

**MUNICIPAL SERVICE REVIEWS AND
SPHERE OF INFLUENCE PLANS**

for the

KANAWHA WATER DISTRICT

and the

GLIDE WATER DISTRICT



**GLENN LOCAL AGENCY FORMATION COMMISSION
ADOPTED JANUARY 13, 2020
RESOLUTION No. 2020-001**

THIS PAGE LEFT BLANK

**MUNICIPAL SERVICE REVIEWS AND
SPHERE OF INFLUENCE PLANS**

FOR THE

**KANAWHA WATER DISTRICT
AND THE
THE GLIDE 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:

KERRI WARREN, CHAIR (CITY COMMISSIONER)

KEITH CORUM, VICE CHAIR (COUNTY COMMISSIONER)

PAUL BARR (COUNTY COMMISSIONER)

BRUCE ROUNDY (CITY COMMISSIONER)

CHRISTINE A. STIFTER (PUBLIC COMMISSIONER)

SALINA EDWARDS (CITY ALTERNATE)

LEIGH MCDANIEL (COUNTY ALTERNATE)

PHILIP ZABELL (PUBLIC ALTERNATE)

GLENN LAFCO EXECUTIVE OFFICER: ADELE LEE

WEBSITE [HTTP://WWW.COUNTYOFGLENN.NET/COMMITTEE/LOCAL-AGENCY-FORMATION-
COMMISSION/WELCOME](http://www.countyofglenn.net/committee/local-agency-formation-commission/welcome)

EMAIL: EXECUTIVEOFFICER@GLENNLAFCO.COM

THIS PAGE LEFT BLANK

TABLE OF CONTENTS

INTRODUCTION 1-1

KANAWHA WATER DISTRICT MSR/SOI PLAN.....2-1

GLIDE WATER DISTRICT MSR/SOI PLAN3-1

ADOPTING RESOLUTION..... 4-1

COMMENTS RECEIVED AND RESPONSES TO COMMENTS 5-1

GLOSSARY 6-1

BIBLIOGRAPHY 7-1

ATTACHMENT 1 – KWD/GWD AGREEMENT FOR MANAGEMENT SERVICES..... 8-1

THIS PAGE LEFT BLANK

MUNICIPAL SERVICE REVIEWS AND SPHERE OF INFLUENCE PLANS FOR THE KANAWHA WATER DISTRICT AND THE GLIDE 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..."

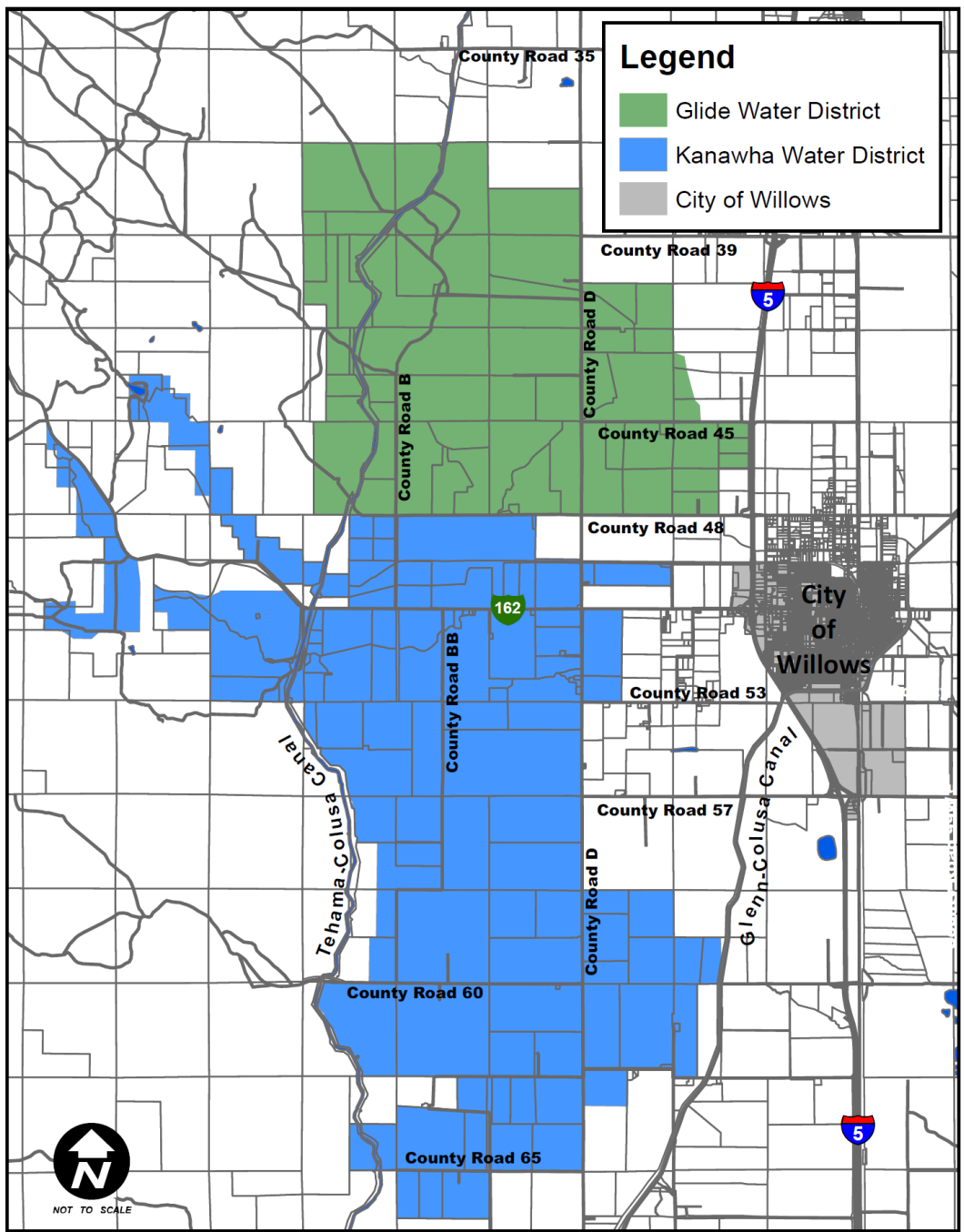
Pursuant to Section 56430, in order to update a SOI, the associated MSR must have written determinations that address the following factors:

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 Kanawha Water District and the Glide Water District.

This MSR/SOI Plan document contains a separate MSR/SOI Plan for the Kanawha Water District and the Glide Water District. It was determined that the MSR/SOI Plan for these

two districts should be accomplished at the same time because of the existing management services arrangement between these two districts. The following map shows the boundaries of the Kanawha Water District and the Glide Water District.



Sphere of Influence Plan Update Process

Glenn LAFCo is now in the process of creating an SOI Plan for the Glide Water District (GWD) and the Kanawha Water District (KWD). 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 GWD and KWD do 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.

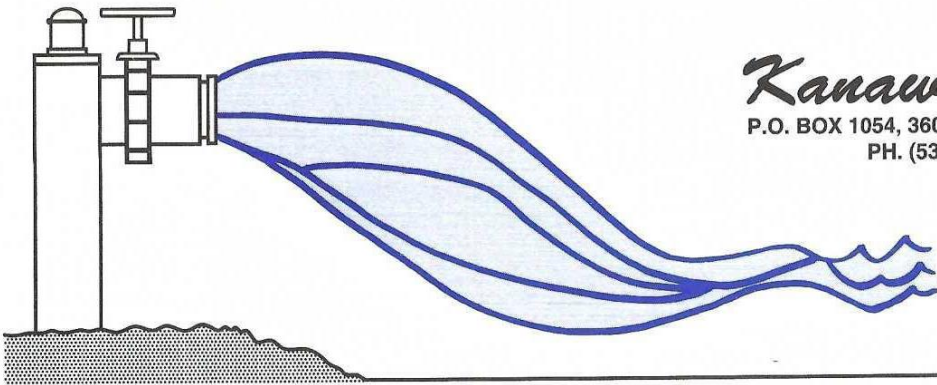
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN

FOR

THE KANAWHA WATER DISTRICT

Kanawha Water District

P.O. BOX 1054, 360 N. COUNTY ROAD G • WILLOWS, CA 95988
PH. (530) 934-5476 • FAX (530) 934-7926



THIS PAGE LEFT BLANK

KANAWHA WATER DISTRICT DATA SHEET

Contact: Michael Alves, General Manager
Address: Office: 360 N. County Road G, Willows, CA 95988
Mailing Address: P.O. Box 1054, Willows, CA 95988
Phone: (530) 934-5476; Fax (530) 934-7926
Webpage: None

GOVERNING BOARD

<u>Board of Directors</u>	<u>Current Term</u>	<u>Board Member Since</u>
Lance Boyd (President)	2017-2021	1984
Wade Danley (Vice President)	2017-2021	1998
Rick Lederer	2017-2021	1992
Randy Hansen	2019-2023	2005
Peter Ceccon Jr.	2019-2023	2015

Normal Board Meeting Date: 2nd Thursday of each month at 8:00 a.m.
Meetings are held at: KWD office - 360 N. County Road G, Willows, CA 95988

FORMATION INFORMATION

Date of Formation: June 6, 1955

PURPOSE

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

AREA SERVED

1. No. of Parcels: 95
2. District Size: 16,849.5 acres (26.3 sq. miles)
3. Estimated Population: 131
4. Location: West of the City of Willows
5. Sphere of Influence: Coterminous with approved district boundaries.

FINANCIAL INFORMATION

Fiscal Year 2018

Revenues: \$1,847,201

Expenditures: \$2,043,269

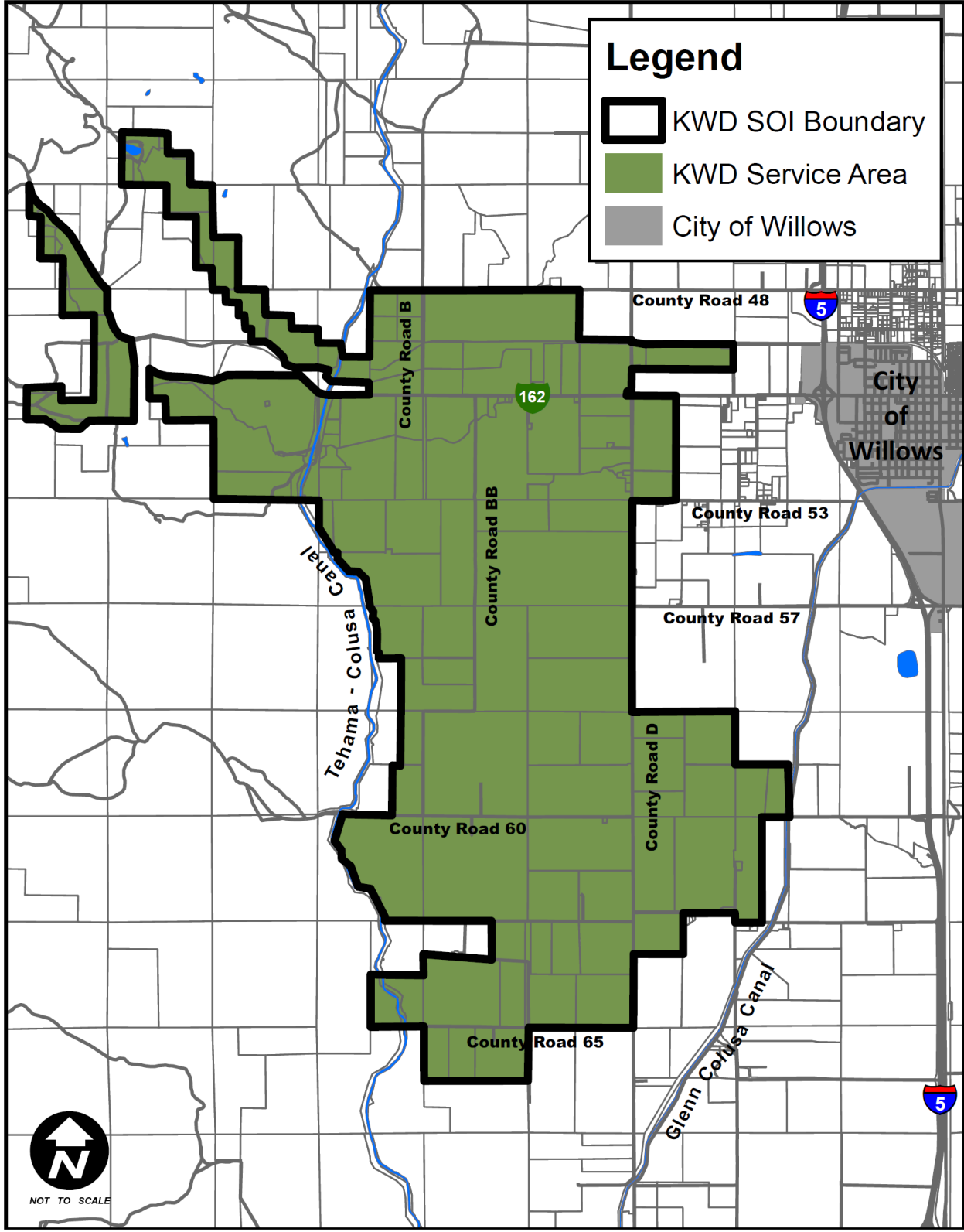
Reserves as of December 31, 2018

\$1,859,508

Revenue Sources:

- Water Sales
- Operations Charges
- Assessments
- Interest

FIGURE 1 - KANAWHA WATER DISTRICT



DISTRICT CHARACTERISTICS

The Kanawha Water District (KWD) is an independent special district that provides irrigation water to agricultural uses within the district's jurisdictional boundaries. The District was formed in 1955 for the purpose of contracting with the Bureau of Reclamation for surface water supply. The principal act for KWD is the California Water Code, sections 34000-38500, which enable the formation of Water Districts to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes.¹

The Kanawha Water District is generally located west and southwest of the City of Willows (Figure 2-1). The District's service area encompasses approximately 16,849 acres (26.3 square miles) and consists of approximately 95 parcels. All of the parcels within the district are located within the unincorporated area of Glenn County. The District has an estimated population of 131 people.

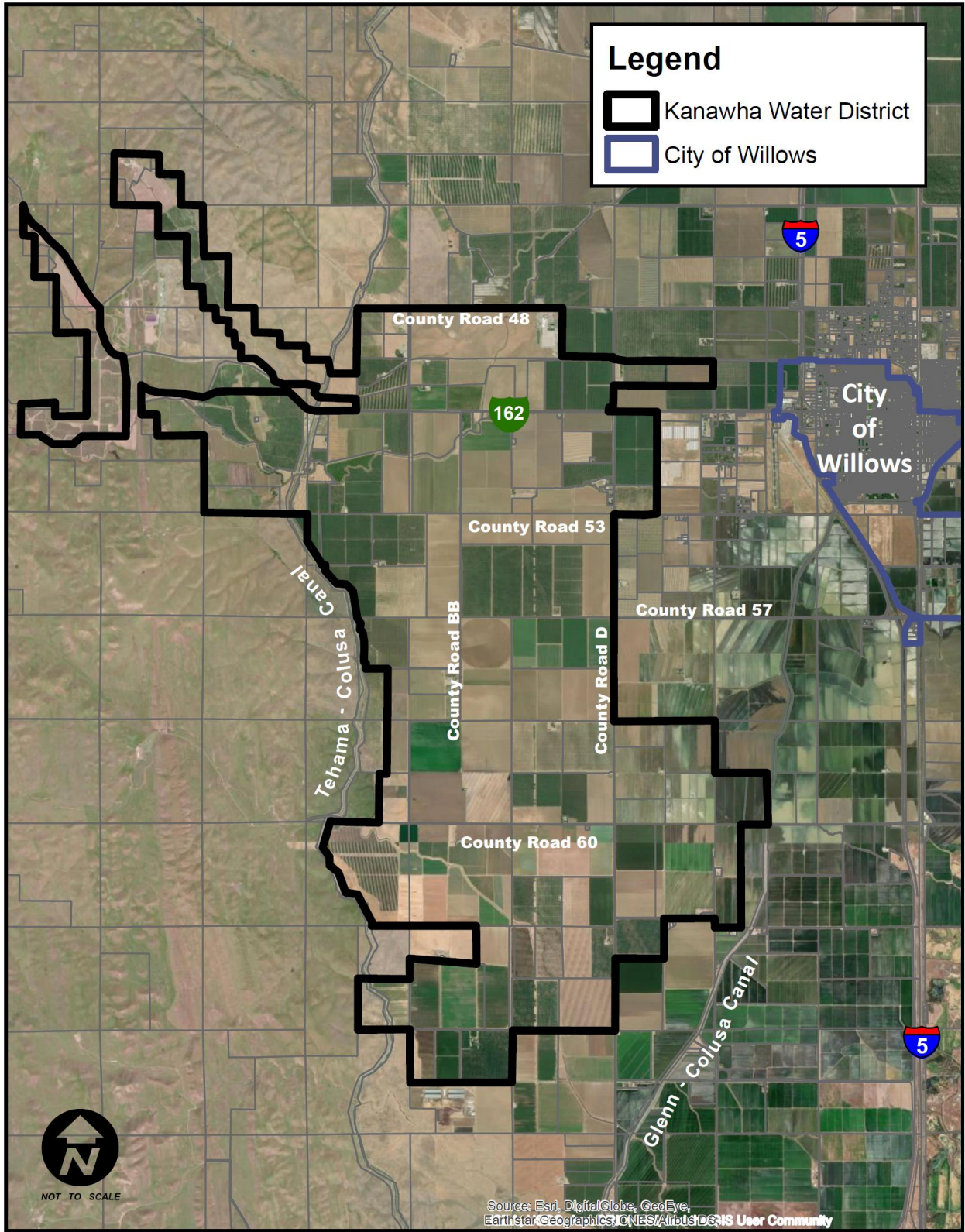
The KWD Board of Directors consists of five members who are elected or appointed to their position. The Glenn County Board of Supervisors is the appointing body for KWD Board of Directors in lieu of election. The KWD directors hold office for four-year terms. The KWD board meetings are held the 2nd Thursday of each month at 8:00 a.m. and are held at the District's office located at 360 N. County Road G, Willows.

The predominant land use within the District boundaries is agricultural, consisting primarily of orchards, cotton, and rice. Water provided by the KWD irrigates approximately 13,640 acres.² The vast majority of the parcels within the District are designated as "Intensive Agriculture" by the Glenn County General Plan. The following table shows the types of crops grown within KWD and the approximate acreages of each type of crop.

Crop Type	Acres
Almonds	3,028
Walnuts	1,846
Cotton	1,731
Rice	1,327
Corn	928
Sunflowers	921
Alfalfa Hay	838
Other (<5%)	2,397
Total	13,639

¹California Water Code §35401

²Information in this section was obtained from the Kanawha Water District Water Management Plan (2017 Criteria), August 27, 2018



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 O&M and California State Water Resources Control Board Water Rights Fee).

The District receives its water supply from the Central Valley Project (CVP). The District has a contract with the U.S. Bureau of Reclamation (Contract No. 14-06-200-466-A-LTR1) that allows the District to receive up to 45,000 acre-feet of water annually.³ The current contract was signed in 2005 and expires in 2030. The contract allows the District to provide water for municipal and industrial (M&I) uses. In recent years, numerous acres of rice and row crops within the District have been converted to orchards, which, along with improved irrigation methods, has decreased the demand for irrigation water within the District.

The District does not provide drainage services for water drainage from the agricultural uses within the District and each farm is required by the District to have an on-farm tailwater recovery system to capture and re-use all irrigation drainage. All summer drainage water is captured and re-applied to the farm where it originated. Also, the District utilizes several existing drains for summer and winter drainage. In the summer the drains serve to back up on-farm drainage systems. In the winter, the drains serve to capture precipitation run-off. The existing drains have proven to be adequate based on bi-annual readings of subsurface groundwater levels found in District observation wells (14-16 feet deep).

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. 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 218 delivery points (turnouts and connections), none of which serve more than one farm and all of which are metered. The District has seven water delivery points on the Tehama-Colusa Canal (TCC). Meter readings are collected with handheld GPS units in the field and downloaded into a computer program three times per week. The field data is then entered in the District bookkeeping system for monthly billings. Included with the monthly billing is a report showing monthly water use by delivery/field, year to date use and per acre use.

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 in

³ <https://www.usbr.gov/mp/cvp-water/docs/latest-water-contractors.pdf>

Yolo County. 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. The District is a member of the TCCA.

District infrastructure consists of incoming flow locations, turnouts (internal flow) and outflow (spill) points, conveyance system, water storage facilities, operational loss recovery system, and lift pumps. The District's water conveyance system consists of 90 miles of buried pipes. None of the District's water is conveyed by canals.

The east side of the coast range is on the west side of the Kanawha Water District. About 10 percent of the District is uphill and west of the Tehama-Colusa Canal. The District must pump the water to serve these farms. The water is pumped to a holding tank at Lateral 2, and then released for delivery. Adequate head pressure is not available to irrigate other parts of the District (relative to the water level of the Tehama-Colusa Canal); therefore, water is pumped into a standpipe at Lateral 1 and a holding tank at Lateral 3 and then released for delivery on these lands. All other deliveries are gravity fed. The majority of the District lands are flat with minor slope with gravity irrigation. Small acreage is hilly with pressurized irrigation systems such as drip and micro sprinklers. Drip irrigation acreage is increasing as more trees are planted within the District.

The District currently operates twelve lift pumps. The District tracks annual power usage of the pumps to determine their condition and efficiency. Annually all pumps are evaluated and considered for refurbishment. Pumps are considered for re-build when problems are visible or pump flows are reduced by 20% or more. None of the pumps are connected to backup generators for use during power outages. According to the Kanawha General Manager, the cost of procuring, installing, and maintaining backup generators for the pumps would be extremely high.

Supervisory control and data acquisition (SCADA) systems have been installed at Pumping Stations 1 and 2 to operate traveling water screens with differential controls, remote operation of pump at Plant 1 and remote monitoring of flows at both locations. A SCADA system was recently installed at Plant 2 regulating tank to replace outdated mechanical float system.

The District's water is received from the Tehama-Colusa Canal at the following locations:

Location Name (TCC Mile Location)	Physical Location
USBR Laterals 1-2	TC Canal – CVP
USBR Laterals 3-5	TC Canal – CVP
USBR Laterals 6-7	TC Canal - CVP

KWD water storage infrastructure includes the following facilities:

Location Name (TCC Mile Location)	Type	Capacity (AF)	Distribution or Spill
Lateral 2	Tank	250,000	Distribution
Lateral 3	Tank	78,000	Distribution

District Debt

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 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. For KWD, payments of the cost of construction in the amount of \$5,976,904 as of December 31, 2018, are to be made through future deliveries of water through 2030. No interest is being charged on this liability.

Sustainable Groundwater Management Act (SGMA)

KWD 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, 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.

I. MUNICIPAL SERVICE REVIEW

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

The primary land use within KWD's jurisdictional boundaries is agricultural, consisting mostly of orchards, cotton, and rice fields. Residential uses within the District are very limited. Due to the agricultural nature of the District, population within the District is very low, with an estimated population of approximately 131 people.

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 2019, the population of Glenn County as a whole rose from 28,122 to 29,132, an increase of approximately 2.4 percent over an eight-year period.⁴ For the same time period, the population within the unincorporated portion of Glenn County increased by approximately 0.92 percent.

⁴State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2011-2018, with 2010 Census Benchmark*. Sacramento, California, May 2019.

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.⁵ Additionally, the table shows the percent change in population from 2018 to 2019.

County/City	Total Population		
	1/1/2018	1/1/2019	Percent Change
Glenn	28,762	29,132	1.3
Orland	7,998	8,337	4.2
Willows	6,273	6,282	0.1
Balance of County	14,491	14,513	0.2

The population growth from 2018 to 2019 for the County as a whole was higher than in the previous years. The increase in population is the result of a large number of people who were displaced by the Camp Fire in Butte County moving to Glenn County.

Development potential within the District is very limited given that all 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 NO. 1-1: *The District has a current population of approximately 125 people.*

MSR DETERMINATION NO. 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: 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

⁵State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2018 and 2019*. Sacramento, California, May 2019.

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, the 2,373-acre portion of the District located north of State Route 162 is identified as a Severely Disadvantaged Community, with a median household income of \$24,821. This area of the District is a part of a very large census block group that is designated as a Severely Disadvantaged Community.

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 small 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 at 360 N. County Road G, Willows. The 0.7-acre parcel that the District's office is located on is owned by the District. The District's office building was constructed in 1976. The office structure and the attached maintenance shop total approximately 4,800 square feet in size and appear to be well maintained. The District does not currently see a need to make any improvements to the office or the attached maintenance shop.

The District's office is open Monday through Friday, between the hours of 7:00 a.m. and 4:00 p.m. Residents of the District can leave a voice mail if calling after normal business hours.



KWD/GWD Office 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:

- 2018 Ford ½ ton pickup (16,000 miles)
- 2012 Ford ½ ton Pickup (105,000 miles)
- 2010 Ford ½ ton Pickup (126,000 miles)
- 2008 Chevrolet ½ ton Pickup (122,000 miles)
- 2006 Ford F55- service truck (158,000 miles)

These vehicles are utilized when performing services for the Glide Water District.

The District does not own any digging or earth moving equipment, such as a backhoe or a tractor. The District retains the services of a private business to perform 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 operate are adequate at this time.

The District owns and maintains a supervisory control and data acquisition (SCADA) system that monitors and controls various elements of the District's infrastructure. SCADA systems have been installed at Pumping Stations 1 and 2 to operate traveling water screens with differential controls, remote operation of pump at Plant 1 and remote monitoring of flows at both locations. A SCADA system was recently installed at Plant 2 regulating tank to replace outdated mechanical float system. The District is considering

the purchase of new SCADA software to ensure efficient and effective monitoring and control of the District's critical infrastructure.

Adequacy of Public Services

The District provides irrigation water services to approximately 13,400 acres of farmland. KWD's existing and planned public facilities and services are designed to supply irrigation services and are adequate to meet existing and expected demands. The District appears to provide effective and efficient irrigation water services throughout its jurisdictional boundaries. The District has sufficient facilities and resources to provide irrigation water services and District equipment and infrastructure appears to be adequately maintained.

MSR DETERMINATION NO. 3-1: *The District has sufficient facilities and resources to provide comprehensive, efficient, and effective irrigation water services to the agricultural uses within the District.*

MSR DETERMINATION NO. 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.

KWD 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
- Interest
- Funding from the Glide Water District (GWD) for performing administrative, maintenance, and operational services for GWD

The following table shows KWD's revenue sources and amounts for Fiscal Year 2018.

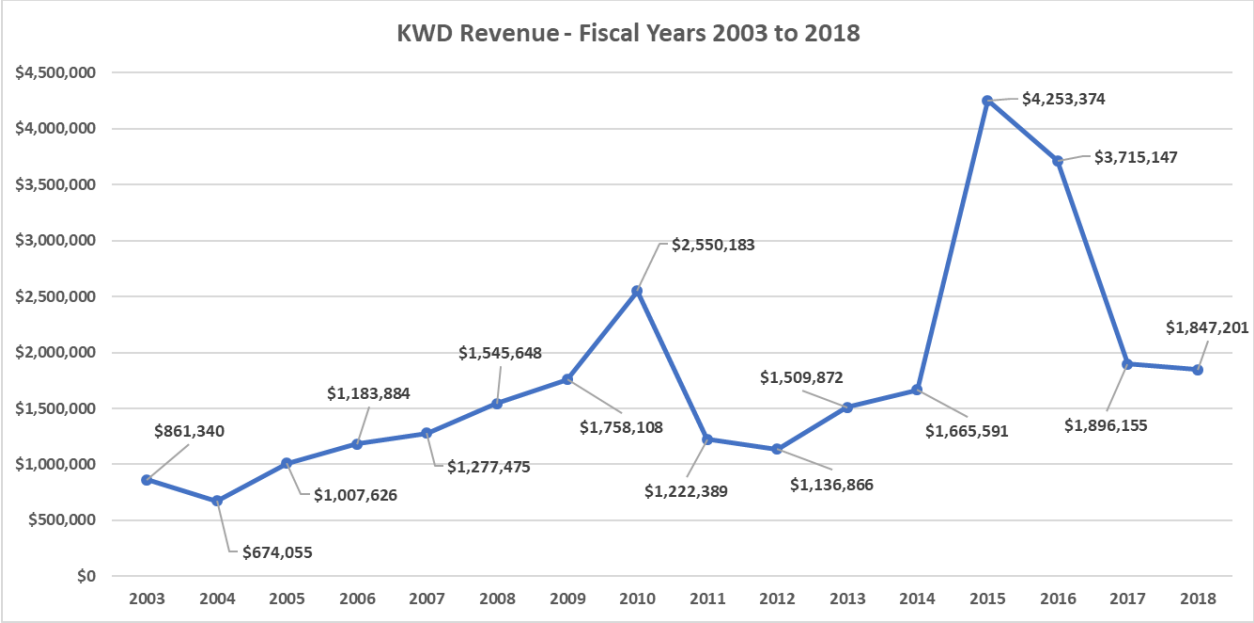
KWD Revenue Sources for Fiscal Year 2018

Revenue Source	Amount	Percentage of Total Revenue
Irrigation Water Sales	\$1,474,050	79.80%
Service-Type Assessments	\$228,830	12.39%
Other Nonoperating Revenues	\$122,763	6.65%
Investment Earnings	\$16,483	0.89%
Other Operating Revenues	\$5,075	0.27%
Total Revenues	\$1,847,201	100.00%

The following table and graph show KWD's total revenues for 2003 through 2018.

KWD Revenue – 2003 through 2018

Year	Revenue		Year	Revenue
2003	\$861,340		2011	\$1,222,389
2004	\$674,055		2012	\$1,136,866
2005	\$1,007,626		2013	\$1,509,872
2006	\$1,183,884		2014	\$1,665,591
2007	\$1,277,475		2015	\$4,253,374
2008	\$1,545,648		2016	\$3,715,147
2009	\$1,758,108		2017	\$1,896,155
2010	\$2,550,183		2018	\$1,847,201



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, use of the Tehama-Colusa Canal, infrastructure maintenance/improvements, salaries, fuel and maintenance for vehicles, pension and health insurance contributions, administration expenses, and the occasional purchases of new vehicles and equipment. Additionally, expenditures for the District include the costs of providing administrative, maintenance, and operational services for the Glide Water District. KWD expenditures in 2018 are shown in the following table.

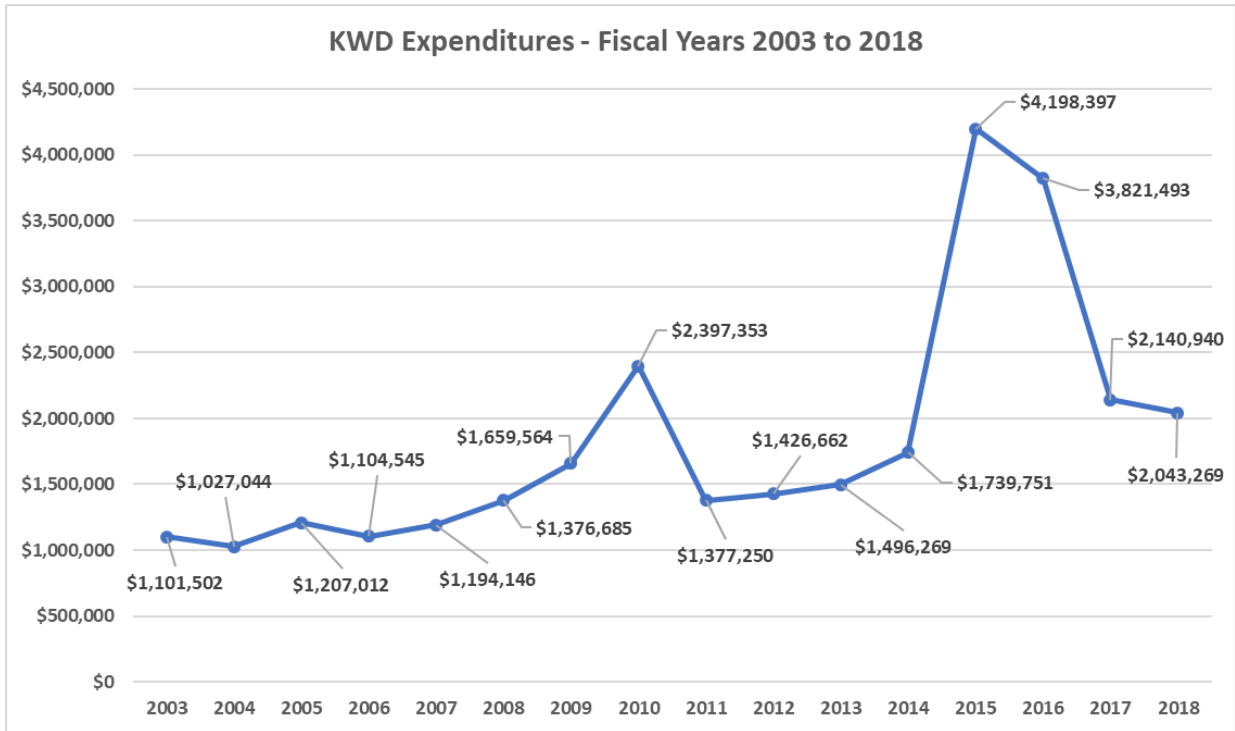
KWD Expenditures for Fiscal Year 2018

Expenditure	Amount	Percentage of Total Expenditures
Water Purchases	\$1,451,581	71.04%
Transmission and Distribution Expenses	\$213,800	10.46%
General and Administrative Expenses	\$213,441	10.45%
Depreciation and Amortization Expenses	\$129,694	6.35%
Other Nonoperating Expenses	\$34,753	1.70%
Total Revenues	\$2,043,269	100.00%

The following table and graph show KWD's total expenditures for 2003 through 2018.

KWD Expenditures – 2003 through 2018

Year	Expenditures		Year	Expenditures
2003	\$1,101,502		2011	\$1,377,250
2004	\$1,027,044		2012	\$1,426,662
2005	\$1,207,012		2013	\$1,496,269
2006	\$1,104,545		2014	\$1,739,751
2007	\$1,194,146		2015	\$4,198,397
2008	\$1,376,685		2016	\$3,821,493
2009	\$1,659,564		2017	\$2,140,940
2010	\$2,397,353		2018	\$2,043,269



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 KWD 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 the current fiscal year (2019) is shown in the below figure. This budget shows the District's budget as adopted by the District Board of Directors, which only reflects anticipated revenues and anticipated expenditures.

KWD.2019 04/08/19 BUDGET 2 - 100% SUPPLY 28,000 A/F		KANAWHA WATER DISTRICT		ADOPTED - April 11, 2019	
	2019		*2018 Actuals* (as of December 31 100%)		*2018 Budgeted*
SALARIES	\$ 232,655.00		\$ 221,304.32 (100%)		\$ 221,554.00
BENEFITS/DISCRETIONARY	\$ 69,336.37		\$ 64,572.87 (100%)		\$ 64,346.58
BENEFITS/MANDATED	\$ 26,197.44		\$ 25,119.02 (101%)		\$ 24,900.57
CONFERENCE & TRAVEL	\$ 5,000.00		\$ 4,242.37 (85%)		\$ 5,000.00
BOARD PER DIEM	\$ 5,000.00		\$ 4,575.00 (92%)		\$ 5,000.00
MEMBERSHIPS & DUES	\$ 8,700.00		\$ 8,687.63 (102%)		\$ 8,500.00
LEGAL SERVICES	\$ 12,000.00		\$ 9,958.19 (77%)		\$ 13,000.00
ENGINEERING SERVICES	\$ -		\$ - (-%)		\$ -
INSURANCE	\$ 12,000.00		\$ 10,831.00 (90%)		\$ 12,000.00
BONDS	\$ 260.00		\$ 217.00 (83%)		\$ 260.00
ACCOUNTING & AUDIT	\$ 6,800.00		\$ 6,650.00 (100%)		\$ 6,650.00
UTILITIES	\$ 8,200.00		\$ 8,353.36 (102%)		\$ 8,200.00
OFFICE MAINTENANCE	\$ 250.00		\$ 326.26 (131%)		\$ 250.00
OFFICE SUPPLIES & EQUIPMENT	\$ 13,000.00		\$ 15,470.12 (119%)		\$ 13,000.00
DISTRIBUTION SYSTEM/SHOP	\$ 15,000.00		\$ 13,525.96 (90%)		\$ 15,000.00
DRAIN MAINTENANCE	\$ 1,500.00		\$ 1,136.30 (76%)		\$ 1,500.00
PUMPING & CANAL STRUCTURES	\$ 9,000.00		\$ 58,169.42 (646%)		\$ 9,000.00
VEHICLE EXPENSE	\$ 14,000.00		\$ 15,436.32 (110%)		\$ 14,000.00
METER READING SYSTEM UPDATE	\$ -		\$ 17,978.33 (112%)		\$ 16,000.00
PAYMENT CAP. STUDY	\$ -		\$ - (0%)		\$ 7,500.00
CONTINGENCIES 5%	\$ 21,944.94		\$ - (0%)		\$ 12,478.51
GROUNDWATER FEE	\$ 26,000.00		\$ 25,575.50 (98%)		\$ 26,000.00
DEFICIT RESERVE (28,000*0.56)	\$ 15,680.00		\$ - (0%)		\$ 58,000.00
SVRCB WATER RIGHTS FEE	\$ 39,000.00		\$ 40,849.85 (105%)		\$ 39,000.00
			\$ 552,978.82 (95%)		\$ 581,139.66
TOTAL OPERATION & MAINT.	\$ 541,523.75				
VEHICLE PURCHASE	\$ -				
PUMPING PLANT CATHODIC PROTECTION	\$ -				
METER/VALVE REPLACEMENT PROGRAM	\$ -				
TOTAL CAPITAL EXPENSES	\$ -	\$ -			
WATER PURCHASE					
USBR 28,000 * \$55.56	\$ 1,555,680.00				
SAC. RIVER 0 * \$???	\$ -				
TC CANAL AUTHORITY 28,000 * \$12.62	\$ 353,315.00				
TOTAL WATER PURCHASE		\$ 1,908,995.00			
TOTAL BUDGET EXCLUSIVE OF CONTRACT CONTRACT REQUIREMENTS		\$ 2,450,518.75			
CONTRACT RESERVES	\$ -				
ID 1 REPAYMENT	\$ -				
ID 2 REPAYMENT	\$ -				
ID 3 REPAYMENT	\$ -				
SA 3E REPAYMENT	\$ -				
SA 4 REPAYMENT	\$ -				
TOTAL CONTRACT REQUIREMENTS	\$ -	\$ -			
TOTAL EXPENSES		\$ 2,450,518.75			
INCOME					
WATER SALES 28,000 A/F	\$ 2,099,989.25	\$ 75.00			6.82
MUNICIPAL AND INDUSTRIAL FIRE PROTECTION	\$ 2,500.00				
GLIDE CONTRACT (7,850 * 12)	\$ 94,200.00				
INTEREST & OTHER	\$ 25,000.00				
GRANT FUNDING (USBR)	\$ -				
TOTAL INCOME FROM ABOVE		\$ 2,219,189.25			
FROM RESERVES	\$ -	(Lat. 2 Update, Vehicle, Groundwater Planning, Water Rate, Cathodic Protection)			
		\$0 \$0 \$0 \$0 \$0			

TO BE RAISED BY ASSESSMENT	
ID 1	\$ 81,210.00
ID 2	\$ 85,552.65
ID 3	\$ 60,097.35
SA 3E	\$ 1,969.50
SA 4	\$ -
TOTAL ASSESSMENTS	\$ 228,829.50
TOTAL INCOME	\$ 2,450,518.75
TOTAL EXPENSES	\$ 2,450,518.75

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.⁶

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.⁷ 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.
- **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.

Since 2003, the District's expenditures have exceeded revenues eight times, requiring the use of the District's fund balance. The below table shows District revenues, expenditures, and the amount of excess revenues or the use of fund balance for each year from 2003 through 2018.

⁶ *Citizens' Guild to Local Budgets*, Office of the New York State Comptroller-Division of Local Government and School Accountability. 2010.

⁷ *Special District Reserve Guidelines - A Guide to Developing a Prudent Reserve*. Second edition. California Special Districts Association. 2013.

KWD Revenues and Expenditures FY 2003 through 2018

Year	Revenue	Expenditures	Excess/Use of Fund Balance
2003	\$861,340	\$1,101,502	-\$240,162
2004	\$674,055	\$1,027,044	-\$352,989
2005	\$1,007,626	\$1,207,012	-\$199,386
2006	\$1,183,884	\$1,104,545	\$79,339
2007	\$1,277,475	\$1,194,146	\$83,329
2008	\$1,545,648	\$1,376,685	\$168,963
2009	\$1,758,108	\$1,659,564	\$98,544
2010	\$2,550,183	\$2,397,353	\$152,830
2011	\$1,222,389	\$1,377,250	-\$154,861
2012	\$1,136,866	\$1,426,662	-\$289,796
2013	\$1,509,872	\$1,496,269	\$13,603
2014	\$1,665,591	\$1,739,751	-\$74,160
2015	\$4,253,374	\$4,198,397	\$54,977
2016	\$3,715,147	\$3,821,493	-\$106,346
2017	\$1,896,155	\$2,140,940	-\$244,785
2018	\$1,847,201	\$2,043,269	-\$196,068

The deficits as shown above are primarily the result of the District having to purchase transferred water on the open market at a very high price and in turn sell that water at a very high price due to either a significantly reduced or zero water supply from the U.S. Bureau of Reclamation. When the District adopts its annual budget, it does not know how much water the District will receive from the USBR that year or how much it will have to pay for that water. The lack of knowledge about the water supply and water costs requires the District to speculate about the amount to budget for water expenditures, which would not necessarily be realized. Additionally, the year following a significantly reduced or zero water supply from USBR, the USBR will send out large operation and maintenance deficit bill almost a year later. Those bills then impact the following year's financial report as the amount of the bills are not known when the District adopts its annual budget, so the District has a large, unanticipated expense.

CASH AND INVESTMENTS

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.

District cash and investments consist of investments in the State Treasurer's Local Agency Investment Fund (LAIF) pooled investment fund, a checking account, two money market saving accounts, and certificates of deposits. The District's funds in LAIF are invested in a diversified portfolio such this it considers the risk of material loss to be minimal. The District's

funds held in LAIF can be withdrawn on demand. The following table shows the District's cash deposits and investments for 2009 through 2018. Additionally, the table shows the District's anticipated cash deposits and investments for 2019.

12/12/19

**Kanawha Water District
2019 District Reserves Report**

<u>Year</u>	<u>Operation and Maintenance Reserve</u>	<u>Water Service Contract Reserve</u>	<u>Deficit Reserve</u>	<u>LAIF +Ck Bk</u>	<u>Total</u>
12/31/19 Estimate	\$ 87,000.00	\$ 13,000.00	\$ 142,680.00	\$ 1,757,320.00	\$ 2,000,000.00
12/31/18	\$ 87,000.00	\$ 13,000.00	\$ 142,680.00	\$ 1,616,678.07	\$ 1,859,358.07
12/31/17	\$ 87,000.00	\$ 13,000.00	\$ 84,680.00	\$ 1,402,783.87	\$ 1,587,463.87
12/31/16	\$ 87,000.00	\$ 13,000.00	\$ -	\$ 1,763,056.08	\$ 1,863,056.08
12/31/15	\$ 87,000.00	\$ 13,000.00	\$ -	\$ 2,017,136.24	\$ 2,117,136.24
12/31/14	\$ 87,000.00	\$ 13,000.00	\$ -	\$ 1,990,793.46	\$ 2,090,793.46
12/31/13	\$ 87,000.00	\$ 13,000.00	\$ -	\$ 1,554,343.21	\$ 1,654,343.21
12/31/12	\$ 87,000.00	\$ 13,000.00	\$ -	\$ 1,378,461.02	\$ 1,478,461.02
12/31/11	\$ 87,000.00	\$ 13,000.00	\$ -	\$ 1,409,686.34	\$ 1,509,686.34
12/31/10	\$ 87,000.00	\$ 13,000.00	\$ -	\$ 1,592,277.33	\$ 1,692,277.33
12/31/09	\$ 87,000.00	\$ 13,000.00	\$ 138,430.35	\$ 1,619,059.45	\$ 1,857,489.80

As shown above, the District maintains a very large fund balance and according to the KWD General Manager, the District has reached or exceeded the District's reserve target and is now maintaining that level.

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 May 2019, which was for Fiscal Year 2018 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. Additionally, the District receives funding from the Glide Water District for performing administrative, maintenance, and operational services for that district. The District does not receive any property taxes.*

MSR DETERMINATION NO. 4-2: *Revenue for the District provides adequate funding to cover the cost of providing effective irrigation water services. KWD appears to be financially sound with strong and stable sources of revenue and substantial reserves.*

MSR DETERMINATION NO. 4-3: *Normal expenditures for the District include water purchases, 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. 4-4: *The District maintains money market accounts and has investments with the State Treasurer's Local Agency Investment Fund (LAIF). The funds held in these accounts currently contain approximately \$2 million, which could be utilized for unanticipated expenses, capital improvements, or to cover revenue shortfalls.*

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 2018) showed no material deficiencies in the District's financial statements.*

MSR FACTOR NO. 5: STATUS OF, AND OPPORTUNITIES FOR SHARED FACILITIES

KWD is a member of the Tehama-Colusa Canal Authority, which operates and maintains the Tehama-Colusa Canal. KWD is also a member of the multi-agency Glenn Groundwater Authority, which is a Groundwater Sustainability Agency (GSA) that is

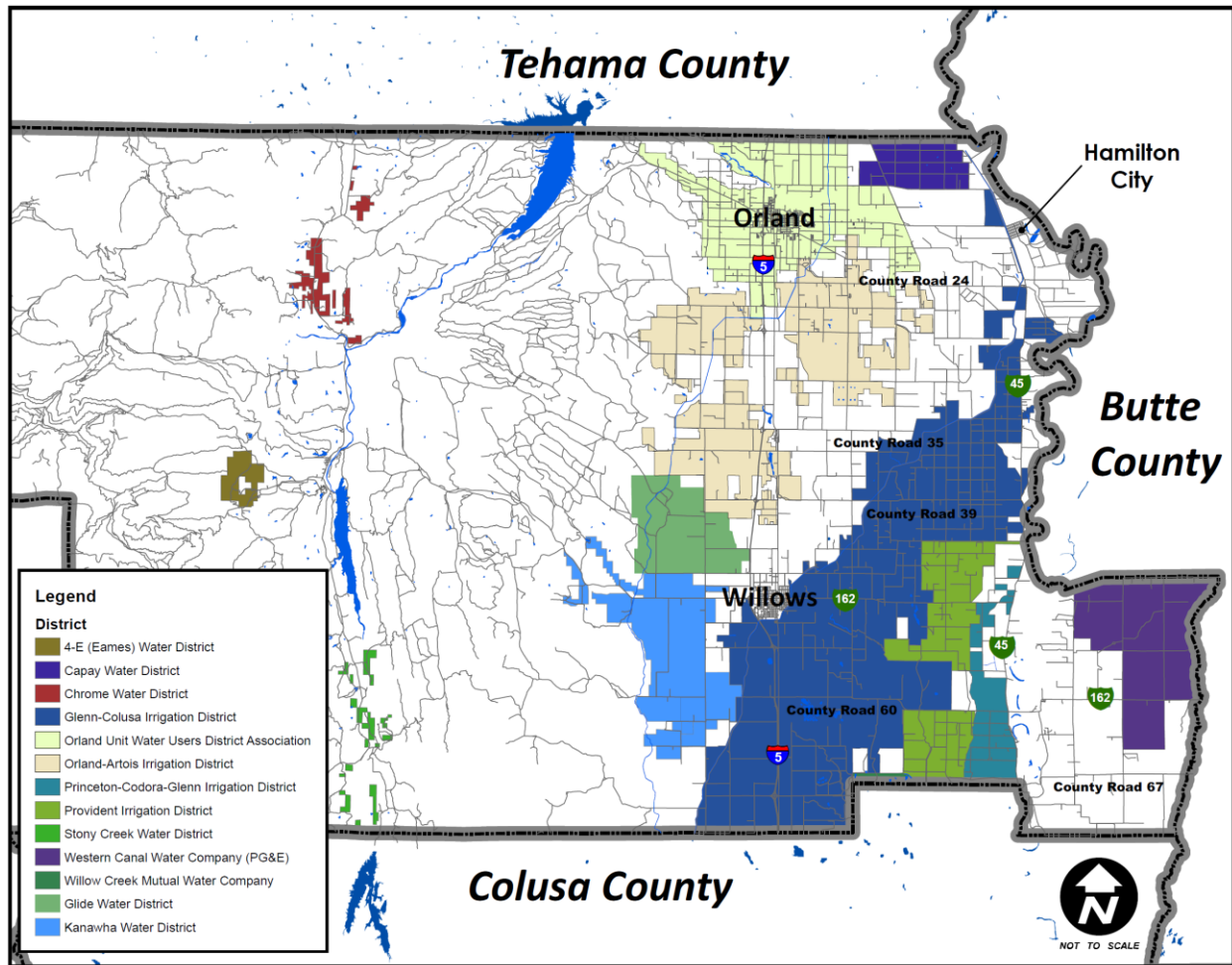
composed of nine local agencies participating through a Joint Exercise of Powers Agreement (JPA). The Glenn Groundwater Authority's purpose is to undertake sustainable groundwater management in the Glenn County areas of the Colusa groundwater subbasin.

The District is a party to the Kanawha-Glide Public Financing Authority, which is a joint powers authority (JPA) between the Kanawha Water District and the Glide Water District that was created in 2010. The purpose of the JPA was to issue bonds to refinance the costs of the purchase of various loan contracts, with the bonds being paid off in 2016. Although the JPA is not currently serving any purpose, the KWD and GWD chose to keep the JPA in place in case it could serve some future use.

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
- Glide Water District
- Kanawha Water District
- Monroeville Water District (formerly the Glenn Ground Water District)
- Orland-Artois Water District
- Princeton-Codora-Glenn Irrigation District
- Provident Irrigation District
- Stony Creek Water District

The following map shows the 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 most of 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.

While interaction between most of the irrigation districts in Glenn County is limited, the Kanawha Water District and the adjacent Glide Water District (GWD) cooperate extensively, with KWD staff performing all of GWD's administrative, maintenance, and operational services. KWD's office also serves as the office for GWD, and the GWD Board of Directors hold their monthly meetings at KWD's office.

KWD and GWD approve a new management services agreement each year that details the services that KWD will provide for GWD and that sets the amount of funding that GWD will provide to KWD for these services. The current management services agreement is attached to this MSR/SOI Plan as **Attachment 1**. For 2019, GWD will pay \$7,850.28 per

month to KWD, for a total annual cost of \$94,203.35, to provide the identified services. KWD has been providing services to GWD for over 30 years under the yearly agreements. Pursuant to the current management services agreement between KWD and GWD, KWD performs the following services:

1. SERVICES TO BE PREFORMED: KANAWHA will make available the time of its manager, office secretary and other staff as necessary in order to provide the following services for GLIDE:
 - a) Operate the distribution system on a daily basis.
 - b) Provide for and accept annual and daily water orders.
 - c) Fulfill all water-master duties and provide growers with operating procedures.
 - d) Perform all office accounting duties, such as receipt of district bills, preparation of warrants or checks for their payment, preparation of summaries of expenditures from Glide's General Fund, and maintenance of records necessary for and preparation of the District's General Ledger.
 - e) Assist the following Glide Officials in the performance of their official duties: Assessor, Treasurer, Tax Collector, Secretary and Engineer.
 - f) Completion and filing of any reports required by county, state or federal government agencies, except that Glide's auditor will prepare and file the annual report required by the California State Controller.
 - g) Prepare for and participate in meetings of Glide's Board of Directors for the purpose of reporting on the work performed by Kanawha for Glide.
 - h) Provide space for meetings of Glide's Board of Directors, and provide office space for the Kanawha staff to accomplish the services outlined above.
 - i) Prepare and submit an annual budget to the Board of Directors that will provide an identification of annual expenses that are the responsibility of Glide.
 - j) Work with and assist Glide's engineer, attorney and auditor on an as needed basis and provide advice to Glide's officials on subjects concerned with Glide's operation.
 - k) Represent Glide at meeting of organizations and governmental bureaus as designated by the Glide Board of Directors and be reimbursed for out of pocket expenses.

The arrangement between KWD and GWD appears to be working adequately but is discussed in more detail in the next section of this MSR/SOI Plan.

MSR DETERMINATION No. 5. *The District is a member of the Tehama Colusa Canal Authority and a member of the Glenn Groundwater Authority. The District performs all administrative, maintenance, and operational services for the Glide Water District under an annual agreement. Opportunities for shared facilities with other water/irrigation districts in Glenn County may be feasible although there does not appear to be any significant amounts of collaboration between these agencies.*

MSR FACTOR NO. 6: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.

KWD BOARD OF DIRECTORS

The Kanawha Water District is governed by a 5-member Board of Directors. The Board of Directors are elected by the landowners within the District or are appointed by the Glenn County Board of Supervisors in lieu of election. The KWD Board of Directors serve a four-year term of service. Each District Board of Director receives \$75 per diem for attendance at the monthly Board of Directors meeting.

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



KWD/GWD Board Room

Regular meetings of Kanawha Water District Board of Directors are held on the 2nd Thursday of each month at 8:00 a.m. The Board of Directors meetings are held at the District's office located at 360 N. County Road G, Willows.

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 to the *Sacramento Valley Mirror* newspaper.

KWD 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.

The Kanawha Water District is managed by the General Manager, who is appointed by the KWD Board of Directors and serves at the will of the Board. The current General

Manager has been with the District for 40 years, 31 years of that serving as the General Manager.

The District has the following employees:

- General Manager/Secretary of the Board (full time)
- Office Manager/Assistant Secretary (full time)
- Field Technician (full time)
- Field Technician (full time)
- Field Technician (seasonal)

Although not an employee, the District retains the services of a lawyer to advise the District Board of Directors on legal matters. The District's lawyer attends all Board of Directors meetings.

The management structure of KWD 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.

As previously noted, KWD staff also acts as the staff for the Glide Water District, performing all administrative, maintenance, and operational services for GWD under an annually-approved management services agreement between the two districts. The following figure shows the breakdown of time and expenses for KWD for providing services for GWD.

09/12/18

KANAWHA AND GLIDE WATER DISTRICTS
TIME AND OTHER EXPENSES FOR
2019 MANAGEMENT FEE

LABOR COST - ANNUALLY	\$ 84,703.35
VEHICLE (5,000 MILES)	\$ 5,000.00
MISC. OFFICE - POSTAGE & PHONE	\$ 2,000.00
MISC. SHOP & FIELD	\$ 2,500.00
TOTAL ANNUAL ESTIMATE	\$ 94,203.35
PROPOSED MONTHLY FEE	\$ 7,850.28
ANNUAL TOTAL	\$ 94,203.35

LABOR COSTS BY MONTH

EMPLOYEE	HOURLY RATE W/BENEFITS	PERCENTAGE OF TIME REQUIRED	COST PER YEAR
MANAGER	\$ 55.95	40%	\$ 46,550.40
SECRETARY	\$ 33.26	30%	\$ 20,754.24
FIELD SUPERVISOR	\$ 35.39	15%	\$ 11,353.68
FIELD MAINTENANCE	\$ 26.51	10%	\$ 5,514.08
METER READER	\$ 12.95	10%	\$ 530.95
ANNUAL LABOR COST			\$ 84,703.35

RECOMMENDATION \$94,200 YR. / \$7,850 PER MO.

The District's employees do not participate in the California Public Employees' Retirement System (CalPERS) defined benefit pension plan. Instead, the District established investment or deferred compensation retirement plans for their full-time employees.

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 upon request. 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 September 17, 2015, 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 General Manager and Board of Directors.
- Board of Directors meeting notices.
- Board of Directors agendas and staff reports/memorandums
- Board of Directors meeting minutes
- Adopted annual budget
- Financial audits/reports
- District Municipal Service Review and Sphere of Influence Plan
- 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.⁸

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In January 1983, the District joined together with other agencies in the State to form Joint Powers Insurance Authority (JPIA), a public entity risk pool currently operating as a common risk management and insurance program for member agencies. The District pays an annual premium to JPIA for its insurance coverage. The Agreement for Formation of the JPIA provides that JPIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims over \$1,000,000 for general and automobile liability.

MSR DETERMINATION NO. 6-1: *KWD 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. KWD holds meetings that are open and accessible to the public. KWD maintains accountability and compliance in its governance, and public meetings appear to be held in compliance with Brown Act requirements.*

MSR DETERMINATION NO. 6-2: *KWD operates with a full-time staff of four employees and one seasonal employee during the irrigation season. The overall management structure of the District is sufficient to perform effective and efficient irrigation water services.*

MSR DETERMINATION NO. 6-3: *KWD employees perform all administrative, maintenance, and operational services for the Glide Water District.*

⁸ <http://www.getstreamline.com/web/>

MSR DETERMINATION NO. 6-4: *The Kanawha 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.

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.

While consolidation of some or all of the irrigation districts in Glenn County may not be feasible, a consolidation between the Kanawha Water District and the adjacent Glide Water District may be feasible. As previously noted, for over 30 years KWD has been performing all administrative, maintenance, and operational services for GWD under an annual management services agreement. KWD's office is also the office for GWD and the GWD Board of Directors uses KWD's Board of Directors room to hold their monthly meetings. Essentially, the only difference between KWD and GWD is that each of these entities has their own Board of Directors and their own annual budgets. Because these two special districts are fundamentally acting as one agency, consideration should be given as to why these two districts should not be consolidated into one larger district.

The KWD/GWD General Manager indicated that consideration has been given to consolidating the two districts into one district in the past, but it was determined that the disadvantages of merging into one district outweighed the advantages of merging. One disadvantage is that the districts operate under different contracts for obtaining irrigation water from the U.S. Bureau of Reclamation (USBR). These contracts, which are very long term, are very complex and trying to renegotiate a new contract for a consolidated district may be very problematic, if not impossible, given that the USBR approval would be needed for any changes to the existing water supply contracts.

The KWD/GWD General Manager stated that the current management services agreement between the two districts has been working well and that neither district Board of Directors is very interested in consolidating the two districts.

Given that the current arrangement between KWD and GWD is working satisfactorily and that there are no problems, such as GWD not providing effective or efficient services, it would appear that consolidation of the two districts into one district is not needed. Consolidation would not appear to result in more efficient or effective services or reduced costs, so there does not appear to be any need to consolidate the two districts. If consolidation is to be considered a consolidation study would need to be prepared, which could be expensive and would not necessarily come to the conclusion that consolidation of the two districts would be advantageous.

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.*

MSR DETERMINATION NO. 7-2: *The management services arrangement between the Kanawha Water District and the Glide Water District has been in place for over 30 years and appears to be working satisfactory. Consolidation of KWD and GWD into one district appears to be feasible but may face difficulties. A detailed consolidation study would need to be prepared to determine if a consolidation would result in cost savings and improved services.*

II. SPHERE OF INFLUENCE PLAN

The existing Sphere of Influence (SOI) for the Kanawha 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 KANAWHA 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.

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

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

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: *KWD has adequate facilities, equipment, staff, and funding to provide efficient and effective irrigation water services to the agricultural uses within the District.*

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: *All of the parcels within the jurisdictional boundaries of KWD are within the unincorporated area of Glenn County. Social or economic communities of interest within or near the District includes the City of Willows.*

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: *KWD does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.*

KANAWHA 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 no changes to the Sphere of Influence boundary for KWD are necessary.
3. Affirms the existing Sphere of Influence for KWD as shown on Figure 1 on page 2-2 of this MSR/SOI Plan.

THIS PAGE LEFT BLANK

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
FOR
THE GLIDE WATER DISTRICT



Glide Water District

P.O. BOX 1054, 360 N. COUNTY ROAD G • WILLOWS, CA 95988
PH. (530) 934-5476 • FAX (530) 934-7926

THIS PAGE LEFT BLANK

GLIDE WATER DISTRICT DATA SHEET

Contact: Michael Alves, General Manager
Address: Office: 360 N. County Road G, Willows, CA 95988
Mailing Address: P.O. Box 1054, Willows, CA 95988
Phone: (530) 934-5476; Fax (530) 934-7926
Webpage: None

GOVERNING BOARD

<u>Board of Directors</u>	<u>Current Term</u>	<u>Board Member Since</u>
Don Parisio (President)	2017-2021	1992
Joel Mann (Vice President)	2017-2021	1992
George Nerli	2017-2021	2015
Patrick Feeney III	2019-2023	2003
Kevin Feeney	2019-2023	2017

Normal Board Meeting Date: 2nd Friday of each month at 9:00 a.m.
Meetings are held at: KWD/GWD office - 360 N. County Road G, Willows, CA 95988

FORMATION INFORMATION

Date of Formation: May 26, 1969

PURPOSE

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

AREA SERVED

1. No. of Parcels: 65
2. District Size: 9,047 acres (14.1 sq. miles)
3. Estimated Population: 51
4. Location: Northwest of the City of Willows
5. Sphere of Influence: Coterminous with approved district boundaries.

FINANCIAL INFORMATION

Fiscal Year 2018

Revenues: \$533,883

Expenditures: \$567,901

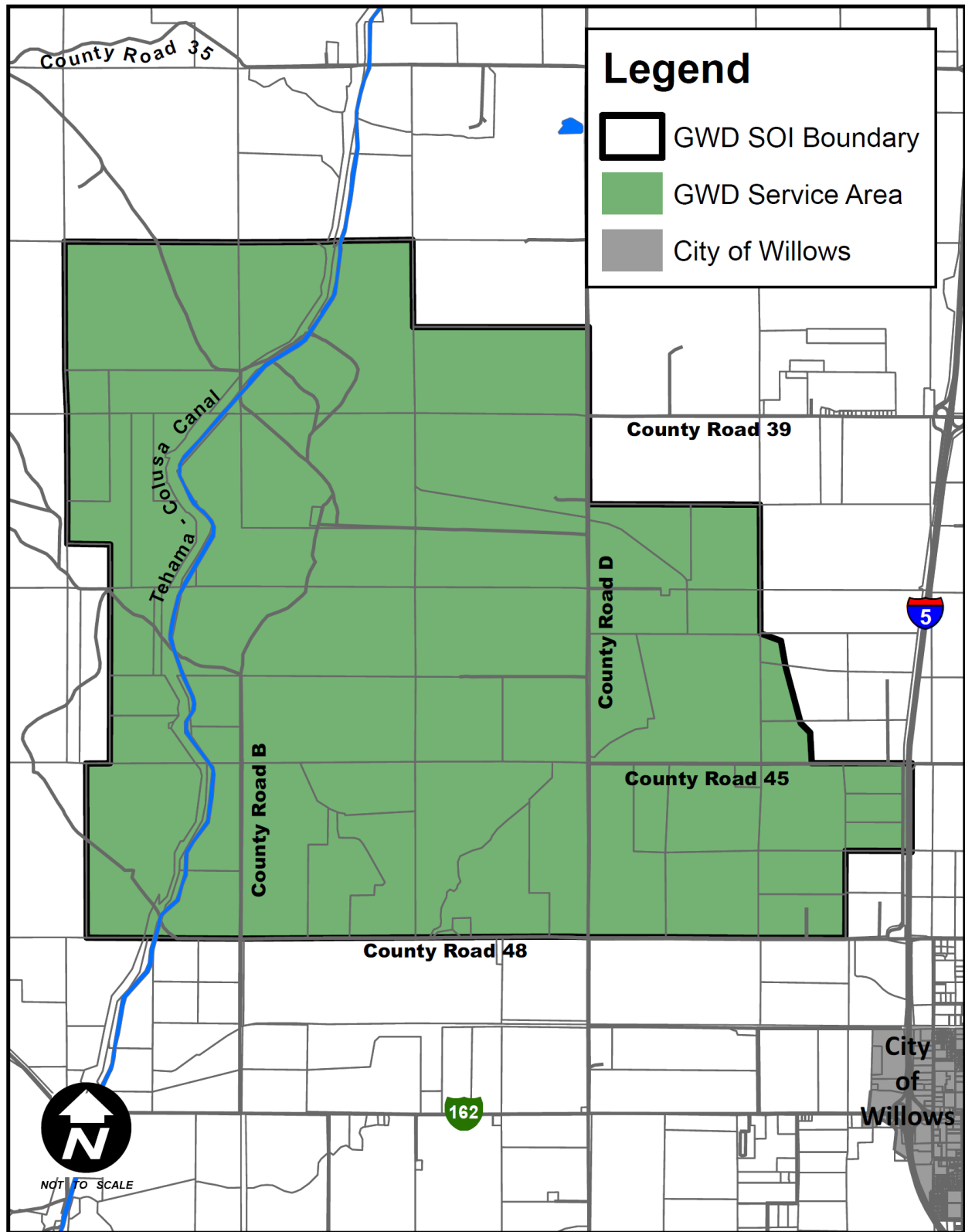
Reserves as of December 31, 2018

\$1,067,535

Revenue Sources:

- Water Sales
- Operations Charges
- Assessments
- Interest

FIGURE 1 - GLIDE WATER DISTRICT



DISTRICT CHARACTERISTICS

The Glide Water District (GWD) is an independent special district that provides irrigation water to agricultural uses within the district's jurisdictional boundaries. The District was formed in 1969 for the purpose of contracting with the Bureau of Reclamation for surface water supply. The District's first contract with the U.S. Bureau of Reclamation was signed on June 20, 1977. The principal act for GWD is the California Water Code, sections 34000-38500, which enable the formation of Water Districts to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes.⁹

The Glide Water District is generally located generally northwest of the City of Willows (Figure 3-2). The District's service area encompasses approximately 9,047 acres (14.1 square miles) and consists of approximately 65 parcels. All of the parcels within the district are located within the unincorporated area of Glenn County. There are approximately 17 dwelling within the District, which has an estimated population of 51 people.

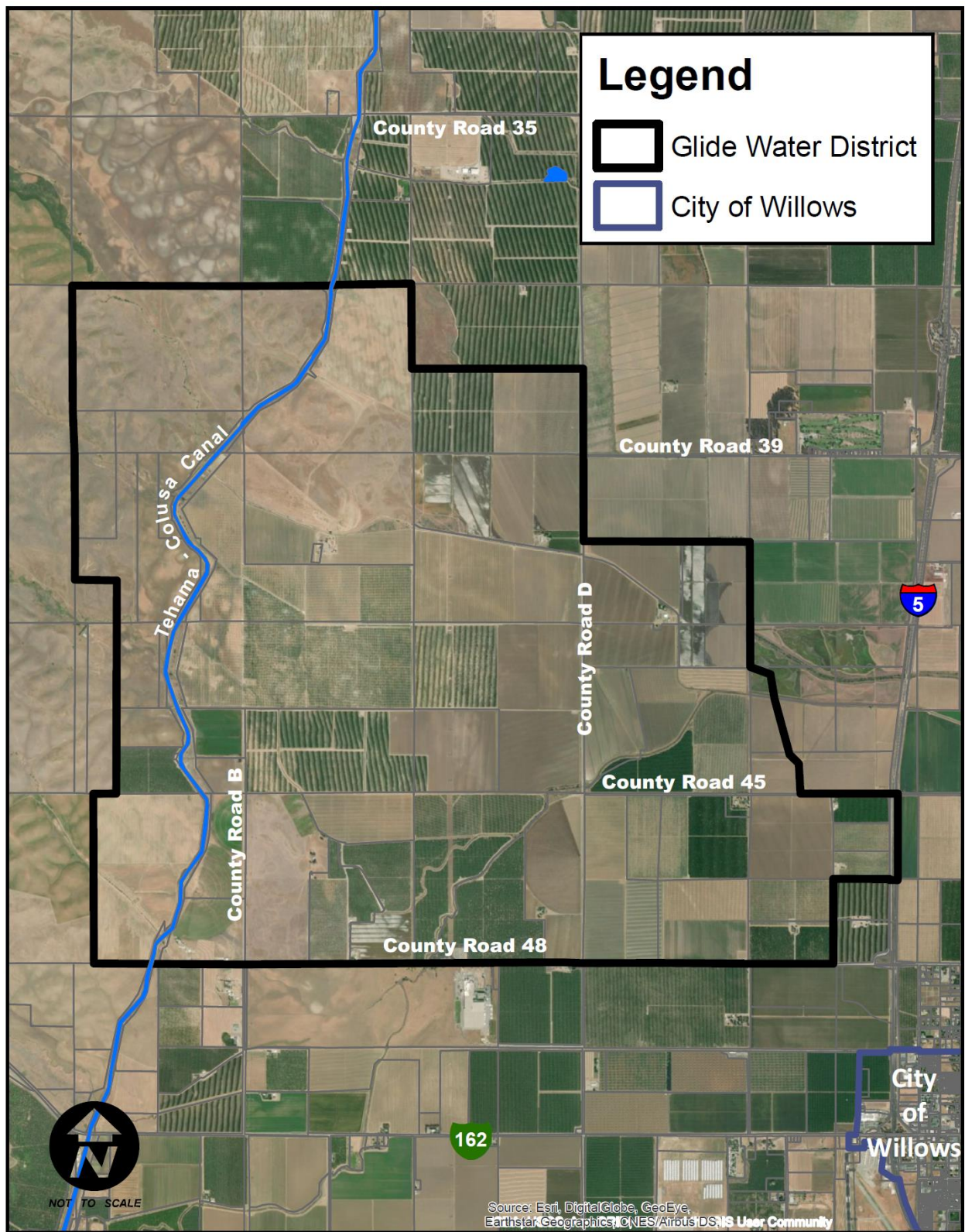
The GWD Board of Directors consists of five members who are elected or appointed to their position. The Glenn County Board of Supervisors is the appointing body for GWD Board of Directors in lieu of election. The GWD directors hold office for four-year terms. The GWD board meetings are held the 2nd Friday of each month at 9:00 a.m. and are held at the District's office located at 360 N. County Road G, Willows.

The predominant land use within the District boundaries is agricultural, consisting primarily of orchards, rice, corn, pastureland, and alfalfa hay. Water provided by GWD irrigates approximately 4,600 acres. All of the parcels within the District are designated as "Intensive Agriculture" by the Glenn County General Plan. The following table shows the types of crops grown within GWD and the approximate acreages of each type of crop.

Crop Type	Acres
Almonds	1,743
Rice	572
Olives	564
Walnuts	547
Pistachios	418
Corn	232
Pasture	212
Alfalfa Hay	211
Other (<5%)	100
Total	4,599

The following map is an aerial view of the District showing the various types of uses found within the District.

⁹California Water Code §35401



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 O&M and California State Water Resources Control Board Water Rights Fee).

The District receives its water supply from the Central Valley Project (CVP). The District has a contract with the U.S. Bureau of Reclamation (Contract No. 7-07-20-W0040-LTR1) that allows the District to receive up to 10,500 acre-feet of water annually.¹⁰ The current contract was signed in 2005 and expires in 2030. The contract allows the District to provide untreated water for municipal and industrial (M&I) uses, although GWD does not currently provide water to any M&I uses. In recent years, numerous acres of rice and row crops within the District have been converted to orchards, which, along with improved irrigation methods, 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. 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 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 in Yolo County. 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. The District is a member of the TCCA.

The east side of the coast range is on the west side of the Glide Water District. More than 30 percent of the District is uphill and west of the Tehama-Colusa Canal. The landowners in this area must pump the water to serve their property. Water is pumped directly from the Tehama-Colusa Canal to serve these lands. All other deliveries are gravity fed. The majority of the District lands are flat with minor slope with gravity irrigation. Increased acreage is serviced with pressurized systems such as drip and micro sprinklers.

The District does not provide drainage services for water drainage from the agricultural uses within the District. Most farms within the District have an on-farm tailwater recovery system to capture and re-use all irrigation runoff. The District requires use of these systems and oversees the operation of the last recovery system within the District to avoid any tailwater spill out of the District. The District utilizes several existing drains for summer and winter drainage. In the summer the drains serve to back up on-farm drainage systems. In the winter, the drains serve to capture precipitation run-off. The existing drains have

¹⁰ <https://www.usbr.gov/mp/cvp-water/docs/latest-water-contractors.pdf>

proven to be adequate based on bi-annual readings of subsurface groundwater levels found in District observation wells (14-16 feet deep).

District infrastructure consists of incoming flow locations, turnouts (internal flow) and outflow (spill) points, conveyance system, water storage facilities, operational loss recovery system, and lift pumps. The District's water conveyance system consists of 20 miles of buried pipes. None of the District's water is conveyed by canals.

District Debt

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 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. For GWD, payments of the cost of construction in the amount of \$1,554,307 as of December 31, 2018, are to be made through future deliveries of water through 2030. No interest is being charged on this liability.

Sustainable Groundwater Management Act (SGMA)

GWD 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, 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.

I. MUNICIPAL SERVICE REVIEW

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

The primary land use within GWD's jurisdictional boundaries is agricultural, consisting mostly of orchards, cotton, and rice fields. Residential uses within the District are very limited. There are approximately 17 dwellings within the District. Due to the agricultural nature of the District, population within the District is very low, with an estimated population of approximately 51 people.

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 2019, the population of Glenn County as a whole rose from 28,122 to 29,132, an increase of approximately 2.4 percent over an eight-year period.¹¹ For the same time period, the population within the unincorporated portion of Glenn County increased by approximately 0.92 percent.

¹¹ State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2011-2018, with 2010 Census Benchmark*. Sacramento, California, May 2019.

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.¹² Additionally, the table shows the percent change in population from 2018 to 2019.

County/City	Total Population		
	1/1/2018	1/1/2019	Percent Change
Glenn	28,762	29,132	1.3
Orland	7,998	8,337	4.2
Willows	6,273	6,282	0.1
Balance of County	14,491	14,513	0.2

The population growth from 2018 to 2019 for the County as a whole was higher than in the previous years. The increase in population is the result of a large number of people who were displaced by the Camp Fire in Butte County moving to Glenn County.

Development potential within the District is very limited given that all 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 NO. 1-1: *The District has a current population of approximately 30 people.*

MSR DETERMINATION NO. 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: 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

¹²State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2018 and 2019*. Sacramento, California, May 2019.

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, almost all of the District is identified as a Severely Disadvantaged Community, with a median household income of \$24,821. This area of the District is a part of a large census block group that is designated as a Severely Disadvantaged Community.

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: *Almost all 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, which is also the office for the Kanawha Water District, is located at 360 N. County Road G, Willows. The office is open Monday through Friday, between the hours of 7:00 a.m. and 4:00 p.m. Residents of the District can leave a voice mail if calling after normal business hours. The building is owned by the Kanawha Water District.



KWD/GWD Office Building

Adequacy of Public Services

The District provides irrigation water services to approximately 4,600 acres of farmland. The District appears to provide effective and efficient irrigation water services throughout its jurisdictional boundaries. The District has sufficient facilities and resources to provide irrigation water services and District equipment and infrastructure appears to be adequately maintained.

MSR DETERMINATION NO. 3: *The Kanawha Water District provides administrative, operational, and maintenance services for the Glide Water District under an annual management services agreement. The Glide Water District provides funding to the Kanawha Water District for this service. The services that the Kanawha Water District performs for the Glide Water District appears to be efficient and effective.*

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.

GWD 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
- Interest

The following table shows GWD's revenue sources and amounts for Fiscal Year 2018.

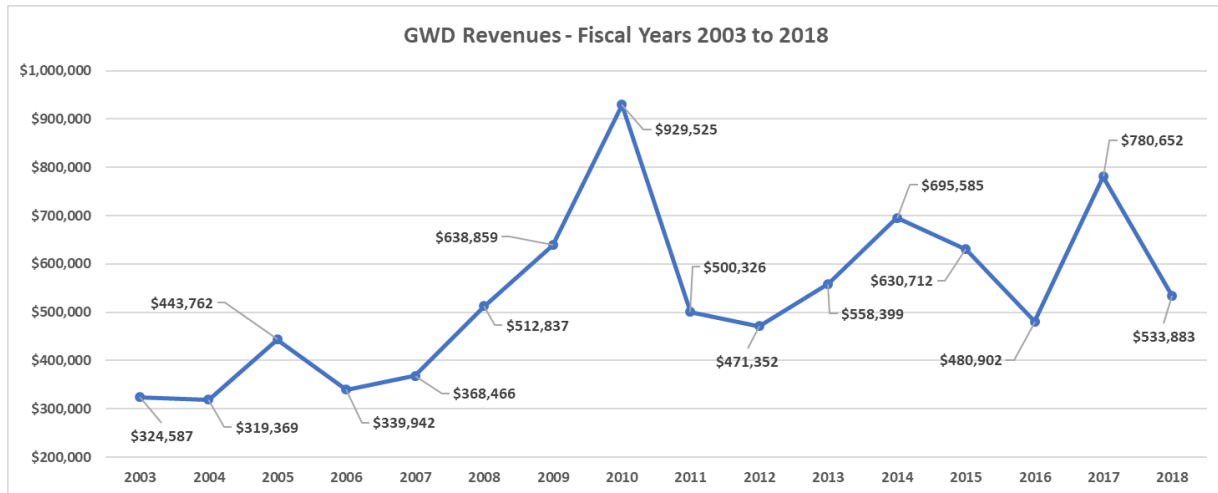
GWD Revenue Sources for Fiscal Year 2018

Revenue Source	Amount	Percentage of Total Revenue
Irrigation Water Sales	\$387,414	72.57%
Property Assessments	\$141,863	26.57%
Investment Earnings	\$3,368	0.63%
Other Nonoperating Revenues	\$1,238	0.23%
Total Revenues	\$533,883	100.00%

The following table and graph show GWD's total revenues for 2003 through 2018.

GWD Revenue – 2003 through 2018

Year	Revenue		Year	Revenue
2003	\$324,587		2011	\$500,326
2004	\$319,369		2012	\$471,352
2005	\$443,762		2013	\$558,399
2006	\$339,942		2014	\$695,585
2007	\$368,466		2015	\$630,712
2008	\$512,837		2016	\$480,902
2009	\$638,859		2017	\$780,652
2010	\$929,525		2018	\$533,883



EXPENDITURES

District expenditures vary from year to year, reflecting the amount of anticipated revenue for that year and any high-cost expenditures, Normal expenditures for the District include water purchases, use of the Tehama-Colusa Canal, infrastructure maintenance/improvements, salaries, administration expenses, and the occasional purchases of equipment. Additionally, expenditures for the District include the costs of the Kanawha Water District providing administrative, maintenance, and operational services for the District. GWD expenditures in 2018 are shown in the following table.

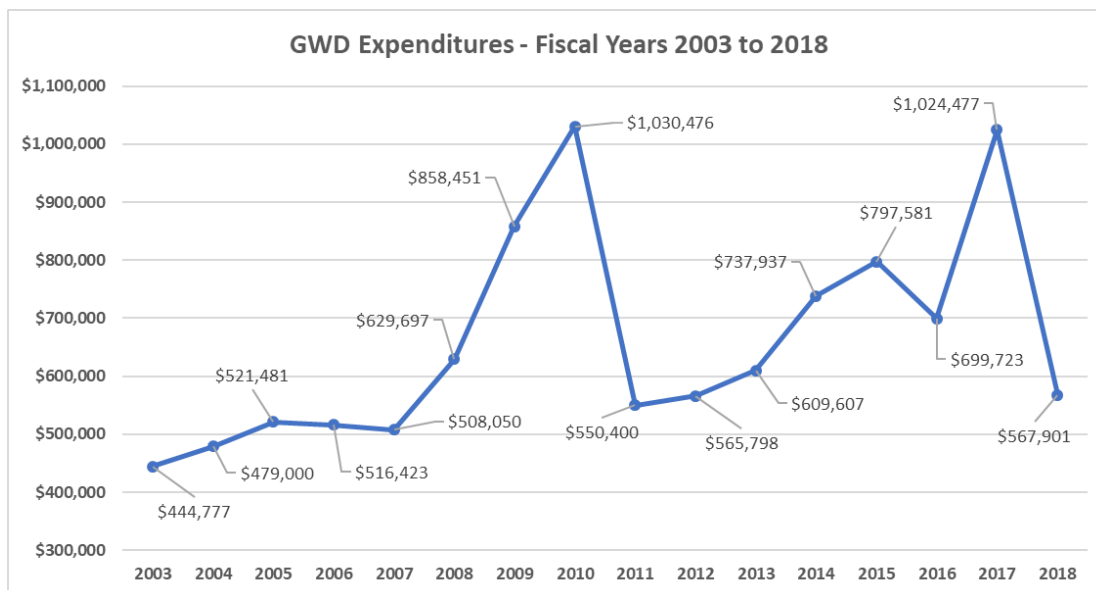
GWD Expenditures for Fiscal Year 2018

Expenditure	Amount	Percentage of Total Expenditures
Transmission and Distribution Expenses	\$235,439	41.46%
Water Purchases	\$199,732	35.17%
Depreciation and Amortization Expenses	\$108,729	19.15%
General and Administrative Expenses	\$24,001	4.23%
Total Revenues	\$567,901	100.00%

The following table and graph show GWD's total expenditures for 2003 through 2018.

GWD Expenditures – 2003 through 2018

Year	Expenditures		Year	Expenditures
2003	\$444,777		2011	\$550,400
2004	\$479,000		2012	\$565,798
2005	\$521,481		2013	\$609,607
2006	\$516,423		2014	\$737,937
2007	\$508,050		2015	\$797,581
2008	\$629,697		2016	\$699,723
2009	\$858,451		2017	\$1,024,477
2010	\$1,030,476		2018	\$567,901



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 GWD 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 the current fiscal year (2019) is shown in the following figure. This budget shows the District's budget as adopted by the District Board of Directors, which only reflects anticipated revenues and anticipated expenditures.

GWD.2019
APRIL 8, 2019

GLIDE WATER DISTRICT

Adopted -April 12,2019

**BUDGET 4 @ 100% SUPPLY
(PLUS TRANSFERS AS NEEDED)**

	2019	*2018 Actuals* (As of Dec. 31 - 100%)	*2018 Budgeted*
KANAWHA CONTRACT	\$ 94,200.00	\$ 90,000.00 (100%)	\$ 90,000.00
DRAIN MAINTENANCE	\$ 1,000.00	\$ 279.93 28%	\$ 1,000.00
MEMBERSHIPS & DUES	\$ 5,500.00	\$ 5,351.95 (97%)	\$ 5,500.00
INSURANCE & BOND	\$ 4,050.00	\$ 3,788.99 (105%)	\$ 3,600.00
OFFICE SUPPLIES	\$ 2,400.00	\$ 2,386.59 (99%)	\$ 2,400.00
BOARD PER DIEM	\$ 4,000.00	\$ 2,650.00 (66%)	\$ 4,000.00
TRAVEL EXPENSES	\$ 1,000.00	\$ 190.53 (19%)	\$ 1,000.00
UTILITIES	\$ 1,000.00	\$ 742.72 (74%)	\$ 1,000.00
LEGAL SERVICES	\$ 8,000.00	\$ 4,899.00 (54%)	\$ 9,000.00
ENGINEERING SERVICES	\$ -	\$ - (0%)	\$ -
AUDIT & ACCOUNTING	\$ 3,750.00	\$ 3,550.00 (100%)	\$ 3,550.00
DISTRIBUTION SYSTEM/SHOP	\$ 5,000.00	\$ 4,485.60 (90%)	\$ 5,000.00
PLANT EXPENSES	\$ 500.00	\$ 105.93 (21%)	\$ 500.00
GROUNDWATER FEE	\$ 20,500.00	\$ 20,033.50 (98%)	\$ 20,500.00
PAYMENT CAP. STUDY	\$ -	\$ - (0%)	\$ 3,500.00
CONTENGENCIES 5%	\$ 7,545.00	\$ - (0%)	\$ 2,634.63
DEFICIT RESERVE (8,000 * \$0.69)	\$ 5,520.00	\$ - (0%)	\$ 16,000.00
SWRCB WATER RIGHTS FEE	\$ 9,000.00	\$ 9,531.63 (106%)	\$ 9,000.00
		\$ 147,996.37 (81%)	\$ 178,184.63
 TOTAL OPERATION & MAINT.	 \$ 172,965.00		
 CONTRACT RESERVES			
PL 130	\$ -		
DRAINAGE	\$ -		
WTRSVC	\$ -		
 REPAYMENT	 \$ -		
 TOTAL CONTRACT			 \$ -
 WATER PURCHASE			
USBR 7,024 * \$47.31	\$ 332,305.44 (Less \$5.60 for ATP)		
USBR 0 * \$	\$ -		
USBR 0 * \$	\$ -		
 KANAWHA WD 0 * \$67.43	\$ -		
M&T RANCH 976 * \$46.19	\$ 45,081.44		
HOWALD FARMS 800 * \$50	\$ -		
OJI FARMS 0 * \$60.00	\$ -		
SAC. RIVER POOL 0 * \$32.00	\$ -		
 TCC AUTHORITY 8,000 * \$16.84	 \$ 134,722.00		
 TOTAL WATER			 \$ 512,108.88
 TOTAL BUDGET			 \$ 685,073.88
 INCOME			
ASSESSMENTS	\$ 147,072.49		
INTEREST	\$ 10,000.00		
FROM RESERVES	\$ -	(Assessment Reserve, Groundwater Planning & Water Rate)	
		\$0.00 \$0.00 \$0.00	
WATER SALES			
8,000 A/F	\$ 528,001.39		\$ 66.00
MARGIN			\$ 1.99
 TOTAL INCOME	 \$ 685,073.88		
 TOTAL EXPENSE	 \$ 685,073.88		

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.¹³

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.¹⁴ 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.
- **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.

Since 2003, the District's expenditures have exceeded revenues every year, requiring the use of the District's fund balance. The below table shows District revenues, expenditures, and the amount of fund balance used for each year from 2003 through 2018.

Year	Revenues	Expenditures	Excess/Use of Fund Balance
2003	\$324,587	\$444,777	-\$120,190
2004	\$319,369	\$479,000	-\$159,631
2005	\$443,762	\$521,481	-\$77,719
2006	\$339,942	\$516,423	-\$176,481
2007	\$368,466	\$508,050	-\$139,584
2008	\$512,837	\$629,697	-\$116,860

¹³ *Citizens' Guild to Local Budgets*, Office of the New York State Comptroller-Division of Local Government and School Accountability. 2010.

¹⁴ *Special District Reserve Guidelines - A Guide to Developing a Prudent Reserve*. Second edition. California Special Districts Association. 2013.

2009	\$638,859	\$858,451	-\$219,592
2010	\$929,525	\$1,030,476	-\$100,951
2011	\$500,326	\$550,400	-\$50,074
2012	\$471,352	\$565,798	-\$94,446
2013	\$558,399	\$609,607	-\$51,208
2014	\$695,585	\$737,937	-\$42,352
2015	\$630,712	\$797,581	-\$166,869
2016	\$480,902	\$699,723	-\$218,821
2017	\$780,652	\$1,024,477	-\$243,825
2018	\$533,883	\$567,901	-\$34,018

The deficits as shown above are primarily the result of the District having to purchase transferred water on the open market at a very high price and in turn sell that water at a very high price due to either a significantly reduced or zero water supply from the U.S. Bureau of Reclamation. When the District adopts its annual budget, it does not know how much water the District will receive from the USBR that year or how much it will have to pay for that water. The lack of knowledge about the water supply and water costs requires the District to speculate about the amount to budget for water expenditures, which would not necessarily be realized. Additionally, the year following a significantly reduced or zero water supply from USBR, the USBR will send out large operation and maintenance deficit bills almost a year later. Those bills then impact the following year's financial report as the amount of the bills are not known when the District adopts its annual budget, so the District has a large, unanticipated expense.

CASH AND INVESTMENTS

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.

District cash and investments consist of investments in the State Treasurer's Local Agency Investment Fund (LAIF) pooled investment fund, a checking account, money market saving accounts, and certificates of deposits. The District's funds in LAIF are invested in a diversified portfolio such this it considers the risk of material loss to be minimal. The District's funds held in LAIF can be withdrawn on demand. The following table shows the District's cash deposits and investments 2009 through 2018. Additionally, the table shows the District's anticipated cash deposits and investments for 2019.

10/18/19

**Glide Water District
2019 District Reserves Report**

<u>Year</u>	<u>Operation and Maintenance Reserve</u>	<u>Water Service Contract Reserve</u>	<u>Deficit Reserve</u>	<u>LAIF + CDs+Ck Bk</u>	<u>Total</u>
12/31/19 Estimated	\$ -	\$ -	\$ -	\$ 1,100,000.00	\$ 1,100,000.00
12/31/18	\$ -	\$ -	\$ -	\$ 1,067,535.44	\$ 1,067,535.44
12/31/17	\$ -	\$ -	\$ -	\$ 938,963.88	\$ 938,963.88
12/31/16	\$ -	\$ -	\$ -	\$ 1,175,514.75	\$ 1,175,514.75
12/31/15	\$ -	\$ -	\$ -	\$ 1,145,721.13	\$ 1,145,721.13
12/31/14	\$ -	\$ -	\$ 22,403.94	\$ 1,159,834.57	\$ 1,182,238.51
12/31/13	\$ -	\$ -	\$ 22,403.94	\$ 1,251,852.68	\$ 1,274,256.62
12/31/12	\$ -	\$ -	\$ 47,839.30	\$ 1,033,125.00	\$ 1,080,964.30
12/31/11	\$ -	\$ -	\$ 47,839.30	\$ 1,025,810.68	\$ 1,073,649.98
12/31/10	\$ -	\$ -	\$ 62,541.54	\$ 1,072,811.46	\$ 1,135,353.00
12/31/09	\$ -	\$ -	\$ 130,940.22	\$ 976,333.10	\$ 1,107,273.32

As shown above, the District maintains a very large fund balance and according to the KWD/GWD General Manager, the District has reached or exceeded the District's reserve target and is now maintaining that level.

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 statements prepared annually. The last financial audit for the District was prepared in April 2019, which was for Fiscal Year 2018, and was prepared by Larry Bain, CPA, an accounting corporation. The financial audit did not note any material deficiencies in the District's financial statements.

The District's 2017 financial statement identified a significant deficiency in the District's internal control over financial reporting. The deficiency was not considered to be a

material weakness. A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

The identified significant deficiency is shown below.

INTERNAL CONTROL FINDINGS

Significant Deficiencies Not Deemed Material Weaknesses

Finding 17-1

We noted the District had a lack of segregation of duties, as one person, or related persons are capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. This is a common condition for entities of this size. This comment was noted in previous audits.

Finding 17-2

The District relies on the external auditor to ensure its financial statements are in accordance with GAAP. In addition, the District relies on the external auditor to ensure that all necessary disclosures are included in the notes to the financial statements. The District does not employ a staff member with the necessary knowledge and training to prepare governmental financial statements. In accordance with Statement of Auditing Standards No. 122 external auditors cannot be part of an entity's internal controls over preparation of the financial statements and are prohibited from auditing their own work, which would impair their independence. We have noted this condition in prior audits.

Recommendation: The District could consider training staff in preparing GAAP financial statements or hire an external qualified accountant to prepare the GAAP financial statements. The District could also opt to take no action if it considers the cost will outweigh the benefit.

According to the GWD General Manager, the District's very small number of administrative staff, which consists of just the General Manager and the Office Secretary, limits the opportunity to segregate financial duties. The District Board of Directors must review and approve of all payments at their monthly meetings.

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. GWD 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, use of the Tehama Colusa Canal, infrastructure maintenance/improvements, and payments to the Kanawha Water District for providing services on behalf of the District. The District's expenditures do not appear to be excessive.

MSR DETERMINATION NO. 4-3: The District maintains money market accounts, certificates of deposits, checking accounts, and has investments with the State Treasurer's Local Agency Investment Fund (LAIF). The funds held in these accounts currently contain approximately \$1.06 million, which could be utilized for unanticipated expenses, capital improvements, or to cover revenue shortfalls.

MSR DETERMINATION NO. 4-4: The District has required financial audits prepared in a timely manner. The last financial audit prepared for the District (Fiscal Year 2018) showed no material deficiencies in the District's financial statements.

MSR FACTOR NO. 5: STATUS OF, AND OPPORTUNITIES FOR SHARED FACILITIES

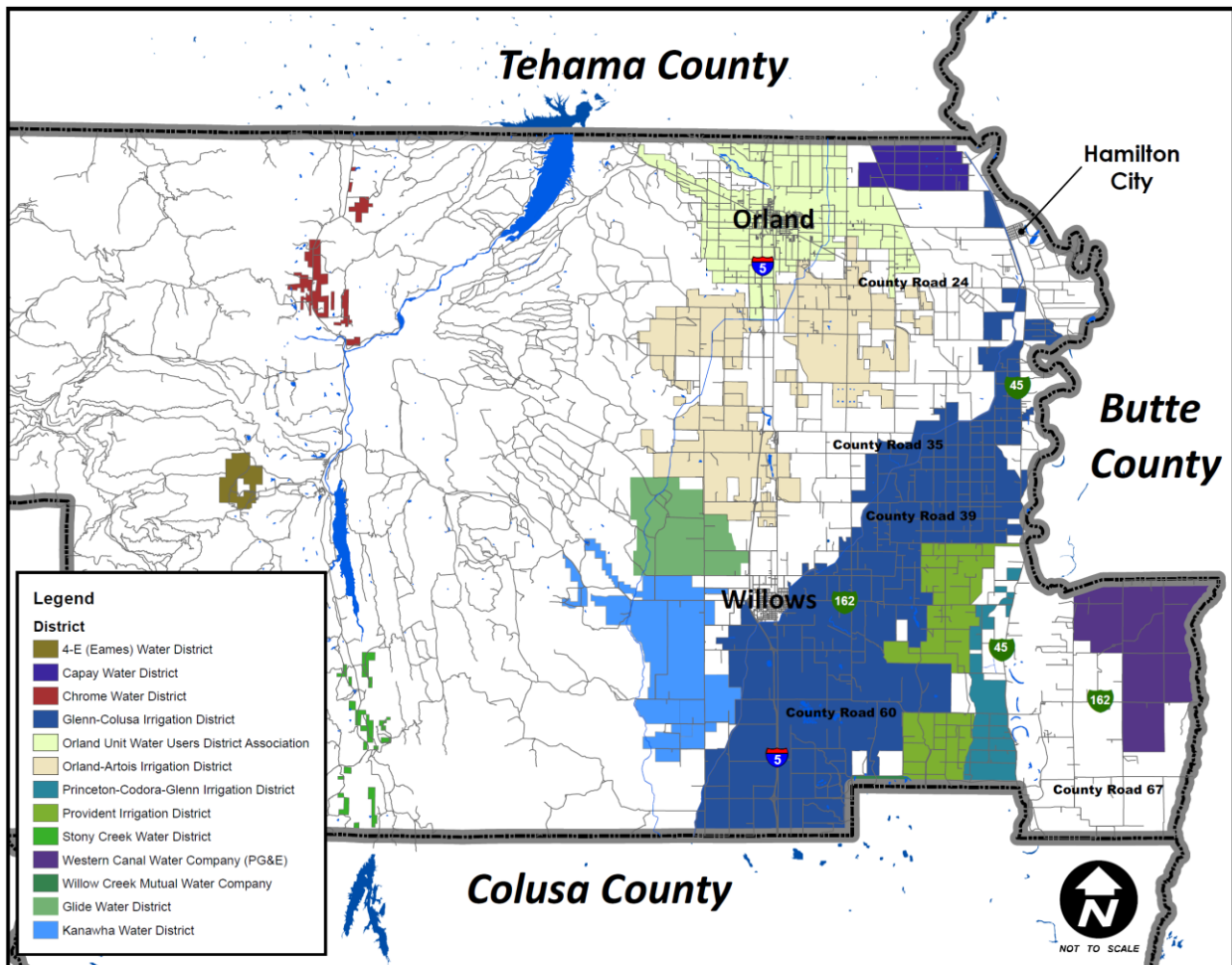
GWD is a member of the Tehama-Colusa Canal Authority, which operates and maintains the Tehama-Colusa Canal. GWD is also a member of the multi-agency Glenn Groundwater Authority, which is a Groundwater Sustainability Agency (GSA) that is composed of nine local agencies participating through a Joint Exercise 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.

The District is a party to the Kanawha-Glide Public Financing Authority, which is a joint powers authority (JPA) between the Kanawha Water District and the Glide Water District that was created in 2010. The purpose of the JPA was to issue bonds to refinance the costs of the purchase of various loan contracts, with the bonds being paid off in 2016. Although the JPA is not currently serving any purpose, the KWD and GWD chose to keep the JPA in place in case it could serve some future use.

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

The following map shows the 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 most of 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.

While interaction between most of the irrigation districts in Glenn County is limited, the Glide Water District and the adjacent Kanawha Water District cooperate extensively, with KWD staff performing all of GWD's administrative, maintenance, and operational services. KWD's office also serves as the office for GWD, and the GWD Board of Directors hold their monthly meetings at KWD's office.

KWD and GWD approve a new management services agreement each year that details the services that KWD will provide for GWD and that sets the amount of funding that GWD will provide to KWD for these services. The current management services agreement is attached to this MSR/SOI Plan as **Attachment 1**. For 2019, GWD will pay \$7,850.28 per month to KWD, for a total annual cost of \$94,203.35, to provide the identified services. KWD has been providing services to GWD for over 30 years under the yearly agreements. Pursuant to the current management services agreement between KWD and GWD, KWD performs the following services:

1. SERVICES TO BE PREFORMED: KANAWHA will make available the time of its manager, office secretary and other staff as necessary in order to provide the following services for GLIDE:
 - a) Operate the distribution system on a daily basis.
 - b) Provide for and accept annual and daily water orders.
 - c) Fulfill all water-master duties and provide growers with operating procedures.
 - d) Perform all office accounting duties, such as receipt of district bills, preparation of warrants or checks for their payment, preparation of summaries of expenditures from Glide's General Fund, and maintenance of records necessary for and preparation of the District's General Ledger.
 - e) Assist the following Glide Officials in the performance of their official duties: Assessor, Treasurer, Tax Collector, Secretary and Engineer.
 - f) Completion and filing of any reports required by county, state or federal government agencies, except that Glide's auditor will prepare and file the annual report required by the California State Controller.
 - g) Prepare for and participate in meetings of Glide's Board of Directors for the purpose of reporting on the work performed by Kanawha for Glide.
 - h) Provide space for meetings of Glide's Board of Directors, and provide office space for the Kanawha staff to accomplish the services outlined above.
 - i) Prepare and submit an annual budget to the Board of Directors that will provide an identification of annual expenses that are the responsibility of Glide.
 - j) Work with and assist Glide's engineer, attorney and auditor on an as needed basis and provide advice to Glide's officials on subjects concerned with Glide's operation.
 - k) Represent Glide at meeting of organizations and governmental bureaus as designated by the Glide Board of Directors and be reimbursed for out of pocket expenses.

The arrangement between KWD and GWD appears to be working adequately but is discussed in more detail in the next section of this MSR/SOI Plan.

MSR DETERMINATION No. 5. *The District is a member of the Tehama Colusa Canal Authority and a member of the Glenn Groundwater Authority. The Kanawha Water District performs all administrative, maintenance, and operational services for the Glide Water District under an annual agreement. Opportunities for shared facilities with other water/irrigation districts in Glenn County may be feasible although there does not appear to be any significant amounts of collaboration between these agencies.*

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

GWD BOARD OF DIRECTORS

The Glide Water District is governed by a 5-member Board of Directors. The Board of Directors are elected by the landowners within the District or are appointed by the Glenn County Board of Supervisors in lieu of election. The GWD Board of Directors serve a four-year term of service. Each District Board of Director receives \$50 per diem for attendance at the monthly Board of Directors meeting.

The GWD Board of Directors is responsible for setting policy and general administrative procedures for the District, establishes and regulates fees. The policies and procedures set by the Glide Board of Directors are administered by the Kanawha Water District General Manager.



KWD/GWD Board Room

Regular meetings of Glide Water District Board of Directors are held on the 2nd Friday of each month at 9:00 a.m. The Board of Directors meetings are held at the Kanawha/Glide Water District's office located at 360 N. County Road G, Willows. 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 to the *Sacramento Valley Mirror* newspaper.

GWD STAFFING

The Glide Water District does not have any employees. All services provided by GWD are performed by the staff of the Kanawha Water District.

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 upon request. 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 December 18, 2007, 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 General Manager and Board of Directors.
- Board of Directors meeting notices.
- Board of Directors agendas and staff reports/memorandums
- Board of Directors meeting minutes
- Adopted annual budget
- Financial audits/reports
- District Municipal Service Review and Sphere of Influence Plan

- 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.¹⁵

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In January 1983, the District joined together with other agencies in the State to form Joint Powers Insurance Authority (JPIA), a public entity risk pool currently operating as a common risk management and insurance program for member agencies. The District pays an annual premium to JPIA for its insurance coverage. The Agreement for Formation of the JPIA provides that JPIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims over \$1,000,000 for general and automobile liability.

MSR DETERMINATION NO. 6-1: *GWD 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. GWD holds meetings that are open and accessible to the public. GWD maintains accountability and compliance in its governance, and public meetings appear to be held in compliance with Brown Act requirements.*

MSR DETERMINATION NO. 6-2: *GWD does not have any employees as all of the services that GWD provides are performed by the staff of the Kanawha Water District.*

MSR DETERMINATION NO. 6-3: *The Glide 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.*

¹⁵ <http://www.getstreamline.com/web/>

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.

While consolidation of some or all of the irrigation districts in Glenn County may not be feasible, a consolidation between the Kanawha Water District and the adjacent Glide Water District may be feasible. As previously noted, for over 30 years KWD has been performing all administrative, maintenance, and operational services for GWD under an annual management services agreement. KWD's office is also the office for GWD and the GWD Board of Directors uses KWD's Board of Directors room to hold their monthly meetings. Essentially, the only difference between KWD and GWD is that each of these entities has their own Board of Directors, their own annual budgets, and their own financial reports. Because these two special districts are fundamentally acting as one agency, consideration should be given as to why these two districts should not be consolidated into one larger district.

The KWD/GWD General Manager indicated that consideration has been given to consolidating the two districts into one district in the past, but it was determined that the disadvantages of merging into one district outweighed the advantages of merging. One disadvantage is that the districts operate under different contracts for obtaining irrigation water from the U.S. Bureau of Reclamation (USBR). These contracts, which are very long term, are very complex and trying to renegotiate a new contract for a consolidated district may be very problematic, if not impossible, given that the USBR approval would be needed for any changes to the existing water supply contracts.

The KWD/GWD General Manager stated that the current management services agreement between the two districts has been working well and that neither district Board of Directors is very interested in consolidating the two districts.

Given that the current arrangement between KWD and GWD is working satisfactorily and that there are no problems, such as GWD not providing effective or efficient services, it would appear that consolidation of the two districts into one district is not necessarily needed. Consolidation would not appear to result in more efficient or effective services or reduced costs, so there does not appear to be any need to consolidate the two districts. If consolidation is to be considered a consolidation study would need to be prepared, which could be expensive and would not necessarily come to the conclusion that consolidation of the two districts would be advantageous.

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.*

MSR DETERMINATION NO. 7-2: *The management services arrangement between the Kanawha Water District and the Glide Water District has been in place for over 30 years and appears to be working satisfactory. Consolidation of KWD and GWD into one district appears to be feasible but may face difficulties. A detailed consolidation study would need to be prepared to determine if a consolidation would result in cost savings and improved services.*

II. SPHERE OF INFLUENCE PLAN

The existing Sphere of Influence (SOI) for the Glide 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 GLIDE 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.

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

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

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: *GWD provides funding to KWD for the operation of GWD's irrigation infrastructure. GWD provides efficient and effective irrigation water services to the agricultural uses within the District.*

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: *All of the parcels within the jurisdictional boundaries of GWD are within the unincorporated area of Glenn County. Social or economic communities of interest within or near the District includes the City of Willows.*

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: *GWD does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.*

GLIDE 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 no changes to the Sphere of Influence boundary for GWD are necessary.
3. Affirms the existing Sphere of Influence for GWD as shown on Figure 1 on page 3-2 of this MSR/SOI Plan.

THIS PAGE LEFT BLANK

Adopting Resolution

RESOLUTION NO. 2020-001

ADOPTION OF MUNICIPAL SERVICE REVIEWS AND SPHERE OF INFLUENCE PLANS FOR THE KANAWHA WATER DISTRICT AND THE GLIDE WATER DISTRICT

RESOLVED, by the Glenn Local Agency Formation Commission of the County of Glenn, State of California, that

WHEREAS, a service review mandated by California Government Code Section 56430 has been prepared by the Local Agency Formation Commission of the County of Glenn (hereinafter referred to as "the Commission") for the Kanawha Water District and the Glide Water District in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and

WHEREAS, a sphere of influence plan mandated by Government Code Section 56425 has been prepared by the Commission for the Kanawha Water District and the Glide Water District in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, a public hearing by this Commission was called for on January 13, 2020, and at the time and place specified in the notice of public hearing; and

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes, objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the proposal, in evidence presented at the hearing; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of Glenn

DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Findings

- A. Acting as Lead Agency pursuant to the California Environmental Quality Act Guidelines, the Commission finds that the Municipal Service Reviews and Sphere of Influence Plans for the Kanawha Water District and the Glide Water District are Categorically Exempt from the provisions of CEQA under Section 15306, "Information Collection."

RESOLUTION NO. 2020-001

Section 2. Findings for Adoption of the Municipal Service Reviews and Sphere of Influence Plans

- A. The Commission has considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, Sphere of Influence and General Plan consistency, and other factors specified in Government Code Sections 56425 and 56428 and as described in the Public Review Draft MSR/SOI Plan for the Kanawha Water District and the Glide Water District, in that:
- (1) The Commission has considered the present and planned land uses in the area, including agricultural and open space lands as described in the Glenn County General Plan.
 - (2) The Commission has considered the present and probable need for public facilities and services in the Kanawha Water District's and the Glide Water District's existing Sphere of Influences as described in the Kanawha Water District and the Glide Water District MSR/SOI Plans and the Glenn County General Plan.
 - (3) The Commission has considered the present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide as described in the Kanawha Water District and the Glide Water District Municipal Service Review/SOI Plans and the Glenn County General Plan.
 - (4) The Commission has considered the existence of any social or economic communities of interest in the area.
 - (5) The Commission has considered the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influences.
-

RESOLUTION NO. 2020-001

WHEREAS, the Sphere of Influence Plans determinations for the Kanawha Water District and the Glide Water District are made in conformance with Government Code Section 56425; and,

WHEREAS, based on presently existing evidence, facts, and circumstances considered by this Commission, including the findings as outlined above, the Commission adopts the SOI Plans for the Kanawha Water District and the Glide Water District and confirms the existing sphere of influences for these districts as depicted in Figure 1 of the Kanawha Water District MSR/SOI Plan and in Figure 1 of the Glide Water District MSR/SOI Plan, adopted by the Commission on January 13, 2020; and,

NOW, THEREFORE, BE IT RESOLVED, that pursuant to powers provided in §56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Local Agency Formation Commission of the County of Glenn adopts the Municipal Service Reviews for the Kanawha Water District and the Glide Water District, dated January 2020. Furthermore, pursuant to the powers provided in §56425, the Commission adopts the SOI Plans for the Kanawha Water District and the Glide Water District and confirms the existing sphere of influence for these districts, as depicted on Figure 1 of the Kanawha Water District MSR/SOI Plan and in Figure 1 of the Glide Water District MSR/SOI Plan, adopted by the Commission on January 13, 2020.

PASSED AND ADOPTED by this Local Agency Formation Commission of the County of Glenn, on the 13th day of January 2020, by the following vote:

AYES: Commissioners Barr, Corum, Edwards, Stifter and Warren (Chair)

NOES: None

ABSENT: None

ABSTAINS: None

ATTEST:


Clerk of the Commission



Kerri Warren, Chair
Glenn Local Agency Formation Commission

THIS PAGE LEFT BLANK

COMMENTS RECEIVED AND RESPONSES TO COMMENTS

No written comment regarding the Public Review Draft Kanawha and Glide Water Districts MSRs/SOI Plans were received.

THIS PAGE LEFT BLANK

GLOSSARY

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 of 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.

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.

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.

BIBLIOGRAPHY

California State Controller's Office. Local Government Financial Data, accessed at: <https://bythenumbers.sco.ca.gov/>.

Glenn County. Glenn County General Plan, June 1993.

GWD. Glide Water District Financial Statements, December 31, 2017.

GWD. Glide Water District Financial Statements, December 31, 2018.

GWD. Glide Water District Water Management Plan (2017 Criteria), October 2018.

KWD. Kanawha Water District Financial Statements and Independent Auditor's Reports for the years 2016, 2017, and 2017.

KWD. Kanawha Water District Fiscal Year 2019 Adopted Budget.

KWD. Kanawha Water District Water Management Plan (2017 Criteria), August 27, 2018.

State of California, Department of Finance. E-4 Population Estimates for Cities, Counties, and the State, 2011-201, with 2010 Census Benchmark, May 2019.

State of California, Department of Finance. E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2018 and 2019, May 2019.

THIS PAGE LEFT BLANK

AGREEMENT FOR MANAGEMENT SERVICES

THIS AGREEMENT is made this 13th day of December 2018, between **KANAWHA WATER DISTRICT**, a California Water District, (hereinafter “**KANAWHA**”), by and through its Board of Directors, and **GLIDE WATER DISTRICT**, a California Water District (hereinafter “**GLIDE**”), by and through its Board of Directors.

RECITALS

As a basis and premise for this Agreement, the parties acknowledge as follows:

- 1) **KANAWHA** and **GLIDE** are each California Water Districts, serving water to lands located within the County of Glenn, California. Certain lands of the two Districts are contiguous.
- 2) **KANAWHA**, which is the larger of the two districts, has been irrigating land through a complex distribution system for approximately 42 years, and in the course of those operations, has built a knowledgeable and experienced staff, and has developed an efficient system for the management of water orders from its water users, billing and bookkeeping procedures, the handling of District funds, the allocation of water supplies, preparation of official reports, assessments, payment of expenditures, conduct of meetings of the Board of Directors, et cetera.
- 3) **GLIDE** has not yet commenced serving water to all its lands, but its operations are becoming more complex. Rather than add administrative staff of its own, with the attendant costs, **GLIDE** wishes to contract with **KANAWHA** for the latter to provide it with certain management and operational services as delineated herein.

- 4) The Districts have the authority to contract for these services under the provisions of California Water Code Section 35850.5 and other applicable provisions of California law.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. **SERVICES TO BE PERFORMED: KANAWHA** will make available the time of its manager, office secretary and other staff as necessary in order to provide the following services for **GLIDE**:
 - a) Operate the distribution system on a daily basis.
 - b) Provide for and accept annual and daily water orders.
 - c) Fulfill all water-master duties and provide growers with operating procedures.
 - d) Perform all office accounting duties, such as receipt of district bills, preparation of warrants or checks for their payment, preparation of summaries of expenditures from Glide's General Fund, and maintenance of records necessary for and preparation of the District's General Ledger.
 - e) Assist the following Glide Officials in the performance of their official duties: Assessor, Treasurer, Tax Collector, Secretary and Engineer.
 - f) Completion and filing of any reports required by county, state or federal government agencies, except that Glide's auditor will prepare and file the annual report required by the California State Controller.
 - g) Prepare for and participate in meetings of Glide's Board of Directors for the purpose of reporting on the work performed by Kanawha for Glide.
 - h) Provide space for meetings of Glide's Board of Directors, and provide office

space for the Kanawha staff to accomplish the services outlined above. under this Agreement. **GLIDE** will defend **KANAWHA**, its agents, employees, officials, directors, successors and assigns, from any claims, actions or proceedings of any sort arising in any manner out of this Agreement.

- 7) **ATTORNEY'S FEES:** Should any litigation be commenced between the parties to this Agreement, or their rights and duties in relation thereto, the prevailing party in such litigation shall be entitled to its attorney's fees, as such may be determined by the court.

DATE 12-13-18

KANAWHA WATER DISTRICT

BY: *Tommy Boyd*
PRESIDENT

BY: *Michael Alves*
SECRETARY

DATE 12-14-18

GLIDE WATER DISTRICT

BY: *D. J. Pausio*
PRESIDENT

BY: *Michael Alves*
SECRETARY

attorneys or any other amounts sustained or incurred in connection with **KANAWHA'S** providing the services outlined above and its performance

09/12/18

KANAWHA AND GLIDE WATER DISTRICTS
TIME AND OTHER EXPENSES FOR
2019 MANAGEMENT FEE

LABOR COST - ANNUALLY	\$ 84,703.35	
VEHICLE (5,000 MILES)	\$ 5,000.00	
MISC. OFFICE - POSTAGE & PHONE	\$ 2,000.00	
MISC. SHOP & FIELD	\$ 2,500.00	
TOTAL ANNUAL ESTIMATE	\$ 94,203.35	
PROPOSED MONTHLY FEE		\$ 7,850.28
ANNUAL TOTAL		\$ 94,203.35

LABOR COSTS BY MONTH

EMPLOYEE	HOURLY RATE W/BENEFITS	PERCENTAGE OF TIME REQUIRED	COST PER YEAR
MANAGER	\$ 55.95	40%	\$ 46,550.40
SECRETARY	\$ 33.26	30%	\$ 20,754.24
FIELD SUPERVISOR	\$ 36.39	15%	\$ 11,353.68
FIELD MAINTENANCE	\$ 26.51	10%	\$ 5,514.08
METER READER	\$ 12.95	10%	\$ 530.95
ANNUAL LABOR COST			\$ 84,703.35

RECOMMENDATION \$94,200 YR. / \$7,850 PER MO.