

Patrick Jones
County Member
Pamelyn Morgan
City Member
Stan Neutze
City Member
Mark Dacquisto
City Member Alternate

Irwin Fust
Special District Member
Mary Rickert
County Member Alternate
Ronnean Lund
Special District Member



Larry Russell
Public Member
Kevin Crye
County Member
Fred Ryness
Special District Alternate

Michael Spenser
Public Member Alternate
George Williamson
Executive Officer
James M. Underwood
General Counsel
Kathy Bull
Manager

Agenda Item: 7.c

Meeting Date: June 1, 2023
From: George Williamson Executive Officer
Subject: Anderson-Cottonwood Irrigation District
Draft Municipal Service Review and Sphere of Influence Update Continued Hearing

Background:

The California Water Code is the law governing irrigation districts (Government Code §22225, et seq.) which authorizes irrigation districts to provide irrigation water services within their boundaries. Anderson-Cottonwood Irrigation District (ACID) is governed by independently elected Board of Directors.

DISCUSSION

The original District intent, when formed in 1914 was to provide irrigation water, obtained from the Sacramento River diversion dam and headworks. The District encompasses approximately 35,169 acres and is an irrigation water only service provider. The Draft Municipal Service Review and Sphere of Influence Update (MSR/SOI Update) was sent to District staff. Based on recent staff conversations, the Draft MSR/SOI Update will be scheduled for District Board review in June. To allow for this, the attached MSR/SOI Update is presented to the Commission as an informational item and continued to allow for District review. This continuance will also allow for staffing changes and review by new staff.

One of the benefits of MSR/SOI Updates is to review services deliveries, procedures and boundary information. LAFCO staff compared the District Boundary to Tax Rate Areas (TRAs) set by the State Board of Equalization and found discrepancies. It's important to have District boundaries match TRAs for property tax revenue and reporting purposes. The District boundary is being adjusted, as a mapping revision, to match TRAs and the SOI is proposed to be updated to encompass the boundary revisions.

The District has approved a 2023 Water Service Application and Agreement. As a condition of receiving irrigation water service, applicants and landowners enter into an agreement to follow District rules, regulations, policies and applicable State and Federal regulations. The agreement includes full responsibility and liability for use or misuse of delivered water, including damages to adjoining property due to failure to adequately control delivered water. Applicants agree to accept the District's water service terms and conditions. The District reserves the right to adjust water service rates when required based on District economic needs.

Draft MSR/SOI Update Determinations to date include:

The District should coordinate with local/regional agencies with land use authority (County of Shasta, Cities of Redding and Anderson), to determine how best to preserve irrigated agricultural land.

The District does not provide a primary service a DUC may be lacking (potable water, wastewater, fire protection), so the District's service does not affect the provision of these services to DUCs.

The District Board adopts an annual budget and oversees expenditures throughout the fiscal year. The District has annual audits with budgets and associated rate settings adopted by the Board of Directors. The District sources of income are primarily the sale of delivered water, which provide funds necessary to meet financial obligations. The District had a balanced budget in 2020 and a surplus in 2021 and 2022

There are limitations – geographically, jurisdictionally, and operationally – on District irrigation water service facilities being extended to and/or shared with other areas or other water service purveyors. The Sphere extends beyond the boundary in several areas covering an additional 3,720 acres. As the only irrigation district in Shasta County, shared opportunities are unique to this service and therefore limited. Historically, the District has provided water to other Districts (for a fee) on an as-available basis.

The Draft District MSR/SOI Update is attached.

RECOMMENDATION

Staff recommends the Commission:

- Receive verbal report from staff;
- Open for public comments and read any testimony received; and
- Discuss item, continue public hearing to August 3 2023

Attachments

Anderson-Cottonwood Irrigation District CSD MSR and SOI Update

Shasta Local Agency Formation Commission



Municipal Service Review & Sphere of
Influence Update

Anderson-Cottonwood Irrigation District

Commission Review Draft
June 2023 – to be continued

SHASTA LOCAL AGENCY FORMATION COMMISSION

Commissioners

Patrick Jones, County Member - District 5 Supervisor

Kevin Crye, County Member & Vice Chair - District 1 Supervisor

Stan Neutze, City Member - City of Anderson

Pamelyn Morgan, City Member – City of Shasta Lake

Ronnean Lund, Special District Member – Anderson Cottonwood Irrigation District

Irwin Fust, Special District Member & Chair - Clear Creek Community Services District

Larry Russell, Public Member

Alternate Members:

Mary Rickert, County Member - District 3 Supervisor

Mike Dacquisto, City Member - City of Redding

Fred Ryness, Special District Member – Burney Water District

Michael Spenser, Public Member

Shasta LAFCO Staff:

George Williamson, AICP, Executive Officer

Kathy Bull, Office Manager

James M. Underwood, Legal Counsel

Planwest Partners Staff:

Jason Barnes, GIS Analyst

Cosette McCave, Planning Technician

Acknowledgements:

LAFCO staff would like to thank Municipal Service Review contributors. Input instrumental in completing this report was provided by General Manager Jered Shipley, and Administrative Specialist Katie Hatfield-Trejo.

Table of Contents

<u>Municipal Service Review</u>	1
<u>Sphere of Influence Update</u>	1
<u>Introduction</u>	1
<u>Community Services Districts Overview</u>	1
<u>Principal Act</u>	Error! Bookmark not defined.
<u>Service Review Determinations</u>	1
<u>Sphere of Influence Determinations</u>	2
<u>Uses of the Report</u>	3
<u>Review Methods</u>	3
<u>California Environmental Quality Act</u>	3
<u>Common Topics for an Agency Profile</u>	4
<u>Agency Profile</u>	5
<u>Formation</u>	5
<u>CSD Boundary and Sphere</u>	5
<u>Other Service Providers</u>	6
<u>Existing and Planned Land Uses</u>	6
<u>Growth and Population</u>	6
<u>Disadvantaged Unincorporated Communities</u>	9
<u>Municipal Services</u>	9
<u>Financial Overview</u>	15
<u>Accountability and Governance</u>	16
<u>Municipal Service Review Determinations</u>	17
<u>Sphere of Influence Determinations</u>	18
Figures	
<u>Figure 1: ACID Boundary and Proposed Sphere of Influence</u>	7
<u>Figure 2: ACID Land Uses</u>	8
Tables	
<u>Table 1: ACID Overview Summary</u>	5
<u>Table 2: ACID Water Use Rates</u>	11
<u>Table 3: ACID Budgets</u>	15
<u>Table 4 ACID Board of Directors</u>	16

MUNICIPAL SERVICE REVIEW SPHERE OF INFLUENCE UPDATE

Introduction

Municipal Services Reviews (MSRs) provide agency infrastructure, management, services & boundary information. The report is for Shasta Local Agency Formation Commission's (LAFCO) use in conducting a statutorily required MSR review process. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that the Commission conduct periodic reviews for cities & special districts in Shasta County (Government Code § 56425).

State law also requires that, prior to Sphere of Influence (SOI) adoption, LAFCO must conduct a review of municipal services provided by that local agency (Government Code §56430). This report provides LAFCO with a tool to study current & future public service conditions comprehensively & evaluate organizational options for accommodating growth, preventing urban sprawl, & ensuring that critical services are provided efficiently.

Irrigation Districts Overview

Irrigation Districts are independent special districts under the California Water Code Law (Government Code §22225, et seq.). They can provide irrigation water to unincorporated areas.

California Water Code

The California Water Code is the law governing irrigation districts (Government Code §22225, et seq.) which authorizes irrigation districts to provide irrigation water services within their boundaries. Anderson-Cottonwood Irrigation District (ACID) is authorized to provide irrigation water services.

Regional Water Management Planning

The Anderson Cottonwood Irrigation District is a participant in the Sacramento Valley Regional Water Management Plan (RWMP). This plan is periodically updated, with the most recent RWMP Annual Update prepared by the Sacramento River Settlement Contractors (SRSC), in cooperation with the U.S. Bureau of Reclamation. These updates are in accordance with Regional Criteria for Evaluating Water Management Plans for the Sacramento River Contractors (Regional Criteria). The Sacramento Valley RWMP was initially completed in 2007. The Regional Criteria specifies that annual updates report on implementation actions taken, along with any RWMP additions and revisions. RWMP Annual Updates include updated information and status on numerous topics included as part of the RWMP.

Service Review Determinations

Government Code §56430 requires LAFCO to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

- (1) Growth and population projections for the affected area;
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI;
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI)
- (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; and
- (7) Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

This service review provides an overview of the Irrigation District along with an agency profile. The report also includes service review determinations and sphere of influence recommendations for:

Anderson-Cottonwood Irrigation District

State Guidelines and Commission policies encourage stakeholder cooperation in the municipal service review preparation. It also provides a basis to evaluate, and make Spheres of Influence updates, if appropriate.

Sphere of Influence Determinations

A SOI is a LAFCO-approved boundary that designates an agency's probable physical service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCO is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCO must update those SOIs every five years. In updating the SOI, LAFCO is required to conduct a MSR and adopt related determinations. In addition, in adopting or amending an SOI, LAFCO must make the following determinations:

- (1) Present and planned area land uses, including agricultural and open-space lands;
- (2) Present and probable need for public facilities and services in the area;
- (3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- (4) Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency; and
- (5) Present and probable need for public facilities and services related to sewers, municipal or industrial water, or structural fire protection of any disadvantaged unincorporated communities in the existing SOI (effective July 1, 2012).

Uses of the Report

This service review provides the opportunity to identify trends relating to the adequacy, capacity, and cost of providing services in rural areas of Shasta County. Service reviews may identify district boundary changes, where appropriate, to extend services; evaluate consolidation feasibility and implement other measures to address community irrigation needs. The potential report uses are described below.

To Update Spheres of Influence

MSRs serve as the basis for SOI updates which consider territory LAFCO believes represents an agency's appropriate future jurisdiction and service area. Boundary changes, such as annexations, must be consistent with an agency's SOI with limited exceptions.

To Consider Jurisdictional Boundary Changes

LAFCO is *not* required to initiate any boundary changes based on service reviews. However, LAFCO, other local agencies (including cities, special districts, or the County), or the public may subsequently use this report together with additional research and analysis, where necessary, to pursue changes in jurisdictional boundaries.

Resource for Further Studies

Other entities and the public may use this report for further study and analysis of issues relating to Irrigation Districts and municipal services in Shasta County.

Review Methods

The following information was considered in the service review:

- o Agency-specific data: responses to LAFCO Requests for Information from Anderson-Cottonwood ID, maps, district plans and agency correspondence;
- o Land Use and Shasta County General Plan data: Shasta County Resource Management –Planning Division;
- o Demographic data: U.S. Census; CA Finance Department & Water Resources Board;
- o Finances: budgets, rates and fees; and
- o Other Reports and Assessments: State Water Resources Control Board citation.

The information gathered was analyzed and applied to make the required determinations for the agency and reach conclusions about the focus issues identified in the service review. All information gathered for this report is filed by LAFCO for future reference.

California Environmental Quality Act

The California Environmental Quality Act (CEQA) is contained in Public Resources Code §21000 *et seq.* Under this law, public agencies are required to evaluate the potential environmental effects of their actions. MSRs are statutorily exempt from CEQA pursuant to §15262 (feasibility or planning studies) and categorically exempt pursuant to CEQA Guidelines §15306 (information collection). It should be noted that when LAFCO acts to update an SOI, CEQA requirements must be satisfied. The lead agency for CEQA compliance would most likely be LAFCO.

Common Agency Profile Topics

Several topics are evaluated in an agency profile. Those topics are defined in this section and discussed further in the agency profile.

Disadvantaged Unincorporated Communities

LAFCO is required to evaluate disadvantaged unincorporated communities (DUCs) as part of its municipal service review process. Per California Senate Bill 244, a DUC is defined as any area with 12 or more registered voters where the median household income (MHI) is less than 80 percent of the statewide MHI. Within a DUC, three basic services are evaluated: water, sewer and fire protection.

The most recently available data for US Census Block Groups, Tracts and Places from the US Census American Community Survey (ACS) 5-Year Data is used to determine disadvantaged communities in the region of interest. Using this information, each district or agency is evaluated to determine whether it is a DUC, or in the case of cities, whether there are DUCs within the city's SOI. In many cases, Census Block Groups are larger than Districts.

Shasta County Growth Projections

Between 2014 and 2018, the estimated Shasta County population grew from 178,520 to 180,040 people, an average annual growth rate of 0.17 percent¹. When reviewing population data, it is important to distinguish between population changes that affect the entire County and unincorporated area, which can be affected by annexations and other boundary changes. The unincorporated area currently makes up about 38% of the County's total population. The California Department of Finance projects the County's population will increase from 179,412 to 188,154, between 2020 and 2030, an average annual growth rate of 0.49%². If the unincorporated area's portion of the County remains near 38%, the population would increase from 68,177 to 71,499.

According to the most recent California Department of Finance estimate, the Shasta County population decreased by 0.1% from 2018 to 2019³. This could be the result of recent wildfires. For report purposes an annual population growth estimate of 0.17% to 0.49% is used to predict the future population range that may be served by during this MSR cycle.

Existing and Planned Land Uses

Land use within the unincorporated portion of the districts is subject to the Shasta County General Plan and Zoning Regulations, which was last updated in 2004.

Governance and Accountability

Anderson-Cottonwood ID operates as an independent special district under an elected Board of Directors pursuant to California Water Code (Government Code §21375, et seq.).

¹ US Census Bureau, 2014-2018 American Community Survey 5-year Estimates for Shasta County (Table S0101). Accessed July 5, 2020.

² California Department of Finance, Projections, P-1: State Population Projections (2010-2060), Total Population by County (1-year increments).

³ California Department of Finance, E-1 Cities, Counties, State Population Estimates— January 1, 2018, 2019, May 2019.

AGENCY PROFILE



This section profiles the Irrigation District listed below. Included in the profile is a description of the agency’s organizational development, tables listing key service information, and maps showing jurisdictional boundaries.

The Anderson-Cottonwood Irrigation District provides supplemental water under long-term agreements to the Bella Vista Water District, the City of Shasta Lake, and the Shasta Community Services District (CSD). They also provide water to the communities of Anderson and Cottonwood, as well as some residents in south Redding.

Table 1: Anderson-Cottonwood ID Overview Summary

Primary Contact	Jered Shipley, General Manager j.shipley@acidistrict.org		
Address & Phone #:	810 Silver Street Anderson, CA 96007	530-365-7329	
Website	https://www.andersoncottonwoodirrigationdistrict.org/		
Services Provided	Irrigation Water		
Population Served:	4,100	District Size:	35,169 acres

Formation

The Anderson-Cottonwood ID was formed in 1914 to provide irrigation water, obtained from the Sacramento River diversion dam and headworks.

Irrigation District Boundary and Sphere of Influence

The District boundary is shown in Figure 1. The District is located partially in the City of Redding and extends south into Tehama County. It includes portions of the City of Anderson and Town of Cottonwood. The District overlaps the service area boundaries of these water purveyors but does not provide water for municipal and industrial uses in these communities.

The Sphere extends beyond the boundary in several areas covering an additional 3,720 acres. The District boundary based on State Board of Equalization Tax Rate Area (TRA) mapping extends outside the SOI. A SOI update is proposed to reconcile this.

- Anderson-Cottonwood Irrigation District Boundary - 35,169 acres
- District Boundary with Updated (TRA match) Sphere of Influence - 38,889 acres
- District Within City of Redding - 3,193 acres
- District within City of Anderson 3,562 acres

Annexations and Detachments since last MSR

None

Other Service Providers

Several other service providers operate within the Anderson-Cottonwood Irrigation District boundaries. These are described below.

The Shasta Mosquito and Vector Control District (SMVD) encompasses the Cities of Redding, Anderson, and Shasta Lake, the entire I-5 corridor through the county, Lakehead area and unincorporated areas to the west and east of Anderson. The current area of SMVD is approximately 1,291 square miles. The District monitors and controls mosquito populations through their focus on juvenile populations more concentrated and easier to abate using physical, biological, and chemical methods. The District also works on adult mosquito control activities and monitors for other vectors including ticks and rodents.

County Service Area (CSA) #1 Shasta County Fire's boundary is coterminous with the County boundary, excluding any areas with independent fire districts and areas served by cities. Shasta County Fire covers approximately 3,251 square miles and serves a population of over 70,000. They offer fire protection, fire suppression, and emergency medical services. Station No. 52 has a joint use agreement with the District for partial use of the building. The Happy Valley Fire Protection District serves a portion of the District, with mutual and automatic aid agreements with CSA #1 and Anderson Fire Protection District.

A portion of the City of Anderson is served by the District. The City of Anderson provides water, wastewater, law enforcement, parks and recreation, planning, transportation planning, street maintenance, and building inspection to their residents. According to the 2020 U.S. Census, the City had a total population of 11,323. The City of Anderson covers approximately 4,627 acres of the District with a total City and SOI acreage of 8,379 acres.

The City of Redding has incorporated area within the District's boundary. The City of Redding offers its residents a full range of municipal services, such as, parks and recreation, housing and community development, police, solid waste, fire, and public works.

Western Shasta Resource Conservation district encompasses approximately 1.7 million acres bounded on the east by the watershed divide between eastern and western Shasta County; the north by the Siskiyou County line; the west by the Trinity County line; and the south by the Tehama County line. The District serves a population of 64,000. They provide support for projects in wetland and riparian habitat restoration, habitat mitigation, and fire protection, including increasing forest health and defensible space.

Existing and Planned Land Uses

Land Use

Shasta County Land Use designations in ID shown in Figure 2. Land use includes... City land uses include industrial (I), mixed use (MU) and public facility (PF).

Zoning

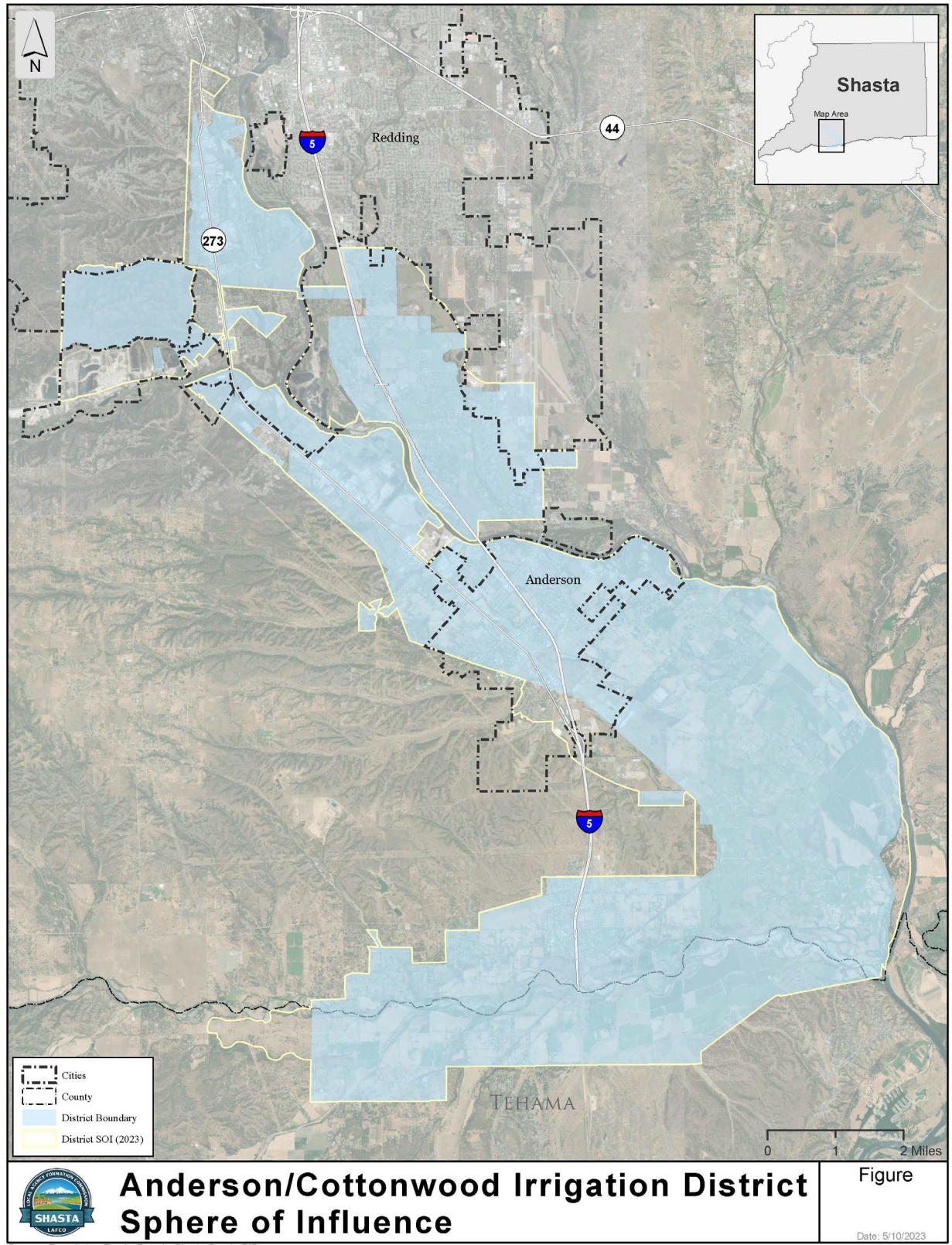
District Zoning is varied, with a mix of more rural County land uses in unincorporated areas and more urban uses in Cities of Redding and Anderson.

Growth and Population

According to the most recent American Community Survey 5-year estimate (2014-2018) and Shasta County GIS parcel data, the Anderson-Cottonwood population is 4,100.

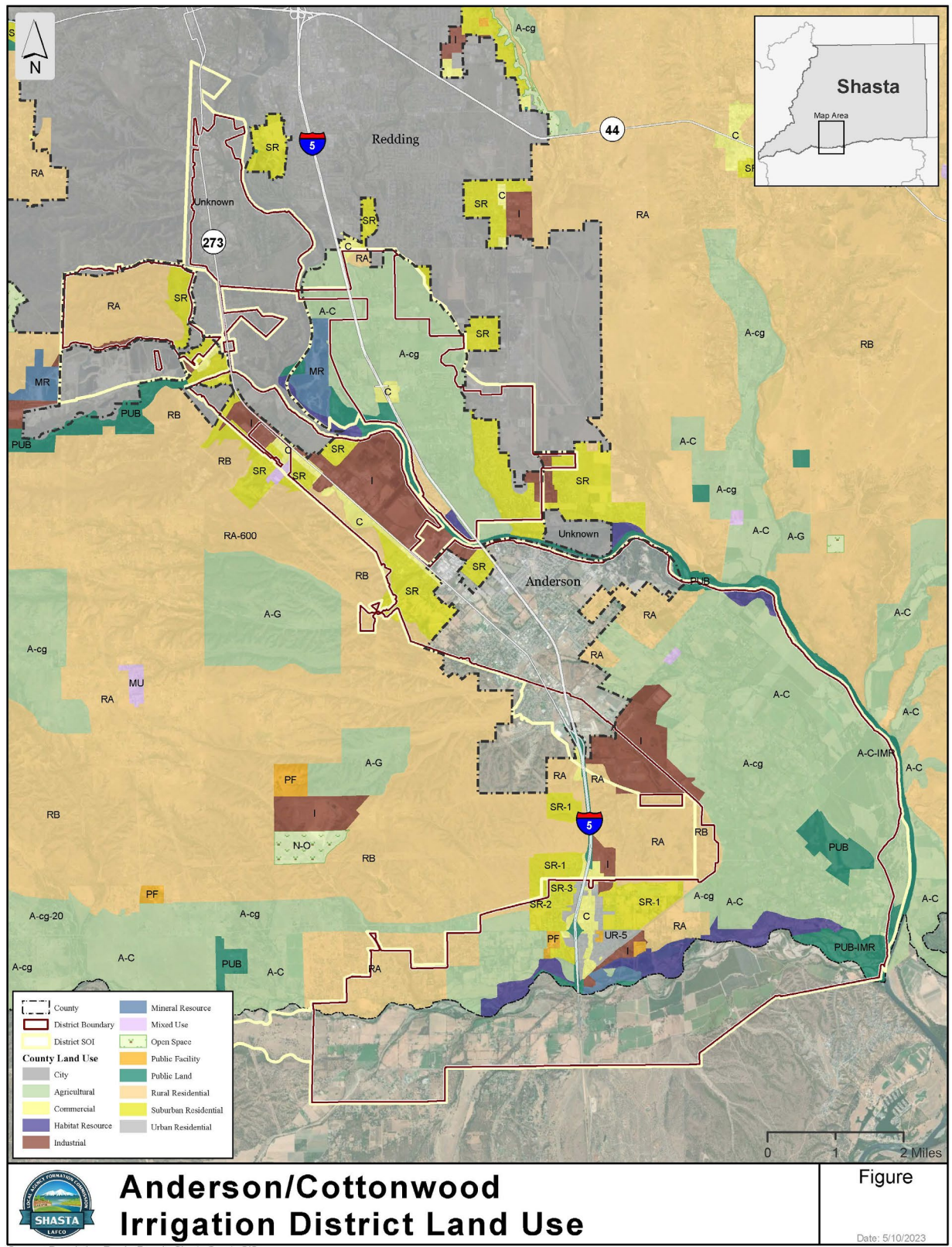
Anderson-Cottonwood Irrigation District Municipal Service Review & Sphere of Influence

Figure 1. District Boundary and Proposed Sphere of Influence.



Anderson-Cottonwood Irrigation District Municipal Service Review & Sphere of Influence

Figure 2. Land Uses



Disadvantaged Unincorporated Communities

Since irrigation water supply and distribution is the only service the District provides, the District has no role in providing services (potable water, wastewater, fire services) that play a role in DUC determination and as such this would not be a factor in the SOI Update or future annexation considerations.

Median Household Income

Households on the 1,240 parcels in the District have a MHI above the State average.

Municipal Services

Anderson-Cottonwood ID provides irrigation water services to the-Cottonwood community, portions of the Cities of Anderson and Redding and surrounding areas within the District Boundary.

Irrigation Water Services

The District has four sub-regions, or areas, each having their own ditch tender. Ditch tenders maintain water levels and deliveries in their respective areas. They also help to start, stop, and record deliveries to customers. Customers receive deliveries from the District on a rotation of once every two weeks. Turnouts are sized and deliveries are based on the premise that 5 cubic feet per second (cfs) will irrigate 1 acre in 1 hour.

Customers apply for water in March prior to the beginning of the irrigation season. Water orders identify the assessor parcel number(s) together with the number of acres to be irrigated. Customers are charged annually for water based on the number of acres ordered. The District's water charges include an application fee that is payable in two installments. The first being due with the application and the second being due in mid-May.

Facility Improvements Policy

The District's Facility Improvements Policies (summarized from 2013 revisions) include:

1. Committing to repairing, replacing and expanding physical facilities in order to (1) perpetuate and enhance District services and (2) minimize the significant risks, hazards, and nuisances associated with those facilities.
2. Including capital improvement projects and funding in its annual budget plan. The level of funding shall be as approved by the Board in the annual budget.
3. Developing annual budget proposals that target at least 25% of the District's total annual expenditures for capital improvement projects.
4. Specific projects or programs included in the preliminary capital improvement budget proposal shall be selected based on achieving multiple objectives.
5. Capital improvement projects funding emphasizing use of revenues generated from surplus water sales to other public agencies or non-district customers.
6. Developing and annually updating a five-year capital improvement plan for consideration and adoption by the Board of Directors as part of the annual budget development process.

2023 Water Service Application and Agreement

As a condition of receiving irrigation water service, applicants and landowners enter into an agreement to follow District rules, regulations, policies and applicable State and Federal regulations. The agreement includes full responsibility and liability for use or misuse of delivered water, including damages to adjoining property due to failure to adequately control delivered water. Applicants agree to accept the District's water service terms and conditions. The District reserves the right to adjust water service rates when required based on District economic needs. The agreement stipulates that water use charges not paid may be added as a property assessment.

The application limits District liability for any damages from improper construction, maintenance or use of District facilities, or the delivery or failure to deliver water, or the waste of water, or by permitting the flow of water, or diverting water. Disputes are resolved by arbitration.

Water Supply:

The District water supply is received from the Sacramento River. The majority of the District's supply is diverted from the Sacramento River at Caldwell Park in Redding, through a gravity feed enabled by a diversion dam across the river. The District also has a supplemental supply from a small pumping plant on the river on the south end of Redding. The District's current maximum allowable water allotment, through the U.S. Bureau of Reclamation's Central Valley Project (CVP) and "Exchange" is 125,000 acre-feet (ac-ft) annually (2,900 ac-ft and 900 ac-ft, respectively). The 2,900 ac-ft CVP water is subject to availability in a given year.

The board considered the BOR 18% allocation or 22,500 ac-ft, groundwater loss (recharge) from the main canal (44,000 ac-ft), cost of purchasing water, public testimony, and other factors to come to the decision to adopt Resolution 2022-01. The resolution determined that there would be no irrigation season and directed staff to transfer ACID water. The staff contacted interested buyers in Shasta County first to meet critical health and public safety needs, and then contacted buyers within the Sacramento Valley.

In March 2022, the State Water Resources Control Board ("State Water Board") Division of Water Rights ("Division") released a notice to be prepared for drought impacts due to ongoing dry conditions. The District was told to plan for considerably less irrigation water.

Customers must continually use water throughout the period of delivery. If water is wasted, inefficiently or improperly used, then the General Manager can refuse further delivery of water until the cause of waste or inefficient or improper use is removed. The General Manager could impose appropriate monetary penalties for waste or inefficient or improper use.

Storage and Infrastructure

The District has no storage capacity. The Redding Groundwater Basin has approximately 5.5 million acre-feet of groundwater storage. Although not all of the groundwater is available for groundwater use on an annual basis. The usual well yields from irrigation, industrial, and municipal wells near and in ACID are 500 to more than 4,000 gallons per minute. The City of Anderson wells produce approximately 500 to 900 gallons per minute.

The water pools behind the District's seasonal dam create Lake Redding and flow by gravity through an intake screen, a tunnel, and eventually to the Main Canal. The distribution system has approximately 30 miles of unlined canals and main laterals. Five miles of the main canal are concrete lined. The Main Canal flows through many inverted siphons for conveying canal flows under cross-drainage channels, such as Clear Creek.

The District owns 13 groundwater monitoring wells and 2 Sacramento River stage gages. ACID has one pump station diversion on the Sacramento River used to supply water to its Churn Creek Lateral. The Main Canal flows through inverted siphons for conveying the flow under cross-drainage channels, such as Clear Creek.

The District has wasteways along the canal route at creek crossings and natural drains. The wasteways return water to the river or local stream if flow exceeds the capacity of the canal. This typically happens in the winter months during storm runoffs.

A network of unlined drainage ditches convey irrigation return flows. The drains often empty into the Sacramento River or one of the local tributary creeks. The District area's soil is well drained. This allows the field-applied water to generally percolate directly to the underlying groundwater basin. This minimizes the need for drainage facilities. The drainage flows out of the District by gravity. There are five drain pump stations operated for the recapture of drain flows.

The City of Redding has a Water Purchase and Sale Agreement with the Anderson Cottonwood Irrigation District (ACID), which has rights, entitlements and authorization to divert Sacramento River and tributary water. This water amount is referred to as "Base Supply" from April through October pursuant to its United States Bureau of Reclamation Contract No. II-06-200-3346A-R-1 for Exchange of Water. ACID has the right to divert Base Supply during the entitlement period for beneficial use within its service area. The Contract further provides that ACID may request additional diversion points to receive water. The Contract also provides that water shall be made available to ACID or its designee, at designated diversion points.

ACID entered into an agreement, effective March 1, 2011 through March 31, 2045, with the City of Redding, to provide Contract water, unless cancelled. Per the agreement, ACID agrees to sell to City and City hereby agrees to buy from ACID, a minimum of 500-acre feet of water in June of each year and up to 1,000 acre feet of water per month for the months of June, July, August and September during the Agreement term. Other agreement terms include payment, scheduling, drought conditions and indemnification.

Demand

The District provides water to 819 customers on a 14-day schedule, starting in April and ending in October. Approximately 84,677 acre-feet of water was delivered to customers in 2021. The demand for irrigation water is significantly lower in April, September, and October compared to the summer months. ACID is required to keep a constant water elevation in the canal for customers that may require a constant flow, even during times of lower overall irrigation demand. The District's only control structure is a radial gate near the upstream end. The only way to hold that elevation is to continually deliver at high rates of flow. That flow often greatly exceeds the actual demands. Because of this, there is a significant amount of water spilled into the waterways or temporarily lost to seepage during the low-flow periods.

Canal seepage is most significant near natural drainages where soils drain quickly. The canal directly contributes to the underlying groundwater basin in these areas. The District's main river diversions (Lake Redding, at Caldwell Park, and Churn Creek) have meters installed and operated by USBR. They provide both flow rate and total volume of flow. The District measures flow rates at major lateral headgates manually using weir or gate head-flow tables. The drain-pump flows are not metered, but the power consumption and pump efficiency history are used to estimate total volume pumped. None of the individual customer turnouts are metered. The flow rate estimates are made based on canal headgate position relationships.

2022 Water Allocation and Transfer Recap

At the January 13, 2022 meeting, the Board anticipated a Shasta Critical year designation based on rainfall, lake levels, and project inflows. In February of 2022, the Board was hopeful for a 75% allocation, but was prepared for 50% to 75%. On February 15 of 2022, the District got notified by the Bureau of Reclamation (BOR) it would be a Critical Year "Shasta Critical," but did not commit to a percentage allocation. Staff tried to identify private wells with significant production that could be used to augment the water supply, but the overall capacity is limited. March 10, 2022, it was indicated that due to January and February being dry, as well as a dry forecast, the District's allocation would be reduced by 20% to 25%. On March 14 of 2022, the BOR issued an update to plan for "considerably less water."

At the end of March conditions were projected to worsen and an irrigation season would not be possible. Staff were instructed to explore all the options. The District received another update in April 2022. The update indicated they may divert water if the river had flows above the Keswick releases at your point of diversion. Since there were low tributary inflows between Keswick and the diversion dam, the District could not divert water above 18%. BOR indicated they would not change the river flow to meet demand. The District was informed that BOR agrees to account for water diverted under their Sacramento River Settlement (SRS) through May 1 through October 31, 2022, based on their set conditions within the letter. During this time, the District considered buying water from BOR.

At the April 2022 board meeting, the Board adopted Resolution 2022-01. This Resolution was passed after consideration of the allocation of 22,500 AF, groundwater loss (recharge) from the main canal, cost of purchasing the water, public testimony, and other factors. The Resolution determined that there would be no irrigation season and directed staff to transfer ACID water. Subsequently staff contacted interested buyers in Shasta County to meet critical health and public safety needs, and later reached out to buyers in the Sacramento Valley.

2022 Drought

In April of 2022, the Bureau of Reclamation sent a letter to all Sacramento River Settlement (SRS) Contractors outlining the current drought conditions and the allocations for the area. They informed the District that the Shasta Reservoir is predicted to be at approximately 1.8 million acre-feet and the forecasted inflow into the reservoir is well below the Critical Year level of 40 million acre-feet for 2022. The conditions will not allow for full diversions under the SRS Contracts. The estimated water available from the Shasta Reservoir releases will be approximately 18% of the contract total.

Rates

The District maintains a base rate + consumption structure for water services, as shown below in Table 2. The service rate for irrigation is based on the number of irrigated acres. The base rate for this is \$87. The rate calculation is the base rate of \$87 multiplied by the number of irrigated acres. The District offers a subsidy as of March 2023 which can be calculated by multiplying the number of irrigated acres by \$86. The District has an annual application fee of \$115, but also has a subsidy for this at \$91. That makes the total annual application fee \$24.

Table 2: Anderson-Cottonwood ID Water Use Rates

Rate Factors	Base
Irrigated Acres	\$87.00/acre
2023 Subsidy - Irrigated Acres	\$86.00/acre
Application Fee	\$115.00
2023 Subsidy – Application Fee	\$91.00

These rates were subject to a Proposition 218 Process at a July 2021 public hearing.

2022 Drought Conditions Allocations

The District receives its water supply from a Bureau of Reclamation contract. In February 2021, the District received notice that it would only receive a 55% water allocation based upon its 3-year historical average of Municipal & Industrial (“M&I”) water. As a result of the reduced water allocation, the District purchased 400 acre-feet (“AF”) of supplemental water from the McConnell Foundation at a cost of \$250 per AF. This \$100,000 expenditure was paid using available O&M Reserve funds.

Effective June 1, 2021, the M&I Allocation was further reduced down to only 25% of the historical average. In order to recover half of the \$100,000 supplemental water purchase, the District proposed a Drought Surcharge to restore a portion of this purchase expense.

Rate Stabilization Fee

Each customer is charged a Rate Stabilization Fee to build financial reserves to address costs related to maintaining the District’s distribution and associated infrastructure. The Rate Stabilization Fee of \$0.08 will be charged per 100 cubic feet:

Water Treatment Plant Fee

Each customer will be charged the Water Treatment Plant Fee to mitigate variable costs related to water treatment at the Water Treatment Plant. The Water Treatment Plant Fee of \$0.08 will be charged per one hundred (100) cubic feet:

2022 Drought Assistance

Livestock Forage Disaster Program

The Livestock Forage Disaster Program (LFP) provides payments to eligible livestock owners and contract growers who also are producers of a grazed forage crop. Those being on native or improved pastureland that has suffered grazing losses due to a qualifying drought in the normal grazing period for the county. Only private lands with forage losses are eligible

for payment. Payments are available to those livestock or contract growers who also are producers of a grazed forage crop on rangeland managed by a federal agency.

The county's drought intensity designation rated by the U.S. Drought Monitor determines eligibility for LFP payments. Producers with eligible grazing lands that are in counties experiencing D2 drought conditions for at least eight consecutive weeks during the normal grazing season could be eligible. Those producers with eligible grazing lands physically located in a county experiencing D3 drought, or worse, at any time may also be eligible to apply. Payment rates are determined in April of each year.

Emergency Livestock Relief Program

The Emergency Livestock Relief Program (ELRP) gives additional aid to livestock producers who have been approved for assistance through that year's LFP. The ELRP payments are equal to a producer's gross current year's LFP payment multiplied by a payment percentage that will reach a reasonable approximation of increased supplemental feed costs for eligible livestock producers that year. Most producers will have an applicable payment percentage of 75%.

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) helps to cover any losses because of eligible adverse weather conditions, such as water shortages and wildfires. The program provides coverage for losses that result from additional costs for transportation of water to livestock. The program has expanded to include reimbursement for the costs of hauling feed for livestock and to help offset the cost of transporting livestock to available forage. The payments are available to producers located in areas experiencing D2 drought conditions for at least eight consecutive weeks or D3 or worse drought conditions at any time.

Noninsured Crop Disaster Assistance Program

The Noninsured Crop Disaster Assistance Program (NAP) works to help producers manage risk through coverage for both crop losses and crop planting that was prevented due to natural disasters. Crops that are eligible include those agricultural commodities not covered by federal crop insurance.

Early 2023 Storm Conditions

2023 started with extremely high rainfall amounts, much of which came in a series of early season storms that impacted storm drain systems, creeks and District canals. Much of this precipitation preceded the Districts April 1 to October 31 irrigation season, when water can be diverted from the Sacramento River by contract. Redding area media (KCRT) reports, citing a District source, noted that water flowing in the District's system prior to April 1 and overtopping a canal in the Anderson area, was from up-slope storm runoff.

District sources also noted that storm flows exceeded canal capacity in March 2023. The District, local contractors, City of Anderson and Shasta County all responded in a collective team effort to manage flooding. Several Anderson streets were impacted by the flooding and require debris removal. The District reported that, despite early flooding, "the extensive wet weather has set the District up well for the summer months."

Financial Overview

Anderson-Cottonwood ID is primarily funded through water sales.

The District has six Reserve Accounts which include the General Fund with a variable amount, Equipment Reserve with variable amounts, Capital Improvement Fund with variable amounts, Drainage fund with an amount of \$25,000, and Water Rights Protection with an amount of \$250,000. The General Fund is for all revenue not designated to any other fund. The Equipment Reserve is for all interest revenue. The Capital Improvement Fund varies each calendar year based on what the Board budgets. The Drainage Fund and Water Rights Protection are a fixed rate that is replenished at each calendar year's start.

Table 3: Anderson-Cottonwood ID Budgets

	FYE 2020	FYE 2021	FYE 2022
INCOME			
4111- Water Sales	\$737,170	\$736,500	\$765,922
4115- Water Transfer	\$397,413	\$423,220	\$506,924
4934 - Penalty Revenue	\$2,000	\$2,000	2,000
4971 - Surplus Equipment Sales	\$5,000	\$0	\$0
4920- Interest	\$20,000	\$15,000	\$15,000
4930- General Property Tax	\$429,000	\$536,500	\$604,500
TOTAL INCOME	\$1,590,583	\$1,799,298	\$1,894,346
EXPENSE			
5010-Salaries and Benefits	\$796,683	\$851,408	\$959,698
7000 - General Maintenance	\$54,500	\$54,500	\$54,500
8000 - Canal Maintenance & Operations	\$583,000	\$566,000	\$680,984
6001- Administrative	\$156,400	\$160,225	\$197,805
SUB-TOTAL EXPENSES	\$1,590,583	\$1,632,133	\$1,892,987
NET INCOME/(LOSS)	\$0	\$167,165	\$1,359

The Board of Directors is responsible for establishing and maintaining an internal accounting control system, with Finance Committee, consisting of two Board members and the District Manager to provide oversight and assistance, and participate in annual budget process. In addition, profit and loss statements are reviewed monthly.

The District maintains investment, procedures and reserve fund policies. The majority of reserve funds are held in a Local Agency Investment Fund (LAIF) account. The Board has adopted and maintains reserves as follows:

- Designated Reserves (operations, facilities, and emergency needs)
- Obligated Reserves (tied to infrastructure improvements)
- Restricted Reserves (required and used for payment of debt service)

District revenues sources used to provide and finance infrastructure services include property taxes, special taxes, service charges, fees, assessments, and grants.

Many districts maintain a Capital Improvement Plans (CIP) for infrastructure upgrades and replacement. The CIP preparation and implementation process often includes the following:

- Identifying higher risk infrastructure replacement needs;
- Prioritizing projects using assessments and planned existing project completions;
- Developing construction costs for different project types;
- Developing cost estimates and construction duration for priority projects; and
- Scheduling and budgeting CIP projects by prioritization.

Project prioritization allows Districts to list projects over a multi-year time frame, consistent with available funding. This can include independent infrastructure outside the city limits and those within the cities of Redding and Anderson that may require coordinated design and construction to accommodate associated City infrastructure.

Accountability and Governance

Operating under the Irrigation Districts Act rules and regulations, the Anderson-Cottonwood Irrigation District is governed by an independent Board of Directors elected to staggered 4-year terms (Table 4). The Board's role is to establish the District's policies and goals; make major decisions on the District's behalf; employ, prescribe duties, set compensations pursuant to 2022 California Code Section 21185 (Public Resources Code Division 13 - Environmental Quality Chapter 6.5 - Jobs and Economic Improvement Through Environmental Leadership Act of 2021) and oversee District management and organizational performance. The day-to-day District operations are the General Manager's responsibility.

Meetings are currently held monthly. Board meetings are typically held on the second Thursday of the month at 6pm. The District maintains a website that is currently in compliance with state law regarding special district websites. Board meeting agendas are available at least 72 hours in advance and meeting minutes are available after adoption by the Board. Notices are posted on the District's office door, both doors at the Anderson City Hall, and the District's website.

Table 4: Anderson-Cottonwood ID Board of Directors

Area	Member	Title	Current Term Expiration
Division 1 - Redding	Ronnean Lund	Director	2022-26
Division 2 - Anderson	Audie Butcher	Director	2022-26
Division 3 - E. Cottonwood	Dan Woolery	Director	2022-24
Division 4 - W. Cottonwood	Steve McCarley	Director	2022-24
Division 5 - Churn Creek	James Rickert	Director	2022-26

The District has 13 employees. Some of those include a general manager, acting financial manager, administrative specialist, operations manager, and maintenance supervisor.

Budgets are approved annually by the Board of Directors which then establishes the scope of work and improvements that can be performed. Annual budgets and audits are available upon request to the District. Annual reporting is provided to the State Controller's Office per state law.

Municipal Service Review Determinations

(1) Growth and population projections for the affected area

- a) The District is expected to see the most growth in the areas within the Cities of Redding and Anderson incorporated boundaries.
- b) The District should coordinate with local/regional agencies with land use authority (County of Shasta, Cities of Redding and Anderson), to determine how best to preserve irrigated prime farmland as a growth factor.

(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

- a) The District does not provide a primary service a DUC may be lacking (potable water, wastewater, fire protection), so the District's service does not affect the provision of these services to DUCs.

(3) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

- a) The District currently has a Water Purchase and Sale Agreement with the City of Redding.
- b) Recent storm events exceeded system capacity and inundated infrastructure (primarily streets) in the City of Anderson. These events should be analyzed to identify infrastructure needs or deficiencies.

(4) Financial ability of agencies to provide services

- a) The District had a balanced budget in 2020 and a surplus in 2021 and 2022.
- b) The District Board adopts an annual budget and oversees expenditures throughout the fiscal year. The District has annual audits conducted by a certified public accountant. The budget is adopted by the Board of Directors with associated rate settings. The District income sources are primarily the sale of delivered water to property within District boundaries, which provide funds necessary for the District to meet its financial obligations. The most recent audits provide an overview of the financial activities and transactions for the fiscal year.

(5) Status of and opportunities for shared facilities

- a) There are limitations – geographically, jurisdictionally, and operationally – on District irrigation water service facilities being extended to and/or shared with other areas or other water service purveyors. As the only irrigation district in Shasta County, The District's shared opportunities are unique to this services and therefore limited.
- b) No new opportunities for shared facilities, shared staffing or equipment have been identified. Historically, the District has provided water to other Districts (for a fee) on an as-available basis.
- c) The Board often uses the City of Anderson Council chambers for their meetings.

6) Accountability for community service needs, including governmental structure and operational efficiencies

- a) The District is governed by an independent board of directors that meets monthly.
- b) ACID maintains a website compliant with state law.

7) Any other matter related to effective or efficient service delivery.

- a) With District areas in the City of Redding: 3,123 acres and City of Anderson: 3,5612 acres, the District should maintain close coordination for interconnected infrastructure with those municipalities.
- b) Canal lining would reduce water loss, however this would be prohibitively expensive and significantly impact groundwater recharge.

Sphere of Influence Determinations

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies, to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence, as defined by GC § 56036, and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining each local agency's SOI, the commission shall consider and prepare a written statement of its determinations with respect to the following:

(1) Present and planned area land uses, including agricultural and open-space lands.

- a) Shasta County and the Cities of Anderson and Redding govern land use planning and zoning within the District and SOI boundaries. The District provides irrigation water primarily to support agricultural-related services to mostly rural areas. The conversion of prime agricultural land is best addressed by the cities and county when evaluating and approving land use and zoning changes allowing non-resource development.
- b) The SOI is proposed to be updated, to follow the District boundary based on State BOE TRA maps reviewed as part of this update.

(2) Present and probable need for public facilities and services in the area.

- a) The District currently primarily serves agricultural irrigation water customers in the Upper Sacramento Valley area (along the I-5 Corridor). Services extension requests for agricultural purposes must meet District requirements, including covering system extension costs. The District has ongoing capital improvement programs to maintain and upgrade service systems.

(3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

- a) District facilities appear adequate for current service needs. It has the capacity to serve the areas within the current sphere of influence boundary, While service needs would not prompt a change, an update is proposed to match the SOI and District boundaries.

(4) Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

- a) The Cities of Redding and Anderson and town of Cottonwood, all provide commercial opportunities, service industry, and social activities for residents and visitors. Red Bluff to the south provides a secondary destination for these activities.

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

- a) The District supplies irrigation water as its only service, the District has no role in providing services (potable water, wastewater, fire services) that play a role in DUC determination and as such this would not be a factor in the SOI Update or future annexation considerations.