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YOLO COUNTY WATER DISTRICTS

COMBINED MUNICIPAL SERVICE
REVIEW AND SPHERE OF
INFLUENCE STUDY

FINAL REPORT

October 24, 2013

Yolo LAFCo Resolution No. 2013-04

**A Resolution Approving the Combined Municipal Service Review and Sphere of Influence Study for the Yolo County Water Districts (Exhibit A) and Approving Updated Spheres of Influence for the Dunnigan Water District, Yolo County Flood Control and Water Conservation District and the Yolo-Zamora Water District as illustrated in Exhibits B, C and D
and
Authorizes the Executive Officer to Waive LAFCo Application Fees for the Yolo-Zamora Water District Board to Request Dissolution**

LAFCo Proceeding S-038

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 set forth in Government Code Sections 56000 et seq. governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code Sections 56000 et seq. (unless otherwise indicated all statutory references are to the Government Code); and,

WHEREAS, Section 56425 et seq. provides that the local agency formation commission in each county shall develop and determine the sphere of influence of each local governmental agency within the county, and enact policies designed to promote the logical and orderly development of areas within the spheres of influence, as more fully specified in Sections 56425 et seq.; and,

WHEREAS, Section 56430 requires that local agency formation commissions conduct a municipal service review (MSR) prior to, or in conjunction with, consideration of actions to establish or update a sphere of influence (SOI) in accordance with Sections 56076 and 56425; and,

WHEREAS, in 2012, the Yolo County Local Agency Formation Commission (LAFCo) undertook to conduct a combined review and update of the existing Spheres of Influence for the Yolo County Public Water Districts; and,

WHEREAS, in February 2013, LAFCo hired Rosenow Spevacek Group, Inc. (RSG), to assist the Commission with this project; and,

WHEREAS, the Districts reviewed include the Dunnigan Water District, the Yolo County Flood Control and Water Conservation District and the Yolo-Zamora Water District; and,

WHEREAS, in connection therewith, RSG subsequently prepared a combined draft MSR and SOI Study for the Combined Yolo County Water Districts (hereafter collectively referred to as the "Spheres of Influence"); and,

WHEREAS, staff has reviewed the Spheres of Influence update pursuant to the California Environmental Quality Act (CEQA) and determined that it does not have the

potential to cause a significant effect on the environment, and is therefore not subject to CEQA in accordance with CEQA Guidelines Section 15061(b)(3); and, based thereon, the Executive Officer prepared a Notice of Exemption; and

WHEREAS, staff set a public hearing for September 26, 2013 for consideration of the environmental review and the draft Spheres of Influence and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and,

WHEREAS, on September 26, 2013, the public hearing was continued to the next regularly scheduled LAFCo meeting to allow sufficient time for District review; and,

WHEREAS, on October 24, 2013, the draft Spheres of Influence update came on regularly for hearing before LAFCo, at the time and place specified in the Notice; and,

WHEREAS, at said hearing, LAFCo reviewed and considered the Notice of Exemption, the draft Spheres of Influence, and the Executive Officer's Report and Recommendations; each of the policies, priorities and factors set forth in Government Code Sections 56425 et seq.; LAFCos Guidelines and Methodology for the Preparation and Determination of Spheres of Influence; and all other matters presented as prescribed by law; and,

WHEREAS, at that time, an opportunity was given to all interested persons, organizations, and agencies to present oral or written testimony and other information concerning the proposal and all related matters; and,

WHEREAS, the Commission received, heard, discussed, and considered all oral and written testimony related to the sphere update, including but not limited to protests and objections, RSG and the Executive Officer's report and recommendations, the environmental document and determinations and the service reviews; and

WHEREAS, the Spheres of Influence for the Dunnigan Water District, the Yolo County Flood Control and Water Conservation District and the Yolo-Zamora Water District is attached hereto as Exhibit A, including the proposed Sphere boundary for each District as set forth therein.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that the Yolo County Local Agency Formation Commission hereby:

1. States that each of the foregoing recitals is true and correct.
2. Determines that the project is exempt from CEQA pursuant to Section 15061(b)(3) pursuant to the following findings and evidence and directs staff to prepare and file a Notice of Exemption with the County Recorder, subject to the findings below.
3. Adopts Resolution 2013-04 approving the Combined Municipal Service Review and Sphere of Influence Study for the Yolo County Water Districts (Exhibit A) and approving updated Spheres of Influence for the Dunnigan Water District, Yolo

County Flood Control and Water Conservation District and the Yolo-Zamora Water District as illustrated in Maps 1, 2 and 3 to this resolution, subject to the findings below.

4. Authorizes the Executive Officer to waive LAFCo application fees for the Yolo-Zamora Water District Board to request dissolution.

FINDINGS:

1. Finding: The Project does not have the potential to cause a significant effect on the environment, and is therefore not subject to CEQA in accordance with CEQA Guidelines Section 15061(b)(3). A Notice of Exemption will be filed with the County Recorder.

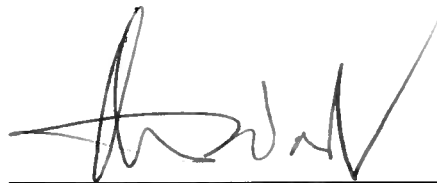
Evidence: The project includes adoption of a Municipal Services Review and Sphere of Influence expansion for the Yolo County Flood Control and Water Conservation District and the Dunnigan Water District. The SOI could provide for future annexation of additional territory into each District, however, this additional territory will not change the existing agricultural use of the subject property and may reduce the reliance on groundwater in the future. No significant construction or other improvements are anticipated at this time.

2. Finding: Approval of the Combined Municipal Service Review and Sphere of Influence Study for the Yolo County Water Districts is consistent with all applicable state law and local LAFCo policies.

Evidence: The project was prepared consistent with the requirements in the Cortese-Knox-Hertzberg Act for a MSR/SOI and all applicable Yolo LAFCo policies and adopted Standards for Evaluation. The dissolution promotes public access and accountability for community services needs and financial resources. The Yolo-Zamora Water District has never provided water services and no longer collects property tax revenue.

PASSED AND ADOPTED by the Local Agency Formation Commission, County of Yolo, State of California, this 24th day of October, 2013, by the following vote:

Ayes: Davies, Kristoff, Rexroad, Saylor and Woods
Noes: None
Abstentions: None
Absent: None



Olin Woods, Chair
Yolo County Local Agency Formation Commission

Attest:





Christine Crawford, Executive Officer
Yolo County Local Agency Formation Commission

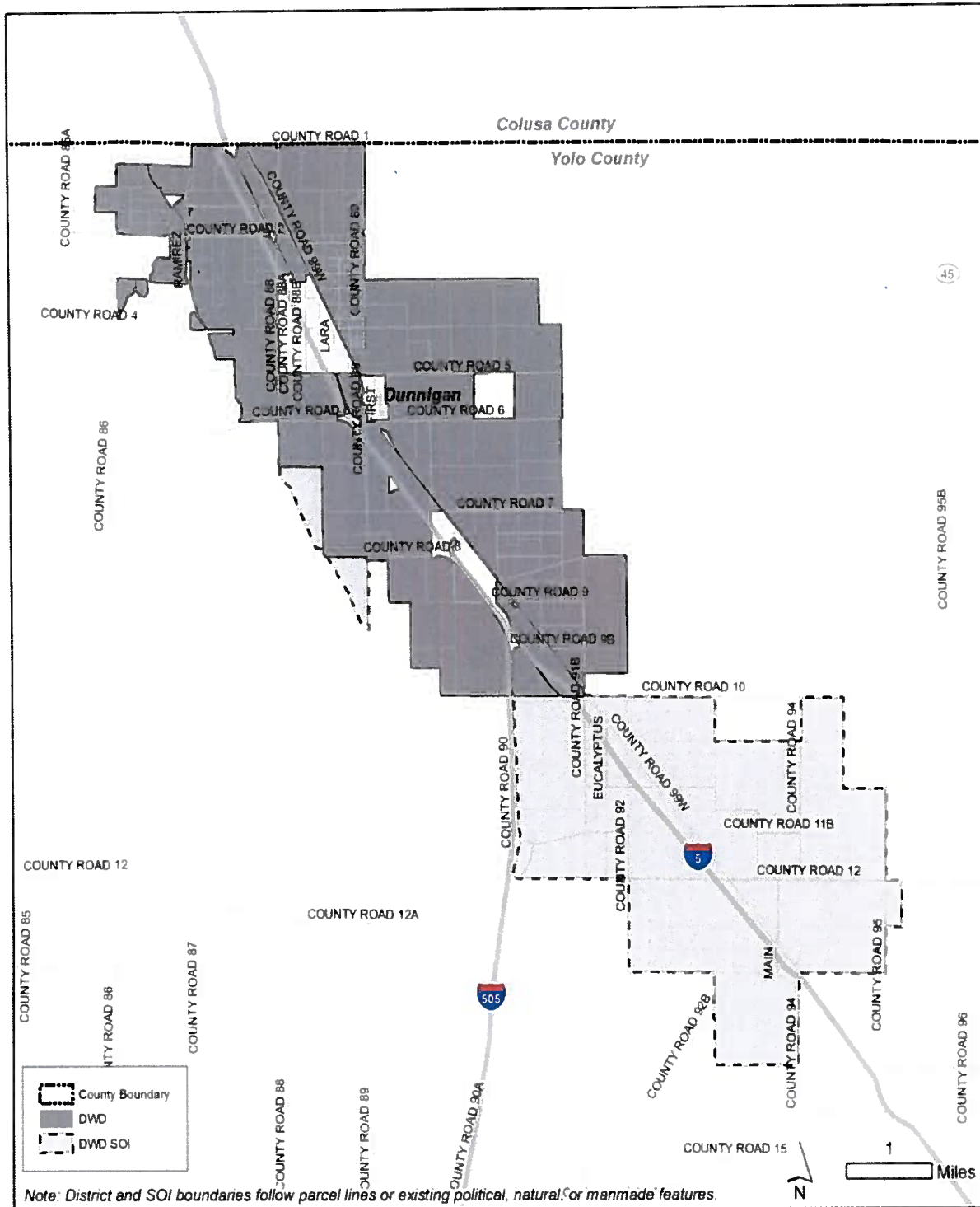
Approved as to form:



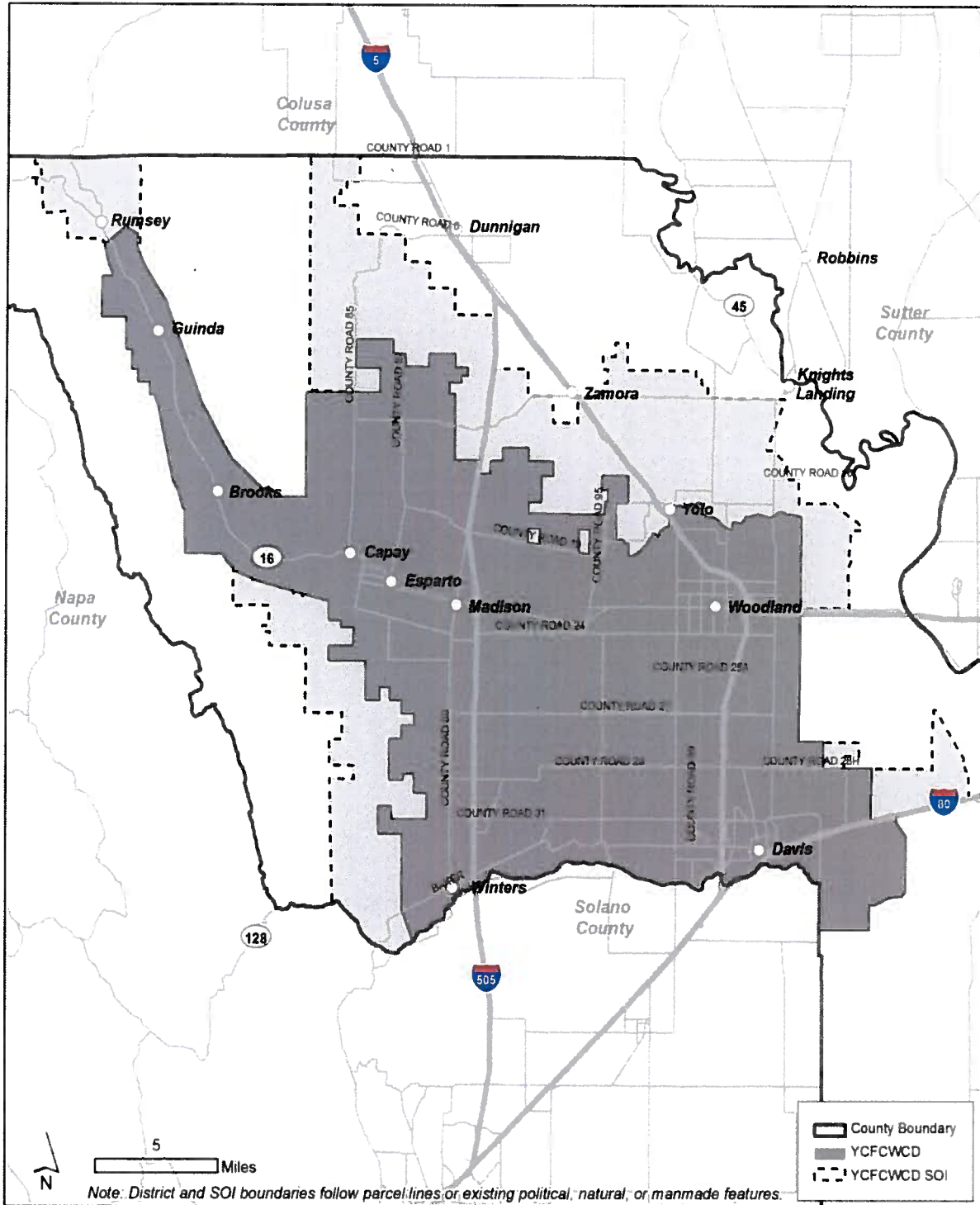
Robyn Drivon, Commission Counsel

Water 2013 SOI Resolution (Final)

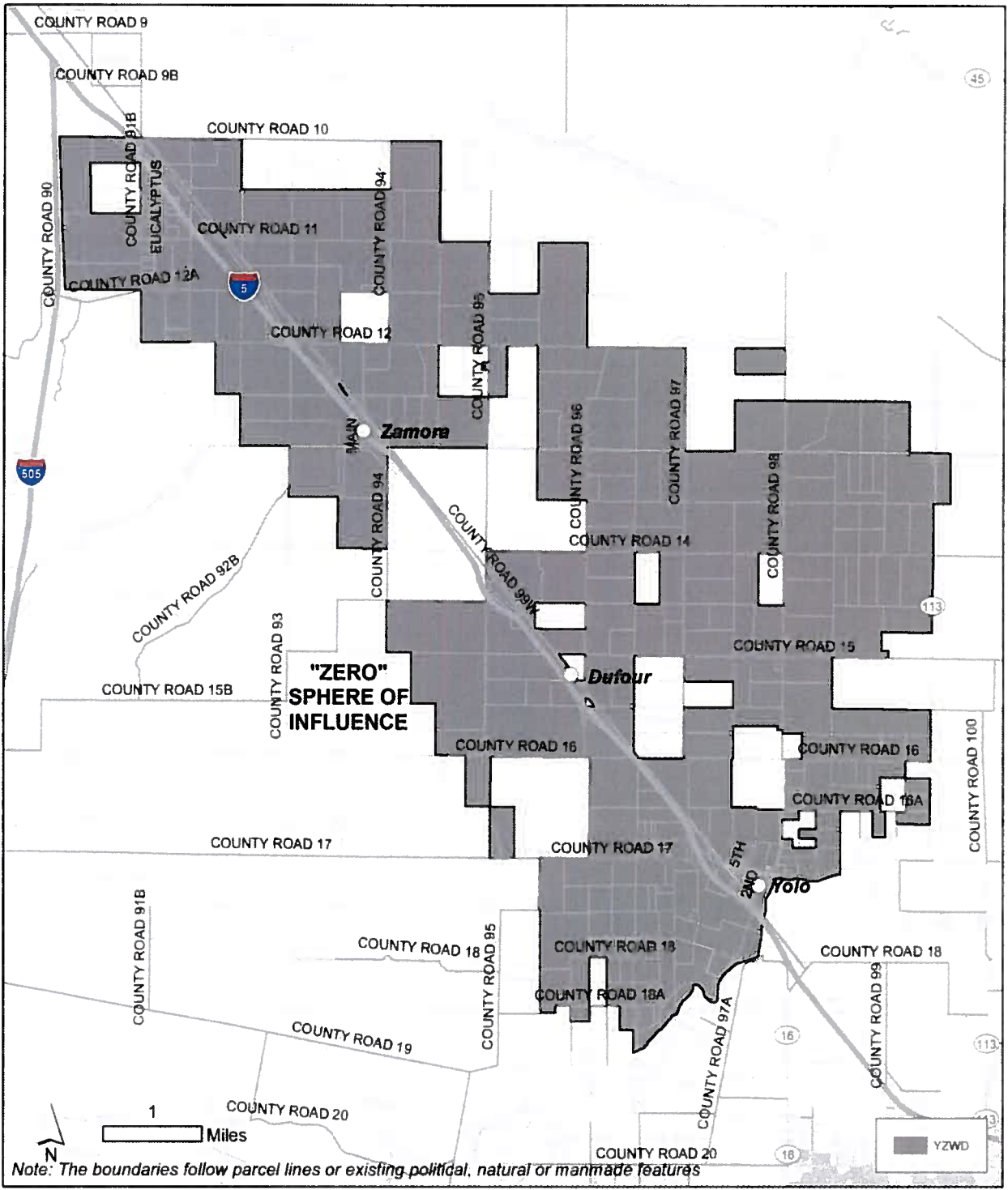
DUNNIGAN WATER DISTRICT SPHERE OF INFLUENCE (ADOPTED 10/24/2013)



YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT SPHERE OF INFLUENCE (ADOPTED 10/24/2013)



YOLO-ZAMORA WATER DISTRICT "ZERO" SPHERE OF INFLUENCE (ADOPTED 10/24/2013)



PREPARED FOR:

LOCAL AGENCY FORMATION COMMISSION



COMMISSIONERS

Olin Woods, Chair, Public Member
Matt Rexroad, Vice Chair, County Member
Skip Davies, City Member
Don Saylor, County Member
Bill Kristoff, City Member

ALTERNATE MEMBERS

Robert Ramming, Public Member
Jim Provenza, County Member
Cecilia Aguiar-Curry, City Member

STAFF

Christine Crawford, Executive Officer
Terri Tuck, Commission Clerk
Robyn Truitt Drivon, Commission Counsel

WITH INPUT FROM:

DUNNIGAN WATER DISTRICT

Donita Hendrix, General Manager

YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Tim O'Halloran, General Manager
Christy Barton, Assistant General Manager—Administration
Max Stevenson, Assistant General Manager—Resources

YOLO-ZAMORA WATER DISTRICT

Twyla Thompson, President, Board of Directors

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I. INTRODUCTION

In 2005, the Yolo County Local Agency Formation Commission (“LAFCo” or “Commission”) adopted the first Municipal Service Review (“MSR”) and Sphere of Influence (“SOI”) Study (“MSR-SOI Study”) for Yolo County’s three principal water districts: (1) Dunnigan Water District (“DWD”); (2) Yolo County Flood Control and Water Conservation District (“YCFCWCD”); and (3) Yolo-Zamora Water District (“YZWD”). This report presents to the Commission the second combined MSR-SOI Study for the three water districts. Eight years have passed since the last MSR-SOI Study, and while some significant population growth has occurred in Yolo County (primarily in West Sacramento) during that time, real estate development activities, population shifts, and land use changes were not significant enough to create a major increase in regional water supply demand or groundwater pumping. Looking forward, however, this MSR-SOI Study contemplates several probable and/or planned organizational changes and land use shifts that warrant a focused review of the role that each of the three water districts plays in the delivery of surface water and ground water supplies to agricultural and municipal and industrial (“M&I”) uses in the county. As such, this MSR/SOI Study does not seek to assemble and present a comprehensive data inventory and analysis for the Commission, as was already appropriately prepared through the 2005 study, as intended. Instead, it provides a platform for the Commission to review and consider new and different factors and criteria related to water service delivery, and to facilitate a thoughtful and informed discussion about ensuring reliable, efficient, and cost-effective water services for affected landowners, local agencies, residents, and other end users.

Several key topics reviewed in this report, and addressed in the draft MSR and SOI determinations, include:

- Economic and fiscal health of the three water districts, including long-term market trends to monitor
- Proposed dissolution of YZWD, including:
 - Required “Plan for Services” (Government Code Section 56653)
 - LAFCo terms and conditions (Government Code Section 56886)
 - Future governance options
- Proposed Dunnigan Specific Plan
 - DWD capacity and ability to serve (e.g., physical, financial, governance)
 - Roles of federal, state, and local agencies in ensuring future reliable water supply
- Other regional service needs in the county, and YCFCWCD’s current and future role

CORTESE-KNOX-HERTZBERG ACT

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (“CKH Act”) (California Government Code §§56000 et seq.)¹, is LAFCo’s governing law and outlines the requirements for preparing MSRs for periodic SOI updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances” (§56301). CKH Act Section 56301 further establishes that “one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

Based on that legislative charge, LAFCo serves as an arm of the State, preparing and reviewing studies and analyzing independent data to make informed, quasi-legislative decisions that guide the physical and

¹ All further citations are to the Government Code unless otherwise specified.

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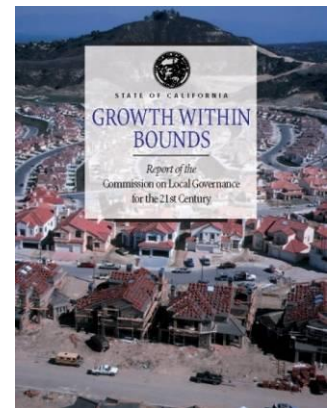
economic development of the state (including agricultural uses) and the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses. While SOIs are required to be updated every five years, they are not time-bound as planning tools by the statute, but are meant to address the “probable physical boundaries and service area of a local agency” (§56076). SOIs therefore guide both the near-term and long-term physical and economic development of local agencies and their broader county areas, and MSRs provide the near-term and long-term time-relevant data to inform LAFCo’s SOI determinations. This MSR-SOI Study therefore endeavors to provide relevant information and data about the three water districts and their service territories both for near-term and long-term planning purposes.

SPHERES OF INFLUENCE

SOI BACKGROUND

In 1972, LAFCos were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, “‘sphere of influence’ means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission” (§56076). SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. Likewise, they are also designed to discourage urban sprawl and the premature conversion of agricultural and open space resources to urbanized uses.

The role of SOIs in guiding the State’s growth and development was validated and strengthened in 2000 when the Legislature passed Assembly Bill (“AB”) 2838 (Chapter 761, Statutes of 2000), which was the fruit of two years of labor by the Commission on Local Governance for the 21st Century. The commission traveled up and down the State taking testimony from a variety of local government stakeholders and assembled an extensive set of recommendations to the Legislature to strengthen the powers and tools of LAFCos to promote logical and orderly growth and development, and the efficient, cost-effective, and reliable delivery of public services to California’s residents, businesses, landowners, and visitors. The requirement for LAFCos to conduct MSRs was established by AB 2838 as an acknowledgment of the importance of SOIs and recognition that regular periodic updates of SOIs should be conducted on a five-year basis (§56425(g)) with the benefit of better information and data through MSRs (§56430(a)).



The importance of SOIs in discouraging urban sprawl and agricultural land conversions in Yolo County is clear given the fact that more than 92 percent of the County’s unincorporated area is designated for agricultural uses in their General Plan² and, in 2009, farmers in Yolo County sold \$462 million worth of farm products on 330,000 acres of cultivated cropland³. SOIs and other planning tools (e.g., Countywide General Plan) can guide growth away from valuable agricultural resources and direct them toward more appropriate locations near existing infrastructure and services.

² County of Yolo, 2009. *2030 Countywide General Plan*. Woodland, CA: LU-21.

³ University of California Davis, July 2012. *Adaptation Strategies for Agricultural Sustainability in Yolo County, California*, prepared for California Energy Commission. Davis, CA: 18.

SOI DETERMINATIONS

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(e)):

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 an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

On March 26, 2012, LAFCo adopted a “Policy for the Definition of ‘Inhabited Territory’ for the Implementation of SB 244 Regarding Disadvantaged Unincorporated Communities” (Exhibit #1), which identified 21 inhabited unincorporated communities for purposes of implementing SB 244. Many of those communities are located in the service territories of the three water districts. Unincorporated communities addressed in this report include Dunnigan, Yolo, and Zamora. Median household income statistics for these communities are provided below.

Table I-1

	Statewide*	80% of Statewide	Dunnigan CDP**	DWD Boundaries**	YZWD Boundaries**
Median Household Income	\$ 69,600	\$ 55,680	\$ 50,516	\$ 50,272	\$ 52,611
DUC?			Yes	Yes	Yes

* U.S. Department of Housing and Urban Development (HUD) – FY 2013 Estimated Median Family Incomes for States. Nonmetropolitan Median Family Income for California is \$57,300; however, SB 244 since SB 244 does not specify, the statewide median applies.

** ESRI Business Analyst – 2012 Median Household Incomes (based on 2010 Census). Dunnigan CDP includes tracts within Dunnigan County Service Area #11 that are not in DWD’s current jurisdictional boundaries.

CKH Act Section 56375(a)(8)(A) prohibits LAFCo from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCo. The legislative intent is to prohibit “cherry picking” by cities of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. The statute is not intended or written to address the extension of infrastructure for, or the delivery of, non-potable, agricultural water to farm lands. The statute

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is also silent about annexations of DUCs to special districts. In fact, pursuant to Section 56857, special districts possess “veto” authority over annexations, if justified by a financial or service related concern. The DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(e). Other than that, the existence of the DUCs is not a significant discussion topic in this MSR-SOI Study.

MUNICIPAL SERVICE REVIEWS

MSR BACKGROUND

As described earlier, MSRs are designed to equip LAFCo with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCo broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services.

AB 2838 took effect on January 1, 2000 and gave LAFCos until January 1, 2006 to complete SOI updates for all of their local agencies under CKH Act Section 56425(g). This deadline was later extended to January 1, 2008. Given the broad discretion in the law for conducting MSRs, each LAFCo conducted them differently. Some used them as an opportunity to collect, assemble, synthesize, and make available large amounts of information and data about the local agencies in their counties. In many cases, the local agencies themselves found the creation of a central repository of countywide municipal service data to be rewarding and valuable for their elected officials, staffs, and constituents. Other more rural LAFCos with little activity on a year-to-year basis lacked sufficient resources and overall need to conduct extensive studies. Yolo County LAFCo took a proactive yet balanced approach in using the first round of MSRs as a unique opportunity to collect and build an information repository that offered important data about how a broad range of services are delivered in Yolo County, from public safety to water reclamation.

Additional discussion about the approach and methodology used in preparing this second MSR-SOI Study for the three water districts is provided in the following chapter of this report.

MSR DETERMINATIONS

LAFCo is required to make the following seven written determinations when conducting MSRs (§56430(a)):

1. Growth and population projections for the affected area.
2. The location and characteristics of any DUCs within or contiguous to the SOI(s).
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 DUCs within or contiguous to the SOI(s).
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.

Consistent with the SOI determinations, SB 244 also amended the MSR determinations to address DUCs, as provided in MSR Determination #3 above.

ORGANIZATION OF THIS REPORT

This report has been organized to provide LAFCo staff and Commissioners a comprehensive discussion that:

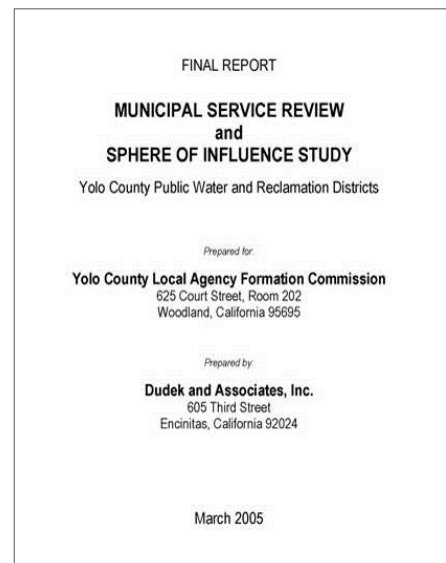
- Provides a background overview of SOIs and MSRs;
- Reviews the outputs and outcomes of the 2005 MSR-SOI Study and defines the purpose and objectives of the 2013 MSR-SOI Study;
- Provides a detailed profile of each water district with a focus on the fiscal health of the agencies based on current trends impacting revenue stability;
- Provides information that can be used as a basis for preparing a Plan for Services involving potential changes of organization including, but not limited to, dissolution of YZWD and expansion of the service territory of YCFCWCD;
- Identifies issues that the Commission should consider as the entitlement process for the Dunnigan Specific Plan progresses as they relate to DWD's current and future powers and responsibilities under its principal act;
- Identifies other longer-term service delivery issues or needs involving the three water districts;
- Provides recommended draft MSR determinations;
- Provides recommended SOI boundaries for the three water districts consistent with LAFCo's "Methodology Guidelines for the Preparation of Municipal Service Reviews and Determination of Sphere of Influence Reports," or "MSR-SOI Guidelines" (updated June 24, 2002); and
- Provides recommended draft SOI determinations.

II. APPROACH & METHODOLOGY

2005 & 2013 MSR-SOI STUDIES

The 2005 MSR-SOI Study included the three water districts plus 15 reclamation districts across four reaches in the county – Northern Reach, Central Reach, West Sacramento Reach, and Southern Reach. The scope of the 2013 MSR-SOI Study is limited to the three water districts. Also, as described earlier in this report, the 2005 study collected and assembled an extensive and in-depth level of information and data about the 18 local agencies and synthesized the information into a comprehensive report.

Since 2005, legislative changes have been made to the CKH Act related to MSRs, including changes to the mandatory MSR determinations and the new requirement to address DUCs. It should also be noted that, while more than eight years have passed since the preparation of the 2005 MSR-SOI Study, there have not been significant changes in land uses, demographics, public facilities and infrastructure, or overall water demand. As such, the 2013 MSR-SOI Study takes a more streamlined approach and specifically focuses resources and attention on key issue areas that the Commission should consider when updating the three water districts' SOIs.



The 2013 MSR-SOI Study should be reviewed as a successive analysis that builds on the 2005 study, rather than replacing or superseding the 2005 study. As such, the 2013 MSR-SOI Study incorporates the technical information and data from the 2005 study, updates key data necessary to make the MSR and SOI determinations, and expands on the assessment of governance and service delivery alternatives involving the three water districts. The 2013 MSR-SOI Study also incorporates the 2012 YCFWCWD Reorganization (LAFCO No. 914) approved by the Commission on December 3, 2012, involving the annexation of 58 parcels totaling approximately 8,400 acres to YCFWCWD.

KEY ISSUE AREAS AND GOVERNANCE ALTERNATIVES

The 2005 MSR-SOI Study addressed a number of key issue areas for countywide water reliability and identified governance alternatives for possible changes to water services and facilities in the county, including: (1) Dissolve the Yolo-Zamora Water District; (2) Maintain the existing governmental structure of the three agencies; and (3) Consolidate the agencies.⁴ This 2013 MSR-SOI Study addresses a similar but expanded set of issue areas and governance alternatives based on both near-term and long-term demand for water services and facilities.

YZWD DISSOLUTION

Dissolution of YZWD continues to be a focal point for this MSR-SOI Study. Based on discussions with YZWD Board President Twyla Thompson and LAFCo staff, there appears to be general consensus that YZWD should dissolve in the near-term, and that proceedings for dissolution should be initiated soon after completion of the MSR-SOI Study. According to Board President Thompson, there are two primary issues that should be addressed as part of the dissolution: (1) ongoing promotion of the interests of landowners in

⁴ See page 118 of the 2005 MSR-SOI Study

the YZWD boundaries, including potential future access to surface water supplies; and (2) subsidence impacts in the YZWD boundaries due to over-drafting of groundwater supplies by landowners through private wells. The “Plan for Services” required by CKH Act Section 56653 for any LAFCo reorganization application can be used to address these questions or issues, along with the broad authority of LAFCo to apply terms and conditions under Section 56886. While the Plan for Services typically addresses the extension of services to new territory, the LAFCo Executive Officer has broad authority to include or require additional information, including service delivery information related to the designation of a successor agency to a dissolving district, or the annexation of affected dissolution territory to another local agency.

Dissolution of a special district can be initiated by: (1) YZWD or another affected agency by resolution of application (§§56650 and 56654); (2) landowners by petition (§§56650, 56700, and 56870(b)); or (3) LAFCo by resolution of application (§56375(a)(2)(B)). LAFCo may initiate dissolution only if it is consistent with a recommendation or conclusion of a study, including an MSR. The Commission must also make specified determinations prescribed by CKH Act Section 56881(b):

1. Public service costs resulting from dissolution are likely to be less than or substantially similar to the costs of another service delivery alternative; and
2. The dissolution promotes public access and accountability for community services needs and financial resources.

Since YZWD does not currently provide water services, does not have access to a surface water supply, and does not incur any costs for delivery of water services, making the above determinations should not be problematic. If representation of YZWD landowners’ water interests at the regional level is important, public access and accountability for those interests can be met through other forums and grassroots platforms.

A more detailed discussion of the dissolution of YZWD is provided later in this report.

DUNNIGAN SPECIFIC PLAN

The 2030 Countywide General Plan Update was getting under way at the time the 2005 MSR-SOI Study was being prepared. The anticipated growth and development of the Dunnigan area as a “new town” was emerging and DWD stated concerns during the MSR-SOI Study process about the District’s long-term financial stability, due to the potential removal of land from agricultural production and the resulting reduction of water demand and sales. In 2009, the County of Yolo (“County”) adopted the 2030 Countywide General Plan which included a Specific Plan designation for Dunnigan encompassing 2,254 acres, and which would allow development of more than 8,100 new homes and 546 acres of new commercial/industrial growth, including retail and employment generating uses.

Dunnigan Specific Plan Rendering



DWD provides limited municipal and industrial (“M&I”) water services (25 acre-feet per year on average) to local businesses in its service area for irrigation of landscaped areas. Its agricultural water sales represent a significant portion of DWD’s revenue sources and the conversion of agricultural land in DWD’s service territory would be financially crippling to the District if agricultural water revenues are not replaced with M&I or other revenues. These issues are further obfuscated by the intergovernmental relationships at the federal, state, regional, and local levels involving water rights and cost allocation, including the U.S. Bureau of Reclamation’s (“USBR”) oversight of the Central Valley Project (“CVP”) Sacramento Canals Unit, which

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encompasses the Tehama-Colusa Canal, DWD's sole source of surface water. Further discussion of water stakeholders in the DWD service territory is provided later in this report.

In 2009, following adoption of the 2030 Countywide General Plan, Elliot Homes, a major landowner in Dunnigan, initiated the specific plan application process with the Yolo County Planning and Public Works Department. In December 2011, Elliot Homes submitted a draft Dunnigan Specific Plan and recently submitted a revised version in April 2013 that is currently available on the County's website.⁵ An overview of the draft Specific Plan is provided later in this report, including a review of the water/recycled water technical analysis contained in Appendix D of the Specific Plan.

⁵ County of Yolo, July 2013, <<http://www.yolocounty.org/Index.aspx?page=1827>>.

III. BACKGROUND

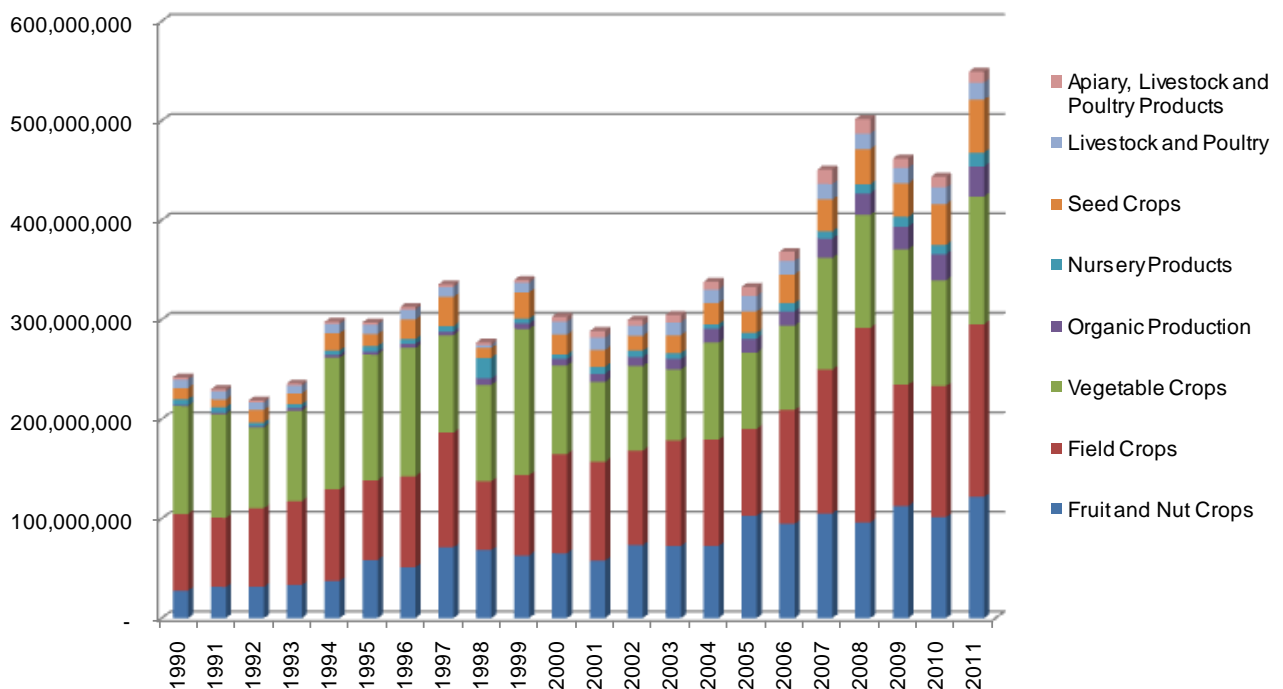
AGRICULTURAL HISTORY

As one of California’s original 27 counties created in 1850, Yolo County has a long and rich agricultural history tied to its location in the Central Valley and the Sacramento River Delta. Legislation in 1905 to establish a farm school for the University of California in Davis (then known as Davisville) further rooted the county’s agricultural prominence in the state. When the “University Farm” opened in 1908, it offered courses covering animal husbandry, crops, horticulture and viticulture, irrigation, and veterinary science,⁶ spurring agricultural innovations and productivity in the county. Yolo County’s abundant groundwater resources have historically fed the agricultural industry and M&I water service in the four incorporated cities and other suburban unincorporated communities where residential water services are provided by other agencies (e.g., County Service Areas, Community Service Districts). Groundwater resources for agricultural uses have been augmented by inter-region surface water supplies over the years, including CVP water by direct diversion from the Sacramento River and through the Tehama-Colusa Canal, and surface water from Clear Lake and Indian Valley Reservoir.

In September 2012, the County issued the Yolo County 2011 Agricultural Crop Report (“2011 Crop Report”) which announced that Yolo County’s agriculture industry hit an all-time high in 2011 for gross value of agricultural production. 2011 gross value was \$549.2 million, an increase of 23.8 percent from 2010. The report attributed the sharp increase in valuation to “overall higher price per unit for commodities and increases in acreage.” Chart III-1 below shows Yolo County’s annual gross crop value from 1990 to 2011.

Yolo County Annual Gross Value of Agricultural Production

Chart III-1



⁶ UC Davis, July 2013, <<http://annualreport.ucdavis.edu/2008/history.html>>.

WATER DISTRICTS COMBINED MSR-SOI STUDY YOLO COUNTY LAFCO

As illustrated in the chart, gross crop values have steadily grown over time, more than doubling in 20 years. However, gross value only tells half the story as the costs of farming have also steadily grown. As described in the 2030 Countywide General Plan, “despite recent upturns, the agricultural economy has generally seen lower crop prices, higher costs and a loss of markets and agricultural infrastructure for more traditional crops in recent years. Production has remained level, despite technological advances. It is difficult for family farmers to respond to a growing body of regulatory requirements.”⁷ The General Plan, however, also adds that “the county continues to see growth in higher value crops, organic products, wine grapes and wineries, olives and specialty products such as grass fed beef.”

Urbanization pressures also threaten the conversion of farmland to residential and commercial/industrial uses, reducing the demand for agricultural water supplies. Resource conservation and new irrigation methods (e.g., drip system) also reduce water demand but also reduce the cost of agricultural production.

WATER RESOURCES

WATER MANAGEMENT

Yolo County enjoys a very cooperative and progressive network of water management agencies that formally and informally coordinate efforts and resources to implement key water initiatives to maintain and expand the county’s water resources. The Water Resources Association of Yolo County (“WRA”) is a non-profit, mutual benefit corporation consisting of a consortium of entities to provide a regional forum to coordinate and facilitate solutions to water management issues in Yolo County. These regional efforts benefit both WRA member and non-member agencies. WRA member agencies are listed below.

WRA MEMBER AGENCIES

City/County	Special Districts	Other
City of Davis	DWD	UC Davis
City of West Sacramento	Reclamation District 108	
City of Winters	Reclamation District 2035	
City of Woodland	YCFCWCD	
County of Yolo		

In April 2007, the WRA completed the Yolo County Integrated Regional Water Management Plan with review and input from a WRA Technical Committee and the public. The Integrated Regional Water Management Plan was funded through a \$500,000 planning grant from Proposition 50 (Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002) bond funds. The plan opens the door to Proposition 50 implementation grants for key projects, including those listed in the plan’s Action Program, as updated in 2011.

The Integrated Regional Water Management Plan also makes available to LAFCo and local agencies a comprehensive roadmap and data inventory of the countywide water system and its service providers. Specifically, the plan’s “Background Data and Information Appendix” (Appendix A), dated May 2005, contains

⁷ County of Yolo, 2009. *2030 Countywide General Plan*. Woodland, CA: AG-8.

a very thorough and deeply technical overview of the county's water resources and delivery systems, including both surface water and groundwater resources.

SURFACE WATER RESOURCES

As outlined in the Integrated Regional Water Management Plan, there are six principal watersheds in Yolo County that provide natural surface water resources to the county: (1) Sacramento River; (2) Yolo Bypass; (3) Colusa Basin Drain; (4) Cache Creek; (5) Willow Slough; and (6) Putah Creek. (Refer to Exhibit #2 for a map excerpt from the Integrated Regional Water Management Plan's Appendix A.) Water drains from these watersheds and travels through a system of natural and man-made streams, sloughs, canals, and creeks. With regard to geographic location of the three water districts relative to these watersheds, DWD and YZWD are almost entirely located in the Colusa Basin Drain watershed and YCFCWCD spans across most of the other five watersheds. Actual surface water supplies relied upon by DWD,

Tehama-Colusa Canal (Dunnigan)



however, are imported from the Tehama-Colusa Canal through a CVP contract, rather than originating from the Colusa Basin Drain. DWD's annual contractual allocation of CVP water is 19,000 acre-feet per year ("AFY") but fluctuates based on USBR determinations of water availability. The Colusa Basin Drain watershed spans nearly 1,620 square miles across Glenn, Colusa, and Yolo counties. The Drain itself is a man-made channel designed to convey irrigation drainage for discharge into the Sacramento River, collecting storm runoff from 32 ephemeral streams in the watershed.⁸

YCFCWCD's jurisdictional boundaries span across most of the principal watersheds and are relevant to YCFCWCD's groundwater monitoring and replenishment activities. Surface water supplies for YCFCWCD consist of riparian and appropriative water rights to Clear Lake, Indian Valley Reservoir, and Cache Creek within the Cache Creek watershed. YCFCWCD manages both the supply of and demand for water resources in a manner that balances the reliance on surface water and groundwater resources, providing cost savings to customers, maximizing the use of the groundwater basin for storage, reducing subsidence impacts from groundwater over-drafting, and minimizing the loss of water resources and groundwater recharge opportunities from flood spills.⁹ YCFCWCD allocates water from its three sources in order of priority to maximize system efficiencies: (1) runoff from Cache Creek; (2) withdrawals from Clear Lake (if adequate supplies exist); and (3) releases from Indian Valley Reservoir.

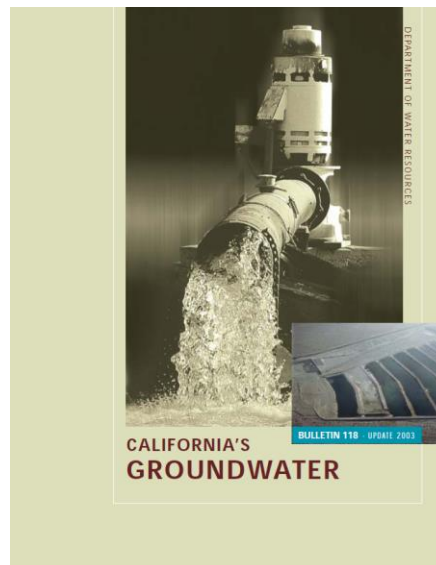
YZWD does not have any rights or access to surface water supplies and therefore provides no water service to its jurisdictional territory. The Tehama-Colusa Canal was originally planned to extend to YZWD but the extension was never implemented. The question today of YZWD access to surface water is a central discussion point of this 2013 MSR-SOI Study, particularly as it relates to YZWD dissolution. Further discussion of this question is provided later in this report, including a review of the 2003 YCFCWCD-YZWD Conjunctive Water Use Feasibility Study ("2003 YCFCWCD-YZWD Study") and recent discussions with YCFCWCD staff regarding the extension of services via China Slough.

⁸ Water Resources Association of Yolo County, April 2007. *Integrated Regional Water Management Plan*. Woodland, CA: 1-12

⁹ YCFCWCD, October 2000. *Water Management Plan*. Woodland, CA: 21

GROUNDWATER RESOURCES

The Integrated Regional Water Management Plan describes six groundwater subbasins that comprise Yolo County's groundwater system. As explained in the plan, these subbasin delineations differ from those defined by California Department of Water Resources ("DWR") Bulletin 118 – Update 2003. DWR Bulletin 118 reports provide for the collection, summary, and evaluation of groundwater data as tools for groundwater management. DWR Bulletin 118 describes the Yolo County region as being entirely contained in the Sacramento Valley Groundwater Basin (Basin 5-21) with four identified subbasins: Capay Valley (Subbasin 5-21.68), Colusa (Subbasin 5-21.52), Yolo (Subbasin 5-21.67), and Solano (Subbasin 5-21.66). While these subbasin definitions are sufficient for DWR data collection and reporting purposes, water management officials and practitioners in Yolo County recognize that the hydrology of the region's groundwater system is better characterized by six defined subbasins. Since hydrology translates into resource availability, these subbasin definitions also better align with the political boundaries of agencies and other stakeholders who rely on and/or manage groundwater resources in the region.

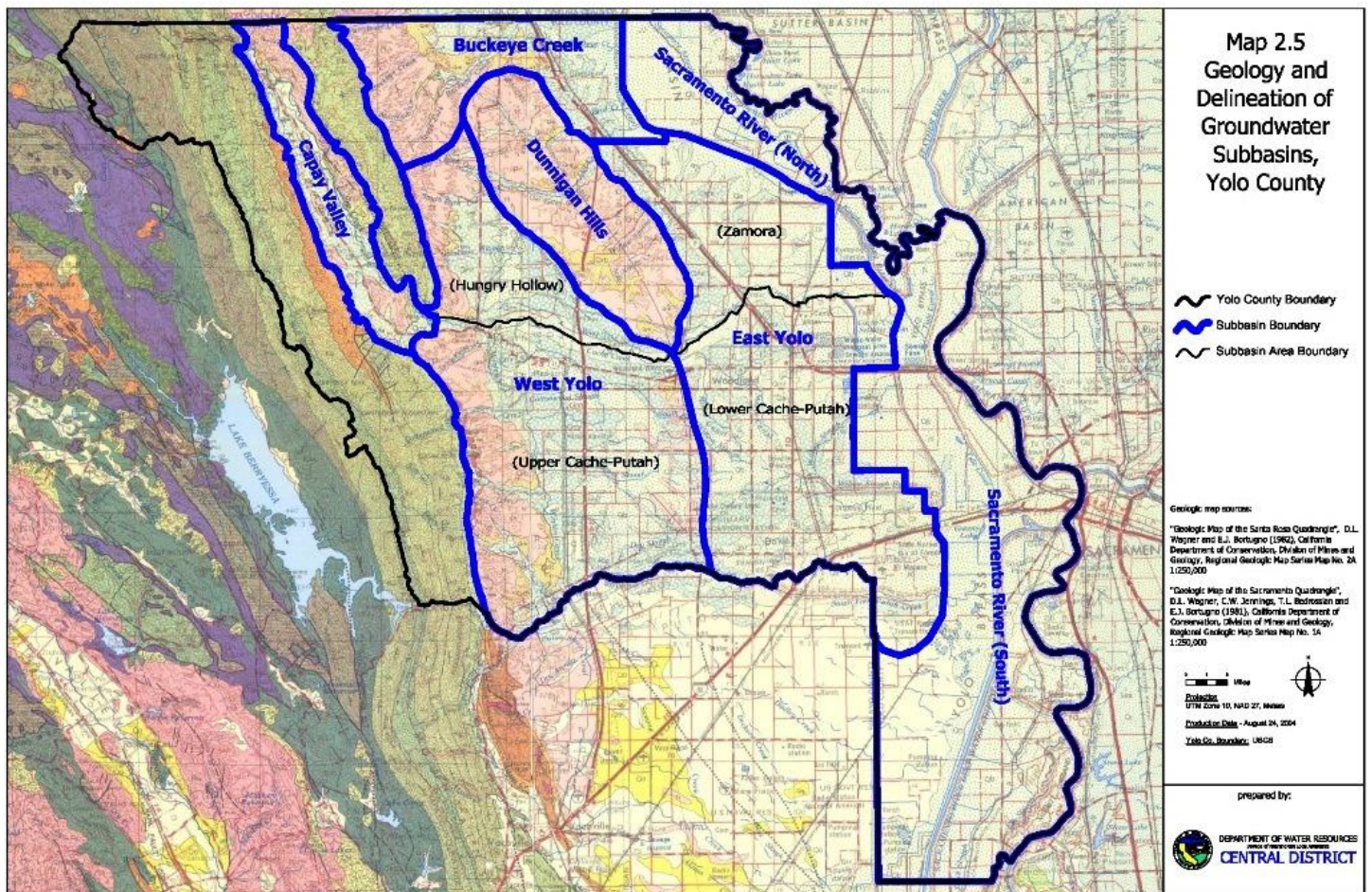


The six subbasins are:

1. Capay Valley
2. Buckeye Creek
3. Dunnigan Hills
4. West Yolo
5. East Yolo
6. Sacramento River

Please refer to the map on the following page (excerpted from the Integrated Regional Water Management Plan) delineating the six subbasins.

**WATER DISTRICTS COMBINED MSR-SOI STUDY
YOLO COUNTY LAFCO**



Source: *Integrated Regional Water Management Plan, April 2007*

As described in detail in the *Integrated Regional Water Management Plan*, including Appendix A, most of Yolo County's residential population is located in the East Yolo subbasin, predominantly in the Lower Cache Creek Putah area, south of Cache Creek. The cities of Davis and Woodland and UC Davis rely entirely on groundwater from this subbasin for domestic water supply, along with some irrigation needs in UC Davis. YZWD is also primarily located in the East Yolo subbasin. Landowners in YZWD rely entirely on groundwater through overlying rights since no surface water supplies are available. Land subsidence issues in the East Yolo subbasin have been recorded and studied on a regular basis, which also prompted the 2003 YCFWCD-YZWD Study to analyze groundwater in-lieu recharge opportunities through YCFWCD's surface water supplies.

YCFWCD's jurisdictional boundaries overlie the Capay Valley, Dunnigan Hills, West Yolo, East Yolo, and Sacramento River subbasins. YCFWCD has the authority under its enabling legislation to manage groundwater and, while it has appropriative rights to surface water that recharges the subbasin through seepage and other percolation, the District has not asserted its right to groundwater.¹⁰ Similar to YZWD, landowners in YCFWCD have the ability to rely on groundwater for irrigation purposes via private production wells, particularly during water shortage years like 2013. However, in most wet years, YCFWCD's competitive rate structure adequately incentivizes the use of surface water from the Cache Creek system,

¹⁰ WRA, 2007. *Integrated Regional Water Management Plan*. Woodland, CA: Appendix A, A-13.

WATER DISTRICTS COMBINED MSR-SOI STUDY YOLO COUNTY LAFCO

thereby reducing an overreliance on groundwater resources and the potential land subsidence issues that come along with it.

DWD is primarily located in the Buckeye Creek subbasin and also shares YCFCWCD's supply-demand dynamic between surface water and groundwater resources. Landowners in DWD primarily rely on DWD's CVP water from the Tehama-Colusa Canal but can also pump groundwater through overlying rights.

SUPPLY AND DEMAND DYNAMICS

Yolo County's annual water demand is approximately 1 million acre-feet, with approximately 95 percent attributed to agricultural demand.¹¹ Residential uses within incorporated cities rely 100 percent on groundwater. Farmers rely on groundwater for approximately 40 percent of their supply in a normal year, but rely more heavily on groundwater in dry years. UC Davis recently prepared a study in 2012 for the California Energy Commission evaluating the impacts of climate change on Yolo County's agricultural industry ("2012 UC Davis Study"). One of several focal points of the study addressed adaptive water management strategies in the Cache Creek watershed employed by YCFCWCD to address a variety of factors driving water demand and water supplies. YCFCWCD was also consulted in the preparation of this report and provided an explanation of the District's multi-year water allocation and financing approach, intended to create a stabilized framework for water management and delivery to customers.

According to the 2012 UC Davis Study, there has been an overall downward trend in total agricultural land area in Yolo County. Between 1970 and 2008, there was a countywide average of 332,000 acres of total irrigated agricultural area, ranging between a high of 395,000 in 1980 and a low of 280,000 acres in 1982. Even with lower overall agricultural land, the distribution of land by crop types is also an important factor in determining annual water demand. Cropping patterns are determined by a number of market and cost factors. Cropping diversification also raises the topic of irrigation technology. The declining cost of irrigation technology, including drip irrigation, may lead to reduced overall water demand. The potential distribution of that reduction between surface water and groundwater is unclear since the quality and efficiency of groundwater pumps vary from pump to pump. Overall, YCFCWCD understands the variables involved and employs a dynamic water allocation and management structure that seeks to balance the demand between water sources, while accomplishing their broader goals of flood control management, groundwater recharge, and agricultural water sales.

Similar to YCFCWCD's year-to-year fluctuations in surface water supplies (based on water levels in Clear Lake and Indian Valley Reservoir), DWD's annual allocation of CVP water through the Tehama-Colusa Canal fluctuates based on USBR's determination of annual water supply availability. DWD does not normally use its entire CVP allocation on a year-to-year basis, but the possible development of the proposed Dunnigan Specific Plan raises important questions about the Specific Plan's proposed sources of M&I water, which, according to the Draft Specific Plan, would include water from the Tehama-Colusa Canal and new groundwater production wells. The Draft Specific Plan also relies on implementation of a recycled water system to reduce overall demand for water.

The Draft Dunnigan Specific Plan also raises important questions about governance options for a future domestic water system, and how the shift in land uses under the Specific Plan would impact DWD's financial sustainability due to the loss of water sales from agricultural lands taken out of production to make way for residential and commercial development. At this time, there is no clarity around whether DWD would become a wholesale supplier of M&I water to the Specific Plan project, or what governance structure would be established to operate and fund a domestic water system to serve potable and non-potable water to the proposed development. In 2010, USBR also initiated a six-year long CVP Project Cost Allocation Study. Changes to cost allocations to contractors, including DWD, will be an important factor in sustaining the District's current operations and planning for the potential development of the Dunnigan Specific Plan.

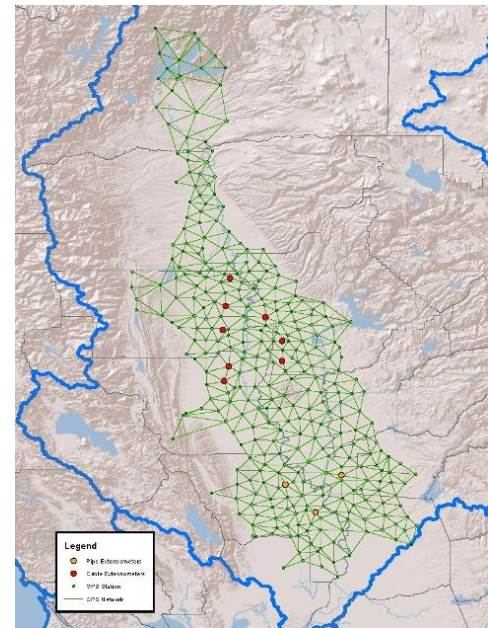
¹¹ UC Davis, July 2012. *Adaptation Strategies for Agricultural Sustainability in Yolo County, California* (prepared for California Energy Commission). Davis, CA: 65.

LAND SUBSIDENCE

Reports in the early 1990s cited subsidence issues in Yolo County ranging from 1 to 4 feet, with the higher end of the range occurring in the Zamora area within YZWD. Since then, a network of federal, state, and local water management agencies have been closely monitoring land subsidence in Yolo County because of its direct relationship to groundwater pumping. In 1999, the Yolo County Subsidence Monitoring Network was established as a multi-agency effort led by the City of Davis and created to establish and maintain an updated subsidence monitoring database. Monitoring was completed by the Network in 1999, 2002, and 2005. Since then, using the Network as a model, DWR and USBR expanded the network to include the greater Sacramento Valley area and portions of Shasta and Folsom Lakes.¹² Monitoring data is now collected through GPS monument points across a broad network. YCFCWCD is an active participant in the monitoring project.

Land subsidence issues in the Zamora portion of YZWD are an ongoing concern given the lack of surface water supplies to reduce the demand pressure on groundwater pumping. With historical subsidence estimates of 4 to 5 feet in the area over the last 50 years¹³, monitoring annual subsidence rates and groundwater levels is an important priority. Recent DWR reports from four Zamora groundwater monitoring wells indicate a slight declining trend in groundwater levels over the last six to seven years, but overall stable water levels over the period of record dating back to 1994. DWR's Zamora extensometer site, however, continues to indicate year-to-year subsidence trends with an approximate average annual negative displacement rate of 0.033 feet per year.¹⁴ (See Exhibit #3 for an e-mail message from DWR staff to YZWD's Board President reporting monitoring activities at the groundwater monitoring wells and Zamora extensometer site.) While annual displacement rates are relatively low, the continuous year-to-year trends with no leveling off create cause for future concern. As such, the potential ability of YCFCWCD to facilitate groundwater in-lieu recharge through a conjunctive use project has been openly discussed by and between YCFCWCD and YZWD for several years.

Sacramento Valley GPS Subsidence Project



DWR

¹² DWR & USBR, 2008. *2008 DWR/USBR Sacramento Valley Subsidence Project Report*. Davis, CA: 1.

¹³ Wood Rogers, Inc., August 2003. *YCFCWCD-YZWD Conjunctive Water Use Feasibility Study – Final Report*. Sacramento, CA: 2.

¹⁴ Department of Water Resources, April 2013. *E-mail message from Christopher L. Bonds, DWR Geology and Ground Water Investigations Section, to Twyla Thompson, YZWD Board President*.

IV. POPULATION & HOUSING

HISTORICAL GROWTH

Yolo County has experienced steady growth in its four incorporated cities, as well as the unincorporated areas of the county. As shown in Table IV-1 and Charts IV-1 and IV-2, the countywide population increase of 22.1 percent between 2000 and 2013 was significant. Individual city growth rates ranged between 10.2 percent (Davis) and 59.6 percent (West Sacramento). The unincorporated areas of the county also experienced significant growth, adding 540 homes and 3,729 persons.

**YOLO COUNTY POPULATION & HOUSING
2000 - 2013**

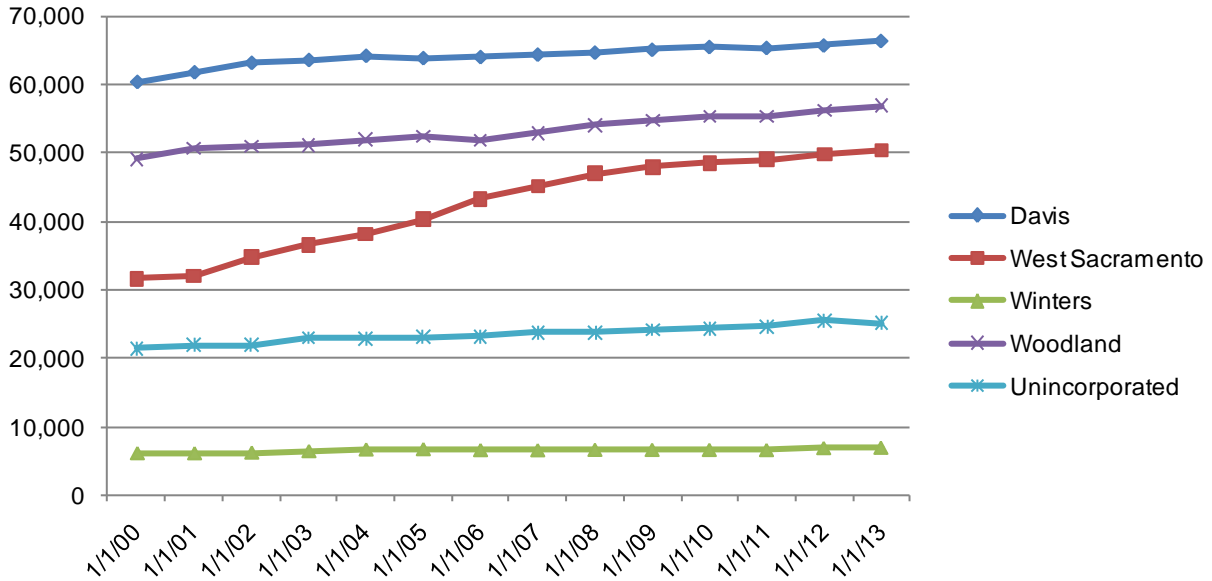
Table IV-1

POPULATION	1/1/00	1/1/05	2000-2005 %Δ	4/1/10	2005-2010 %Δ	1/1/13	2010-2013 %Δ	2000-2013 %Δ
Davis	60,308	63,889	5.9%	65,622	2.7%	66,471	1.3%	10.2%
West Sacramento	31,615	40,289	27.4%	48,744	21.0%	50,460	3.5%	59.6%
Winters	6,125	6,753	10.3%	6,624	-1.9%	6,974	5.3%	13.9%
Woodland	49,155	52,474	6.8%	55,468	5.7%	56,908	2.6%	15.8%
Unincorporated	21,457	23,125	7.8%	24,391	5.5%	25,186	3.3%	17.4%
Total	168,660	186,530	10.6%	200,849	7.7%	205,999	2.6%	22.1%
HOUSING UNITS								
Davis	23,617	25,156	6.5%	25,869	2.8%	25,973	0.4%	10.0%
West Sacramento	12,133	15,438	27.2%	18,681	21.0%	18,979	1.6%	56.4%
Winters	1,954	2,241	14.7%	2,299	2.6%	2,371	3.1%	21.3%
Woodland	17,121	18,418	7.6%	19,806	7.5%	19,964	0.8%	16.6%
Unincorporated	6,762	7,644	13.0%	7,253	-5.1%	7,302	0.7%	8.0%
Total	61,587	68,897	11.9%	73,908	7.3%	74,589	0.9%	21.1%
HOUSING TYPE								
Single Family	38,868	44,494	14.5%	48,579	9.2%	49,056	1.0%	26.2%
Multifamily	19,110	20,847	9.1%	21,812	4.6%	22,006	0.9%	15.2%
Mobilehome	3,609	3,556	-1.5%	3,517	-1.1%	3,527	0.3%	-2.3%
Total	61,587	68,897	11.9%	73,908	7.3%	74,589	0.9%	21.1%

Source: California Department of Finance

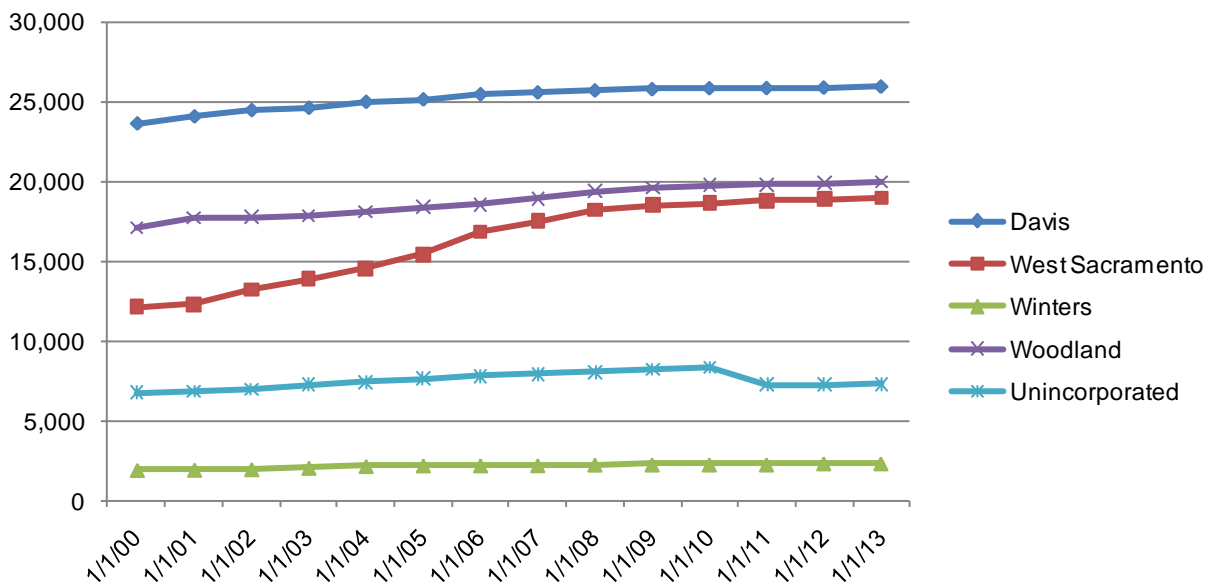
Yolo County Population Estimates
2000 - 2013

Chart IV-1



Yolo County Housing Unit Estimates
2000 - 2013

Chart IV-2



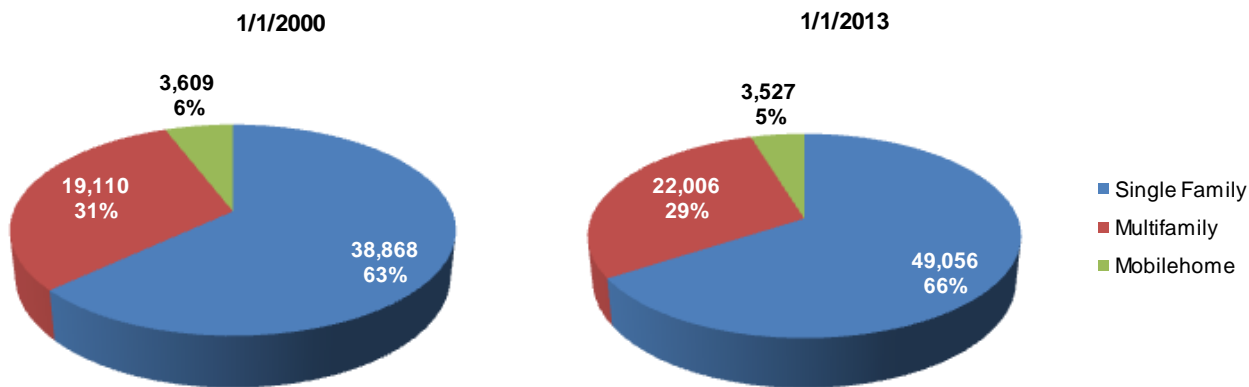
Source: California Department of Finance

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As shown in Chart IV-3, the distribution of housing types among single family, multifamily, and mobilehome dwelling units throughout the county has remained relatively constant, with a slight preference toward single family homes.

**Housing Distribution by Type
2000 - 2013**

Chart IV-3



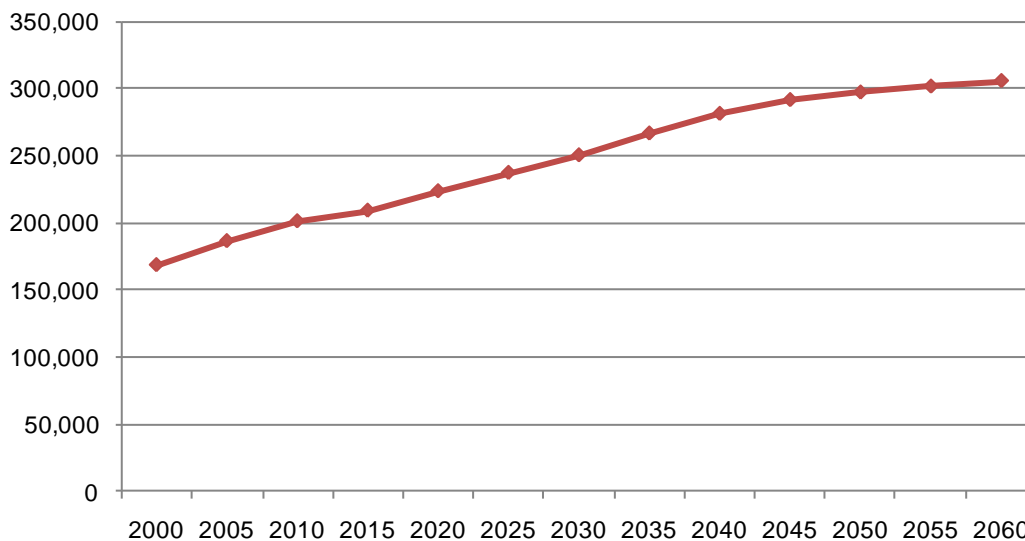
Source: California Department of Finance

PROJECTED GROWTH

The California Department of Finance (“DOF”) projects population growth of 24.4 percent in Yolo County between 2010 and 2030, and 51.1 percent between 2010 and 2060. See Chart IV-4 for historical and projected growth. By 2030, DOF projects Yolo County population to reach over 250,000.

**Yolo County Population: Historical and Projected Growth
2000 - 2060**

Chart IV-4



Source: California Department of Finance

While this 2013 MSR-SOI Study does not need to contemplate demographic projections beyond 2030, in accordance with LAFCo's MSR-SOI Guidelines, projections through 2060 were included for context and discussion purposes. Historical household size at the county level has averaged 2.75 between 2000 and 2013. Assuming that household size holds into the future, DOF's population projections translate into almost 17,000 new housing units in the county between 2010 and 2030, and another 20,000 units between 2030 and 2060. The Dunnigan Specific Plan has a 20- to 30-year build-out horizon. About half of the 17,000 new housing units by 2030 could be attributed to Dunnigan, if the specific plan approval process moves forward in the next year or so.

According to the 2030 Countywide General Plan, remaining population and housing growth in unincorporated County territory through 2030 would be mostly spread across the towns of Esparto, Knights Landing, Madison, and other areas outside of the existing incorporated cities.¹⁵ The remainder of countywide growth would occur in the cities of Davis, West Sacramento, Winters, and Woodland.

FUTURE WATER DEMAND

The collaborative interagency water resource management efforts taking place through the WRA are timely given the significant amount of future population and housing growth that Yolo County is projected to experience over the next 20 years. Conjunctive use programs to balance the demand on surface water and groundwater resources are critical. YCFCWCD has been proactive in these efforts, and has also been responsive to requests to study conjunctive use opportunities in outlying areas like Yolo and Zamora. DWD has also become active in groundwater monitoring and management efforts, as described more in the following chapter of this report. DWD secured state grant funding in 2005 to conduct groundwater investigation activities and additional grant funding in 2007 to install two monitoring wells near the District's headquarters office and along Buckeye Creek. The timing of these grant-funded activities is critical as the District makes efforts to gather better and more accurate information and data about water resource management issues as they relate to the proposed Dunnigan Specific Plan.

¹⁵ County of Yolo, 2009. *2030 Countywide General Plan*. Woodland, CA: LU-21.

V. AGENCY PROFILES

The following provides a comprehensive profile of each water district, including:

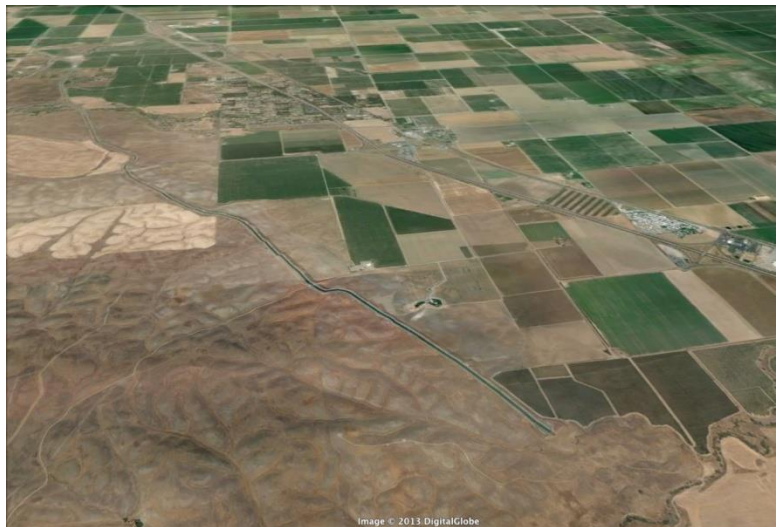
- Principal act and powers
- History and boundaries
- Governance structure and staffing
- Facilities and operations
- Rate structures and finances
- Near-term and long-term outlook

DUNNIGAN WATER DISTRICT

GENERAL DESCRIPTION

DWD is an independent special district formed in 1956 by landowners in the Dunnigan area to access CVP water through the proposed Tehama-Colusa Canal. However, 28 more years passed before delivery of water began in 1983. DWD's initial contract with USBR for CVP water was executed in 1963. The last segment of the Tehama-Colusa Canal, Reach 8, was completed in 1980. The DWD distribution system connecting the Tehama-Colusa Canal to DWD lands through an underground pipeline system was completed in 1981. The 1963 CVP contract expired in 1995. DWD contract renewals with USBR since then have maintained the original 19,000 acre-feet per year CVP allocation.

Tehama-Colusa Canal and Dunnigan



Groundwater resources are important in the DWD service area during drought conditions, or when CVP allocations from the Tehama-Colusa Canal drop below 80 percent (15,200 AFY) of the 19,000 AFY contractual allocation. DWD implements a customer allocation system in shortage years that seeks to provide an equitable distribution to landowners while continuing to encourage the prioritization of surface water use over groundwater, and implementation of conservation-oriented irrigation technologies to reduce overall demand.

DWD prepared a Groundwater Management Plan in 2005 through grant funding from DWR's AB 303 Local Groundwater Management Assistance Program and installed two monitoring wells near the District's headquarters office and along Buckeye Creek. The groundwater management planning effort was intended to promote a more proactive conjunctive use program through a better understanding of the groundwater aquifer system, better monitoring data, and groundwater sustainability projections based on different urban development scenarios. The planning process included a hydrogeologic characterization analysis that confirmed landowner suspicions of a discontinuous aquifer system, particularly west of the I-5 Freeway, which

makes the location of new wells very difficult. Landowners described the system as “hit or miss,” according to the Groundwater Management Plan.¹⁶ This is an important analysis when contemplating the potential future demand generated by adding 8,100+ new housing units to DWD’s service area, all of which would be located west of the I-5 Freeway. The plan indicated that “modest overdraft conditions” would occur in the groundwater system unless appropriate mitigation measures are taken.

Groundwater availability is particularly important considering a recent court ruling involving an “area-of-origin” case filed against USBR. The plaintiff, the Tehama-Colusa Canal Authority (“Canal Authority”), of which DWD is a member agency, filed suit against USBR and other defendants asking the U.S. District Court for the Eastern District of California to provide injunctive and declaratory relief (*Tehama-Colusa Canal Authority v. Department of the Interior*, 9th Cir., No. 11-17119). The issue involves an argument of “priority right” for CVP allocations under the area of origin law (California Water Code §§11460-11465) and the Central Valley Project Improvement Act that guarantee full allocations to “area of origin” CVP contractors with priority over end users outside of the watershed. The court ruled in favor of the defendant for several reasons, including: the shortage provision in the CVP contracts allow the bureau to reduce allocations; water in the irrigation canal is from stored CVP facilities and not natural flows protected by the area of origin law; and the water users never applied to the state board for area of origin permits.¹⁷ The Canal Authority is awaiting a decision on their appeal filed in 2011 after the ruling was made by the U.S. District Court in summer 2011.

The outcome of this decision is significant because, according to the Canal Authority, “in ten of the past thirty-three years, water has been exported outside of the area of origin prior to [Canal Authority] CVP contractors receiving full contract allocations. Most recently, in 2008 and 2009, [Canal Authority] contractors received only 40 percent of the water under their contracts, despite USBR exporting water to areas outside of the watershed of origin.”¹⁸ This is a timely and critical discussion topic for DWD and the County today, because it impacts DWD’s current agricultural water operations, and the future availability of reliable M&I water sources for the proposed Dunnigan Specific Plan project.

AGENCY SNAPSHOT

General Info	
District Type	California Water District
Principal Act	California Water Code §§34000 et seq.
Formation History	1956 – Formed by landowners to contract with USBR for delivery of CVP water. Executed contract with USBR in 1963.
Services	Irrigation for primarily agricultural uses with limited distribution for landscaping and habitat land management. No domestic water.
Service Area	
General Location	Located in the northeast section of the county, near the Yolo-Colusa county boundary. Jurisdictional boundaries generally follow the I-5 Freeway, just east of the Tehama-Colusa Canal.
Size	Jurisdictional boundaries contain 15.69 square miles or 10,039 acres of territory. Total service area is 10,613 acres with 7,500 irrigated acres (per 2011 Water Management Plan).

¹⁶ DWD, October 2005. *Groundwater Management Plan*. Dunnigan, CA: 2.

¹⁷ Bloomberg BNA, March 2013, <<http://www.bna.com/legal-battles-california-n17179872776/>>.

¹⁸ Tehama-Colusa Canal Authority, 2011. *Tehama-Colusa Canal Authority Area of Origin Claim: Frequently Asked Questions*. Willows, CA: 2.

**WATER DISTRICTS COMBINED MSR-SOI STUDY
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Customers	120 farms (per 2011 Water Management Plan)	
Land Uses	Primarily agricultural; limited residential and commercial.	
Population*	378	
Housing Units*	127	
Water Supplies		
Surface Water	Tehama-Colusa Canal – CVP contractual allocation of 19,000 AFY. CVP water delivery began 1983 upon completion of Tehama-Colusa Canal Reach 8 in 1980 and completion of the DWD distribution system in 1981. USBR contract renewals have maintained 19,000 AFY. Current contract #: 14-06-200-399A-LTR1. USBR announces allocation (“Water Made Available”) by February 20 of each year. DWD provides USBR monthly delivery schedule for the year by March 1. By April 1, landowners submit applications for seasonal estimates based on cropping patterns. If demand exceeds supply, or if CVP allocation is 80% (15,200 AFY) or lower, water allocation system is implemented to provide equitable distribution. Landowners may transfer or decline their allocation for benefit of the District water pool. DWD also accepts limited interagency water transfers to address supply shortages in drought years.	
Groundwater Subbasin(s)	Buckeye Creek subbasin. DWD does not deliver or sell groundwater. Roughly 4,000 AFY is used by DWD landowners.	
Facilities		
<i>Distribution</i>	Contract executed between DWD and USBR in 1975 to construct a buried pipeline distribution system for \$6.82 million. DWD makes debt obligation payments to USBR on a portion of the original cost in semi-annual installments of \$85,218. Title to the distribution system remains with USBR, even upon full repayment of the obligation. DWD operates the distribution system conveying CVP water from three gravity flow turnouts on the Tehama-Colusa Canal to DWD lands covering 80 percent of DWD’s acreage. Pipeline is 26 miles (137,280 linear feet) with diameters ranging from 4 to 60 inches. Water meters measure water deliveries to farms. Down-gradient deliveries made by gravity flow. Up-gradient deliveries made via a canal-side pumping plant. Owns two groundwater monitoring wells installed using a grant through DWR’s AB 303 Local Groundwater Assistance Program. Wells are located at DWD office and along Buckeye Creek.	
<i>Storage</i>	No storage facilities. Completely piped distribution system.	
Financial Info		
FY 2012-13 Budget (not actuals)	Revenues:	\$ 1,267,192
	Operating Expenditures:	(1,239,700)
	Capital Expenditures:	<u>(26,000)</u>
	Net Income:	\$ 1,492
FY 2012-13 Revenue & Cost Drivers	<u>Operating Revenues</u>	<u>Operating Expenses</u>
	Water Sales (72%)	Water Expenses (65%)
	Assessment (25%)	Depreciation & Amortization (15%)
	Grants (2%)	Salaries/Benefits (12%)
	Interest/Misc (1%)	Other Admin & Operations (8%)

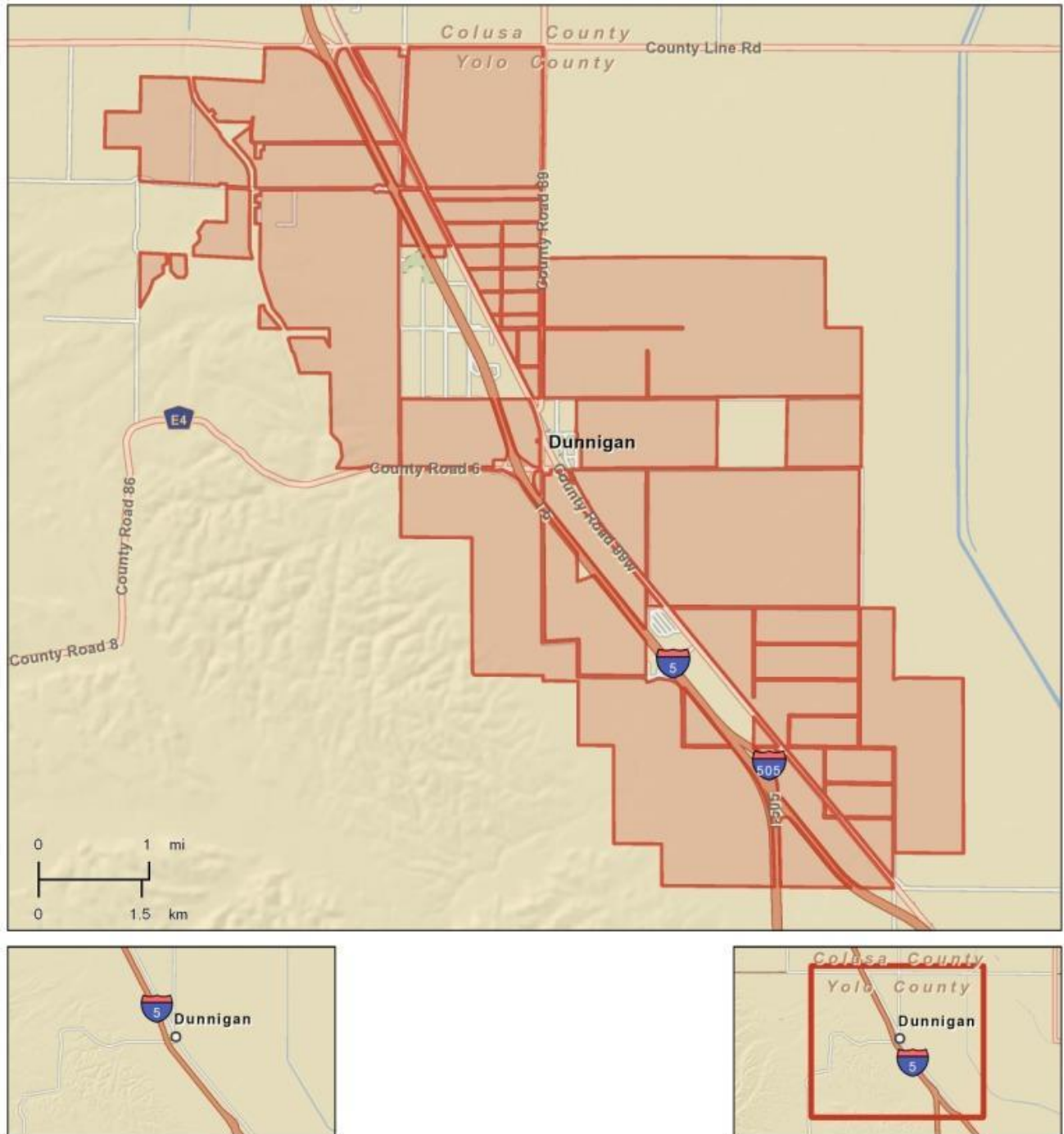
Governance & Management													
Governance Structure	<p>Five-member Board of Directors elected at large through landowner voter elections. Current Board membership and terms:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Name</u></th> <th style="text-align: left;"><u>Term Expires</u></th> </tr> </thead> <tbody> <tr> <td>Gary Schaad</td> <td>12/01/2013</td> </tr> <tr> <td>Jonnalee Henderson</td> <td>12/01/2015</td> </tr> <tr> <td>Cynthia Peterson</td> <td>12/01/2015</td> </tr> <tr> <td>George Burger</td> <td>12/01/2013</td> </tr> <tr> <td>Blair Voelz</td> <td>12/01/2015</td> </tr> </tbody> </table>	<u>Name</u>	<u>Term Expires</u>	Gary Schaad	12/01/2013	Jonnalee Henderson	12/01/2015	Cynthia Peterson	12/01/2015	George Burger	12/01/2013	Blair Voelz	12/01/2015
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Jonnalee Henderson	12/01/2015												
Cynthia Peterson	12/01/2015												
George Burger	12/01/2013												
Blair Voelz	12/01/2015												
Management	General Manager/District Secretary: Donita Hendrix												
Other	Member agency of Tehama-Colusa Canal Authority), a Joint Powers Authority of the 17 CVP water contractors. Member agency of WRA.												

** Population and Housing Estimate Source: ESRI Business Analyst Online – 2010 Census*

**WATER DISTRICTS COMBINED MSR-SOI STUDY
YOLO COUNTY LAFCO**

AGENCY BOUNDARIES

Map V-1



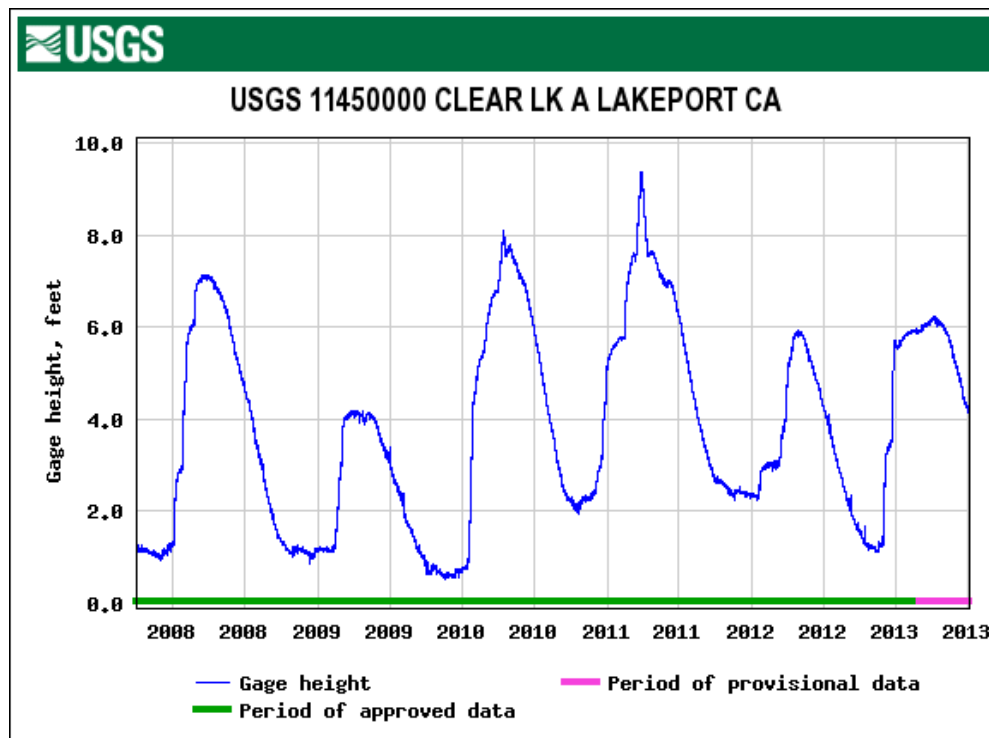
YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

GENERAL DESCRIPTION

In response to a request by the Yolo County Board of Supervisors, the State Legislature created YFCWCD as an independent special district in 1951 through General Law 9307, Statutes of 1951, Chapter 1647. The District was formed to fill a major regional gap in securing and delivering water resources for Yolo County to support its rich agricultural base and protect its environmental, economic, and local water resources. In 1967, District voters authorized a \$2.1 million revenue bond to acquire the Clear Lake Water Company and operate the enterprise, including management of Clear Lake, to which the District purchased water rights having a priority of 1912. Clear Lake provided an active storage of 320,000 acre-feet natural flow on Cache Creek that is a critical irrigation delivery system for Yolo County's agricultural base.

Today, allowable releases from Clear Lake by YFCWCD are regulated by the Solano Decree (1978, revised 1995), one of two court decrees governing the operation of the Cache Creek Dam, and are based on water levels measured by the "Rumsey Gage."¹⁹ The Solano Decree regulates summer water levels and establishes allowable releases for the year based on the spring water level. If the gage level is at or above 7.56 feet Rumsey on May 1, up to 150,000 acre-feet of water may be released. Conversely, if the gage level does not reach above 3.22 feet Rumsey on May 1, no water may be released that year. Gage levels between those extremes result in an appropriate allowable release. Due to limited rainfall at the beginning of 2013, the Clear Lake water level is unseasonably low this year, albeit not as low as in 2009. See Chart V-1.

Chart V-1

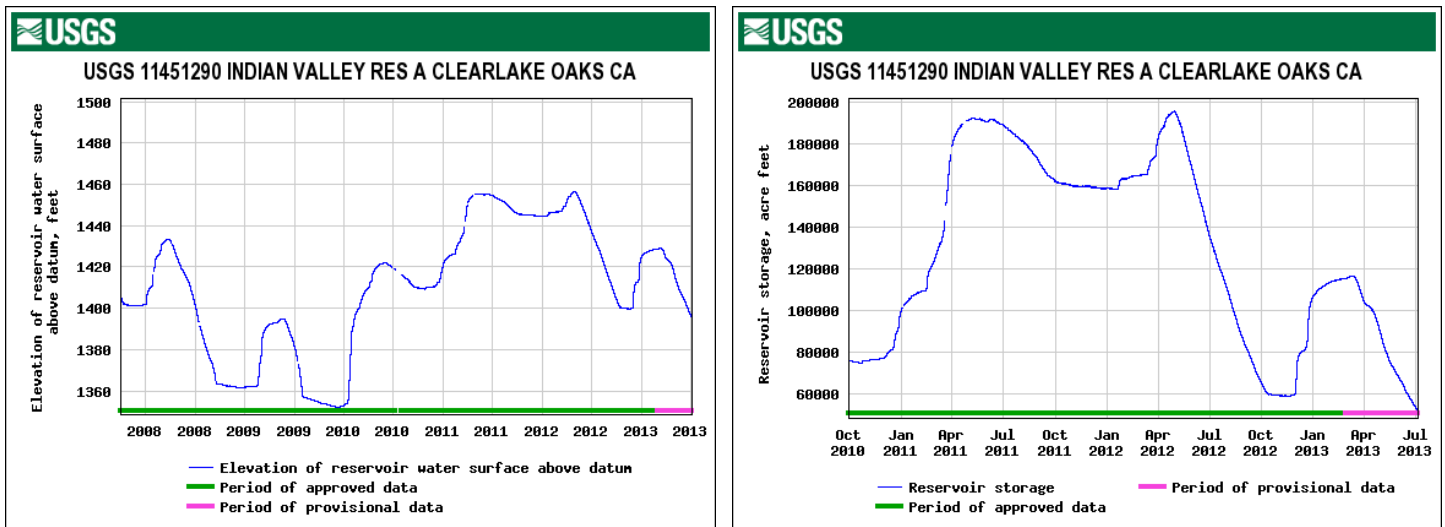


¹⁹ County of Lake, May 2009, *History of Clear Lake*, http://www.co.lake.ca.us/Government/Directory/Water_Resources/Clear_Lake_Information/History_of_Clear_Lake.htm.

WATER DISTRICTS COMBINED MSR-SOI STUDY YOLO COUNTY LAFCO

Chart V-1 provides the U.S. Geological Survey's ("USGS") historical gage heights for Clear Lake. A recent March 2013 article in the Daily Democrat (Woodland, CA) references Clear Lake being at half capacity (82,924 acre-feet) and Indian Valley Reservoir at approximately one-third capacity (115,900 acre-feet).²⁰ The USGS water level and capacity measurements for Indian Valley Reservoir are shown below in Chart V-2. In the article, YCFCWCD General Manager Tim O'Halloran is quoted in the article explaining that the reduced supply, combined with the cost to purchase a supply, will lead farmers to change their cropping patterns this year, and that Yolo County's groundwater is a viable source of irrigation water.

Chart V-2

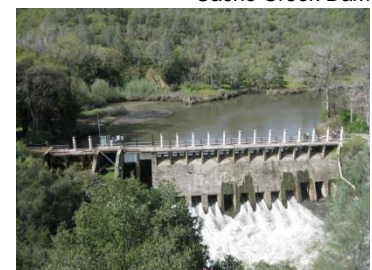


Much like DWD, YCFCWCD relies on a customer allocation system in shortage years that seeks to provide an equitable distribution to landowners while continuing to encourage the prioritization of surface water use over groundwater, and implementation of conservation-oriented irrigation technologies to reduce overall demand. According to District staff, YCFCWCD employs a tiered rate structure across a three-year period to charge market-reasonable rates while adjusting for water availability and promoting financial stability for the District. In an effort to prevent over-drafting of groundwater resources, YCFCWCD has been a proactive leader regionally in groundwater management studies, best practices, and monitoring. Conjunctive use initiatives seek to maintain the sustainability of the aquifer system, particularly in shortage years like 2013. This is important in the historical context of the construction of Indian Valley Reservoir, which the Integrated Regional Water Management Plan references DWR's 1987 characterization of the reservoir as a factor in the large recovery of groundwater levels in Yolo County. YCFCWCD's infrastructure has played a major role in shaping Yolo County's balanced utilization of surface water and groundwater to support its regional agricultural economy.

Hydroelectric Power Generation

YCFCWCD allowed the Indian Valley Hydroelectric Partnership to construct the Indian Valley Dam Hydroelectric Project in 1983 (ultimately acquired by YCFCWCD in 1999) and constructed the Cache Creek Dam Hydroelectric Project in 1986. The District holds State Water Resources Control Board ("SWRCB") water rights that allow it to utilize water from Clear Lake and Indian Valley dams for hydroelectric power generation. YCFCWCD's

Cache Creek Dam



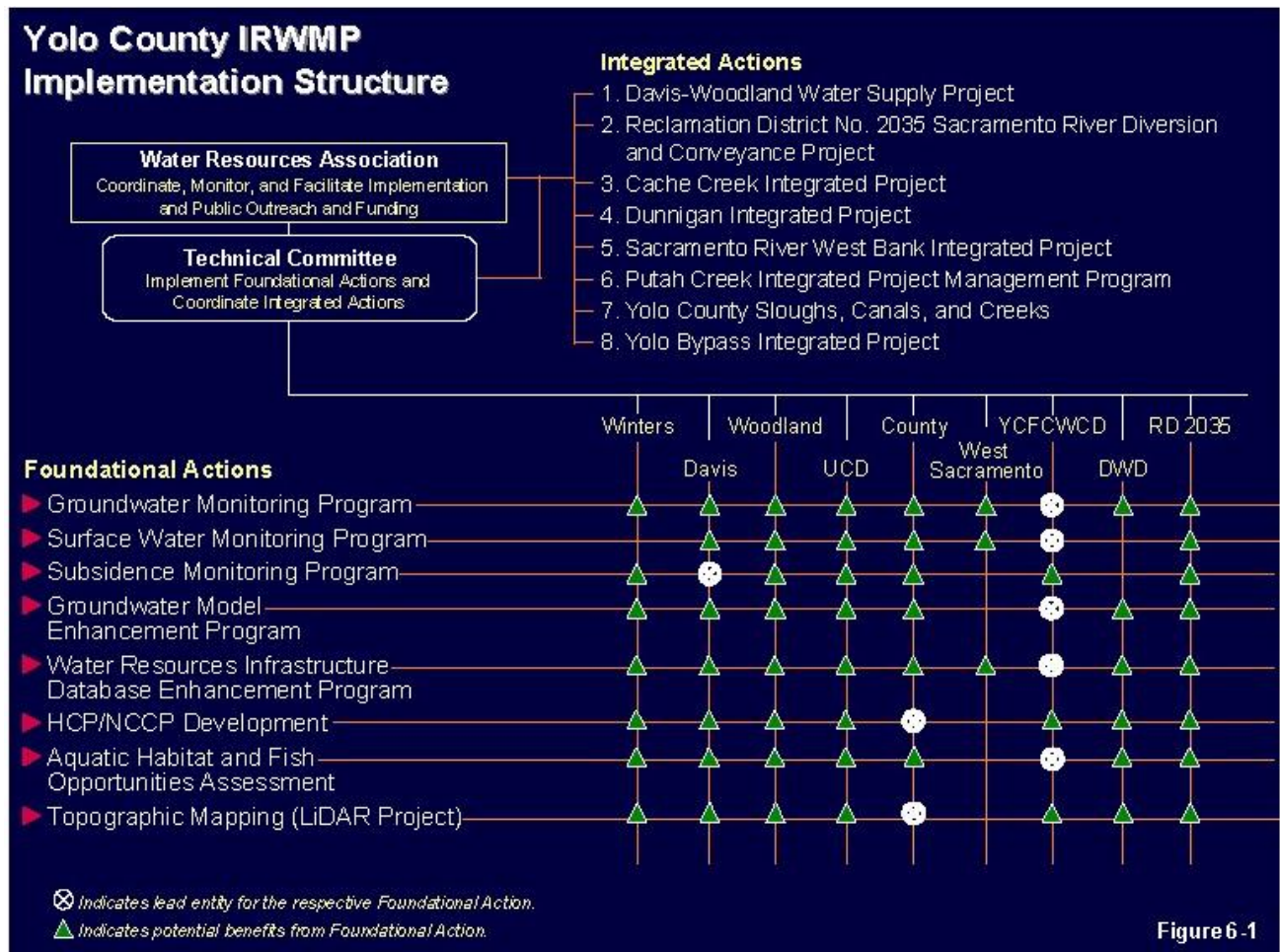
²⁰ Elizabeth Kalfsbeek, March 2013. "Less Water Means Less Rice for Yolo County Farmers this Year." Woodland, CA: <http://www.dailydemocrat.com/news/ci_22796579/less-water-means-less-rice-yolo-county-farmers>.

hydroelectric power generation facilities at Indian Valley Dam and Cache Creek Dam provide cogeneration for Pacific Gas & Electric (“PG&E”) purchases. In fiscal year 2011-12, PG&E paid YCFCWCD \$233,736 for 4,368,221 kilowatt-hours (kWh) of hydroelectric power production. While revenues fluctuate from year-to-year, hydroelectric energy sales generally provide a significant portion of YCFCWCD’s annual operating revenues.

Coordination with WRA

Just as YCFCWCD was formed 62 years ago to fill a regional gap, the District continues to fill gaps in a number of areas of water resource management, environmental stewardship, and flood management. Chart V-3 below is excerpted from the Integrated Regional Water Management Plan and shows the role YCFCWCD plays regionally in implementing the plan, including: Groundwater Monitoring Program; Surface Water Monitoring Program; Groundwater Model Enhancement Program; Water Resources Infrastructure Database Enhancement Program; and Aquatic Habitat and Fish Opportunities Assessment. Where YCFCWCD is not the lead agency, the District is actively involved as a member agency and participant, as has been discussed with respect to the Subsidence Monitoring Program.

Chart V-3



**WATER DISTRICTS COMBINED MSR-SOI STUDY
YOLO COUNTY LAFCO**

Flood Control Management

In addition to Integrated Regional Water Management Plan implementation projects listed above, YFCWCD has recognized that there is a regional need to address flood control management issues both inside and outside of the District. YFCWCD has taken a leadership role in a jointly funded effort with the County of Yolo and City of Woodland to develop new regional flood control management policies and implement early projects, including the Lower Cache Creek Settling Basin. The floodSAFE Yolo Pilot Program is integrated into the Integrated Regional Water Management Plan and the floodSAFE California program. A key strategic element for the pilot program will be to develop a sustainable funding mechanism for flood control management that allows the collaborative partnerships to continue forward following the end of the two-year pilot program. If successful, the pilot program could be expanded countywide.

1983 Flood – Lower Cache Creek



AGENCY SNAPSHOT

General Info	
District Type	Special Act – Flood Control and Water Conservation District (Independent Special District)
Principal Act	California General Law 9307, Statutes of 1951, Chapter 1647
Formation History	1951 – Formed by the State Legislature in response to the request of the Yolo County Board of Supervisors.
Services	Flood control; dam operation; canal and slough maintenance; agricultural and wholesale M&I water; recreation; hydroelectric power generation and sale.
<i>Authorized Services</i>	<ul style="list-style-type: none"> • Construct, maintain, repair and operate levees, canals, reservoirs, and drains • Provide for the control and disposition of storm and flood waters; • Levy and collect a groundwater charge for the production of water from the groundwater supplies on lands within the District; • Acquire the rights to store water in any reservoirs or to carry water through any canal, ditch, or conduit not owned or controlled by the District; • Make available water that is surplus to the needs of the lands and inhabitants within the District for beneficial use inside Yolo County; • Establish and fix the boundaries of zones of benefit; • Enter into contracts for: (1) loans to finance planning, acquisition, construction, operation, or maintenance of projects and lands, easements, and right-of-ways; and (2) grants for recreational or fish and wildlife enhancement benefits projects.

Service Area	
General Location	Encompasses almost one-third of the southwestern section of Yolo County, including the cities of Davis, Winters, and most of Woodland, and UC Davis.
Size	Jurisdictional boundaries contain approximately 324.3 square miles or 207,525 acres of territory. Service territory is estimated to be closer to 204,180 acres, including the recent 2012 annexation of 8,400 acres in the areas commonly referred to as “Hungry Hollow,” “I-505,” “Knight Ranch,” “China Slough,” “Rominger,” and “CSY Winters Inc.”
Customers	158 agricultural accounts in Yolo County (based on 2013 water allocation balance from District web site).
Land Uses	Agricultural; suburban residential (unincorporated communities); and urban (cities and UC Davis).
Population*	145,574
Housing Units*	53,661
Water Supplies	
Surface Water	Through riparian rights and pre-1914 and post-1914 water rights, surface water supplies originate from Cache Creek, Clear Lake, and Indian Valley Reservoir. 450,000 acre-feet of storage is available in Clear Lake and Indian Valley Reservoir when at full capacity. Indian Valley Reservoir provides for carryover storage, though Clear Lake does not. Delivery has traditionally been based on demand each year upon request of farmers. To create better predictability for both the District and customers, a more consistent allocation system has begun to be implemented, particularly during times of water shortages, like the current 2013 year. During major shortages, landowners rely more heavily on groundwater supplies through private production wells than normal years.
Groundwater Subbasin(s)	Capay Valley, Dunnigan Hills, West Yolo, East Yolo, and Sacramento River subbasins. YCFCWCD does not deliver or sell groundwater to agricultural or M&I customers. Landowners have overlying rights to access groundwater through private production wells. YCFCWCD plays a lead role in groundwater quality and well water level monitoring.
Facilities	
<i>Distribution</i>	Distribution system includes more than 175 miles of irrigation and drainage facilities, most of which consist of earthen or unlined channels. Major facilities managed by YCFCWCD include three dams, two hydroelectric plants, two reservoirs, and a network of mostly earthen canals and laterals. Originally built in 1914, Capay Diversion Dam was modernized in 1994 with the addition of an inflatable dam above the original concrete dam. The new dam, billed at that time as the “longest single bladder dam in the world,” can be raised or lowered in 30 minutes to divert water from Cache Creek into two main YCFCWCD distribution canals, the Winters Canal and West Adams Canal.
<i>Storage</i>	Clear Lake (150,000 acre-feet allocation when full) and Indian Reservoir Dam (300,000 acre-feet allocation when full).

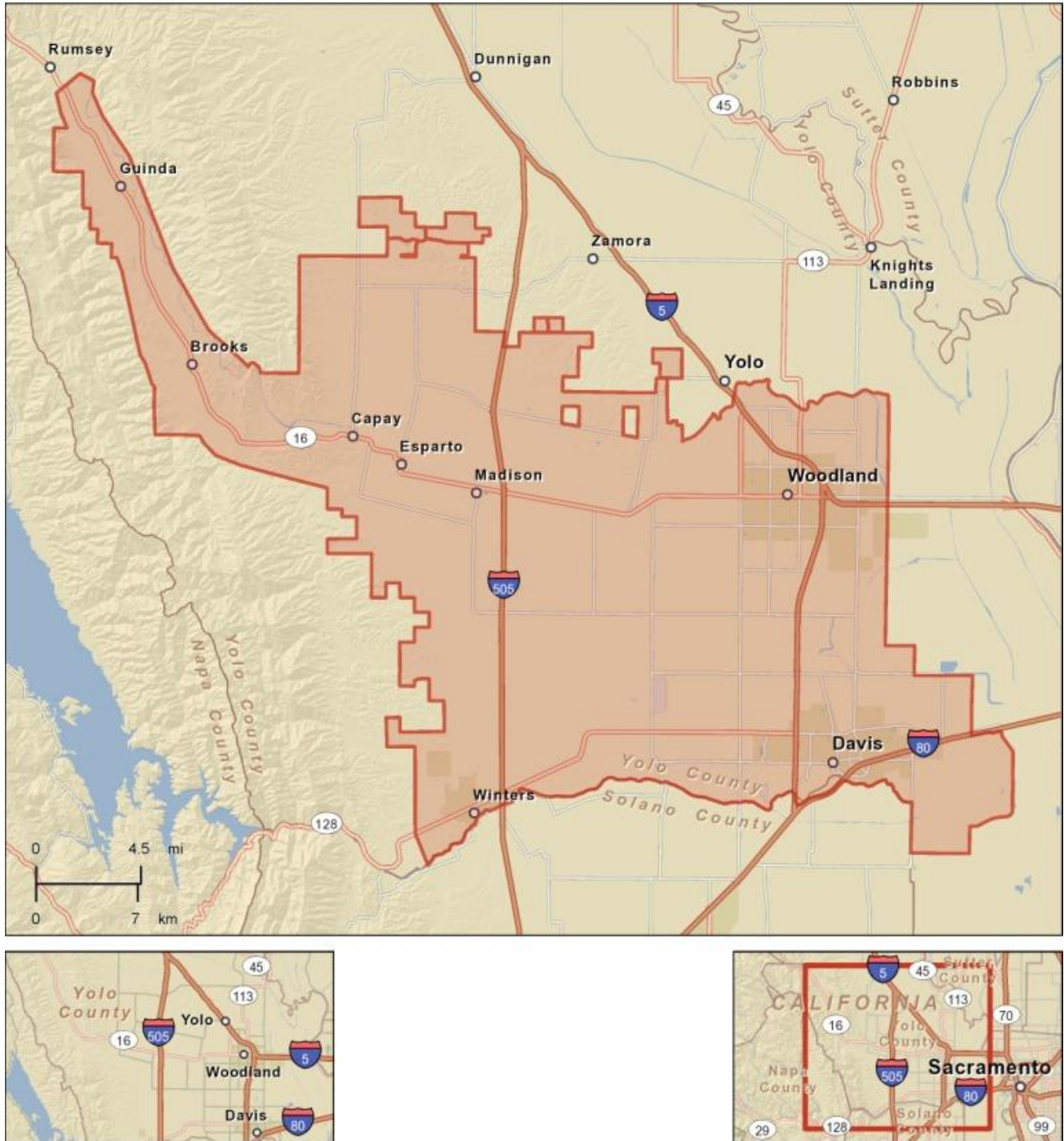
**WATER DISTRICTS COMBINED MSR-SOI STUDY
YOLO COUNTY LAFCO**

Financial Info		
FY 2012-13 Budget (not actuals)	Revenues:	\$ 5,453,948
	Operating Expenditures:	(5,307,979)
	Other Expenditures:	<u>(140,292)</u>
	Net Income:	\$ 5,677
FY 2012-13 Revenue & Cost Drivers	<u>Operating Revenues</u>	<u>Operating Expenses</u>
	Water – Agric. Measured (57%)	Salaries/Benefits (22%)
	Gen. Fund Property Taxes (16%)	T&D Operations & Maint (18%)
	FEMA Revenue (11%)	Depreciation/Amortization (16%)
	Grant Revenue (6%)	Ground Water Replenishment (13%)
	Water – Non-AG (4%)	Pumping (11%)
		Other Admin/General (11%)
		General Plant/Facilities Maintenance (9%)
		Expense Credits (-18%)**
		<i>**Represents a negative expense in the budget</i>
	<p><i>Note: FY 2013-14 Budget (adopted 5-7-13) contains a planned shortfall of \$0.79 million. Shortfall is offset by an FY 2012-13 gain of \$1.06 million (not shown above because audited financial statement not yet available). Changes in year-to-year budgets are mostly due to differences in water availability and timing of the irrigation season relative to the start of the fiscal year. District maintains an average of \$6 million in operating reserves from year-to-year and financially plans across three years to ensure balanced and sustainable District financial operations.</i></p>	
Governance & Staffing		
Governance Structure	Five-member Board of Directors appointed by the County Board of Supervisors (one per supervisorial district). Current Board membership and terms:	
	<u>Name</u>	<u>Term Expires</u>
	Erik Vink (Chair)	12/15/2016
	Ron Tadlock (Vice Chair)	12/15/2014
	Ann Brice	12/15/2013
	Jim Mayer	12/15/2015
	Bruce Rominger	12/15/2015
Management	General Manager (GM):	Tim O'Halloran
	Assistant GM – Admin:	Christy Barton
	Assistant GM – Resources:	Max Stevenson
Other	Member agency of WRA. Lead agency in numerous regional water and flood management efforts, including the recent floodSAFE Yolo Pilot Program.	

* Population and Housing Estimate Source: ESRI Business Analyst Online – 2010 Census

AGENCY BOUNDARIES

Map V-2



YOLO-ZAMORA WATER DISTRICT

GENERAL DESCRIPTION

Yolo-Zamora

YZWD is an independent special district formed in 1955 by landowners in the Yolo and Zamora agricultural areas to access CVP water through the proposed Tehama-Colusa Canal. However, the Tehama-Colusa Canal's last and final Reach 8 was terminated at Bird Creek. DWD is the southernmost CVP contractor and water agency with access to CVP water via the Tehama-Colusa Canal. In the absence of surface water, groundwater has been the only water supply available to irrigate approximately 20,000 acres of agricultural land. As such, significant groundwater pumping by farmers through private production wells has led to land subsidence issues throughout the area. While areas south to Davis and east to Knights Landing have also experienced subsidence, they have not been measured as high as five feet or more, as they have in the Zamora area.



In response to subsidence issues and the general desire of some landowners to have access to a secured supply of surface water, YCFCWCD and YZWD have been in active discussions about the possible expansion of YCFCWCD's SOI and jurisdictional boundaries to include some or all of YZWD. Similar discussions have occurred between DWD and YZWD, but not to the same extent. These discussions have occurred over a number of years, as is reflected in the 2005 MSR-SOI Study and the 10-year and 20-year SOIs adopted by the Commission at that time. Since then, YZWD Board President Twyla Thompson has indicated YZWD support for dissolution of the District over the course of the next year, if appropriate measures are put into place to ensure that ongoing forums exist for YZWD landowners to pursue opportunities to gain future access to surface water supplies. Any such opportunity will, of course, come attached with reasonable costs to extend infrastructure and receive services, whether from DWD or YCFCWCD, or both.

YCFCWCD conjunctive use opportunities were analyzed under a 2003 YCFCWCD-YZWD Conjunctive Water Use Study prepared by YCFCWCD with input from a WRA Project Advisory Group. While the study concluded that the costs of extending infrastructure from YCFCWCD to YZWD were financially infeasible, there may be opportunities to extend services to some, but not all, landowners in YZWD, including those along or near China Slough. This is evidenced in the December 2012 reorganization of YZWD and YCFCWCD boundaries to detach several properties along China Slough from YZWD and annex them to YCFCWCD. Annexation was landowner-driven and was limited to those properties already in YCFCWCD's SOI. Additional territory along the full reach of China Slough is proposed for inclusion in YCFCWCD's 2013 SOI. This territory should be reviewed for possible annexation to YCFCWCD in the future through new discussions with affected property owners.

With respect to landowners in the northern portions of YZWD, while construction of an underground transmission pipeline from the Tehama-Colusa Canal to YZWD is cost-prohibitive, other alternatives may exist via Bird Creek. However, the overall capacity of DWD's water supply must be closely evaluated given the ongoing uncertainties of future capacity in DWD's surface water and groundwater systems to serve the potential development of the Dunnigan Specific Plan.

AGENCY SNAPSHOT

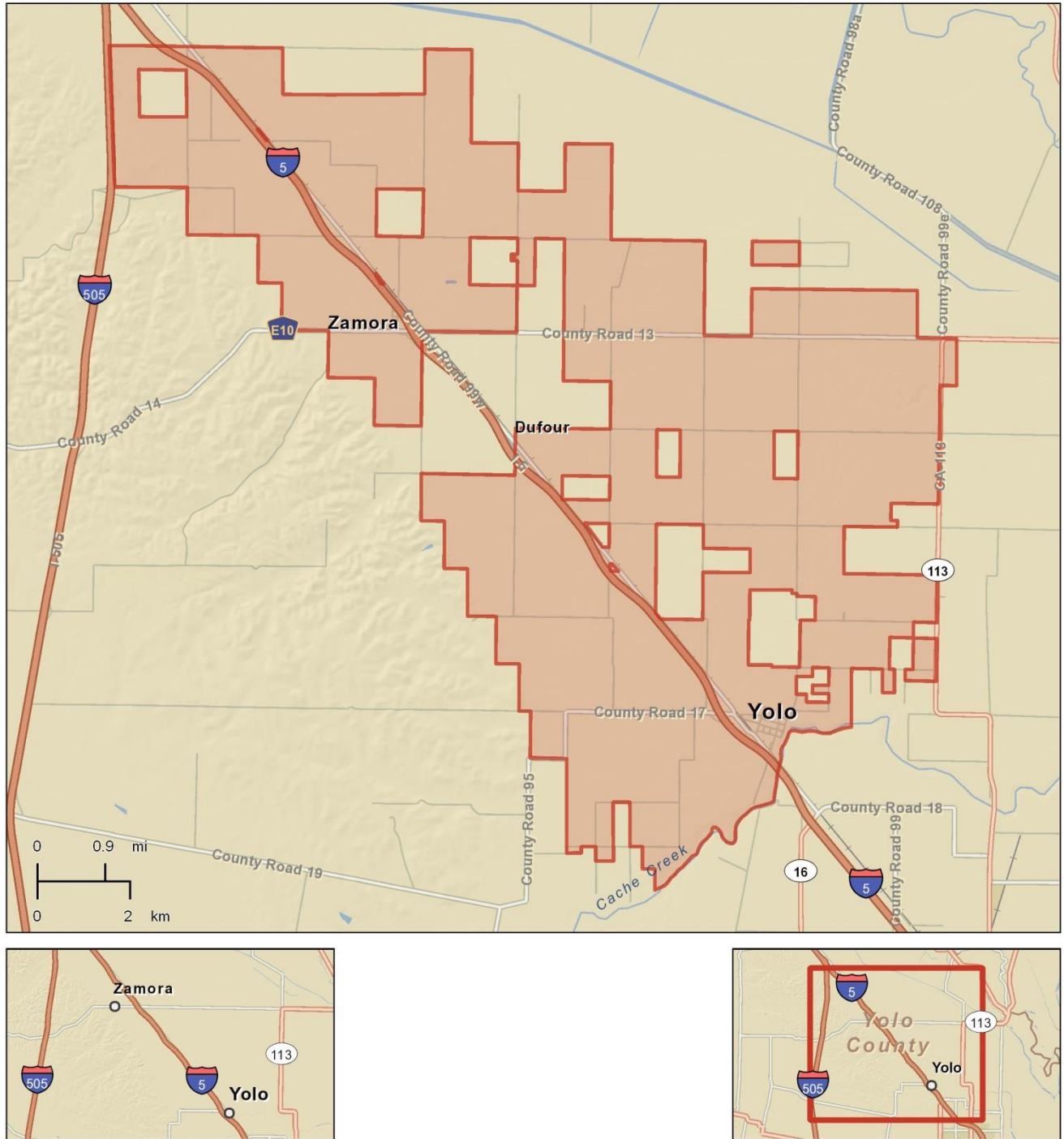
General Info													
District Type	California Water District												
Principal Act	California Water Code §§34000 et seq.												
Formation History	1955 – Originally formed by landowners to receive supplemental surface water from the Tehama-Colusa Canal. However, Tehama-Colusa Canal Reach 8 terminated at Bird Creek and YZWD did not receive any CVP water.												
Services	None – No surface water supply.												
Service Area													
General Location	Located in the northeast quadrant of the county along the I-5 Freeway, just southeast of DWD and the I-5/I-505 Freeway interchange.												
Size	Jurisdictional boundaries contain 32.39 square miles or 20,726 acres of territory.												
Customers	None.												
Land Uses	Primarily agricultural; limited residential and commercial.												
Population*	846												
Housing Units*	347												
Water Supplies													
Surface Water	None.												
Groundwater Subbasin(s)	East Yolo subbasin. YZWD does not deliver or sell groundwater.												
Facilities	None.												
Financial Info													
Budget	Not available.												
Revenue & Cost Drivers	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;"><u>Operating Revenues</u></td> <td style="text-align: center; border-bottom: 1px solid black;"><u>Operating Expenses</u></td> </tr> <tr> <td style="text-align: center;">None</td> <td style="text-align: center;">Legal Fees (minimal)</td> </tr> </table>	<u>Operating Revenues</u>	<u>Operating Expenses</u>	None	Legal Fees (minimal)								
<u>Operating Revenues</u>	<u>Operating Expenses</u>												
None	Legal Fees (minimal)												
Governance & Management													
Governance Structure	<p>Five-member Board of Directors elected at large through landowner voter elections. Current Board membership and terms:</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Name</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Term Expires</u></th> </tr> </thead> <tbody> <tr> <td>Twyla J. Thompson</td> <td>12/06/2013</td> </tr> <tr> <td>Tom Hays</td> <td>12/06/2013</td> </tr> <tr> <td>Ken Aoki</td> <td>12/04/2015</td> </tr> <tr> <td>Bryan Barrios</td> <td>12/06/2013</td> </tr> <tr> <td>Tom Hermle</td> <td>12/04/2015</td> </tr> </tbody> </table>	<u>Name</u>	<u>Term Expires</u>	Twyla J. Thompson	12/06/2013	Tom Hays	12/06/2013	Ken Aoki	12/04/2015	Bryan Barrios	12/06/2013	Tom Hermle	12/04/2015
<u>Name</u>	<u>Term Expires</u>												
Twyla J. Thompson	12/06/2013												
Tom Hays	12/06/2013												
Ken Aoki	12/04/2015												
Bryan Barrios	12/06/2013												
Tom Hermle	12/04/2015												
Management	Board President: Twyla J. Thompson (primary contact person)												
Other	N/A												

* Population and Housing Estimate Source: ESRI Business Analyst Online – 2010 Census

**WATER DISTRICTS COMBINED MSR-SOI STUDY
YOLO COUNTY LAFCO**

AGENCY BOUNDARIES

Map V-3



VI. ISSUE AREAS

The following issues areas were identified as important discussion topics for the Commission to consider for MSR and SOI determinations under this study.

YZWD DISSOLUTION

The legislative intent of MSRs in 2000 was to identify opportunities to increase the cost-efficiency, accountability, and reliability of municipal service delivery and governance. YZWD does not charge any costs to landowners since no formal water services are provided. Prior property assessments were eliminated given the absence of water supplies or property-related services from the District. The Board of Directors meets twice per year. Based on discussions with YZWD Board President Twyla Thompson, YZWD’s current value to landowners is that the Board provides a more formalized platform or vehicle to represent district-wide landowner interests in intergovernmental discussions on key issues, including:

- Groundwater management
- Potential conjunctive use projects
- Subsidence monitoring and management
- Flood control and water reclamation
- Water quality programs

YZWD has represented area concerns about subsidence issues due to the overdraft of groundwater. The dissolution of YZWD does not preclude these discussions from continuing to have a formal or informal platform for interagency coordination, such as through the WRA.

LAFCO TERMS & CONDITIONS

As a quasi-legislative body, LAFCo has broad authority under the CKH Act to set terms and conditions for any change of organization or reorganization. Sections 56885.5 and 56886 specify terms and conditions that LAFCo has the authority to apply (Exhibit #4), including the authority to craft terms and conditions that address “any other matters necessary or incidental to any of the terms and conditions specified” in Section 56886 (§56886(v)). Terms and conditions typically relevant to a dissolution are outlined below. Further discussion of each potential term and conditions follows.

Topic	CKH Act § Reference	Term & Condition	Potential Application to YZWD Dissolution
Tie dissolution to another action or boundary change	56886.5(a)(2) and 56886(n)	The initiation, conduct, or completion of proceedings for another change of organization or reorganization.	Effective date of dissolution conditioned upon initiation or completion of annexation of territory to another agency.
Poison pill prohibition	56885.5(a)(4)	A condition prohibiting an agency being dissolved from taking any of the following actions, unless it first finds that an emergency situation exists as defined in Section 54956.5: (A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency. (B) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission.	Not applicable. No current compensation or benefits for board members and agency has no revenue stream.

**WATER DISTRICTS COMBINED MSR-SOI STUDY
YOLO COUNTY LAFCO**

Topic	CKH Act § Reference	Term & Condition	Potential Application to YZWD Dissolution
Priority or right of use of water	56886(j)	The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal. However, none of the terms and conditions ordered pursuant to this subdivision shall modify priorities of use, or right of use, to water, or capacity rights in any public improvements or facilities that have been fixed and established by a court or an order of the State Water Resources Control Board.	Not applicable. No existing priorities or rights of use of surface water supplies.
Successor agency	56886(m)	The designation of a city, county, or district, as the successor to any local agency that is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.	Not applicable. No existing YZWD debt or other obligations that would need to be transferred to a successor agency.
Effective date	56886(p)	The fixing of the effective date or dates of any change of organization, subject to the limitations of Section 57202.	Effective date can be set as a hard date, upon recordation of the Certificate of Completion, or can be tied to a triggering action, such as annexation of territory to another agency, creation of a post-dissolution advisory committee, etc.
Continuation of services	56886(r)	The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.	Not applicable. No current surface water supply.
New Assessments and/or fees	56886(s)	The levying of assessments, including the imposition of a fee pursuant to Section 50029 or 66484.3 or the approval by the voters of general or special taxes. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.	Applicable to change of reorganization involving dissolution and annexation if annexation is conditioned upon levying a new assessment necessary to finance capital expenditures for infrastructure upgrades or improvements. The December 2012 YFCWCD reorganization was conditioned on the extension of a fee on each affected property in-lieu of the share of the 1% general property tax levy that YFCWCD is apportioned elsewhere in the District.
Existing Assessments and/or fees	56886(t)	The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.	Applicable to change of reorganization involving dissolution and annexation if annexation is conditioned upon the extension of charge, fee, assessment, or tax previously authorized by existing voters in the annexing agency.

Topic	CKH Act § Reference	Term & Condition	Potential Application to YZWD Dissolution
Administration of special tax and assessment districts	56886(u)	The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts ...	Not applicable. No existing special tax or special assessment district administered by YZWD.
Other	56886(v)	Any other matters necessary or incidental to any of the terms and conditions specified in this section.	Provides LAFCo broad discretion to apply terms and conditions relevant dissolution and incidental to other terms and conditions authorized under §56886.

INITIATION OF DISSOLUTION

As described in Chapter II of this report, general consensus for YZWD dissolution in the near-term appears to be present if the local interests of YZWD landowners can continue to be represented in some manner. Under the CKH Act, dissolution can be initiated by: (1) YZWD or another affected agency by resolution of application (§§56650 and 566544); (2) landowners by petition (§§56650, 56700, and 56870(b)); or (3) LAFCo by resolution of application (§56375(a)(2)(B))²¹. LAFCo may initiate dissolution only if it is consistent with a recommendation or conclusion of a study, such as an MSR. The Commission must also make specified determinations prescribed by CKH Act Section 56881(b):

1. Public service costs resulting from dissolution are likely to be less than or substantially similar to the costs of another service delivery alternative; and
2. The dissolution promotes public access and accountability for community services needs and financial resources.

Since YZWD does not currently provide water services, does not have access to a surface water supply, and does not incur any costs for delivery of water services, making the above determinations should not be problematic.

If continued representation of YZWD landowners' water interests at the regional level is an important factor in the initiation of dissolution, public access and accountability for those interests can be met through other formal or informal forums (e.g., WRA) and/or grassroots platforms. YZWD landowners are also represented by County Supervisorial District 5. Yolo County has a progressive model of regional collaboration and partnership on critical water management issues that impact each corner of the county. The Integrated Regional Water Management Plan and the Yolo County GPS Subsidence Network are examples of collaborative initiatives that recognize the regional significance of groundwater resource management and subsidence management practices. The WRA has provided a unique forum and access to grant funding to study a broad range of water management issues identified in the plan, including the 2003 YCFCWCD-YZWD Conjunctive Water Use Feasibility Study.

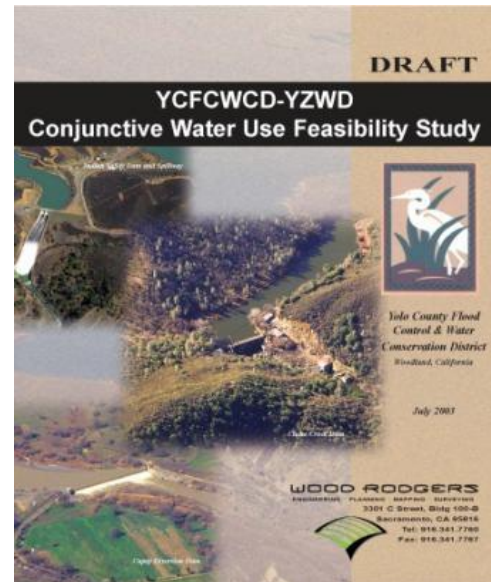
This MSR/SOI Study proposes to update the SOIs of DWD and YCFCWCD to encompass all current YZWD territory. The northern half would be included in DWD's SOI and the southern half would be included in YCFCWCD's SOI. If YZWD is dissolved, landowners will have guidance on which potential future service providers they can address regarding water management issues.

²¹ Dissimilar special districts are those formed under different principal acts. Prior to 2005, consolidations were allowed only for special districts formed under the same principal act. Effective January 1, 2005, AB 2067 (Chapter 471, Statutes of 2004) amended Section 56030 to permit consolidation of districts not formed under the same principal act. AB 2067 contained a sunset of July 1, 2008, but SB 819 (Chapter 98, Statutes of 2007) deleted the sunset provision.

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2003 YCFCWCD-YZWD CONJUNCTIVE USE STUDY

In August 2003, YCFCWCD, in collaboration with WRA and a Project Advisory Group, released a draft conjunctive water use feasibility study prepared by Wood Rogers, Inc. using grant funds from the DWR “Groundwater Storage Feasibility Study/Pilot Project.” The 2003 YCFCWCD-YZWD Study evaluated four alternative capital projects, including comparative cost analyses and service areas, for delivering water to YZWD from surface water resources originating from Cache Creek (Alternatives #1, #2, and #3) and the Colusa Basin Drain (Alternative #4). Two alternatives assumed a service area of 4,200 acres, or 20 percent of YZWD’s total jurisdictional territory. The other two assumed a service area of 6,100 acres, or 29 percent of YZWD’s total jurisdiction territory. Water delivery ranged from 6,700 AFY to 14,400 AFY. Capital costs for the four alternatives ranged from \$11.2 million to \$47.7 million. These costs translated into estimated water rates of \$106 to \$209 per acre-foot of water and flat rates of \$169 to \$494 per acre of land for the first 20 years of service. These cost estimates assumed landowners would pay 100 percent of the construction cost amortized at 2.4 percent annum for 20 years.



For comparison purposes, YCFCWCD’s 2013 rates as of May 2013 are \$24 per acre-foot for “Measured Agricultural,” \$57 per acre-foot for “Measured Nonagricultural,” \$48 per acre (flat rate) for agricultural orchards, \$72 per acre (flat rate) for non-orchards; and \$57 per unit (flat rate) for nonagricultural uses. Based on the cost data, the Project Advisory Group reached consensus that none of the alternatives were financially feasible. Based on the Project Advisory Group’s comments, the Wood Rogers report (Page 42) concluded:

The costs of the respective projects in relation to the option of continuing to pump groundwater were too high. Subsidence, although reportedly has adversely affected wells in the past, was not deemed a significant issue in relation to the costs and reliability associated with the delivery of supplemental water supplies to the area.

In other words, even amidst subsidence concerns, the economics of delivering surface water at 4 to 20 times the normal cost of YCFCWCD water rates for 20 years, and the generally sustainable groundwater levels and lower cost to pump groundwater, do not provide sufficient financial incentive for landowners to secure new surface water resources. YZWD also sent a letter to YCFCWCD on April 28, 2013 reiterating this conclusion for all alternatives, including a fifth informal alternative that focused on a much smaller area (Exhibit #5).

Each of the Cache Creek alternatives relied on delivering water to individual landowners via China Slough and each consistently identified \$792,000 in upgrades necessary to rely on China Slough, including clearing and establishing a road for operations and maintenance of the slough, and construction of check structures at various locations to create a forebay water users can pump irrigation water from.²² Alternative #1 would rely on diverted water from Capay Diversion Dam into the West Adams Canal. Water would then flow from West Adam to East Adams Canal to Acacia Canal and, finally, to China Slough, running generally northeast until it meets the Colusa Basin Drain. The total cost estimate of \$11.8 million for Alternative #1 assumed a number of variables.

However, if the cost of gaining access to the YCFCWCD system through China Slough were reasonably low enough under Alternative #1, or other financing tools were available, detachment from YZWD and annexation to YCFCWCD may be feasible within a limited distance from China Slough. The 2012 detachment of four

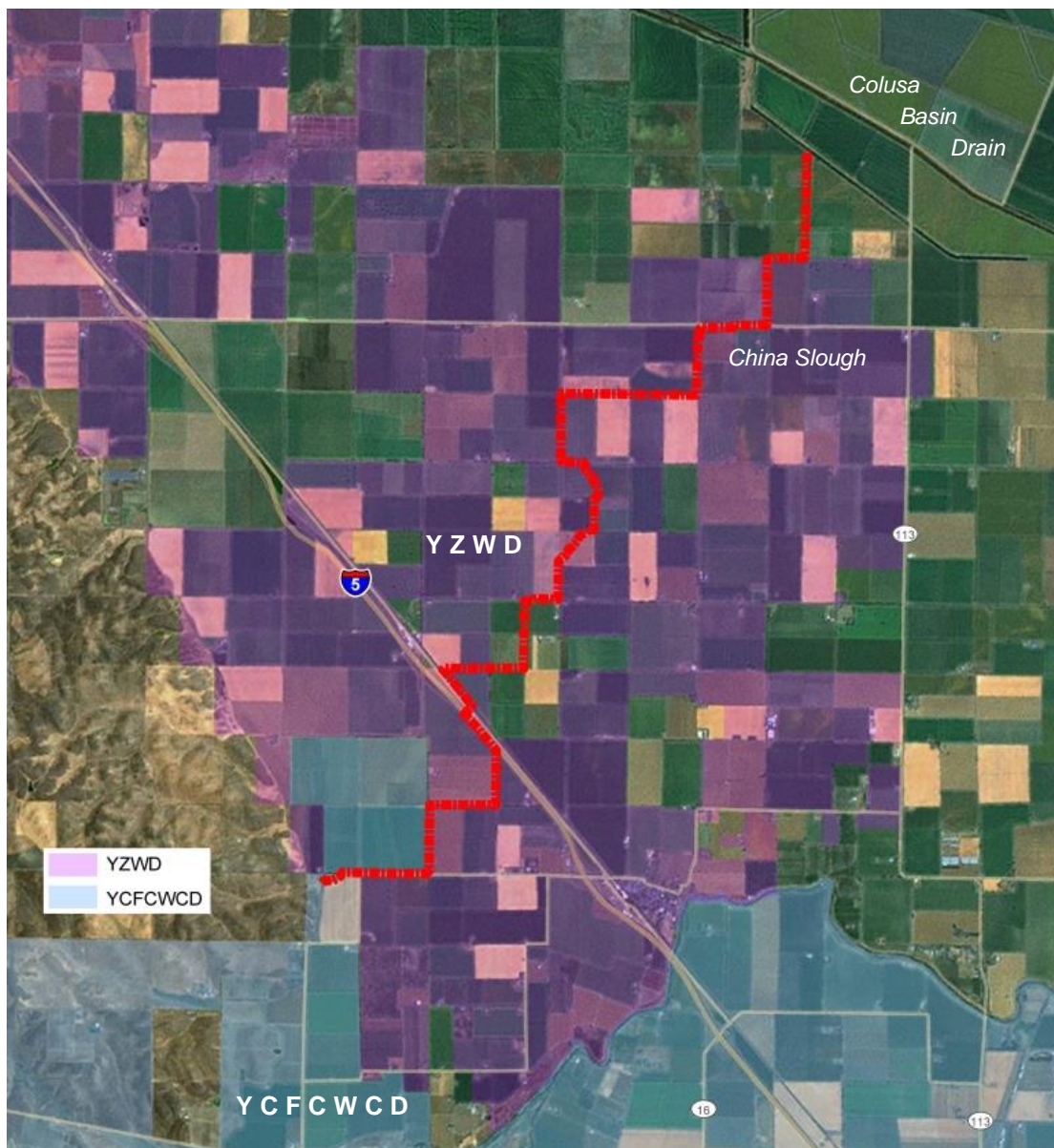
²² Wood Rogers, Inc., August 2003. *YCFCWCD-YZWD Conjunctive Water Use Feasibility Study – Final Report*. Sacramento, CA: 28.

China Slough parcels from YZWD and annexation of the same parcels to YCFCWCD provide some evidence of feasibility.

2012 YCFCWCD ANNEXATION

As referenced in Chapter II of this report, on December 3, 2012, LAFCo approved a change of reorganization (LAFCo No. 914) involving the annexation of 58 parcels totaling approximately 8,400 acres to YCFCWCD, including the detachment and annexation of four parcels along China Slough from YZWD to YCFCWCD. See Exhibit #6 for a map of the affected territories. While the annexation was limited only to territory in YCFCWCD's existing SOI and to parcels landowners were proposing annexation for, interest in annexation by additional landowners further east and north along China Slough is likely, if the economics of the proposal make sense to farmers. YCFCWCD staff has indicated that, for landowners with immediate interest in annexation, a 150-foot distance from China Slough is likely to be financially feasible for a subsequent phase of annexations, based on costs to improve the slough and extend infrastructure.

Map VI-1



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The 2012 annexation was approved subject to specified terms and conditions, including the following term and condition addressing the levying of a new fee pursuant to CKH Act Section 56886(s):

All parcels/landowners in the territory are required to pay an ongoing in-lieu fee on the land annexed into the Yolo County Flood Control & Water Conservation District. The ongoing in-lieu fee is approximately equivalent to the portion of the property tax currently paid by properties within the District (0.01135402% of the assessed value on the Yolo County property tax roll). The ongoing in-lieu fee plus any required third party handling fees (currently \$1 per parcel to Yolo County) will be added to and collected with the land's property taxes.

According to the 2003 YCFCWCD-YZWD Study, YCFCWCD would need to acquire easements along China Slough for operations and maintenance of the facility.

EXISTING YCFCWCD AND DWD SOI BOUNDARIES

Please refer to Map VI-2 on the following page for a map of the existing SOI boundaries of YCFCWCD and DWD. This 2013 MSR-SOI Study recommends an updated YCFCWCD SOI (see Map VI-3) that encompasses all YZWD territory along China Slough, including additional land to the northwest and southeast. The expansion of YCFCWCD's SOI along China Slough provides near-term opportunities for annexations and access to surface water supplies. Longer-term opportunities throughout the proposed YCFCWCD SOI include access to all YCFCWCD services, including, but not limited to, groundwater monitoring, surface water quality monitoring, and flood control management. Funding sources for these activities will be a consideration for YCFCWCD and may require a term and condition for in-lieu fee payments similar to those established for the 2012 annexation.

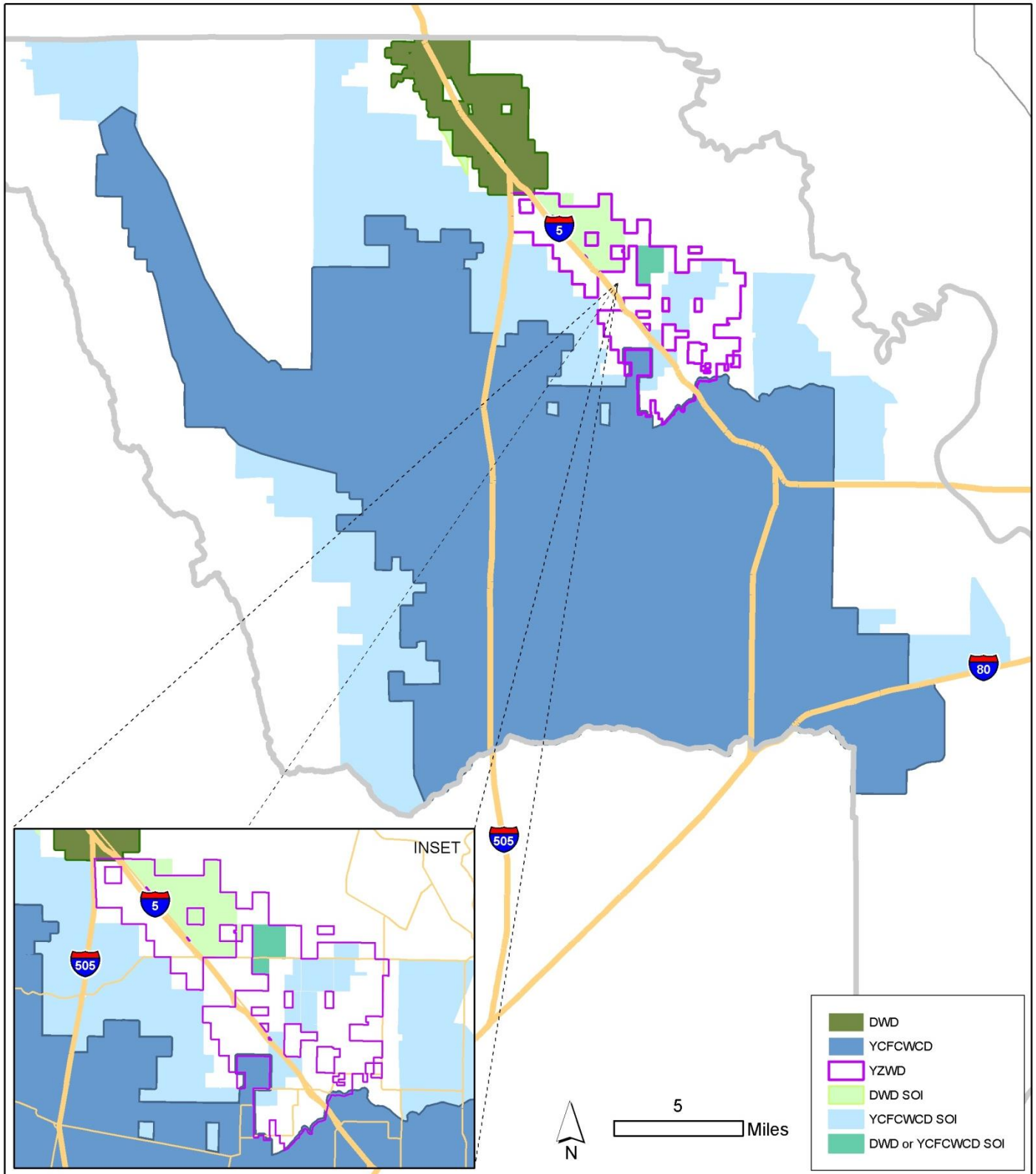
The northern half of YZWD's current boundaries is recommended for inclusion in DWD's SOI. The dividing northern-southern line is based on a combination of hydrology (sloughs, canals, and creeks) and the previously adopted (2005) 10-year and 20-year SOIs. Near-term conjunctive use opportunities in YZWD's northern territory are limited given the District's questions about its own internal conjunctive use strategies to support the potential for future wholesale M&I service for the Dunnigan Specific Plan. Additional discussion about the Dunnigan Specific Plan is provided in the following section. However, during the next five years, prior to or during the next MSR-SOI study, if opportunities exist as part of the broader studies being conducted to assess the feasibility of serving a phased Specific Plan build-out scenario, grant funding to pay for a cost feasibility study similar to the 2003 YCFCWCD-YZWD Study for conjunctive use of surplus CVP allocations in the Tehama-Colusa Canal, if any, should be pursued. While extension of the canal or an underground transmission main from the Tehama-Colusa Canal terminus to YZWD is assumed to be cost-prohibitive, other alternatives can be identified and evaluated, including possible delivery of water through Bird Creek.

YZWD SOI

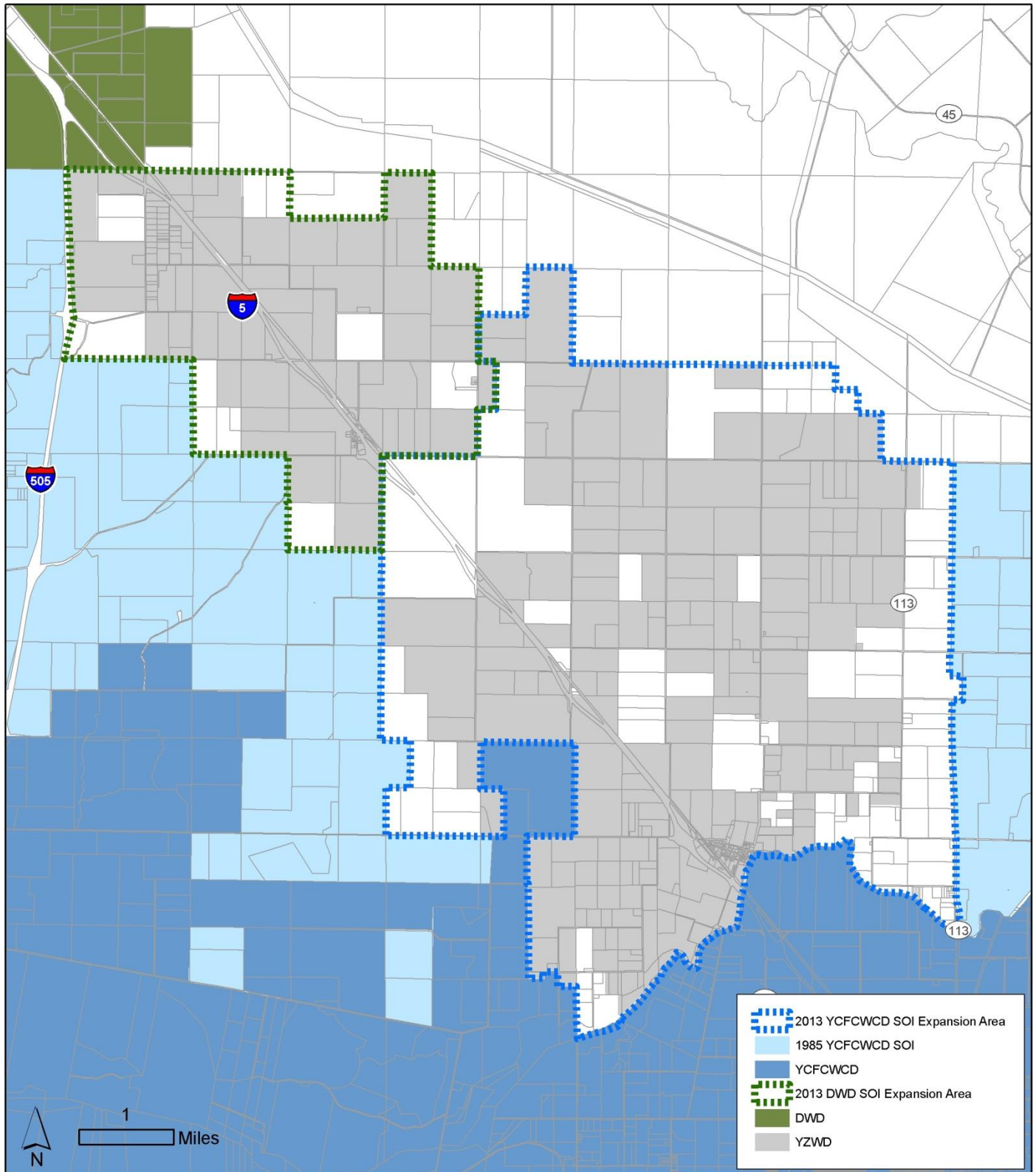
YZWD's current SOI is coterminous with its jurisdictional boundaries. While LAFCo's MSR-SOI Guidelines do not establish a specific policy for "zero" SOIs, these SOIs can be effective in setting the stage for future dissolution, consolidation, or reorganization of a special district that is on the path toward winding down its affairs. A zero SOI essentially deletes an agency's SOI altogether and sets policy direction for dissolution of the agency. This report recommends adoption of a zero SOI for YZWD and presents draft determinations addressing the policy reasons for such an SOI and the ultimate dissolution of YZWD, subject to appropriate terms and conditions.

EXISTING WATER DISTRICT SPHERES OF INFLUENCE (2005)

Map VI-2



2013 PROPOSED EXPANSION OF WATER DISTRICT SPHERES OF INFLUENCE



ALTERNATIVES FOR YZWD DISSOLUTION

The following outline provides alternatives for LAFCo and the water districts to consider

Topic	1 st Level Alternatives	2 nd Level Alternatives
Initiation	Landowners	<ul style="list-style-type: none"> Petition by not less than 10 percent of the number of landowner-voters within YZWD who also own not less than 10 percent of the assessed value of land within YZWD.
	YZWD	<ul style="list-style-type: none"> Resolution of application by the Board of Directors
	Affected Agency	<ul style="list-style-type: none"> Resolution of application by a Board/Council
	LAFCo	<ul style="list-style-type: none"> Resolution of application by the Commission
Plan for Services / Terms & Conditions	China Slough Area	<ul style="list-style-type: none"> Dissolution: Stand-alone action / Area will be revisited during next MSR-SOI Study cycle Dissolution + Concurrent Annexation to YCFCWCD Dissolution + Term & Condition: Prepare new focused China Slough feasibility analysis to provide landowners cost evaluation to determine interest in/support for annexation Dissolution + Term & Condition: Re-establish conjunctive use project advisory group to review future alternatives Dissolution + Term & Condition: Set effective date of dissolution to be upon initiation of annexation to YCFCWCD
	Territory Northwest of China Slough	<ul style="list-style-type: none"> Dissolution: Stand-alone action / Area will be revisited during next MSR-SOI Study cycle Dissolution + Term & Condition: Feasibility analysis in conjunction with Dunnigan Specific Plan EIR and technical studies, and Water Supply Assessment, regarding surplus CVP allocation from Tehama-Colusa Canal
	Territory Southeast of China Slough	<ul style="list-style-type: none"> Dissolution: Stand-alone action / Area will be revisited during next MSR-SOI Study cycle
	All YZWD Territory	<ul style="list-style-type: none"> Dissolution: Stand-alone action / Area will be revisited during next MSR-SOI Study cycle Dissolution + Term & Condition: Post-dissolution, limited-term forum through existing organizations (e.g., WRA) to engage water management agencies about interest in conjunctive use opportunities, concerns about groundwater quality monitoring, access to grant funding, or other water or flood control management issues.

This MSR-SOI Study recommends that dissolution of YZWD be initiated by resolution of application of the YZWD Board of Directors, with a request for the waiver of all filing and processing fees due to the District's lack of financial resources. Pursuant to CKH Section 57077.1(c)(1), if the board of a dissolving district initiates the dissolution and dissolution is consistent with LAFCo's MSR and/or SOI determinations, the Commission is required to "immediately approve and order the dissolution without an election or protest

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proceedings ...” This provides significant time and cost savings in the dissolution proceedings. LAFCo initiation of dissolution would require LAFCo to conduct protest proceedings.

DUNNIGAN SPECIFIC PLAN

Dunnigan Specific Plan Rendering

DWD has delivered agricultural irrigation water to farmers for 30 years since the Tehama-Colusa Canal was completed in 1980 and water began flowing through DWD’s distribution pipeline in 1983. The prospect of DWD changing its customer base to include an M&I retail water provider for the proposed Specific Plan for 9,200+ housing units²³, almost 580 acres of commercial/industrial uses, and more than 23,500 residents is significant, and it raises several key questions:



1. Is there a sufficient water supply, including surface water and groundwater, to support the project at full build-out?
2. Who will be the retail domestic water service provider?
3. Will DWD remain financially viable during the transition phases of removing agricultural lands from production and converting them into M&I uses?

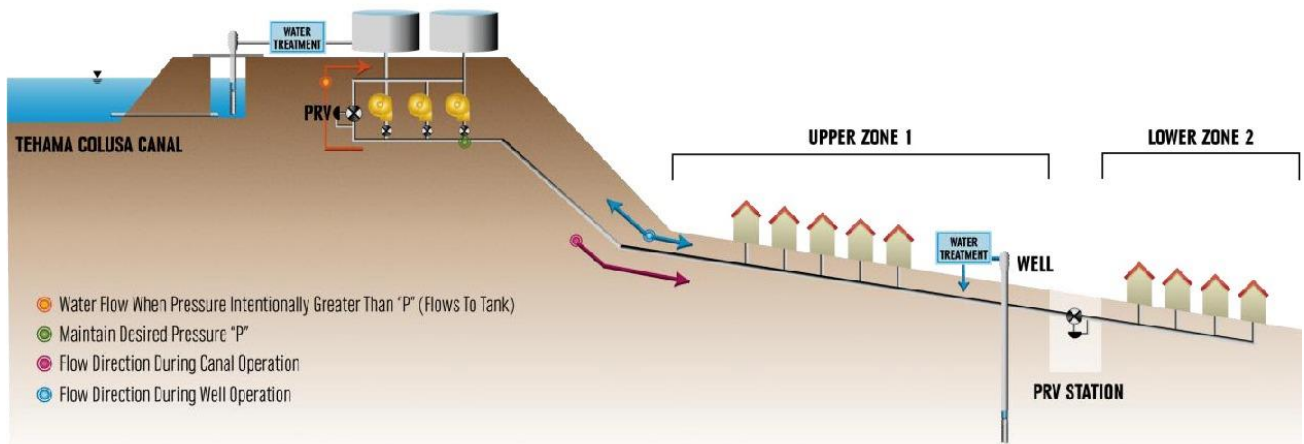
WATER SUPPLY

The Public Utilities section (Chapter 5) and Preliminary Water Supply Planning study (Technical Appendix D) of the Dunnigan Specific Plan reference a May 2012 Draft Water Supply Assessment prepared pursuant to Senate Bill (“SB”) 610 (Chapter 543, Statutes of 2001). SB 610 and SB 221 (Chapter 642, Statutes of 2001) significantly changed land use planning practices and the environmental review process for residential development projects proposing to construct more than 500 dwelling units by requiring, prior to issuance of a draft Environmental Impact Report (“EIR”) under the California Environmental Quality Act (“CEQA”) (Public Resources Code §§21000 et seq.), preparation and approval of a Water Supply Assessment by either the existing retail water agency or, if one does not exist, the local wholesale water supplier (e.g., DWD). Detailed flow charts of the Water Supply Assessment preparation process may be referenced in Exhibit #7 of this report.

Dunnigan Specific Plan Appendix D states that, “according to the May 2012 Draft Water Supply Assessment, the new development has rights to 5,194 AF/year of Tehama Colusa Canal water,” which is “the pro rata allocation of surface water available from the Tehama Colusa Canal to the Specific Plan area in a year when 100% of the contract supply is available.” A conceptual illustration of the Dunnigan Specific Plan potable water system excerpted from Appendix D is provided on the following page.

²³ The Draft Specific Plan assumes 8,623 dwelling units plus 607 secondary units for a total of 9,230 dwelling units.

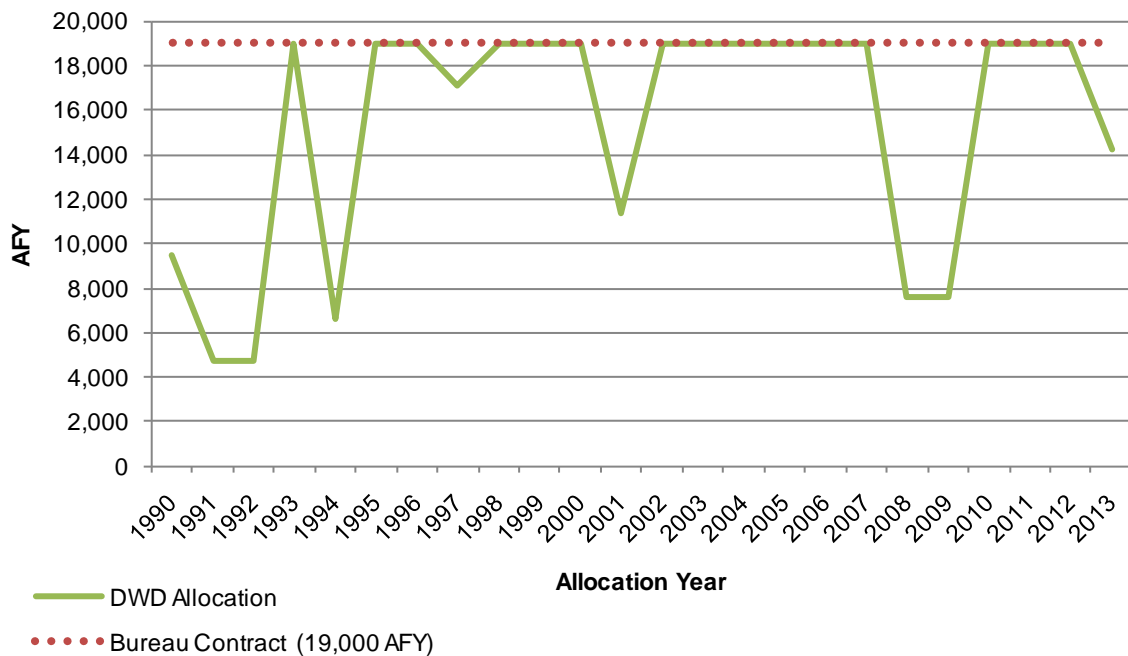
Conceptual Design of Potable Water System



Appendix D provides that, according to Tehama-Colusa Canal Authority staff, annual maintenance of the canal would take the its supply offline for one to three weeks per year and that, during that time, groundwater would be relied upon for 100 percent of the project’s water supply.²⁴ In years of water shortages when DWD’s CVP allocation is reduced, groundwater would also be relied upon through a future domestic water purveyor’s pumping and delivery system. Based on data provided by DWD staff, Chart VI-1 shows historical CVP water allocations to DWD from the Tehama-Colusa Canal since 1990. The District’s USBR contractual allocation is 19,000 AFY.

DWD CVP ALLOCATION HISTORY

Chart VI-1



²⁴ PACE, Inc., March 2013. *Preliminary Water Supply Planning: Dunnigan Development Specific Plan*. Fountain Valley, CA: 20.

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As shown in Chart VI-1, CVP allocations have a tendency to fluctuate but held constant at the full allocation during the early and mid-2000s. DWD's 2013 allocation, however, is 14,250 AFY, or 75% of its 19,000 AFY contractual allocation.

Based on discussions with DWD, the District itself has not yet prepared or signed off on a draft Water Supply Assessment and has concerns about possible overreliance on groundwater as a consistent or backup supply of water for the project. The final Dunnigan Specific Plan submitted by Elliot Homes to the County should ultimately reference a final approved Water Supply Assessment. According to DWD staff, the developer is proposing to install three groundwater production wells west of the I-5 Freeway. As described previously in this report, during preparation of DWD's 2005 Groundwater Management Plan, a hydrogeologic characterization analysis confirmed landowner suspicions of a discontinuous aquifer system, particularly west of the I-5 Freeway, which makes the location of new wells very difficult and recharging of the fractured aquifer system less efficient and reliable. Groundwater in the subbasin is more reliable as a steady source of domestic water on the east side of the I-5 Freeway. However, piping the water across the freeway is likely to be a cost-prohibitive endeavor. The current assumption is that a significant amount of recycled water will need to be relied upon to irrigate landscaping, parks, and open space areas. DWD is continuing to coordinate planning and study efforts with the developer to assemble the appropriate data and information necessary to prepare the Water Supply Assessment. Conjunctive use planning is also continuing.

ECONOMIC HEALTH

The economic health of DWD is a critical issue area since the majority of DWD's annual budgetary costs are generally fixed due to costs charged to DWD under the USBR contract. Chart VI-2 outlines annual costs DWD were charged by USBR during the prior five fiscal years. DWD's annual budget generally ranges between \$1.0 million and \$1.2 million, including depreciation and amortization expenses for equipment and facilities. USBR water costs are therefore the bulk of DWD's annual costs.

Chart VI-2

Fiscal Year	Bureau Charges	Supplement Water	T-C Canal	Water Rights	Total Annual Charges
2008	\$ 175,746	\$ 426,275	\$ 120,098	\$ 7,435	\$ 729,553
2009	136,152	461,328	121,737	6,390	725,607
2010	281,728	161,760	157,493	6,264	607,246
2011	482,615	99,550	169,383	9,486	761,033
2012	519,581	101,590	161,725	11,832	794,727

DWD's revenue sources are primarily derived from water sales (72% of FY 2013-14 budget) and property assessments (25% of FY 2013-14 budget). The primary economic driver is therefore water demand, based on the overall agricultural farming market, including annual cropping patterns. The implementation of new irrigation technologies are environmentally advantageous but reduce water sales. However, the primary concern about DWD's future economic health and fiscal viability is the impact of development of the Dunnigan Specific Plan.

According to the Draft Specific Plan, implementation of the project is proposed to occur in five phases over a 20- to 30-year build-out horizon. Agricultural uses will be taken offline to make way for development, which also takes DWD water sales from those farms offline. Meanwhile, annual USBR and administrative expenses remain constant and are supply-based, regardless of demand. Financial concerns for DWD are a factor of time to replace agricultural water delivery with M&I water delivery (rates should be structured to offset reduced demand for water). The Dunnigan Specific Plan area in DWD comprises approximately 1,900 acres. DWD's jurisdictional boundaries encompass 10,613 acres, 7,500 acres of which are irrigated. The Dunnigan

Specific Plan area overlies 18 to 25 percent of DWD's service territory. Phasing of the project could reduce the impact to DWD finances, but it largely depends on when agricultural uses will cease to make way for backbone infrastructure and other capital improvements. Some form of a revenue offset should be explored to ensure that DWD remains financially sustainable during the transition process. Also, completion of a public facilities financing plan will be an important aspect of the Specific Plan entitlement process since it will determine how capital costs will be financed (e.g., community facilities districts) and what future residents, businesses, and property owners will be paying as end users.

OTHER LAFCO CONSIDERATIONS

CSA/CSD Formation and DWD Annexations

The Draft Dunnigan Specific Plan proposes that either a new County Service Area ("CSA") or DWD can provide retail potable water service to the project. During the course of preparing this MSR-SOI Study, DWD has not expressed any interest in retail potable water service, though M&I enterprise water services would likely be financially productive. It should also be noted that Dunnigan CSA #11 already exists and encompasses a smaller area than the proposed Specific Plan boundaries. If DWD remains a wholesale water provider and CSA #11 becomes the retail potable water provider, CSA #11 would be required to expand its boundaries and SOI to include the Dunnigan Specific Plan area, as well as activate latent powers to have the authority to provide water services. DWD also has "islands" within its exterior boundaries, including, but not limited to, the existing CSA #11 service territory. DWD island areas in the Dunnigan Specific Plan area would need to be annexed to DWD at the appropriate time. This MSR-SOI Study assumes that DWD's SOI includes all territory within its exterior boundaries, including islands in DWD's service territory.

In addition to possible CSA formation or expansion of CSA #11, the County and/or Elliot Homes should contemplate the formation of a Community Service District ("CSD"). CSDs operate very much like cities and have a very broad range of powers under the CSD law (Government Code §§61000 et seq.). Under a CSA, the County Board of Supervisors would serve as the governing body overseeing services. Under a CSD, a new elected Board of Directors would oversee local services. CSDs can also serve as a natural stepping stone toward ultimate incorporation of the community as a city, when the tax base is diversified enough to support cityhood.

DUCs

Islands in DWD's boundaries include the Dunnigan DUC, by definition of statute. As described in Chapter I, DUCs are an important factor for city annexations, but they have no statutory effect on special district annexations. In fact, CKH Act Section 56857 provides that special districts can effectively veto an annexation if justified by a financial or service related concern. The statute is also intended to address the delivery of potable water services and infrastructure to under-served fringe communities. Since this MSR-SOI Study primarily addresses non-potable irrigation water for agricultural lands, DUCs are not a focal point of this discussion.

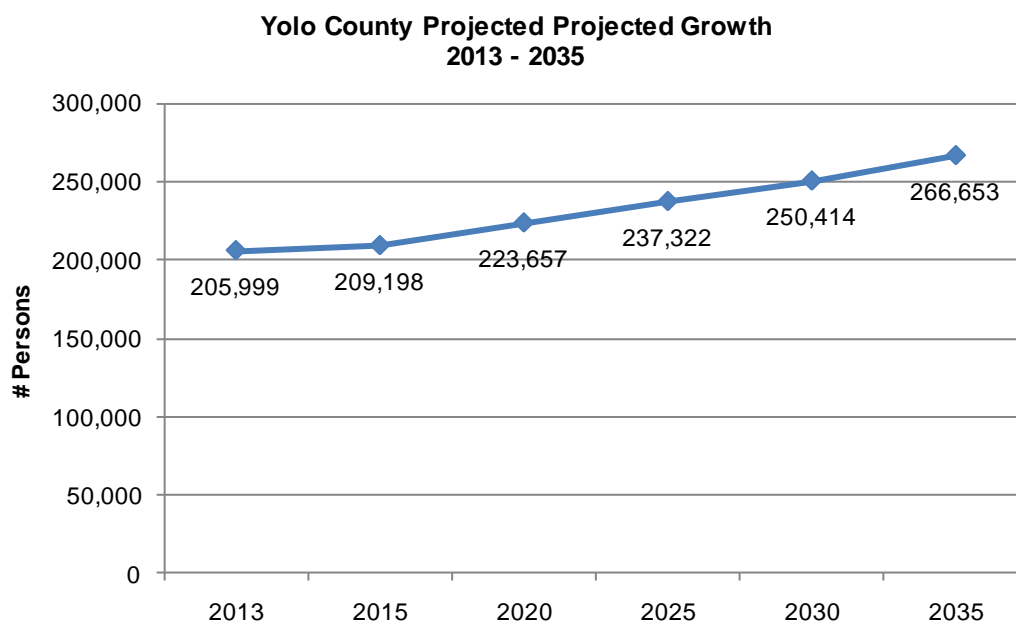
VII. MSR DETERMINATIONS

PROPOSED MSR DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Section 56430 are presented below for Commission consideration.

1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

Chapter IV of this report presents long-range population projections through 2060, based on California Department of Finance data. The following data focuses on growth projections for the next 20+ years through 2035. Department of Finance projections estimate that Yolo County's population will grow by more than 60,000 residents between 2013 and 2035. Applying an average historical household size of 2.75, approximately 22,000 new housing units are projected to be built countywide. A large portion of countywide growth through 2040 can be attributed to the proposed Dunnigan Specific Plan. Utilizing a slightly lower household size of 2.62 (1.60 for secondary units), the Specific Plan estimates population growth of 22,694 in 8,898 new housing units at build-out. The Specific Plan assumes a build-out horizon of 20 to 30 years through phased development. Given the scope of infrastructure that will need to be constructed prior to development of each phase, the first phase of new residential development in the Dunnigan Specific Plan area is not likely to break ground until closer to 2017-2020.



Source: California Department of Finance

Remaining population and housing growth in unincorporated County territory through 2035 would be mostly spread across the towns of Esparto, Knights Landing, Madison, and other smaller rural and suburban areas. The remainder of countywide growth would occur in the incorporated cities of Davis, West Sacramento, Winters, and Woodland.

YZWD Dissolution

No significant growth is planned in the Yolo and Zamora areas. Issue areas outlined in Chapter VI regarding dissolution of YZWD affect existing agricultural uses in the area, and the desire by some landowners to gain access to surface water supplies to reduce the reliance on groundwater resources in the East Yolo groundwater subbasin.

Dunnigan Specific Plan

Population growth in Dunnigan will create significant new demand for surface and groundwater resources, and the need to finance and construct new urban-level infrastructure systems for potable and non-potable water distribution. The balance of the remaining growth will place additional demand on groundwater resources, and the need for ongoing coordination by the regional and local water management agencies on the groundwater management programs and projects set forth in WRA's 2007 Integrated Regional Water Management Plan.

2. LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SOI'S

Under state law and LAFCo policies, disadvantaged unincorporated communities (DUCs) that are located in the SOIs of the three water districts include: Dunnigan, Yolo, and Zamora. These areas meet the statutory definition of DUCs but primarily consist of agricultural and rural residential uses that do not lack infrastructure needed to address or correct public health and safety issues. The existence of DUCs in the water districts' SOIs does not create policy issues LAFCo must consider when updating the SOIs.

3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES

Current facilities, infrastructure, and levels of service operated by DWD and YCFCWCD are adequate to meet the needs of existing agricultural and rural residential uses within the districts' service territories. No major infrastructure improvements are needed to support these existing uses. YZWD does not operate and maintain facilities or infrastructure due to the lack of a surface water supply.

YZWD Dissolution

DWD's sphere of influence territories that overlie the northern portions of YZWD were previously established in the 2005 MSR-SOI Study based on future potential to extend DWD infrastructure and water supplies from the Tehama-Colusa Canal to YZWD. Grant funding should be pursued to study the engineering and financial feasibility of extending infrastructure from DWD to YZWD. It is recommended that DWD's SOI be expanded to include the northern half of YZWD, including islands and other pockets in and around YZWD's boundaries. However, it should be noted that any planned or anticipated capacity in the DWD water system that is necessary to serve the Dunnigan Specific Plan could eliminate excess capacity in the system to serve the SOI areas. YCFCWCD's sphere of influence territories that overlie the southern portions of YZWD were established based on future potential to extend YCFCWCD infrastructure and water supplies from the Cache Creek system to YZWD via China Slough. The December 2012 detachment and annexation of four parcels from YZWD to YCFCWCD set precedent regarding the physical and financial feasibility of extending services and water supply through China Slough to properties in the SOI areas. YCFCWCD staff has indicated that the District is currently evaluating the feasibility of extending services to all properties within a 150-foot linear distance from China Slough. This would include properties not currently in the YCFCWCD SOI. It is recommended that YCFCWCD's SOI be updated to include the entire southern half of YZWD, including all properties along China Slough. YZWD dissolution should not be conditioned upon annexation of properties to YCFCWCD since annexation will be driven by landowner interest, based on the need for a surface water

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supply, the cost to extend infrastructure, and willingness to pay a possible in-lieu fee to YCFCWCD, as a proposed term and condition to annexation. An expanded YCFCWCD SOI would facilitate these discussions.

Dunnigan Specific Plan

It is still very early in the Dunnigan Specific Plan preparation process. While preliminary public utility studies have been prepared by consultants for Elliot Homes, assumptions used in those studies have not been reviewed or agreed upon by DWD, including, but not limited to: the location of new proposed groundwater production wells; the balance of CVP water, groundwater, and recycled water needed to serve the project; and the cost of facilities upgrades and infrastructure needed to serve the project. DWD has not completed an SB 610 Water Supply Assessment. The CEQA review process has not yet formally begun with respect to an initial study or circulation of a Notice of Preparation.

According to the Draft Dunnigan Specific Plan, new facilities that would be required to serve potable water to the project include a new canal turnout, water tanks, water treatment facility, backbone infrastructure and transmission lines, pump stations, and groundwater production wells. This does not include major wastewater and storm drain facilities and infrastructure.

Governance for domestic water services will be determined through the specific plan approval process. The developer's intent is to form a new County Service Area for basic municipal utilities, including water and recycled water. However, preliminary conversations with County staff indicate that their preference is to form a Community Service District. In either case, DWD is envisioned to be the wholesale water provider since there are not sufficient groundwater resources to serve the project without CVP water from the Tehama-Colusa canal. The portions of the Specific Plan area that are not already in DWD may need to be annexed.

4. FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

DWD operating costs are fairly inelastic, except for cost fluctuations in the method by which the U.S. Bureau of Reclamation allocates costs to CVP contractors on the Tehama-Colusa Canal. Water sales and property assessments generate almost all of DWD's operating revenues and are sufficient to provide services at appropriate levels of services. CVP water allocation shortages and cropping patterns impact revenues, but the District has maintained service levels in shortage years based on a water allocation system. The District has been historically successful securing grant funding for studies and capital projects, including preparation of the District's Groundwater Management Plan. While DWD does not have a diverse revenue portfolio, District finances are stable due to its operations as a CVP contractor.

YCFCWCD also relies on a water allocation system in shortage years. The District, however, receives revenues from non-agricultural water sales, including property tax revenues and hydroelectric energy sales. According to District staff, YCFCWCD employs a tiered rate structure across a three-year period to charge market-reasonable rates while adjusting for water availability and promoting financial stability for the District. Changes in year-to-year budgets are mostly due to differences in water availability and timing of the irrigation season relative to the start of the fiscal year. YCFCWCD maintains an average of \$6 million in operating reserves from year-to-year and financially plans across three years to ensure balanced and sustainable District financial operations.

Due to the absence of water supplies, YZWD does not possess a financial ability to provide any services. YZWD does not collect any taxes, assessments, or property-related fees.

YZWD Dissolution

The financial feasibility of annexations of YZWD territory along China Slough to YCFCWCD for purposes of surface water delivery is a function of water rates charged to new customers and an in-lieu fee extended to property owners in-lieu of property tax revenues the District typically collects in other parts of its boundaries. Initiation of new annexation proposals for these purposes is anticipated to be largely landowner driven. This is based on the economics and policy issues involved with using surface water versus groundwater

resources. In addition to surface water resources, YCFCWCD provides additional core services that landowners in YZWD could benefit from, including, but not limited to, water quality monitoring, groundwater resource management, and flood control management. According to YCFCWCD staff, annexations for these purposes could be facilitated by establishing zones of benefit that charge fees or other assessments using different rates and financing structures than other areas of the District. There is also the possibility that annexation could include a transfer of property tax revenues from one or more other local taxing agencies in the affected territories.

Dunnigan Specific Plan

As described above, DWD costs hold relatively constant from year to year, regardless of how much water is sold to farmers. The Dunnigan Specific Plan area includes agricultural uses today that, if taken out of production to make way for residential/commercial development, will result in a loss in DWD water sales and may create a significant impact on DWD continuity of services and operations. If DWD plans to serve as the wholesale water supplier and purveyor to the Specific Plan area, a transition plan is needed to ensure that some form of gap financing is available to transition District revenues from agricultural water sales to wholesale water distribution to a domestic water provider.

The proposed financing vehicle (e.g., Development Impact Fees, Mello-Roos Community Facilities District) to pay for upfront construction of backbone infrastructure to serve the project has not yet been determined. The Draft Specific Plan references preparation of a Public Facilities Financing Plan. There is also the broader question of who will be the domestic water service provider, as discussed under Determination #6 below.

5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

Opportunities for shared facilities among the water districts are mostly limited to conjunctive use opportunities in YZWD to address groundwater management and subsidence concerns. DWD-YCFCWCD opportunities for shared facilities are greatly limited by the districts' unique and separate surface water supplies (e.g., Cache Creek, Tehama-Colusa Canal) and groundwater subbasins. YZWD has no existing facilities and dissolution of the District is being recommended as part of this report.

6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

Water service efficiencies and water rates for DWD and YCFCWCD customers are largely driven by year-to-year changes in water supply availability. Both districts run lean operations in terms of staffing levels given their relative scopes of services, and both participate as member agencies on the WRA. The WRA provides a unique platform for public access to water management issues that may not be as widely discussed if they were addressed locally by each districts' board of directors. The WRA increases local accountability for community service needs by creating pooled funding to prepare and make publicly available comprehensive documents, like the Integrated Regional Water Management Plan, that provides the public a detailed accounting of each local water management agency's history, water rights, operations, and opportunities for increased efficiencies.

YZWD Dissolution

Although YZWD does not provide water service, its Board of Directors regularly represents landowner interests in regional forums (e.g., LAFCo, WRA) regarding water management issues. Ongoing representation of landowner interests is a priority for the Board of Directors as it contemplates possible dissolution. Public access and accountability regarding regional water management issues affecting YZWD have been addressed in the past through the WRA, including ongoing subsidence monitoring programs. These forums will continue to exist and the Integrated Regional Water Management Plan provides an effective vehicle for ongoing programmatic discussions involving YZWD territory. Also, the inclusion of all

WATER DISTRICTS COMBINED MSR-SOI STUDY YOLO COUNTY LAFCO

YZWD territory in DWD's and YCFCWCD's SOIs provides future governance options involving conjunctive use opportunities, concerns about groundwater quality monitoring, access to grant funding, and other water or flood control management issues.

Dunnigan Specific Plan

If the Dunnigan Specific Plan is approved, future governance and service responsibility for domestic water is yet to be determined. While the Draft Dunnigan Specific Plan suggests a new County Service Area will be formed to provide a very wide range of services, including water, sewer, recycled water, and storm drain services, other near-term and long-term governance options are available, including formation of a new Community Service District or, ultimately, incorporation of a new city. This governance question should be adequately addressed at or before the time the Specific Plan is approved. As described above, these governance issues are separate and apart from proposed financing vehicles (e.g., Development Impact Fees, Mello-Roos Community Facilities District) to pay for upfront construction of backbone infrastructure to serve the project.

7. ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY

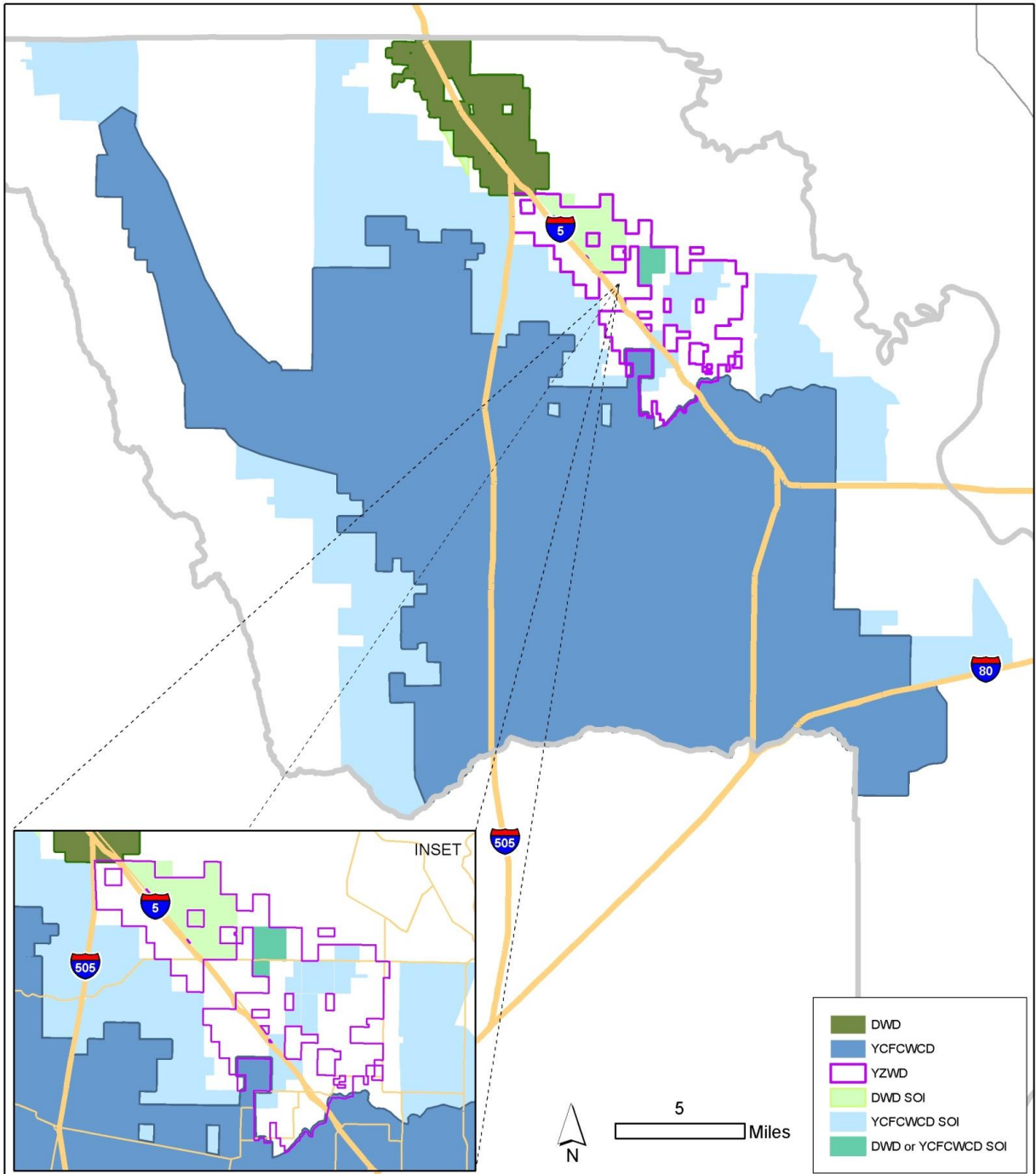
Flood control management is one YCFCWCD's core responsibilities and is a natural extension of the District's water management responsibilities, including the maintenance of sloughs, canals, and creeks carrying and delivering YCFCWCD surface water throughout the District. YCFCWCD recently took a leadership role in a two-year, jointly funded effort with the County of Yolo and City of Woodland to develop new regional flood control management policies and implement early flood control projects, including the Lower Cache Creek Settling Basin. The floodSAFE Yolo Pilot Program is consistent with the Yolo County Integrated Regional Water Management Plan and the floodSAFE California program. A key strategic element for the pilot program will be to develop a sustainable funding mechanism for flood control management that allows the collaborative partnerships to continue forward following the end of the pilot program. If successful, the pilot program could be expanded countywide and raise the need to establish a permanent regional entity to oversee ongoing efforts.

VIII. RECOMMENDED SOI UPDATES

EXISTING SOI BOUNDARIES

A map of the existing SOIs for the three water districts is provided below.

EXISTING WATER DISTRICT SPHERES OF INFLUENCE (2005) Map VIII-1



RECOMMENDED SOI BOUNDARIES AND DETERMINATIONS

Based on the background information, issues, and MSR determinations reviewed in this report, the following are the recommended SOI updates for the three water districts. See subsequent map for the proposed 2013 SOI Updates.

AGENCY	SOI UPDATE	SOI DETERMINATIONS (§56425(e))
DWD	Update to include the northern half of YZWD and additional surrounding parcels.	<p>1. The present and planned land uses in the area, including agricultural and open-space lands.</p> <p><i>Present land uses in the DWD jurisdictional and SOI boundaries are primarily agricultural and rural residential. DWD water service is only for agricultural irrigation. The proposed Dunnigan Specific Plan area encompasses approximately 2,959 acres and is located in DWD's SOI boundaries, both inside and outside of DWD's jurisdictional boundaries. The Specific Plan proposes: 1,444 acres of residential (rural up to high density) totaling 7,909 units; 256 acres of commercial + mixed use; and 322 acres of office + industrial; 734 acres of public + open space; and 203 acres of agricultural. Remaining DWD territory and the proposed SOI territory are planned for agricultural and rural residential. See Exhibit #8.</i></p> <p><i>Outside of the Dunnigan Specific Plan area, the 2030 Countywide General Plan does not plan for a significant intensification of land uses in the northern half of YZWD and surrounding territories. Ongoing agricultural uses in these territories will continue to rely on groundwater resources for irrigation of farm lands. Future demand for surface water resources in the area may increase if concerns about subsidence issues increase over time. Grant funding should be pursued to study the engineering and financial feasibility of extending infrastructure from DWD to the northern half of YZWD. Expansion of DWD's SOI to include the northern half of YZWD, including islands and other pockets in and around YZWD's boundaries, will facilitate future opportunities to serve irrigation water to present and planned agricultural uses in the area. It should be noted, however, that any planned or anticipated capacity in the DWD water system that is necessary to serve the Dunnigan Specific Plan could eliminate excess capacity in the system to serve the SOI areas.</i></p> <p>2. The present and probable need for public facilities and services in the area.</p> <p><i>DWD's public facilities and services distribute irrigation water from the Tehama-Colusa Canal to agricultural lands in the District. If the proposed Dunnigan Specific Plan is approved, and if DWD agrees to supply wholesale M&I water, future facility needs would include a new canal turnout, water tanks, water treatment facility, backbone infrastructure and transmission lines, pump stations, and groundwater production wells. There is no other probable need for expanded facilities or services in the remainder of the District. The existing and proposed SOI plans for the possible future extension of surface water services to northern areas of YZWD, including islands and other pockets in and around YZWD's boundaries.</i></p> <p>3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</p> <p><i>Present DWD facilities have adequate capacity to serve agricultural uses in the District. Present DWD services are adequate for existing land uses in DWD's existing jurisdictional boundaries. On average, DWD's annual allocation of CVP water through the Tehama-Colusa Canal provides additional capacity to serve areas in the proposed SOI, including the northern half of YZWD. However, any planned or anticipated capacity in the DWD water system that is necessary to serve the Dunnigan Specific Plan could eliminate excess capacity in the system to serve the SOI areas.</i></p>

**WATER DISTRICTS COMBINED MSR-SOI STUDY
YOLO COUNTY LAFCO**

AGENCY	SOI UPDATE	SOI DETERMINATIONS (§56425(e))
		<p>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.</p> <p><i>The Dunnigan Census Designated Place is located in DWD's SOI but is an island in the District's jurisdictional boundaries. DWD does not currently provide M&I water. The unincorporated community of Zamora is located in DWD's existing and proposed SOI. Expansion of DWD's SOI to include the northern half of YZWD, including islands and other pockets in and around YZWD's boundaries, provides future governance options to landowners and residents in the SOI area for water resource management activities.</i></p> <p>5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</p> <p><i>DWD provides limited M&I water services to local businesses for irrigation of landscaped areas. Services are available to other properties in DWD's existing service area. The proposed Dunnigan Specific Plan will rely on DWD water resources for wholesale M&I water service. DWD's proposed SOI may require non-potable agricultural water services if the extension of such services is financially feasible. There is no planned demand for M&I water in the proposed SOI area.</i></p>
<p>YCFCWCD</p>	<p>Update to include the southern half of YZWD and additional surrounding parcels.</p>	<p>1. The present and planned land uses in the area, including agricultural and open-space lands.</p> <p><i>Present land uses in the unincorporated portions of YCFCWCD's jurisdictional and SOI boundaries are primarily agricultural, open space, and rural/suburban residential. Portions located in the cities of Davis, Winters, and Woodland, and UC Davis, contains more urbanized land uses, including higher density residential, commercial, industrial, and open space/parks. The 2030 Countywide General Plan and individual cities' general plans continue to promote both the preservation and expansion of agricultural uses in the county, including the southern half of YZWD and surrounding properties, and encourage new development to occur within existing city jurisdictional and/or SOI boundaries.</i></p> <p><i>Present and planned agricultural uses in the southern half of YZWD and surrounding areas will continue to create future demand for conjunctive use opportunities through the extension of YCFCWCD surface water resources via China Slough and other potential facilities. Present and planned agricultural uses in the area can also benefit from other YCFCWCD core services, including, but not limited to, water quality monitoring, groundwater resource management, and flood control management. Expansion of YCFCWCD's SOI to include the southern half of YZWD and surrounding areas will facilitate the extension of YCFCWCD services to support present and planned agricultural uses.</i></p> <p>2. The present and probable need for public facilities and services in the area.</p> <p><i>YCFCWCD's regional facilities distribute irrigation water from Clear Lake and Indian Valley Dam to agricultural lands through the Cache Creek system, including Capay Diversion Dam. Conjunctive use opportunities, including in YZWD, could require minor to major facilities upgrades, including those identified in the 2003 YCFCWCD-YZWD Conjunctive Water Use Feasibility Study, such as China Slough improvements (minor) and construction of a new dam and reservoir in Dunnigan Hills (major), which would require relocation of County Road 19. YCFCWCD staff has indicated that the District can deliver water to properties within 150 feet of China Slough. YCFCWCD staff has also</i></p>

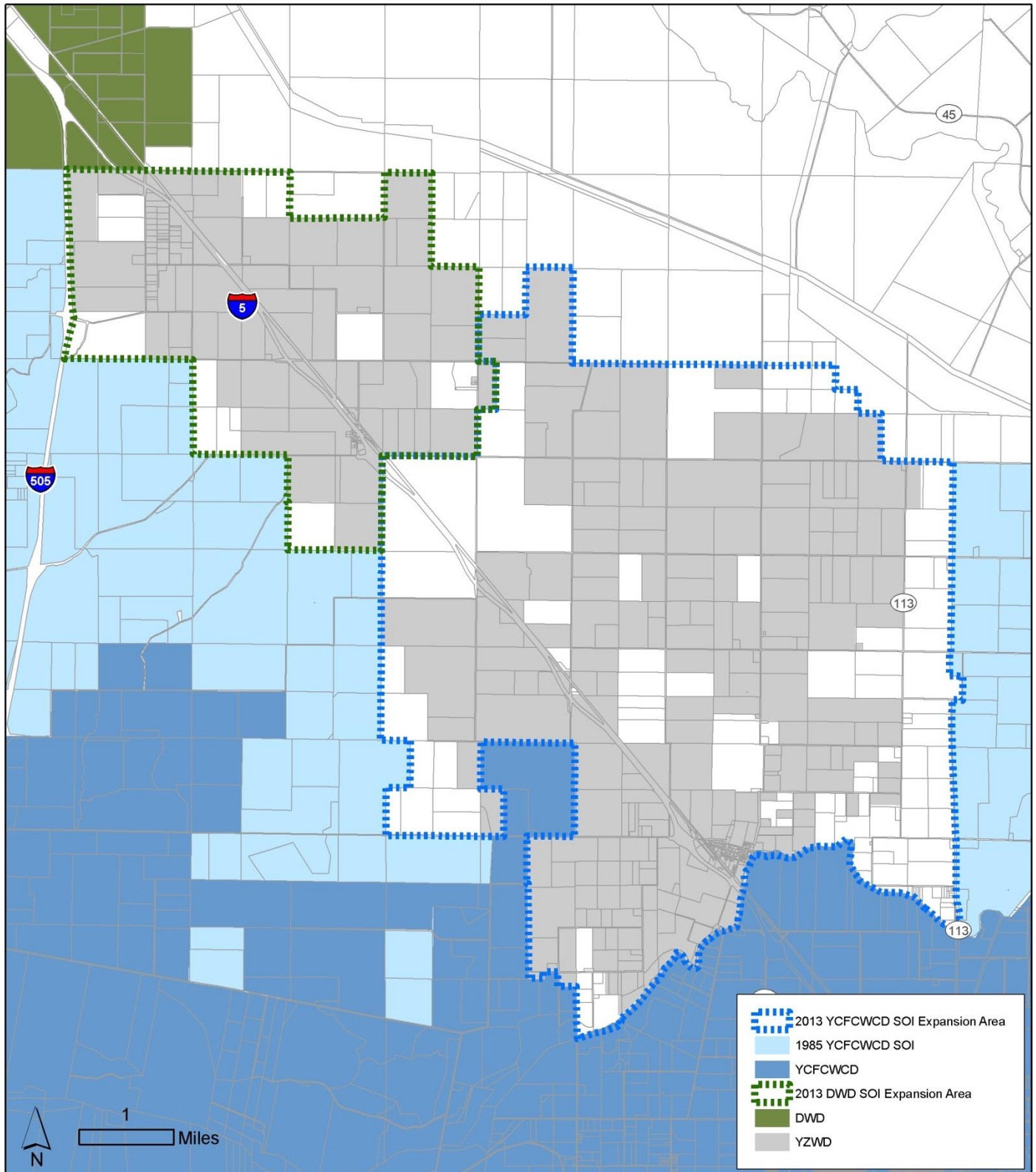
**WATER DISTRICTS COMBINED MSR-SOI STUDY
YOLO COUNTY LAFCO**

AGENCY	SOI UPDATE	SOI DETERMINATIONS (\$56425(e))
		<p><i>indicated that other water resource management services can be delivered by the District to territories in the southern half of YZWD and additional areas, including, but not limited to, water quality monitoring, groundwater resource management, and flood control management. Expansion of YCFCWCD's SOI to include the southern half of YZWD and surrounding areas will facilitate the extension of YCFCWCD services through existing and expanded facilities and District resources.</i></p> <p>3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</p> <p><i>Present YCFCWCD facilities have adequate capacity to serve the District's customer base. Present YCFCWCD services are adequate for existing land uses. YCFCWCD possesses additional supply capacity to serve additional territories in the proposed SOI, including the southern half of YZWD and surrounding areas.</i></p> <p>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.</p> <p><i>YCFCWCD encompasses about one-third of Yolo County's total area and includes the cities of Davis, Winters, and Woodland. UC Davis is also located in the District and uses YCFCWCD water for irrigation of agricultural lands on campus territory. Unincorporated communities of interest are located along the District's Cache Creek facilities, including Capay, Esparto, and Madison, as well as the smaller communities of Rumsey, Guinda, and Brooks. Communities of interest in or near YCFCWCD's existing and proposed SOI area include Yolo and Zamora. Expansion of YCFCWCD's SOI to include the southern half of YZWD and surrounding areas provides future governance options to landowners and residents in the SOI area for water resource management activities.</i></p> <p>5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</p> <p><i>YCFCWCD does not currently provide M&I water.</i></p>
YZWD	Establish a "zero" SOI that completely eliminates YZWD's SOI. Represents a policy action serving as a precursor to dissolution.	<p>1. The present and planned land uses in the area, including agricultural and open-space lands.</p> <p><i>Present land uses in the YZWD jurisdictional boundaries are primarily agricultural and rural residential. YZWD does not provide any water service to these uses due to its lack of water rights to surface water. Establishment of a "zero" SOI is consistent with the District's lack of a surface water supply and financial resources to provide other groundwater management services to its existing jurisdictional boundaries.</i></p> <p>2. The present and probable need for public facilities and services in the area.</p> <p><i>YZWD does not own or operate any public facilities. Irrigation of agricultural uses in YZWD is from groundwater through privately-owned and operated groundwater production wells. To reduce groundwater over-pumping that is causing subsidence issues in the East Yolo subbasin, access to surface water for conjunctive use purposes has been a YZWD goal, including access to YCFCWCD water through China Slough. Public facility improvements are necessary to facilitate the delivery of water via China Slough, including YCFCWCD acquisition of an easement along China Slough, and improvements to the slough. Establishment of a "zero" SOI is consistent with the District's lack of facilities and services in the area.</i></p>

**WATER DISTRICTS COMBINED MSR-SOI STUDY
YOLO COUNTY LAFCO**

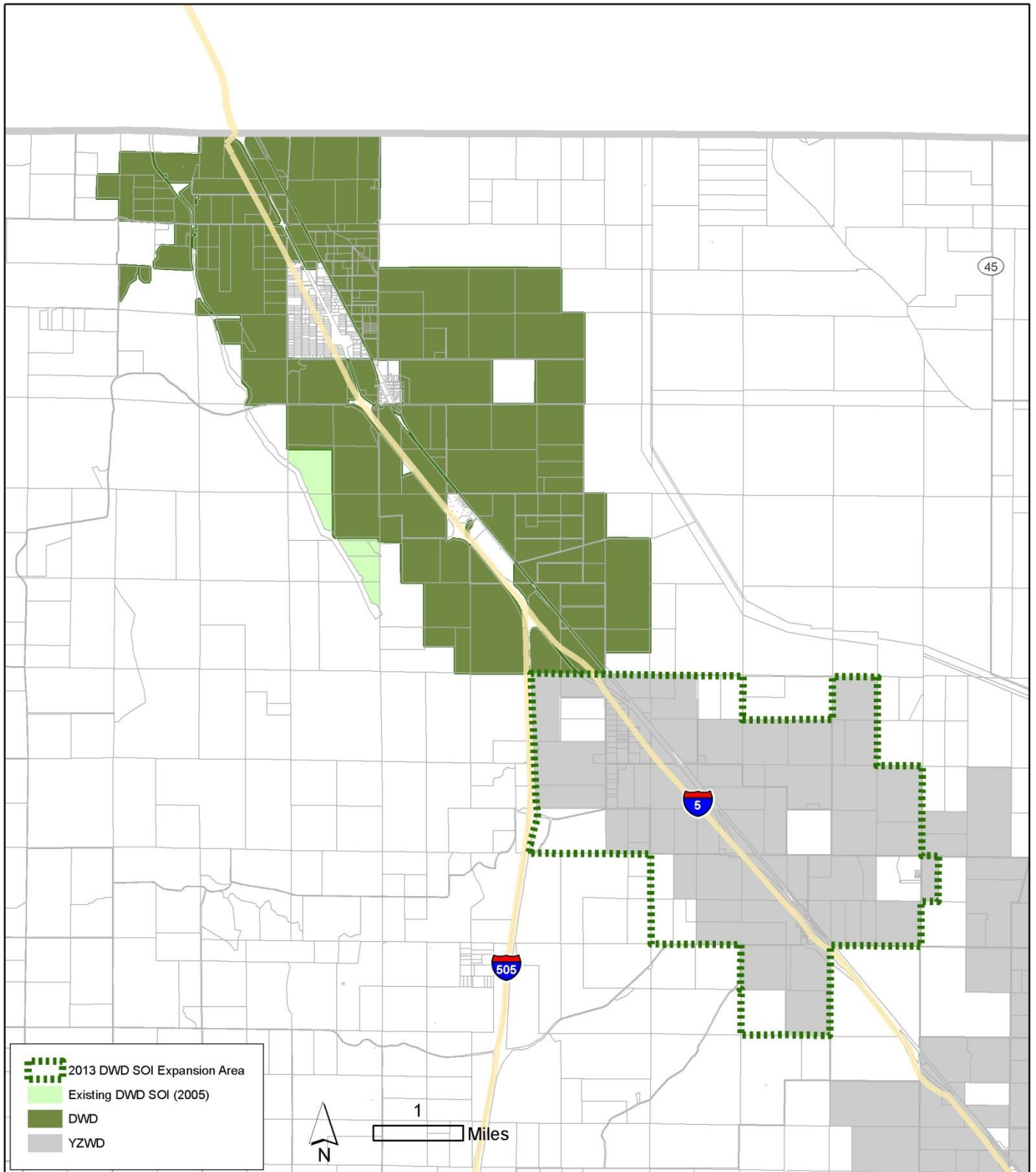
AGENCY	SOI UPDATE	SOI DETERMINATIONS (§56425(e))
		<p>3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</p> <p><i>YZWD does not own or operate any public facilities and does not provide any services. Irrigation of agricultural uses in YZWD is from groundwater through privately-owned and operated groundwater production wells. Establishment of a “zero” SOI is consistent with the District’s lack of facilities and services in the area.</i></p> <p>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.</p> <p><i>The unincorporated communities of Yolo and Zamora are identified communities of interest and are considered Disadvantaged Unincorporated Communities, by statutory definition. Establishment of a “zero” SOI will not eliminate services or governmental accountability to these communities of interest. YZWD’s entire boundaries are proposed to be divided between and included in DWD’s and YCFCWCD’s expanded SOIs, providing future governance options for landowners and residents in Yolo and Zamora.</i></p> <p>5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</p> <p><i>YZWD does not currently provide M&I water.</i></p>

2013 PROPOSED EXPANSION OF WATER DISTRICT SPHERES OF INFLUENCE

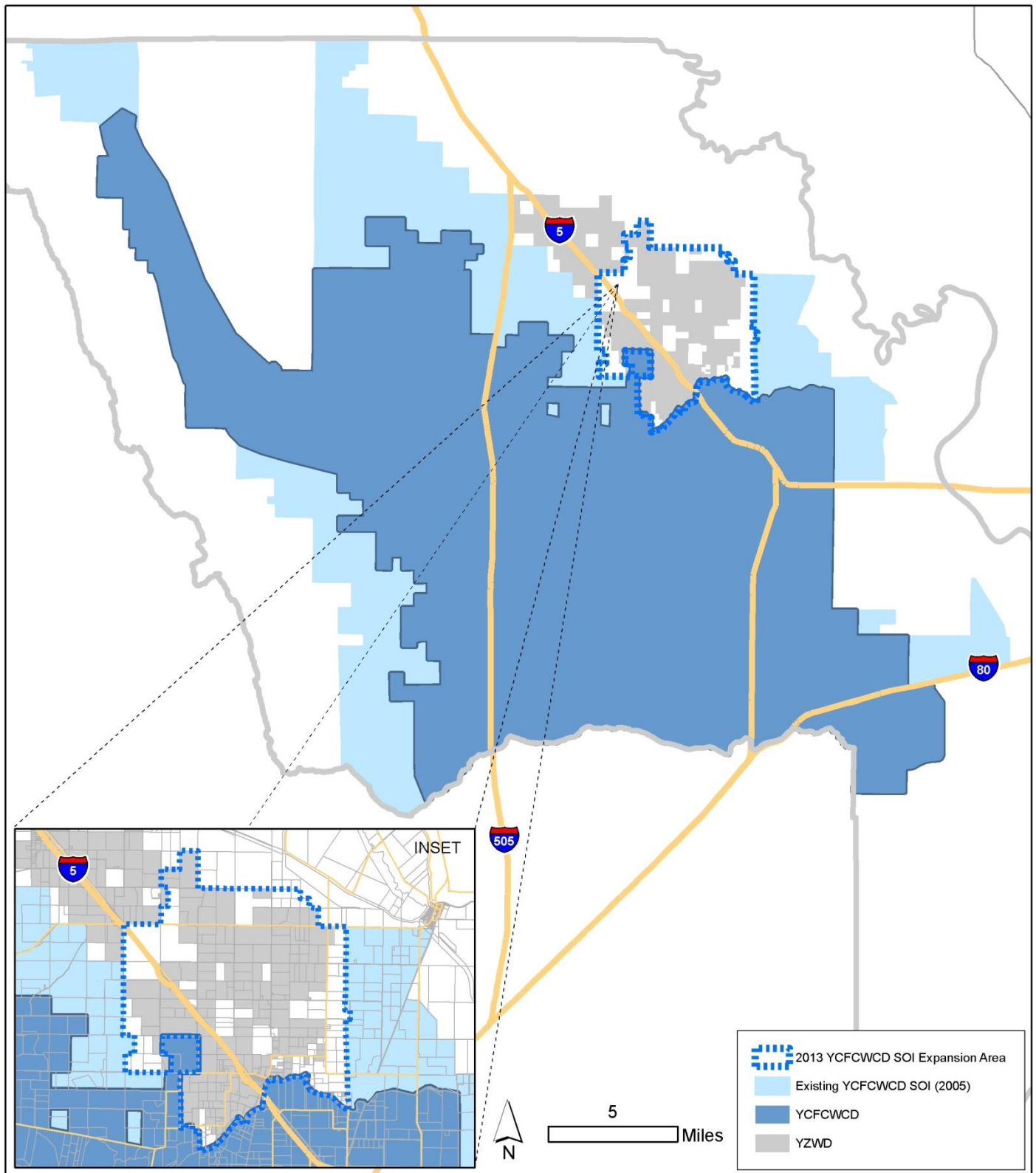


2013 PROPOSED DWD SPHERE OF INFLUENCE EXPANSION

Map VIII-3

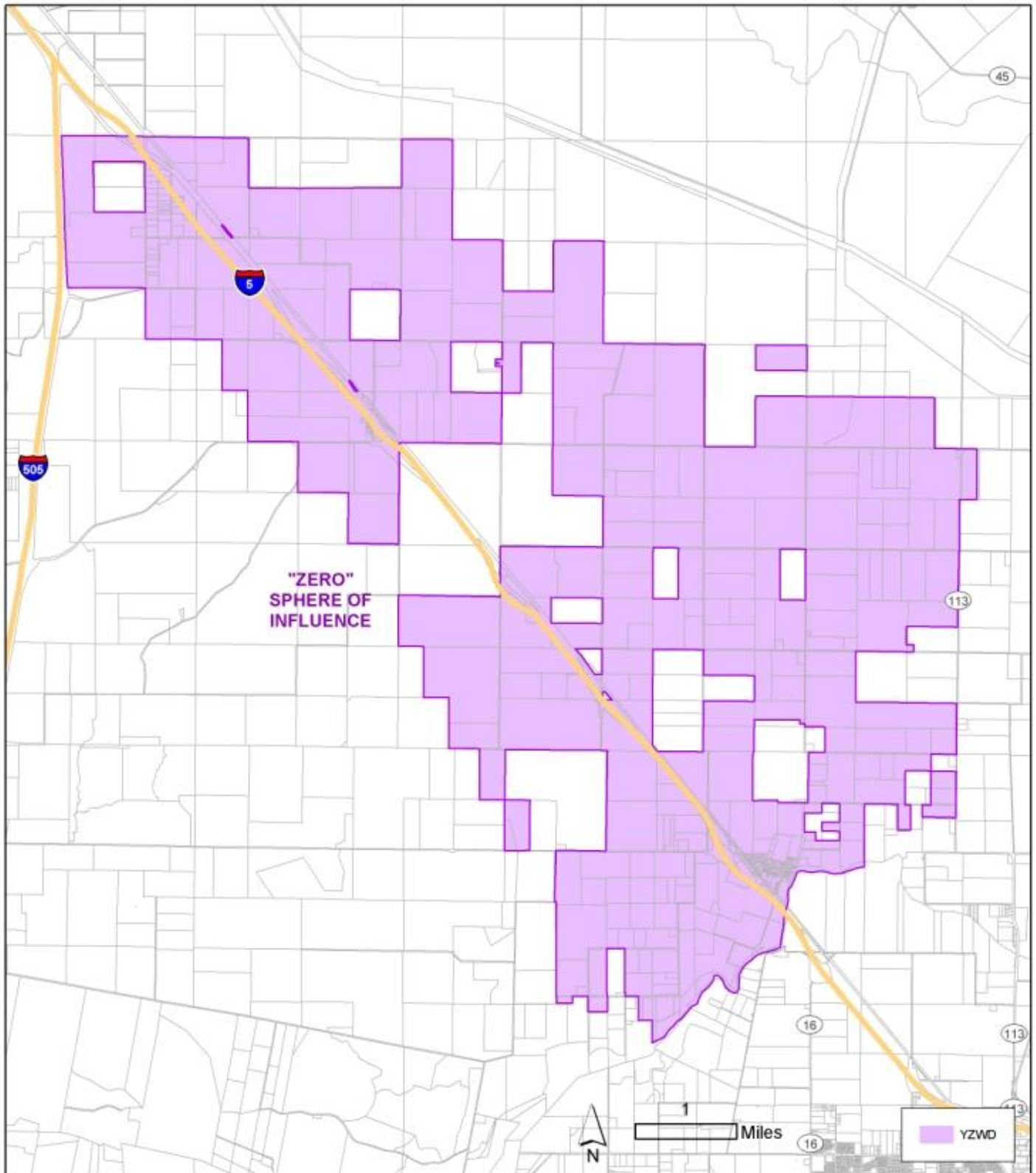


2013 PROPOSED YCFCWCD SPHERE OF INFLUENCE EXPANSION Map VIII-4



2013 PROPOSED YZWD SPHERE OF INFLUENCE

Map VIII-5



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EXHIBITS

- EXHIBIT 1:** Policy for the Definition of “Inhabited Territory” for the Implementation of SB 244 Regarding Disadvantaged Unincorporated Communities
- EXHIBIT 2:** Map of Yolo County Principal Watersheds
- EXHIBIT 3:** DWR E-mail Message to YZWD re Groundwater Level and Land Subsidence Monitoring in Zamora
- EXHIBIT 4:** Cortese-Knox-Hertzberg Act of 2000 – Government Code Sections 56885.5 and 56886 (Terms & Conditions)
- EXHIBIT 5:** April 28, 2003 Letter from YZWD to YCFCWCD re Project Feasibility
- EXHIBIT 6:** Map of 2012 Annexation – Affected Areas
- EXHIBIT 7:** Water Supply Assessment Flowcharts (SB 610 and SB 221)
- EXHIBIT 8:** Draft Dunnigan Specific Plan – Land Use Map

EXHIBIT #1

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

Policy for the Definition of “Inhabited Territory”
For the Implementation of
SB 244 Regarding Disadvantaged Unincorporated Communities

(Approved by Minute Order #2012-09)

Policy: “Inhabited Territory” for the purposes of implementing SB 244 (Wolk) shall be defined as the following list of inhabited unincorporated communities¹:

Binning Farms
Capay
Clarksburg
Dunnigan
El Macero
El Rio Villa
Esparto

Guinda
Knights Landing
Madison
Monument Hills
North Davis Meadows
Patwin Road
Royal Oak

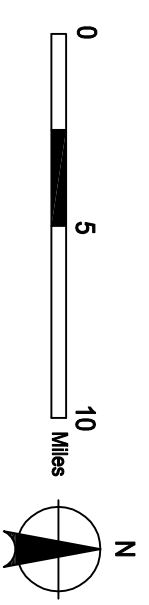
Rumsey
West Kentucky
West Plainfield
Willow Oak
Willowbank
Yolo
Zamora

¹ “Inhabited Unincorporated Communities” is defined as those areas on the County of Yolo 2030 General Plan Land Use Map (see Figures LU-1B through LU-1H) that contain land use designations that are categorized as Residential by Table LU-6. The communities of Rumsey and West Kentucky are also included in this definition (even though the current land use designations are Agriculture (AG) and Commercial Local (CL) respectively) because their existing uses are residential.

EXHIBIT #2

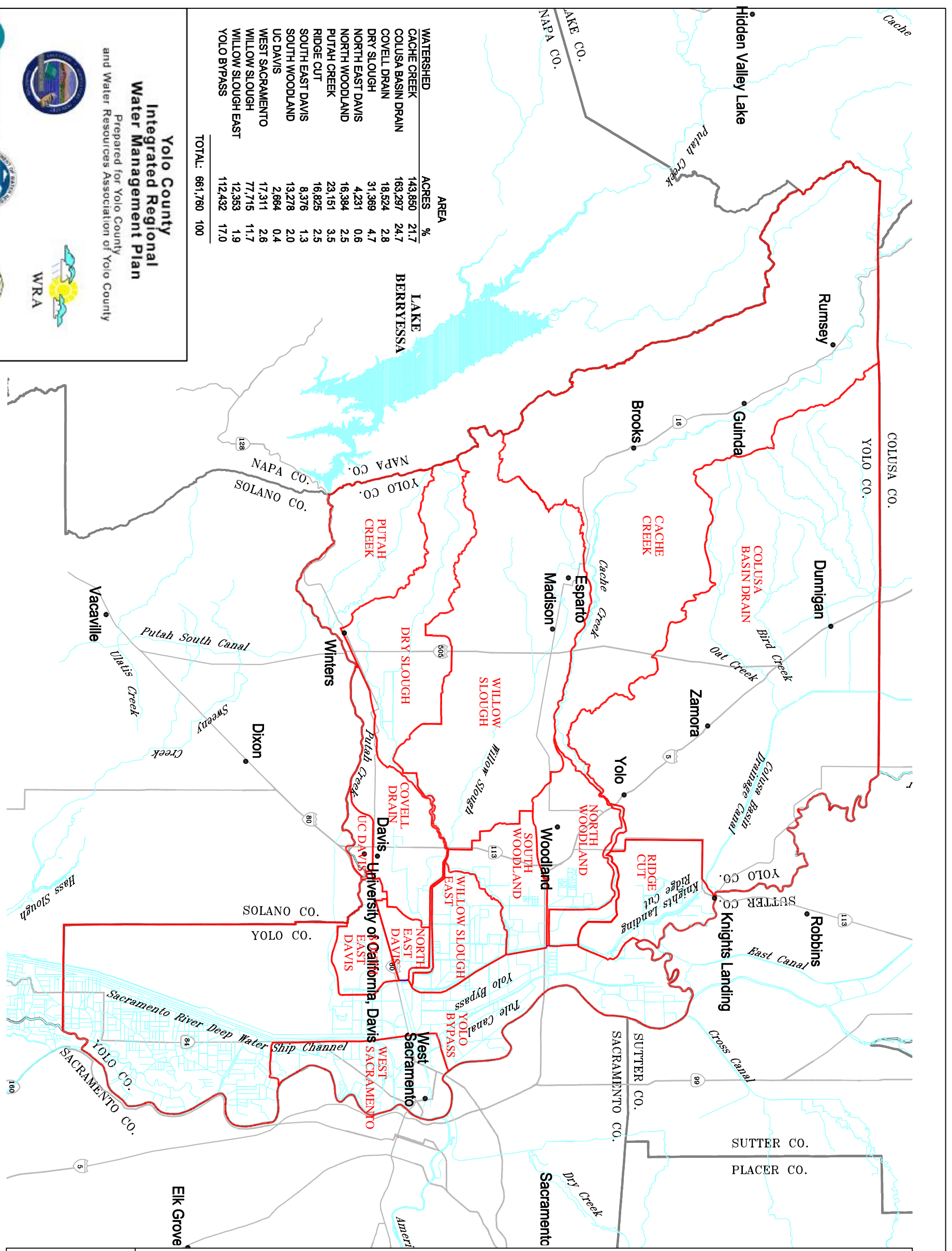
Map 4-2 Yolo County Principal Watersheds

- Watershed or Subwatershed Boundary
- County Boundary
- Major Roads



Projection:
NAD83, CA State Plane, Zone II, Feet.

Map Prepared by:



WATERSHED	ACRES	%
CACHE CREEK	143,850	21.7
COLUSA BASIN DRAIN	163,297	24.7
COVELL DRAIN	18,524	2.8
DRY SLOUGH	31,369	4.7
NORTH EAST DAVIS	4,231	0.6
NORTH WOODLAND	16,384	2.5
PUTAH CREEK	23,151	3.5
RIDGE CUT	16,825	2.5
SOUTH EAST DAVIS	8,376	1.3
SOUTH WOODLAND	13,278	2.0
UC DAVIS	2,664	0.4
WEST SACRAMENTO	17,311	2.6
WILLOW SLOUGH	77,715	11.7
WILLOW SLOUGH EAST	12,353	1.9
YOLO BYPASS	112,432	17.0
TOTAL:	661,760	100

**Yolo County
Integrated Regional
Water Management Plan**
Prepared for Yolo County
and Water Resources Association of Yolo County



EXHIBIT #3

**Zamora Extensometer**

Wednesday, April 24, 2013 3:26 PM

From: "Bonds, Chris@DWR" <Chris.Bonds@water.ca.gov>

To: "skookle@pacbell.net" <skookle@pacbell.net>

Cc: "Bedegrew, Tad@DWR" <Tad.Bedegrew@water.ca.gov>, "Souverville, Mark@DWR" <Mark.Souverville@water.ca.gov>

Hi Twyla,

Thank you for your inquiry regarding DWR's data collection efforts to date at the Zamora Extensometer/Monitoring Well Site.

My staff have prepared this summary of data links and observations for your information and use.

Below are the links for the Zamora Monitoring Well continuous data:

Shallow (180-200' bgs): <http://www.water.ca.gov/waterdata/library/docs/Hydstra/index.cfm?site=11N01E24Q007M>

Mid-Shallow (382-387' bgs): <http://www.water.ca.gov/waterdata/library/docs/Hydstra/index.cfm?site=11N01E24Q006M>

Mid-Deep (583-588' bgs): <http://www.water.ca.gov/waterdata/library/docs/Hydstra/index.cfm?site=11N01E24Q005M>

Deep (784-789' bgs): <http://www.water.ca.gov/waterdata/library/docs/Hydstra/index.cfm?site=11N01E24Q004M>

Land Subsidence Data (1000' depth):

<http://www.water.ca.gov/waterdata/library/docs/Hydstra/index.cfm?site=11N01E24Q006M>

Water Level Observations:

We have continuous data for all four monitoring wells since 1994. In each zone, seasonal highs and lows seem to be fairly consistent for the entire period of record. For the last six to seven years, it appears that there is a slight declining trend line with spring high measurements which can be seen in each of the four zones. This declining trend is very subtle, and it appears that subtle declining and increasing trends have been observed over the period of record. Overall, the water levels appear to be fairly stable over the period of record.

Land Subsidence Observations:

We have continuous land subsidence data from late 1992. Using spring peak measurements from 1993 to 2012, the station is showing a total of 0.623' of total negative displacement. Over those 19 years, the average negative displacement is ~0.033' per year. As seen in the above land subsidence link, that trend appears to be fairly consistent from year to year.

A special thank you goes out to you and the Yolo-Zamora Water District for being a long-time cooperater with DWR (and USGS) at the Zamora Extensometer Site.

If you have any questions about the data collection from this extensometer site, please feel free to contact me.

Sincerely,

Chris

Christopher L. Bonds, PG, HG
Chief, Geology and Groundwater Investigations Section
DWR-North Central Region Office
3500 Industrial Blvd
West Sacramento, CA 95601
916-376-9057 office
916-704-8735 cell
916-376-9676 fax
cbonds@water.ca.gov

EXHIBIT #4

**LAFCO TERMS & CONDITIONS
GOVERNMENT CODE SECTIONS 56885.5 AND 56886**

56885.5. (a) In any commission order giving approval to any change of organization or reorganization, the commission may make that approval conditional upon any of the following factors:

- (1) Any of the conditions set forth in Section 56886.
- (2) The initiation, conduct, or completion of proceedings for another change of organization or a reorganization.
- (3) The approval or disapproval, with or without election, as may be provided by this division, of any resolution or ordinance ordering that change of organization or reorganization.
- (4) With respect to any commission determination to approve the disincorporation of a city, the dissolution of a district, or the reorganization or consolidation of agencies which results in the dissolution of one or more districts or the disincorporation of one or more cities, a condition prohibiting an agency being dissolved from taking any of the following actions, unless it first finds that an emergency situation exists as defined in Section 54956.5:
 - (A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.
 - (B) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission.
- (b) If the commission so conditions its approval, the commission may order that any further action pursuant to this division be continued and held in abeyance for the period of time designated by the commission, not to exceed six months from the date of that conditional approval.
- (c) The commission order may also provide that any election called upon any change of organization or reorganization shall be called, held, and conducted before, upon the same date as, or after the date of any election to be called, held, and conducted upon any other change of organization or reorganization.
- (d) The commission order may also provide that in any election at which the questions of annexation and district reorganization or incorporation and district reorganization are to be considered at the same time, there shall be a single question appearing on the ballot upon the issues of annexation and district reorganization or incorporation and district reorganization.

56886. Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions. If a change of organization or reorganization is made subject to one or more of the following terms and conditions in the commission's resolution making determinations, the terms and conditions imposed shall constitute the exclusive terms and conditions for the change of organization or reorganization, notwithstanding the general provisions of Part 5 (commencing with Section 57300). However, none of the following terms and conditions shall directly regulate land use, property development, or subdivision requirements:

- (a) The payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of any city, county, or district.
- (b) The levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a):
 - (1) Special, extraordinary, or additional taxes or assessments.
 - (2) Special, extraordinary, or additional service charges, rentals, or rates.
 - (3) Both taxes or assessments and service charges, rentals, or rates.
- (c) The imposition, exemption, transfer, division, or apportionment, as among any affected cities, affected counties, affected districts, and affected territory of liability for payment of all or any part of principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of any city, county, district, or any improvement district within a local agency, and the levying or fixing and the collection of any (1) taxes or assessments, or (2) service charges, rentals, or rates, or (3) both taxes or assessments and service charges, rentals, or rates, in the same manner as provided in the original authorization of the bonds and in the amount necessary to provide for that payment.

(d) If, as a result of any term or condition made pursuant to subdivision (c), the liability of any affected city, affected county, or affected district for payment of the principal of any bonded indebtedness is increased or decreased, the term and condition may specify the amount, if any, of that increase or decrease which shall be included in, or excluded from, the outstanding bonded indebtedness of that entity for the purpose of the application of any statute or charter provision imposing a limitation upon the principal amount of outstanding bonded indebtedness of the entity.

(e) The formation of a new improvement district or districts or the annexation or detachment of territory to, or from, any existing improvement district or districts.

(f) The incurring of new indebtedness or liability by, or on behalf of, all or any part of any local agency, including territory being annexed to any local agency, or of any existing or proposed new improvement district within that local agency. The new indebtedness may be the obligation solely of territory to be annexed if the local agency has the authority to establish zones for incurring indebtedness. The indebtedness or liability shall be incurred substantially in accordance with the laws otherwise applicable to the local agency.

(g) The issuance and sale of any bonds, including authorized but unissued bonds of a local agency, either by that local agency or by a local agency designated as the successor to any local agency which is extinguished as a result of any change of organization or reorganization.

(h) The acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.

(i) The disposition, transfer, or division of any moneys or funds, including cash on hand and moneys due but uncollected, and any other obligations.

(j) The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal. However, none of the terms and conditions ordered pursuant to this subdivision shall modify priorities of use, or right of use, to water, or capacity rights in any public improvements or facilities that have been fixed and established by a court or an order of the State Water Resources Control Board.

(k) The establishment, continuation, or termination of any office, department, or board, or the transfer, combining, consolidation, or separation of any offices, departments, or boards, or any of the functions of those offices, departments, or boards, if, and to the extent that, any of those matters is authorized by the principal act.

(l) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

(m) The designation of a city, county, or district, as the successor to any local agency that is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.

(n) The designation of (1) the method for the selection of members of the legislative body of a district or (2) the number of those members, or (3) both, where the proceedings are for a consolidation, or a reorganization providing for a consolidation or formation of a new district and the principal act provides for alternative methods of that selection or for varying numbers of those members, or both.

(o) The initiation, conduct, or completion of proceedings on a proposal made under, and pursuant to, this division.

(p) The fixing of the effective date or dates of any change of organization, subject to the limitations of Section 57202.

(q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.

(r) The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.

(s) The levying of assessments, including the imposition of a fee pursuant to Section 50029 or 66484.3 or the approval by the voters of general or special taxes. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.

(t) The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.

(u) The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts, including, but not limited to, the levying and

collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district.

(v) Any other matters necessary or incidental to any of the terms and conditions specified in this section. If a change of organization, reorganization, or special reorganization provides for, or is made subject to one or more of, the terms and conditions specified in this section, those terms and conditions shall be deemed to be the exclusive terms and conditions for the change of organization, reorganization, or special reorganization, and shall control over any general provisions of Part 5 (commencing with Section 57300).

EXHIBIT #5

YOLO-ZAMORA WATER DISTRICT

P.O. Box 355
Yolo, CA 95697

April 28, 2003

Mr. Bruce Rominger, Chairman
Yolo County Flood Control & Water Conservation District
34274 State Highway 16
Woodland, CA

Subject: YCFCWCD/YZWD Conjunctive Water Use Feasibility Study, Conclusion of Study.

Dear Mr. Rominger and Members of the Board:

On behalf of the Board of Directors of the Yolo-Zamora Water District (YZWD), thank you for the leadership and effort of the Yolo County Flood Control & Water Conservation District (District) to investigate opportunities to provide supplemental surface water to the YZWD for an effective conjunctive water use project.

At the conclusion of the Project Advisory Group Meeting on March 12, 2003, it was agreed among the group members present that the four water supply and delivery alternatives investigated during the study were not financially feasible. Also, preliminary information on a project to service a much smaller area was reviewed. It was agreed the smaller project was not feasible for the landowners that could potentially be involved.

The YZWD Board, at its meeting on Monday, April 28, 2003, reviewed the findings of the Project Advisory Group and concurs with its findings.

The alternatives identified during the course of the investigation have technical merit from the standpoint of water management. Accordingly, the alternatives may warrant reconsideration in the future.

Although a project is not feasible at this time, the Board would like the District to know that individual farmers within the YZWD continue to be interested in receiving supplemental surface water from the District. This Board is hopeful that the District will work with interested individuals to provide supplemental surface water to the extent it is compatible with the District's operation. Any supplemental surface water delivered to the YZWD service area will be beneficial.

In closing, please know that this Board, in representing the Yolo-Zamora Water District, is truly grateful for the District's leadership and efforts aimed at furthering the management of water resources not only within the District, but within Yolo County generally.

Sincerely,



Twyla Thompson, President
Yolo-Zamora Water District

RECEIVED MAY 13 2003

EXHIBIT #6

2012 YCFCWCD ANNEXATIONS

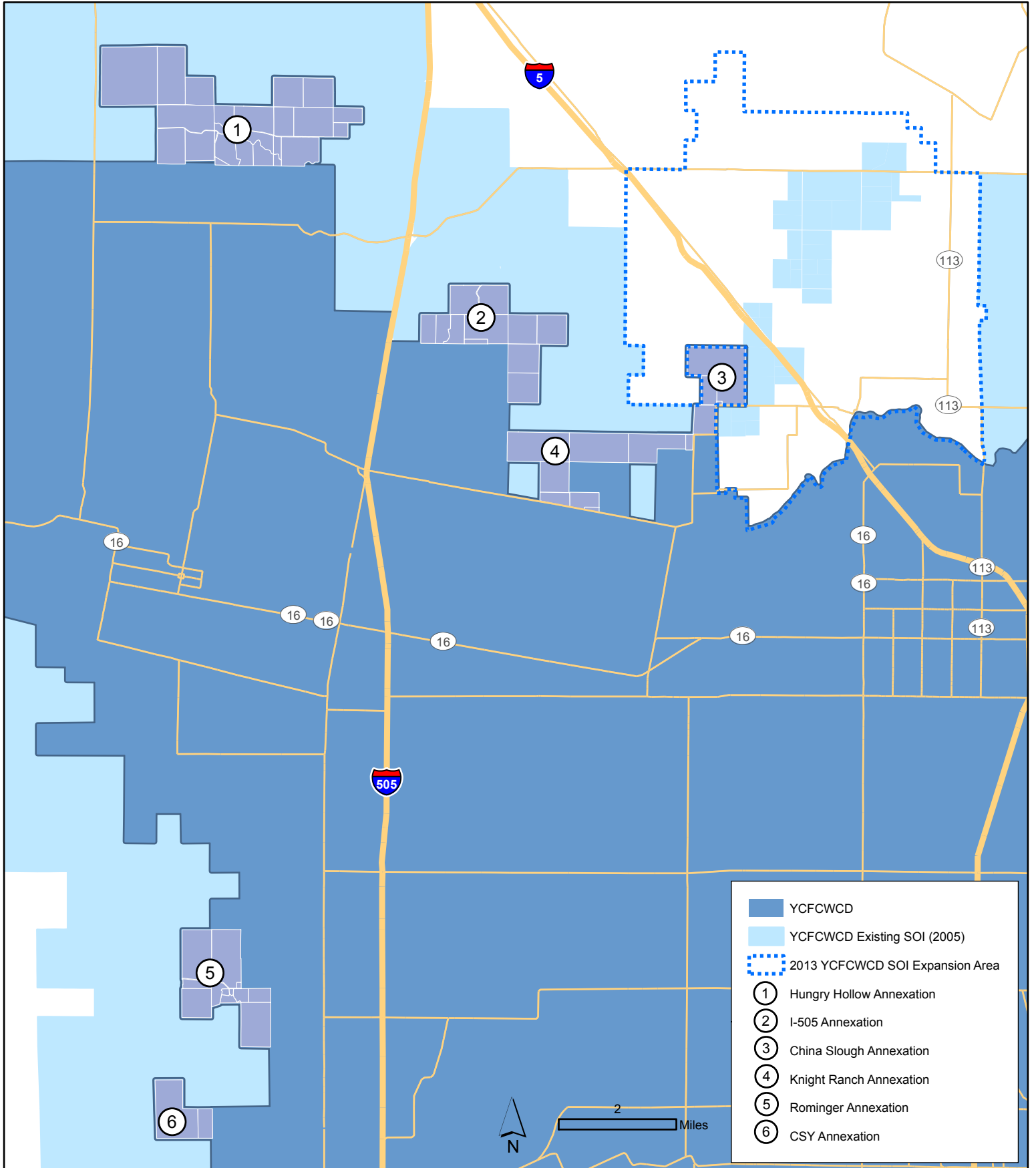
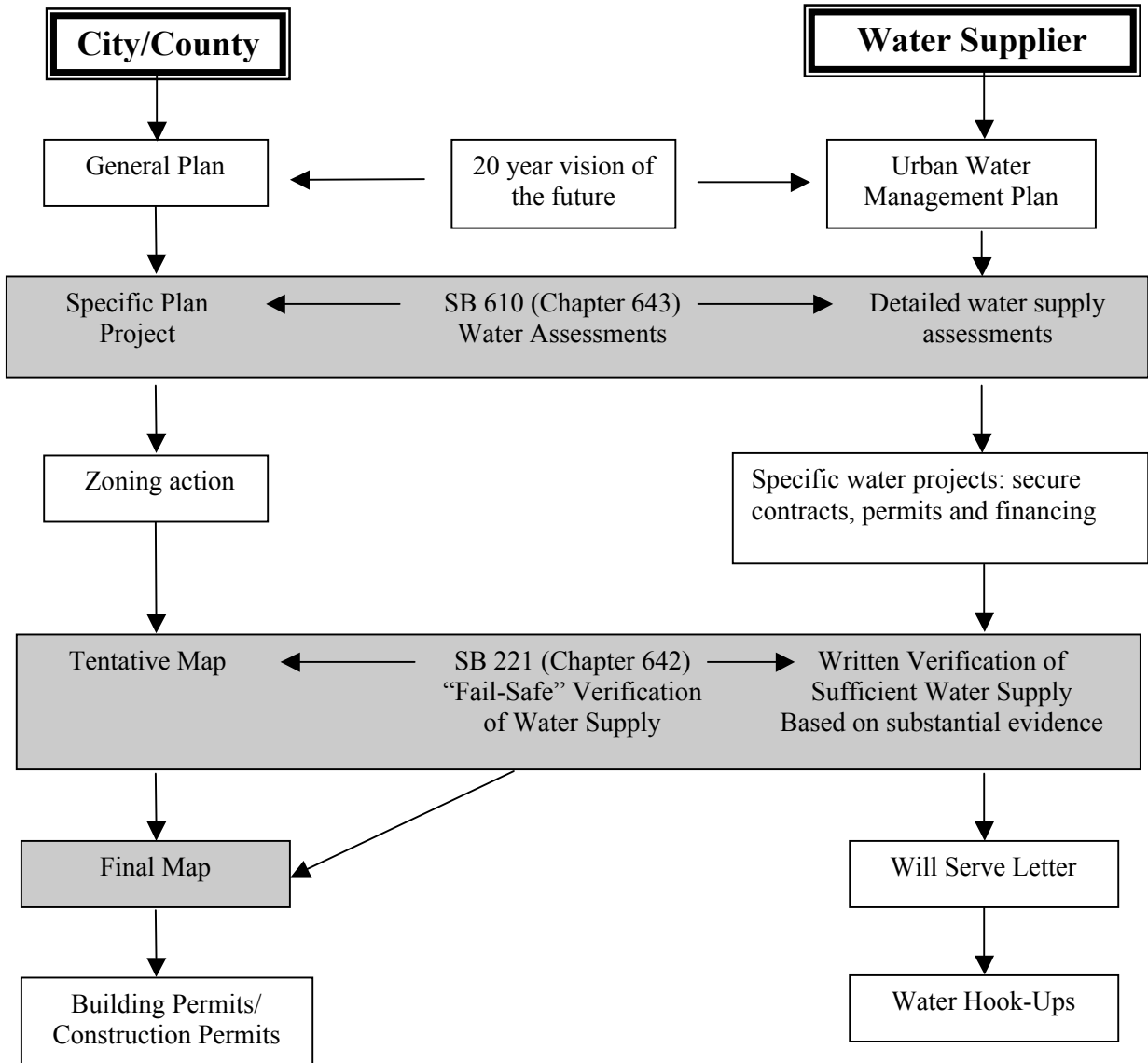


EXHIBIT #7

Two laws that integrate land use and water planning

The following chart illustrates the relationship between a local land use agency and a water supplier in their planning processes. The General Plan, prepared by a City or County Planning Department, and the Urban Water Management Plan prepared by a Water Supplier are the critical source documents used to substantiate the information required by SB 610 and SB 221 at the local level.



For additional information on either the *California Environmental Quality Act* or General Plan Guidelines, please refer to the publications available from the Governor's Office of Planning and Research at: www.opr.ca.gov.

For information and guidance related to the *Urban Water Management Planning Act*, please refer to the Department of Water Resources, Office of Water Use Efficiency available at: <http://www.owue/>.

SB 610 Flowchart

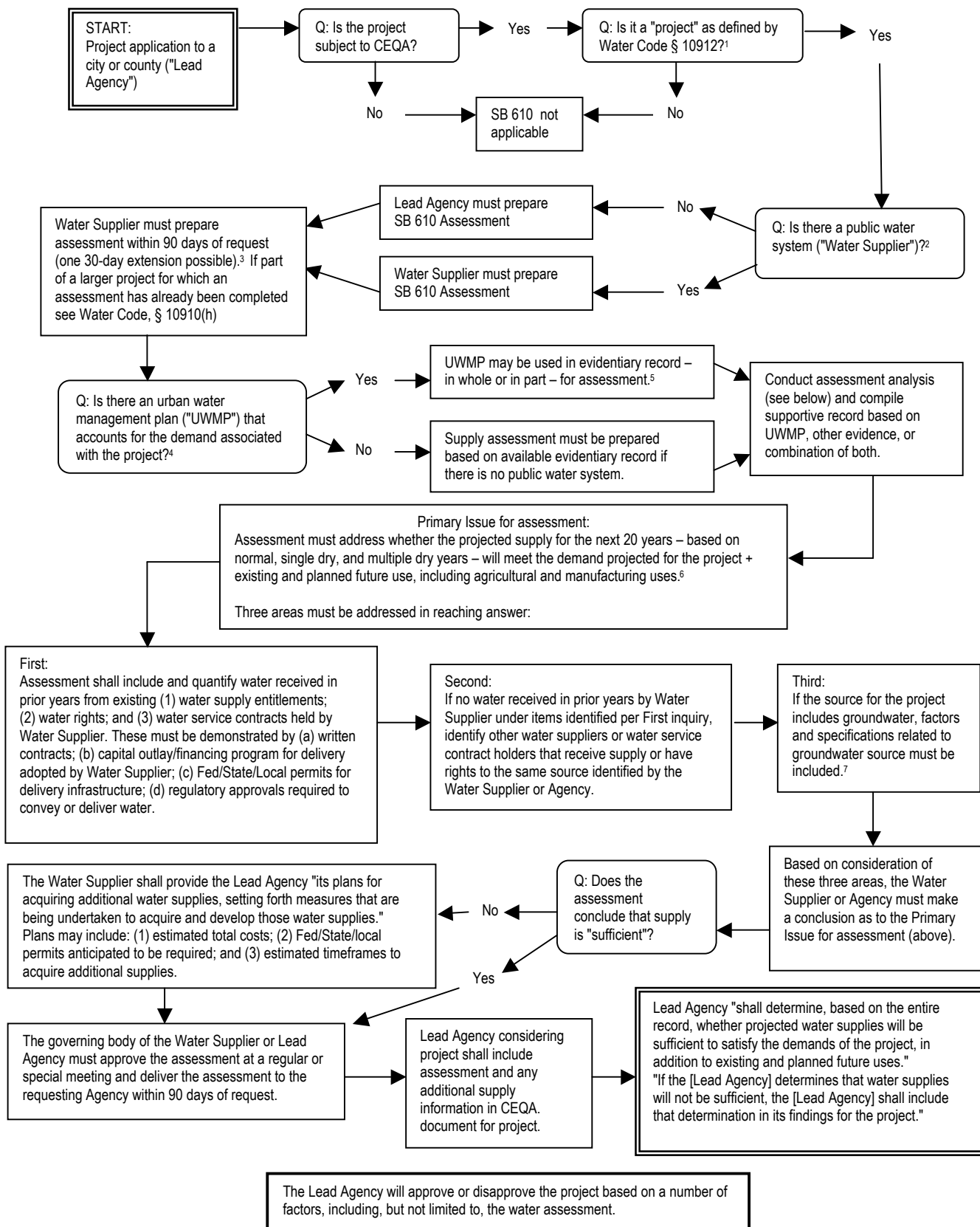


Chart Courtesy of the
The Building Industry Legal Defense

Notes for SB 610 Flowchart

Footnote 1:

California Water Code section 10912.

For the purposes of this part, the following terms have the following meanings:

- (a) "Project" means any of the following:
- (1) A proposed residential development of more than 500 dwelling units.
 - (2) A proposed shopping center or business establishment employing more than 1,000 persons or having more than 500,000 square feet of floor space.
 - (3) A proposed commercial office building employing more than 1,000 persons or having more than 250,000 square feet of floor space.
 - (4) A proposed hotel or motel, or both, having more than 500 rooms.
 - (5) A proposed industrial, manufacturing, or processing plant, or industrial park planned to house more than 1,000 persons, occupying more than 40 acres of land, or having more than 650,000 square feet of floor area.
 - (6) A mixed-use project that includes one or more of the projects specified in this subdivision.
 - (7) A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project.
- (b) If a public water system has fewer than 5,000 service connections, then "project" means any proposed residential, business, commercial, hotel or motel, or industrial development that would account for an increase of 10 percent or more in the number of the public water system's existing service connections, or a mixed-use project that would demand an amount of water equivalent to, or greater than, the amount of water required by residential development that would represent an increase of 10 percent or more in the number of the public water system's existing service connections.

Footnote 2:

California Water Code section 10912.

(c) "Public water system" means a system for the provision of piped water to the public for human consumption that has 3,000 or more service connections. A public water system includes all of the following:

- (1) Any collection, treatment, storage, and distribution facility under control of the operator of the system which is used primarily in connection with the system.
- (2) Any collection or pretreatment storage facility not under the control of the operator that is used primarily in connection with the system.
- (3) Any person who treats water on behalf of one or more public water systems for the purpose of rendering it safe for human consumption. It also means a system that will become a public water supplier if the project puts it over 3,000 service connections.

Footnote 3:

California Water Code section 10910, subdivision (g)(1).

Footnote 4:

The requirement for and contents of an urban water management plan are provided in California Water Code section 10631, as amended by SB 610 in 2001.

Footnote 5:

California Water Code section 10910, subdivision (c)(2) provides that the UWMP may be used, but it may or may not provide all of the information needed.

Footnote 6:

See California Water Code section 10910, subdivisions (c)(3) & (4); see also Government Code section 66473.7, subdivision (a)(2) [SB 221]

Footnote 7:

California Water Code section 10910, subdivision (f):

- (f) If a water supply for a proposed project includes groundwater, the following additional information shall be included in the water assessment:
- (1) A review of any information contained in urban water management plan relevant to the identified water supply for proposed project.
 - (2) A description of any groundwater basin or basins from which the proposed project will be supplied. For those basins for which a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), has the legal right to pump under the order or decree. For basins that have not been adjudicated, information as to whether the department has identified the basin or basins as overdrafted or has projected that the basin will become overdrafted if present management conditions continue, in the most current bulletin of the department that characterizes the condition of the groundwater basin, and a detailed description by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), of the efforts being undertaken in the basin or basins to eliminate the long-term overdraft condition.
 - (3) A detailed description and analysis of the amount and location of groundwater pumped by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), for the past five years from any groundwater basin from which the proposed project will be supplied. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
 - (4) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), from any basin from which the proposed project will be supplied. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
 - (5) An analysis of the sufficiency of the groundwater from the basin or basins from which the proposed project will be supplied to meet the projected water demand associated with the proposed project. A water assessment shall not be required to include the information required by this paragraph if the public water system determines, as part of the review required by paragraph (1), that the sufficiency of groundwater necessary to meet the initial and projected water demand associated with the project was addressed in the description and analysis required by paragraph (4) of subdivision (b) of Section 10631.

SB 221 Flowchart

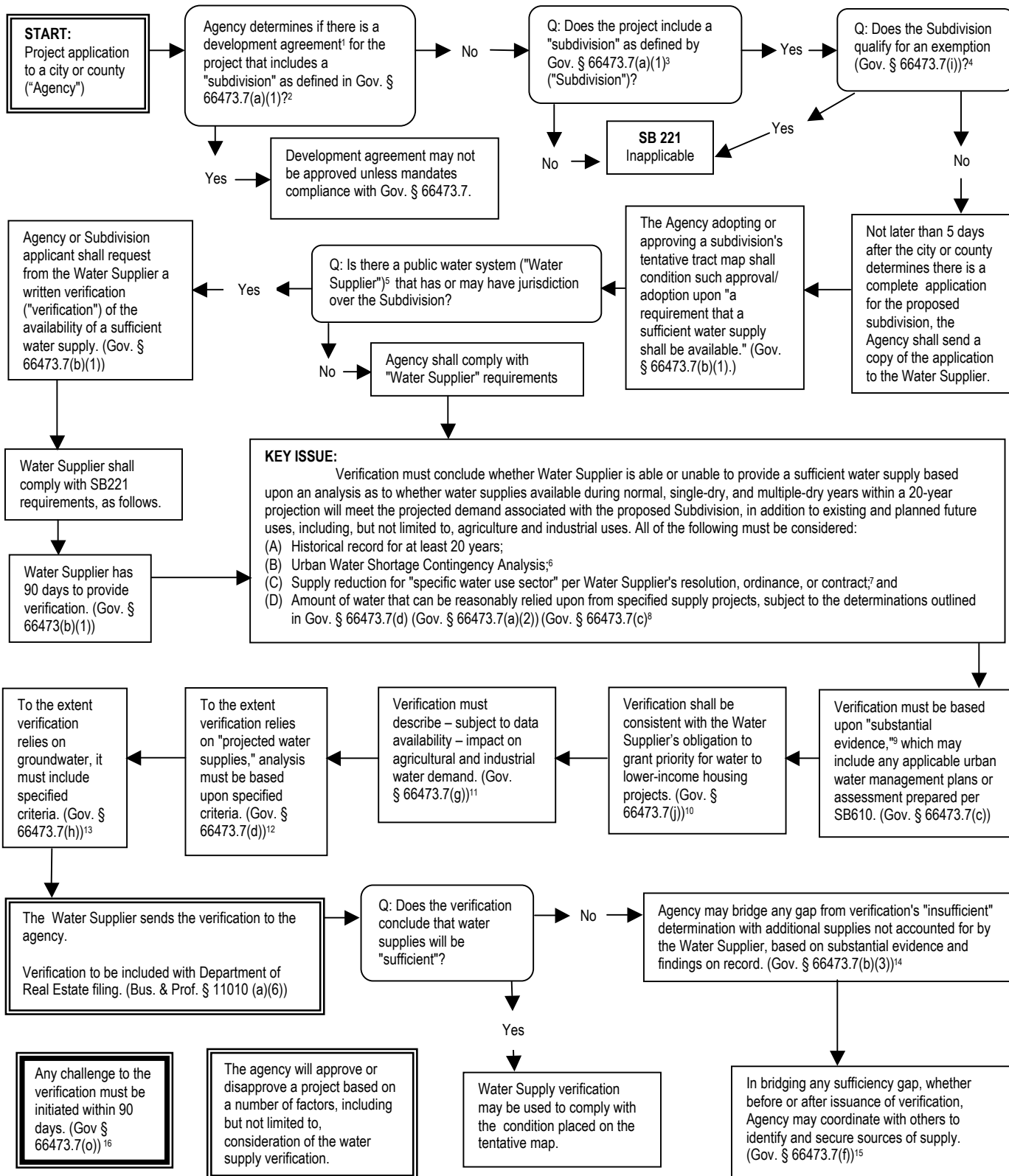


Chart Courtesy of the
The Building Industry Legal Defense Foundation

Notes for SB 221 Flowchart

Footnote 1: Gov. Code § 65867.5

Footnote 2: "Subdivision" is defined as follows per Government Code § 66473.7(a)(1): " 'Subdivision' means a proposed residential development of more than 500 dwelling units, except that for a public water system that has fewer than 5,000 service connections, "subdivision" means any proposed residential development that would account for an increase of 10 percent or more in the number of the public water system's existing service connections." See Government Code § 65867.5(c). (development agreements)

Footnote 3: See note 2.

Footnote 4: Gov. Code § 66473.7(i) provides an exemption for "infill" or "low-income or very-low-income" housing subdivisions as follows: "This section shall not apply to any residential project proposed for a site that is within an urbanized area and has been previously developed for urban uses, or where the immediate contiguous properties surrounding the residential project site are, or previously have been, developed for urban uses, or housing projects that are exclusively for very low and low-income households."

Footnote 5: " 'Public water system' means the water supplier that is, or may become as a result of servicing the subdivision included in a tentative map pursuant to subdivision (b), a public water system, as defined in Section 10912 of the Water Code, that may supply water for a subdivision." (Gov. Code §66473.7(a)(3).) There may be one water supplier for a given project. For example there may be different providers for potable water versus reclaimed water versus groundwater.

Footnote 6: The Urban Water Shortage Contingency Analysis may be prepared pursuant to Water Code § 10632.

Footnote 7: Supply reduction resolution, ordinance, or contract may not conflict with Water Code § 354.

Footnote 8: Specifically, "The amount of water that the water supplier can reasonably rely on receiving from other water supply projects, such as conjunctive use, reclaimed water, water conservation, and water transfer, including programs identified under federal, state, and local water initiatives such as CALFED and Colorado River tentative agreements, to the extent that these water supplies meet the criteria of subdivision (d)." (Gov. Code § 66473.7(a)(2)(D).) Subdivision (d) addresses evidentiary requirements for "projected" water supplies, and these requirements are listed in note 13.

Footnote 9: "The applicable public water system's written verification of its ability or inability to provide a sufficient water supply that will meet the projected demand associated with the proposed subdivision as required by subdivision (b) shall be supported by substantial evidence. The substantial evidence may include, but is not limited to, any of the following:

- (1) The public water system's most recently adopted urban water management plan adopted pursuant to Part 2.6 (commencing with Section 10610) of Division 6 of the Water Code.
- (2) A water assessment that was completed pursuant to Part 2.10 (commencing with Section 10910) of Division 6 of the Water Code.
- (3) Other information relating to the sufficiency of the water supply that contains analytical information that is substantially similar to the assessment required by Section 10635 of the Water Code." (Gov. Code § 66473.7(c).)

Footnote 10: "The determinations made pursuant to this section shall be consistent with the obligation of a public water system to grant a priority for the provision of available and future water resources or services to proposed housing developments that help meet the city's or county's share of the regional housing needs for lower income households, pursuant to Section 65589.7." (Gov. Code § 66473.7(j).)

Footnote 11: "The written verification prepared under this section shall also include a description, to the extent that data is reasonably available based on published records maintained by federal and state agencies, and public records of local agencies, of the reasonably foreseeable impacts of the proposed subdivision on the availability of water resources for agricultural and industrial uses within the public water system's service area that are not currently receiving water from the public water system but are utilizing the

same sources of water. To the extent that those reasonably foreseeable impacts have previously been evaluated in a document prepared pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) or the National Environmental Policy Act (Public Law 91-190) for the proposed subdivision, the public water system may utilize that information in preparing the written verification." (Gov. Code § 66473.7(g).)

Footnote 12: "When the written verification pursuant to subdivision (b) relies on projected water supplies that are not currently available to the public water system, to provide a sufficient water supply to the subdivision, the written verification as to those projected water supplies shall be based on all of the following elements, to the extent each is applicable:

- (1) Written contracts or other proof of valid rights to the identified water supply that identify the terms and conditions under which the water will be available to serve the proposed subdivision.
- (2) Copies of a capital outlay program for financing the delivery of a sufficient water supply that has been adopted by the applicable governing body.
- (3) Securing of applicable federal, state, and local permits for construction of necessary infrastructure associated with supplying a sufficient water supply.
- (4) Any necessary regulatory approvals that are required in order to be able to convey or deliver a sufficient water supply to the subdivision." (Gov. Code § 66473.7(d).)

Footnote 13: "Where a water supply for a proposed subdivision includes groundwater, the public water system serving the proposed subdivision shall evaluate, based on substantial evidence, the extent to which it or the landowner has the right to extract the additional groundwater needed to supply the proposed subdivision. Nothing in this subdivision is intended to modify state law with regard to groundwater rights." (Gov. Code § 66473.7(h).)

Footnote 14: "If the written verification provided by the applicable public water system indicates that the public water system is unable to provide a sufficient water supply that will meet the projected demand associated with the proposed subdivision, then the local agency may make a finding, after consideration of the written verification by the applicable public water system, that additional water supplies not accounted for by the public water system are, or will be, available prior to completion of the subdivision that will satisfy the requirements of this section. This finding shall be made on the record and supported by substantial evidence." (Gov. Code. § 66473.7(b)(3).)

Footnote 15: "In making any findings or determinations under this section, a local agency, or designated advisory agency, may work in conjunction with the project applicant and the public water system to secure water supplies sufficient to satisfy the demands of the proposed subdivision. If the local agency secures water supplies pursuant to this subdivision, which supplies are acceptable to and approved by the governing body of the public water system as suitable for delivery to customers, it shall work in conjunction with the public water system to implement a plan to deliver that water supply to satisfy the long-term demands of the proposed subdivision." (Gov. Code § 66473.7(f).)

Footnote 16: "Any action challenging the sufficiency of the public water system's written verification of a sufficient water supply shall be governed by Section 66499.37." (Gov. § 66473.7(o).) Government Section 66499.37 states: "Any action or proceeding to attack, review, set aside, void or annul the decision of an advisory agency, appeal board or legislative body concerning a subdivision, or of any of the proceedings, acts or determinations taken, done or made prior to such decision, or to determine the reasonableness, legality or validity of any condition attached thereto, shall not be maintained by any person unless such action or proceeding is commenced and service of summons effected within 90 days after the date of such decision. Thereafter all persons are barred from any such action or proceeding or any defense of invalidity or unreasonableness of such decision or of such proceedings, acts or determinations. Any such proceeding shall take precedence over all matters of the calendar of the court except criminal.

EXHIBIT #8

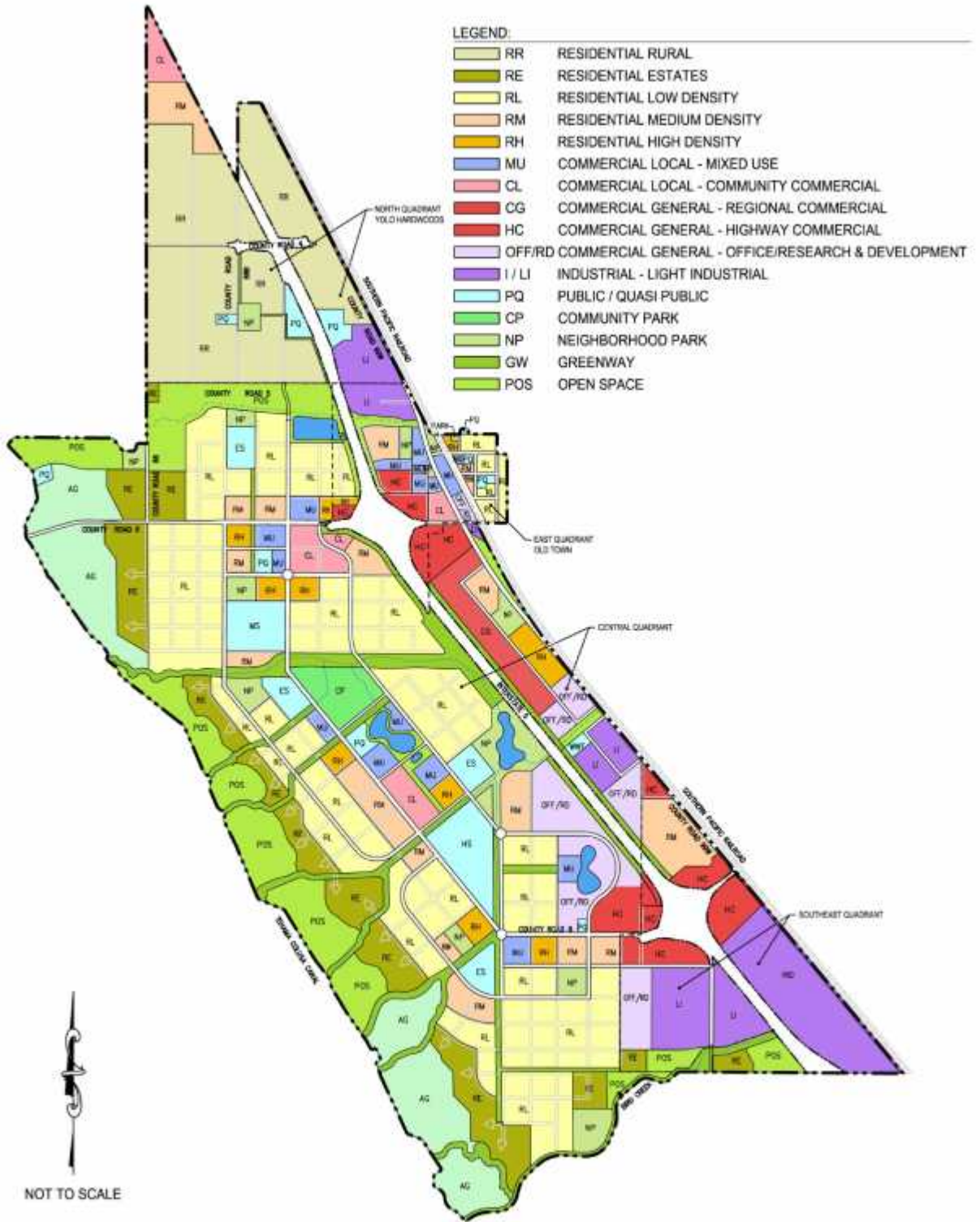


Exhibit 3.1: Land Use/Zoning Exhibit