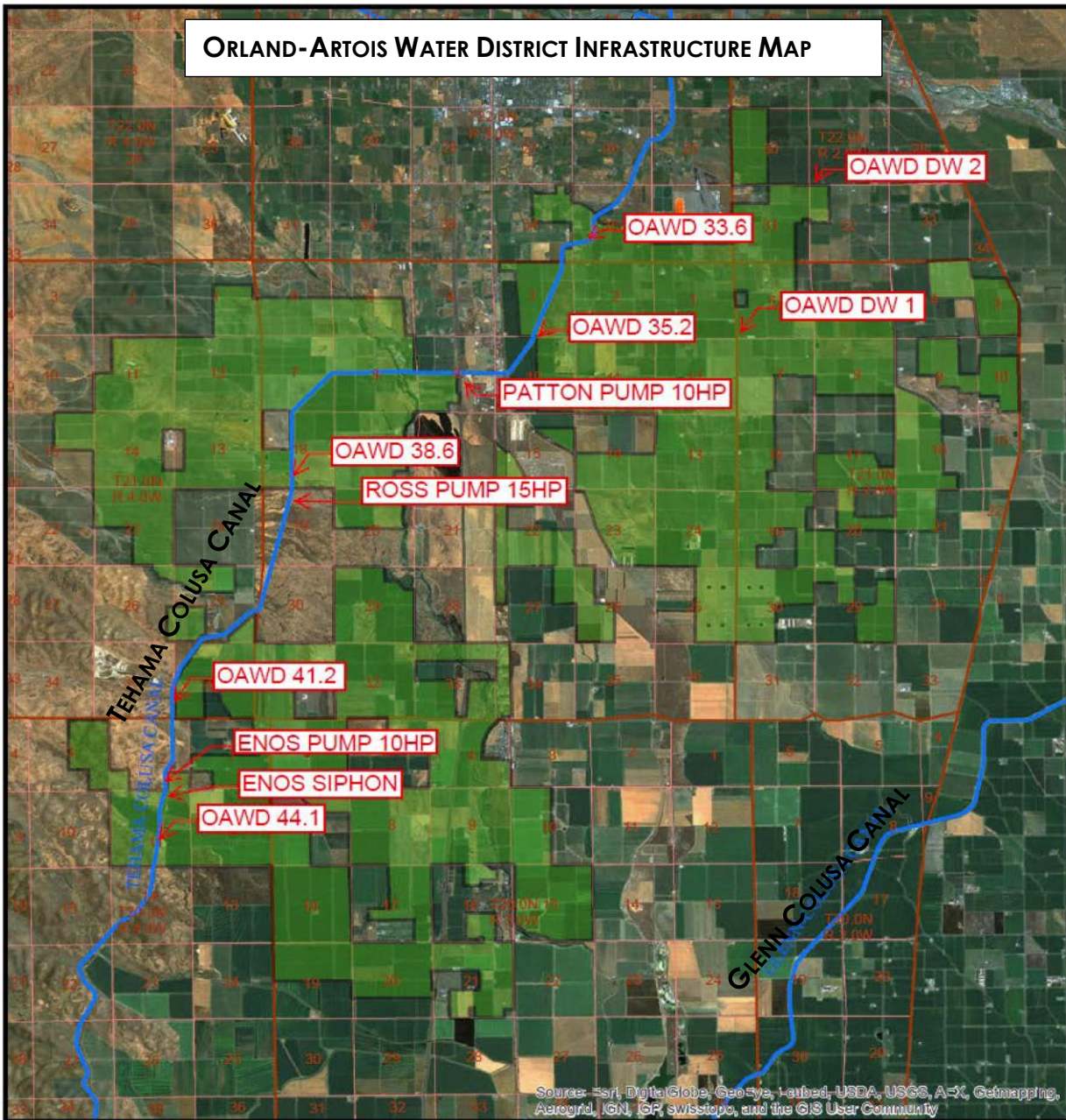
OAWD water storage infrastructure includes the following facilities:

| Location Name (TCC Mile Location) | Type | Capacity (AF) | Distribution or Spill |
|--|---------------------------|--------------------------|----------------------------------|
| 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 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 district².

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

²The 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.



District Debt

On February 26, 1976, the District entered into a contract with the United States Government for the construction of the District's water distribution system. The original loan amount was \$23,127,537. Payments on the loan began in February 1993 and are due in two equal installments of \$289,094 per year. The last payment is scheduled for August 2032. The loan bears no interest. The District charges a repayment assessment to landowners that are using the District's water distribution system, equal to the debt service payment. In accordance with Article 17 of the Contract, title to the distribution system shall be, and remain in the name of the United States until otherwise provided for

by Congress, notwithstanding the fact of full repayment of the obligation.

The Reclamation Act of 1939 provided for the construction of multiple purpose irrigation projects and the construction costs would be shared among the various beneficiaries that provided irrigation. The construction cost allocated to the Orland-Artois Water District totaled \$21,539,728. The costs allocated change by year based on the services provided to the District. Irrigators are responsible for repaying their allocated share of the project's construction costs as limited by a determination of their ability to pay. As of September 30, 2013, the U.S. Bureau of Reclamation determined, based on an ability to pay study for the District's eligibility for full relief from payment of the construction costs be continued. Payments of the cost of construction in the amount of \$ \$9,977,507 as of September 30, 2017, are to be made through future deliveries of water through 2030. No interest is being charged on this liability.

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. Pursuant to The Glenn Groundwater 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 offstream 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 and rice fields. 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 2018, the population of Glenn

County as a whole rose from 28,122 to 28,796, an increase of approximately 2.4 percent over an eight-year period.³ For the same time period, the population within the unincorporated portion of Glenn County increased by approximately 0.92 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.⁴ Additionally, the table shows the percent change in population from 2017 to 2018.

| County/City | Total Population | | |
|-------------------|------------------|----------|----------------|
| | 1/1/2017 | 1/1/2018 | Percent Change |
| Glenn | 28,730 | 28,796 | 0.2 |
| Orland | 7,844 | 7,932 | 1.1 |
| Willows | 6,066 | 6,064 | 0.0 |
| Balance of County | 14,820 | 14,800 | -0.1 |

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

³State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2011-2018, with 2010 Census Benchmark*. Sacramento, California, May 2018.

⁴State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2017 and 2018*. Sacramento, California, May 2018.

79505.5). The statewide MHI data is obtained from the US Census American Community Survey (ACS) 5-Year Data: 2010 - 2014. California's MHI for this period was \$61,489, and 80 percent of that is \$49,191. 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 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 that is less than \$38,270.

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 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 the District provides 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 of Reclamation 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. The District does not currently see a need to make any 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. Residents of the District can leave a voice mail if calling after normal business hours.



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:

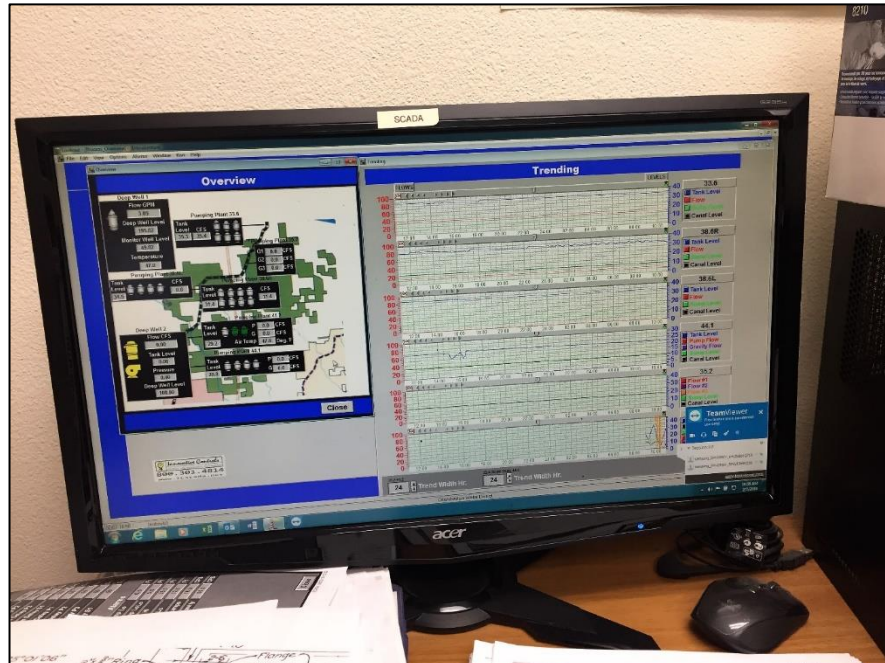
- 1975 Chevrolet C30 Service Truck
- 2011 Ford F150 ½ ton Pickup
- 2013 Ford F150 ½ ton Pickup
- 2015 Ford F150 ½ ton Pickup
- 2017 16' Carson Trailer

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.

According to the District, the vehicles the District currently operates are adequate at this time. The District will consider the purchase of a new pickup truck in two or three years from now to replace one of the older pickup trucks.

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. The SCADA software that the District utilizes – Lookout – is outmoded and is no longer being supported, although the software is still performing adequately. The District is already considering the purchase of new SCADA software to ensure efficient and effective monitoring and control of the District's critical infrastructure.



OAWD SCADA System

Adequacy of Public Services

The District provides irrigation water services to approximately 29,000 acres of farm land. 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 appears to be 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) and collects an annual \$19.94 per acre charge to repay a U.S. Bureau of Reclamation loan.

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 budgets for Fiscal Years 2016 and 2017 are shown in the below table. This table shows the actual revenue and expenditure figures for these two years.

| Detail by Revenue Category and Expenditure Object | 2016 Actuals | 2017 Actuals |
|---|--------------------|--------------------|
| REVENUES | | |
| Water Sales | 1,826,868 | 1,554,715 |
| Operations Charge | 1,134,404 | 1,276,228 |
| Assessments | 585,403 | 580,792 |
| Reserve Acct. Transfers-Income | 0 | 0 |
| Interest | 5,352 | 12,600 |
| TOTAL REVENUES | \$3,552,027 | \$3,424,335 |
| EXPENDITURES | | |
| Source of supply | 2,096,999 | 1,715,983 |
| Transmission and distribution | 691,970 | 716,701 |
| Administrative | 225,189 | 241,866 |
| Depreciation | 359,262 | 351,818 |
| TOTAL EXPENDITURES / APPROPRIATIONS | \$3,373,420 | \$3,026,368 |
| NET COSTS / USE OF FUND BALANCE | \$178,607 | \$397,967 |

The District's budgets for Fiscal Years 2018 and 2019 are shown in the below table. The budget for Fiscal Year 2018 shows the actual revenue and expenditure figures, while the Fiscal Year 2019 budget shows the District's budget as adopted by the District Board of Directors, which only reflects anticipated revenues and appropriations (anticipated expenditures).

| Detail by Revenue Category and Expenditure Object | 2018 Actuals | 2019 Adopted by District Board |
|---|--------------------|--------------------------------|
| REVENUES | | |
| Water Sales | 2,228,019 | 2,715,800 |
| Operations Charge | 1,277,059 | 1,243,960 |
| Assessments | 540,261 | 576,625 |
| Reserve Acct. Transfers-Income | 43,565 | 43,564 |
| Interest | 18,783 | 14,025 |
| TOTAL REVENUES | \$4,107,687 | \$4,593,974 |
| EXPENDITURES | | |
| Source of supply | 1,993,997 | 2,715,800 |
| Transmission and distribution | 1,196,938 | 1,203,616 |
| Administrative | 429,833 | 409,060 |
| Special projects | 103,749 | 42,000 |
| Reserve accounts: transfer to | 133,022 | 223,498 |
| TOTAL EXPENDITURES / APPROPRIATIONS | \$3,857,539 | \$4,593,974 |
| NET COSTS / USE OF FUND BALANCE | \$250,148 | \$0 |

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.⁵

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.⁶ 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:

- 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.

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

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

- 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, 2017, the carrying amount of the District's cash deposits was \$1,421,626 and the bank balance was \$1,455,758. 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 as of December 31, 2017.

| | <u>Balance, as of December 31, 2017</u> |
|---------------------------|---|
| Petty cash | \$402 |
| Checking | \$60,229 |
| Money market accounts (3) | <u>\$1,360,995</u> |
| Total cash | \$1,421,626 |

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 market value of the District's balance with the LAIF as of December 31, 2017, was \$251,048. 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.

RESERVE ACCOUNTS

The District maintains four different reserve accounts: General Reserves, Vehicle Replacement Reserves, Water Contingency Reserves, and Deferred Maintenance Reserves. The following table shows the reserve accounts, where the reserve accounts funds are held, the desired amount of funds to be retained in each reserve fund, and the amount of the funds held in the reserve accounts as of September 2018.

| Account | Targeted Amount | Total | Bank Reserves | LAIF Reserves | Difference |
|-------------------------------|---------------------|---------------------|-------------------|---------------------|-----------------------|
| General Reserves | 2,000,000.00 | 1,247,609.35 | 523,609.35 | 724,000.00 | (752,390.65) |
| Vehicle Replacement Reserves | 40,000.00 | 10,000.00 | | 10,000.00 | (30,000.00) |
| Water Contingency Reserves | 1,000,000.00 | 649,911.35 | 399,911.35 | 250,000.00 | (350,088.65) |
| Deferred Maintenance Reserves | 1,000,000.00 | 253,177.22 | 0.00 | 253,177.22 | (746,822.78) |
| Totals | 4,040,000.00 | 2,160,697.92 | 923,520.70 | 1,237,177.22 | (1,879,302.08) |

These amounts reflect account balances for 09/10/2018

The District's reserve account policy states that to ensure the uninterrupted financial operation of the District, the District's money market accounts should have 3 to 6 months of operating capital on hand. After the fiscal year is closed any remaining funds in the budget are distributed, by Board action, to the appropriate reserve accounts using agreed upon targets as a guideline. If there is a shortfall in the budget, funds are transferred, by Board action, from the appropriate reserve account into the General Reserves account if deemed necessary.

District Debt

On February 26, 1976, the District entered into a contract with the United States Government for the construction of the District's water distribution system. The original loan amount was \$23,127,537. Payments on the loan began in February 1993 and are due in two equal installments of \$289,094 per year (total of \$578,188 annually). The last payment is scheduled for August 2032. The loan bears no interest. The District charges a repayment assessment to landowners that are using the District's water distribution system, equal to the debt service payment. In accordance with Article 17 of the Contract, title to the distribution system shall be, and remain in the name of the United States until otherwise provided for by Congress, notwithstanding the fact of full repayment of the obligation.

The Reclamation Act of 1939 provided for the construction of multiple purpose irrigation projects and the construction costs would be shared among the various beneficiaries that provided irrigation. The construction cost allocated to the Orland-Artois Water District totaled \$21,539,728. The costs allocated change by year based on the services provided to the District. Irrigators are responsible for repaying their allocated share of the project's construction costs as limited by a determination of their ability to pay. As of September 30, 2013, the U.S. Bureau of Reclamation determined, based on an ability to pay study for the District's eligibility for full relief from payment of the construction costs be continued. Payments of the cost of construction in the amount of \$9,977,507 as of September 30, 2017, are to be made through future deliveries of water through 2030. No interest is being charged on this liability.

FINANCIAL AUDIT

State Law requires that every public agency retrain 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 April 2018, which was for Fiscal Year 2017, 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 \$2.1 million, which could be utilized for unanticipated expenses, capital improvements, or to cover revenue shortfalls.*

MSR DETERMINATION NO. 4-4: *The District has a long-term loan to the United States Government for the construction of the District's water distribution system. The District repays this loan in two equal installments of \$289,094 per year (total of \$578,188 annually). The last payment is scheduled for August 2032. The District charges a repayment assessment to landowners that are using the District's water distribution system.*

MSR DETERMINATION NO. 4-5: *The District has required financial audits prepared in a timely manner. The last financial audit prepared for the District (Fiscal Year 2017) showed no material deficiencies in the District's financial statements.*

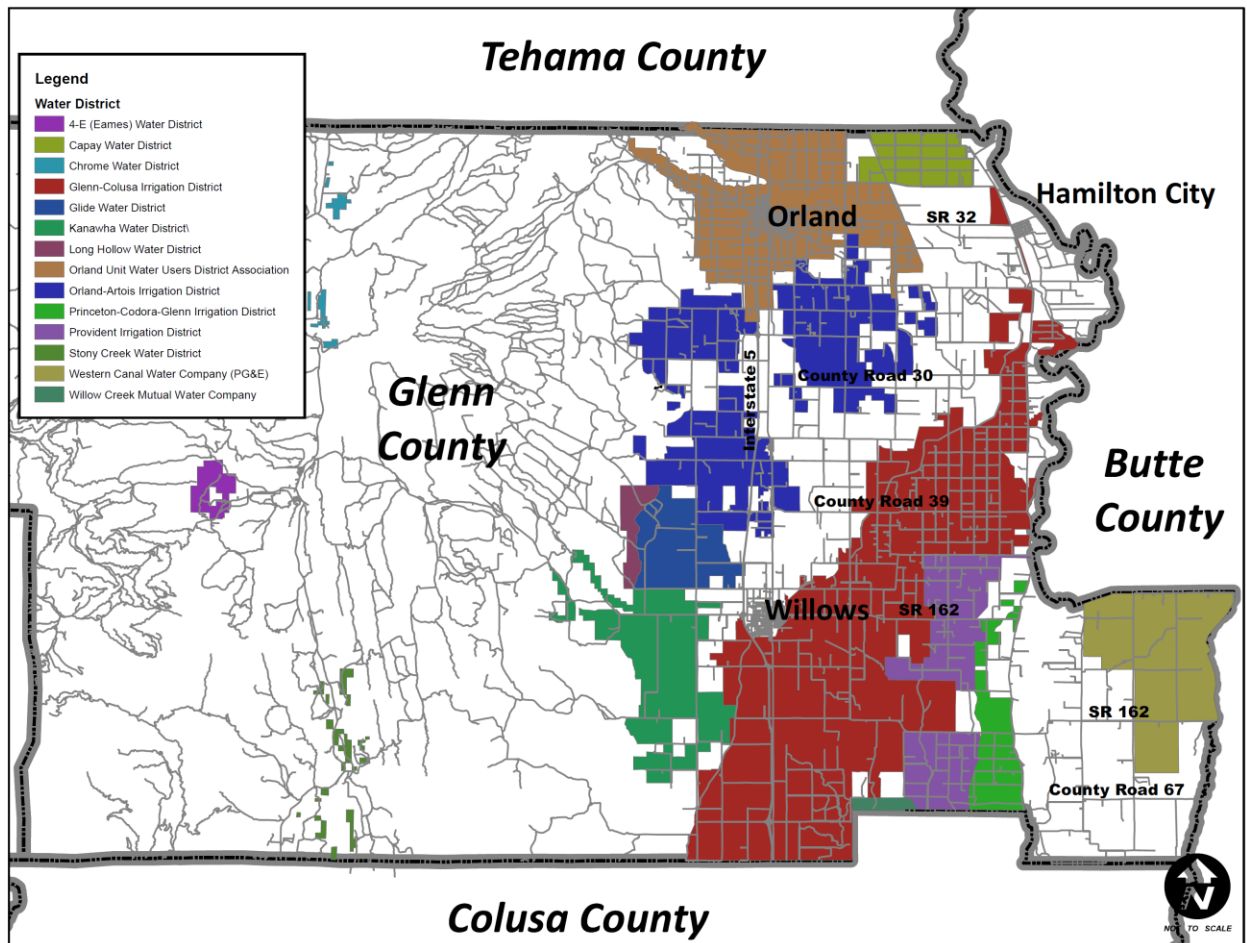
MSR FACTOR 5: STATUS OF, AND OPPORTUNITIES FOR SHARED FACILITIES

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
- 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 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, establishes and regulates 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.

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 Board Room

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 District Manager has been with the District for 27 years, 20 years of that serving as the Water Superintendent and the last 7 years serving as the District Manager.

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)

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

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, 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 District Board of Directors.

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.

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 limited, which makes it difficult for the residents of the District to easily obtain information on the District. As required by State law, the District does provide notice of upcoming Board of Directors meetings by posting a notice at the District office. Board of Directors meeting minutes and other information can be obtained through the District Manager. All of these measures do require residents to make an effort to either attend District Board meetings or visit the District office.

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.

To provide for greater transparency, many special districts within California have websites that allow for easy access to district services, information, and documents. The District does not have a webpage.

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 should consider creating a comprehensive website, which would provide an avenue for the residents of the District to easily obtain important information about the District, significantly increasing the District's transparency. The District should create and maintain a website that provides, at a minimum, the following information:

- District contact information, including the names of the District Manager and Board of Directors
- Board of Directors term of office
- Board of Directors meeting notices
- Board of Directors agendas and staff reports/memorandums
- Adopted annual budget
- Financial audits/reports

- Map of the District
- District by laws
- List of enterprise systems (SB 272)
- Financial Transaction Reports
- Compensation Reports
- ADA compliance

Due to cost and time considerations, the District may object to creating and maintaining a comprehensive website. However, the benefits of having a website far outweigh the cost or the time it takes to maintain a website. There are numerous website designers that can create and host custom websites at a nominal monthly cost. One such website designer - Streamline™ Web – creates and hosts websites that are designed specifically for local government at a very affordable cost.⁷

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 does not have a webpage. The District should consider creating and maintaining a comprehensive website. The website would allow the District to post contact information, public meeting notices, Board of Directors meeting minutes, and financial documents (budgets, audits), greatly increasing the District's transparency.*

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

District Map

An accurate, large-scale map of the Orland-Artois Water District does not appear to exist. The Glenn County Planning Division does have a digital geographical information system (GIS) layer of the District, however the accuracy of that GIS layer is uncertain. The lack

⁷ <http://www.getstreamline.com/web/>

of an accurate map and GIS layer of the District could result in difficulties in determining if a parcel is within the jurisdictional boundaries of the District. To solve this issue, the Glenn Local Agency Formation Commission, the Orland-Artois Water District, the Glenn County Planning Division, and the Glenn County Assessor's Office should work together to determine the accuracy of the existing GIS layer for the District, make any corrections if errors are found, and create an accurate large-scale map of the District.

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: *An accurate, large-scale map of the Orland-Artois Water District does not appear to exist and the accuracy of the existing GIS layer for the District is uncertain. The Glenn Local Agency Formation Commission, the Orland-Artois Water District, the Glenn County Planning Division, and the Glenn County Assessor's Office should work together to determine the accuracy of the existing GIS layer for the District, make any corrections to the GIS layer if errors are found, and create an accurate large-scale map of the District.*

MSR DETERMINATION No. 7-2: *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

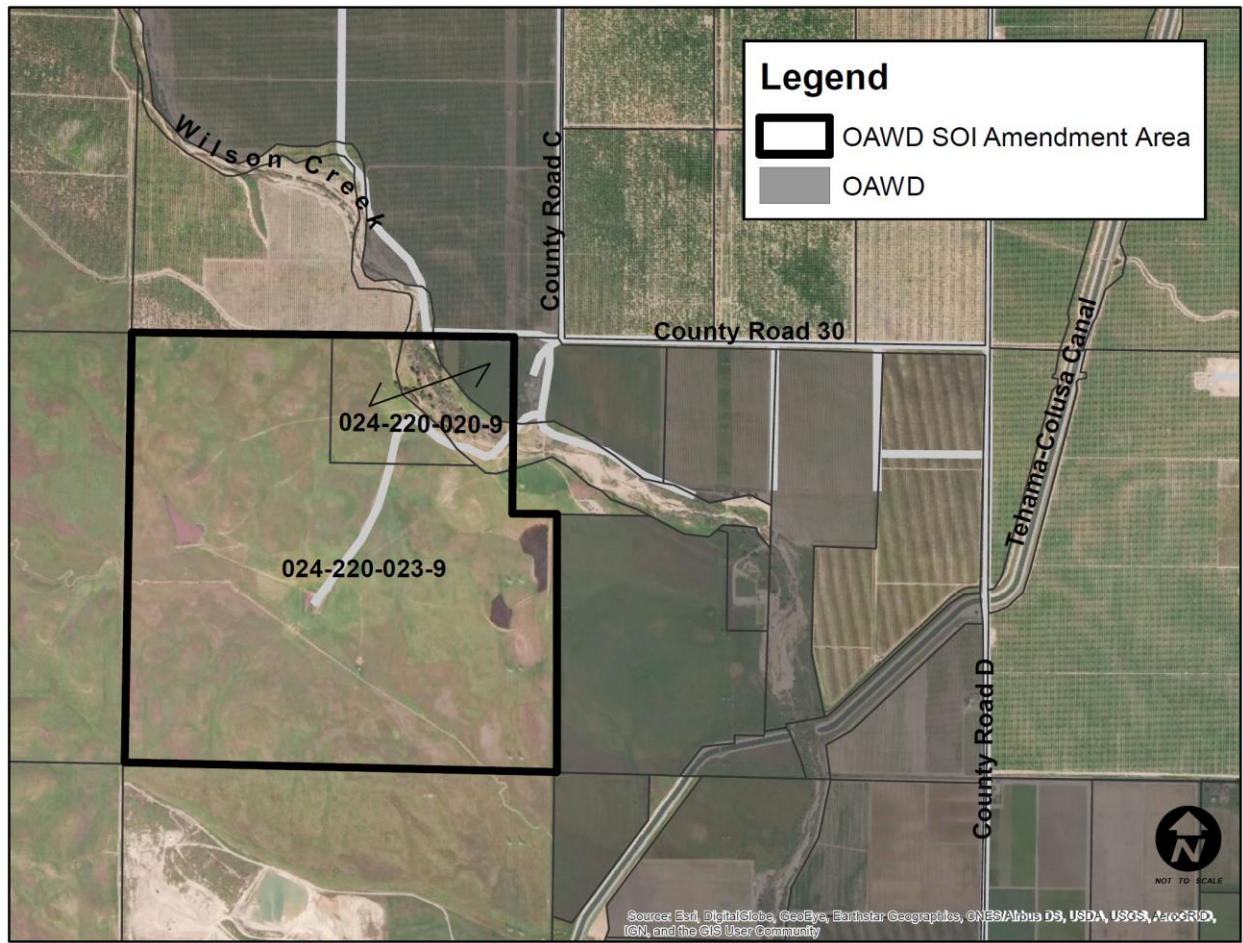
The existing Sphere of Influence (SOI) for the Orland-Artois Water District is coterminous with the District's jurisdictional boundaries. The SOI Plan recommendation is based directly on the information and discussions in the MSR and the MSR factor determinations above.

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 Amendment and Annexation Proposal

OAWD is proposing that two parcels and the adjacent portion of the Wilson Creek right-of-way, totaling approximately 612 acres in size, be added to the District's existing Sphere of Influence and subsequently annexed into the District's jurisdictional boundaries. The future annexation, if approved, would allow the District to extend irrigation water to the two parcels. The subject parcels – identified as Assessor's Parcel Numbers 024-220-020 (56.3 acres) and 024-220-023-9 (531 acres) – are located just southwest of the intersection of County Road 30 and County Road C, on the western boundary of the District. The Wilson Creek right-of-way included in the SOI amendment area is approximately 25 acres in size. The SOI amendment area is contiguous to the District's existing SOI and jurisdictional boundaries. Both of these parcels are designated as Intensive Agricultural by the Glenn County General Plan and are both zoned AP-80 (Agricultural Preserve, minimum parcel size 72 acres). Both parcels are subject to a California Land Conservation Act ("Williamson Act") contract. The two area proposed to be added to the District's SOI is shown on the following map.



This SOI Plan considers amending OAWD's SOI to add the two parcels as shown in 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 two 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). Both parcels are subject to a California Land Conservation Act ("Williamson Act") contract. The proposed SOI amendment is consistent with the Glenn County General Plan, the Glenn County Zoning Ordinance, and with the California Land Conservation Act contracts on the two 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 two parcels proposed to be added to the District's SOI, thus ensuring an adequate water supply for existing and future agricultural uses on the two 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: *OAWD has adequate resources to provide irrigation water services to the two parcels proposed to be added to the District's SOI without any significant 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: *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 amendment to the Orland-Artois Water District, which consists of Assessor's Parcel Numbers 024-220-020 and 024-220-023-9 and the adjacent portion of the Wilson Creek right-of-way, totaling approximately 612 acres in size, 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 Assessor's Parcel Numbers 024-220-020 and 024-220-023-9 and the adjacent portion of the Wilson Creek right-of-way, totaling approximately 612 acres in size, to OAWD's Sphere of Influence.

Adopting Resolution and Adopted SOI Map

GLENN LOCAL AGENCY FORMATION COMMISSION RESOLUTION 2019-04

RESOLUTION APPROVING THE MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN FOR THE ORLAND-ARTOIS WATER DISTRICT

WHEREAS, California Government Code Section 56425 requires that the Local Agency Formation Commission ("LAFCO") adopt and periodically review Sphere of Influence Plans for all agencies in its jurisdiction; and,

WHEREAS, California Government Code Section 56430 requires that LAFCO conduct a review of the municipal services provided by and within an agency prior to updating or adopting its Sphere of Influence Plan; and,

WHEREAS, the Sphere of Influence Plan is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and,

WHEREAS, at the time and in the manner provided by law, the Executive Officer gave notice of the date, time, and place of a public hearing by the Commission for the Orland-Artois Water District Municipal Service Review and Sphere of Influence Plan including approval of the report and adoption of the written determinations contained therein; and,

WHEREAS, the Commission hereby determines that the Municipal Service Review and Sphere of Influence Plan for the Orland-Artois Water District and written determinations contained therein is otherwise consistent with the purposes and responsibility of the Commission for planning the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities; and,

WHEREAS, the Commission has heard all interested parties desiring to be heard and has considered the report by the Executive Officer and all other relevant evidence and information presented at said hearing; and,

WHEREAS, the Orland-Artois Water District has requested that Glenn LAFCo amend the District's Sphere of Influence by adding two parcels and the adjacent portion of a drainage way right-of-way, totaling approximately 612 acres, to the District's Sphere of Influence; and,

WHEREAS, acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, the Commission finds that the Orland-Artois Water District Municipal Service Review/Sphere of Influence Plan is Categorically Exempt from the provisions of CEQA under Section 15306, "Information Collection" and Section 15061(b)(3) – General Rule Exemption, respectively; and

NOW, THEREFORE, the Glenn Local Agency Formation Commission hereby further resolves, orders and determines as follows:

GLENN LAFCO RESOLUTION
ORLAND-ARTOIS WATER DISTRICT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN

1. That the proposed Municipal Service Review and Sphere of Influence for the Orland-Artois Water District complies with the provisions of California Government Code Section 56000, et seq.
2. That no significant objections have been received.
3. That the Commission adopts the written determinations, findings, and recommendations as set forth in the Orland-Artois Water District Municipal Services Review/Sphere of Influence Plan, dated March 2019 and adopted by the Commission on April 8, 2019.
4. The Commission updates the Sphere of Influence for the Orland-Artois Water District by adding two parcels (Assessor's Parcel Numbers 024-220-020 and 024-220-023-9) and the adjacent drainage way right-of-way, totaling approximately 612 acres, to the District's SOI, as depicted on Page 2-26 of the MSR/SOI Plan, adopted by the Commission on April 8, 2019.

The foregoing resolution was duly passed by the Glenn Local Agency Formation Commission at a regular meeting held on Tuesday, April 8, 2019 by the following roll call vote:

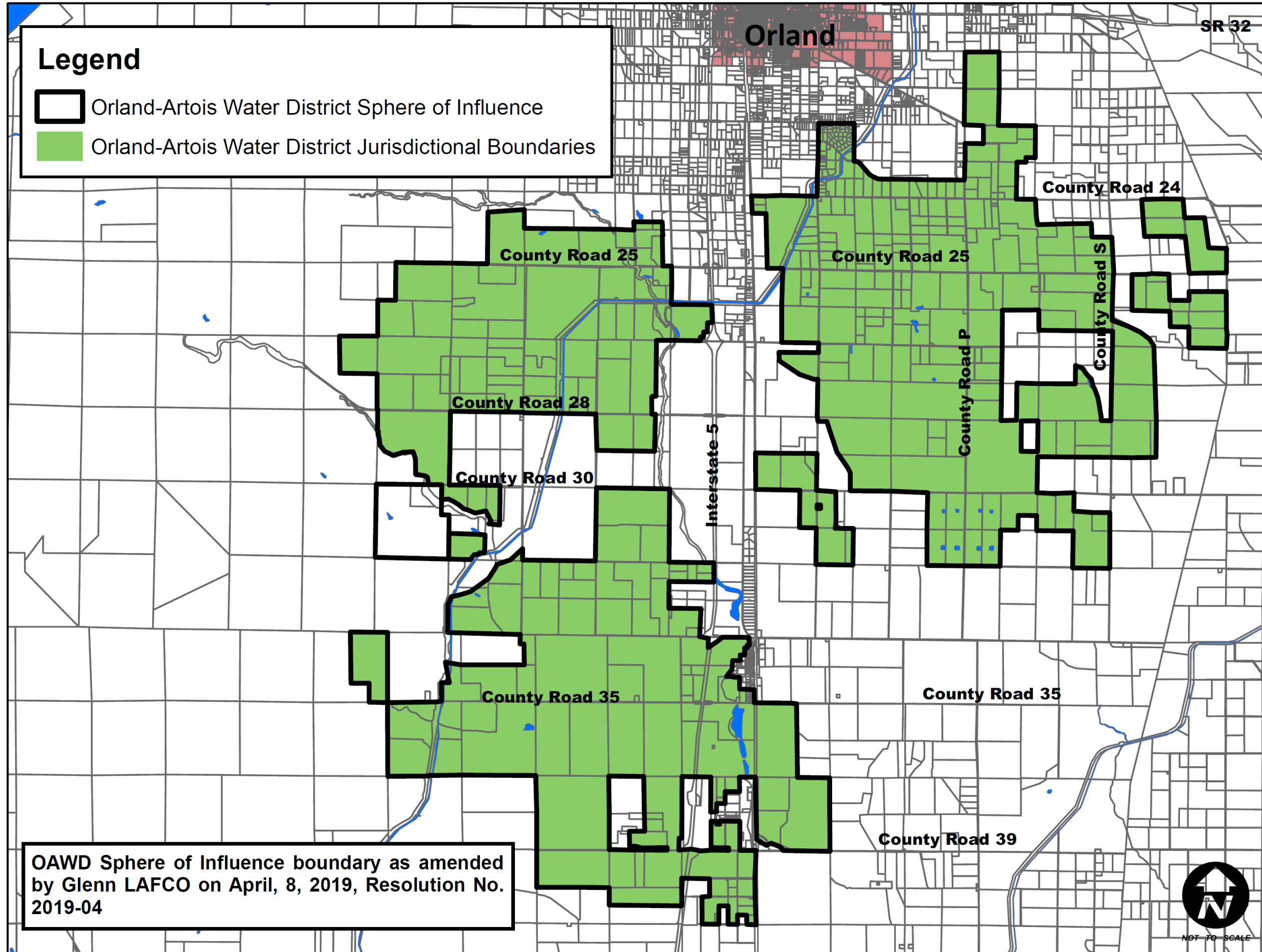
Ayes: Commissioners Roundy (Chair), Corum, Barr, Warren, and Stifter
Noes: None
Abstentions: None
Absent: None


BRUCE ROUNDY, Chairman
 GLENN LOCAL AGENCY FORMATION COMMISSION

Attest:


Adele Lee, Executive Officer
 GLENN LOCAL AGENCY FORMATION COMMISSION

Adopted SOI Map



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COMMENTS RECEIVED AND RESPONSES TO COMMENTS

The following comment regarding the Public Review Draft Orland-Artois Water Distr 3-2 MSR/SOI was received from the District.

Steve Betts

From: oawdemil@sbcglobal.net
Sent: Thursday, March 21, 2019 4:08 PM
To: 'Steve Betts'
Subject: Public Draft

Follow Up Flag: Follow up
Flag Status: Flagged

Steve,

I reviewed the public draft and it looks good except for 2 errors I missed in the earlier draft. On page 2-9 at the bottom, the office hours are 8AM to 4PM. And on Page 2-13, under Annual Budgets, our fiscal year is the calendar year and ends on December 31st.

Sorry I missed them earlier,

Emil Cavagnolo, General Manager
Orland-Artois Water District
P.O. Box 218
6505 Road 27
Orland, CA 95963
O 530-865-4304
F 530-865-8497
C 530-518-5060
oawdemil@sbcglobal.net

Glenn LAFCO response to OAWD comments:

Glenn LAFCO thanks the District for their thorough review of the Public Review Draft MSR/SOI Plan and for finding the two errors. The two errors noted by the District were corrected in the Final MSR/SOI Plan.

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GLOSSARY

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| ADOPTED BUDGET | 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. |
| ANNEXATION | The inclusion, attachment, or addition of a territory to a city or district. |
| BOARD OF SUPERVISORS | The elected board of supervisors of a county. |
| BUDGET | The planning and controlling document for financial operation with appropriations and revenues for a given period of time, usually one year. |
| CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) | 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. |
| CONTINGENCY | An amount appropriated for unforeseen expenditure requirements. |
| DISTRICT OR SPECIAL DISTRICT | 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. |
| EXPENDITURES | 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. |

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| FISCAL YEAR | Twelve-month period for which a budget is prepared, generally July 1 through June 30 of each year. |
| FUND BALANCE | The difference between assets and liabilities reported in a governmental fund. |
| GENERAL PLAN | 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. |
| INTERFUND TRANSFER | 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. |
| LAFCO | 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. |
| LOCAL ACCOUNTABILITY AND GOVERNANCE | 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. |
| MANAGEMENT EFFICIENCY | 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.

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| MUNICIPAL SERVICE REVIEW (MSR) | 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. |
| PUBLIC AGENCY | The state or any state agency, board, or commission, any city, county, city and county, special district, or other political subdivision. |
| RESERVE | (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. |
| REVENUE | 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. |
| SPHERE OF INFLUENCE (SOI) | A plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO |
| SPHERE OF INFLUENCE DETERMINATIONS | 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. |
| ZONE OF BENEFIT | 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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OAWD. Orland-Artois Water District Fiscal Year 2018 and 2019 Adopted Budgets.

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State of California, Department of Finance. E-4 Population Estimates for Cities, Counties, and the State, 2011-2018, with 2010 Census Benchmark, May 2018.

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