

## Public Hearings 9.

### LAFCO

Meeting Date: 12/03/2020

---

### Information

#### SUBJECT

Public Hearing to consider Resolution 2020-10, adopting the Municipal Service Review (MSR) and approving a Sphere of Influence (SOI) Update for the Yolo County Flood Control and Water Conservation District (LAFCo No. S-056)

#### RECOMMENDED ACTION

1. Receive staff presentation on the MSR and SOI Update.
2. Open the Public Hearing for public comments on this item.
3. Close the Public Hearing and consider the information presented in the staff report and during the Public Hearing. Discuss and direct staff to make any necessary changes.
4. Approve **Resolution 2020-10** adopting the Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Yolo County Flood Control and Water Conservation District (YCFWCWD).

#### FISCAL IMPACT

No fiscal impact. The MSR and SOI Update were prepared "in-house" and appropriate funds were budgeted.

#### REASONS FOR RECOMMENDED ACTION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), is LAFCo's governing law and outlines the requirements for preparing periodic Municipal Service Reviews (MSRs) and Sphere of Influence (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".

An MSR is conducted prior to, or in conjunction with, the update of an SOI. LAFCos are required to review an agency's Sphere of Influence every five years.

An MSR evaluates the structure and operations of district services and includes a discussion of the capability and capacity of the district to ensure the provision of municipal services to the existing service area and any future growth of the district's boundaries. The SOI indicates the probable future physical boundaries and service area of a district and lays the groundwork for potential future annexations.

Yolo LAFCo staff utilizes a checklist format for MSRs that allows staff to streamline the assessment of each district's municipal services. Based on the findings of the MSR checklist staff can recommend whether a SOI update is warranted.

## **BACKGROUND**

The Yolo County Flood Control & Water Conservation District (YCFCWCD) is an independent special district created by the State Legislature in 1951 through General Law 9307, Statutes of 1951, Chapter 1647. YCFCWCD encompasses almost one-third of the county including the cities of Davis, Winters, most of Woodland and UC Davis. 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. Through riparian rights and pre-1914 and post-1914 water rights, YCFCWCD has surface water supplies 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.

The District provides many municipal services including: flood control; dam operation; canal and slough maintenance; agricultural and wholesale M&I water (non-potable only); and hydroelectric power generation and sale (no direct service). Its facilities include three dams, two hydroelectric plants, two reservoirs and approximately 160 miles of irrigation and drainage distribution network, mostly earthen or unlined laterals and channels. It has 162 agricultural customers and 35 municipal and industrial customers for non-potable water. It currently sells its hydroelectric power to the Valley Clean Energy Alliance, a local public electricity provider. The District is governed by a five-member Board, appointed by the Yolo County Board of Supervisors. It is the largest independent special district in the county and currently has a staff of 29 employees. Its offices and corporation yard are located on the north side of Highway 16, roughly halfway between Woodland and I-505, just east of the Wild Wings community.

The District also serves to fill gaps in a number of areas of water resource management, environmental stewardship, and flood management. It continues to play a role in implementing the Yolo County Integrated Regional Water

Management Plan, the Yolo County Water Resources Agency, and is an instrumental partner in the Yolo Subbasin Groundwater Agency (YSGA) Joint Powers Agency. In addition, YCFCWCD has taken a leadership role in a jointly funded effort with the County of Yolo to develop new regional flood control management policies and implement small-scale projects called the FloodSAFE Yolo 2.0 Program.

YCFCWCD has the resources, board and staff capacity to manage itself very effectively and LAFCo staff have no concerns about the finances and operation of the District. The MSR includes minor recommendations to improve best practices, but nothing concerning.

As part of the SOI Update, YCFCWCD is requesting a significant increase to its SOI area. SOIs are generally used as a tool to curb urban sprawl and control growth, but in this case, expansion of the SOI actually serves to protect agricultural land and protect groundwater resources. Expansion of YCFCWCD's SOI could serve additional agricultural customers and will support the overall Yolo Subbasin groundwater protection strategy. Therefore, staff recommends approval of the SOI Update.

### **MSR Determinations and Recommendations**

Minor edits are requested to the Draft MSR/SOI Update released on November 11, 2020 based on YCFCWCD staff review. Changes have been formatted in the attached draft report as **additions** and ~~deletions~~ for transparency purposes. Staff recommends these edits be included in the MSR/SOI adoption.

There are seven determinations LAFCo is required to make for an MSR. The determinations and recommendations for Commission review and consideration are as follows:

#### **Growth and Population MSR Determination**

The unincorporated areas of Yolo County are estimated to have a 1.0% increase in growth from January 1, 2018 to January 1, 2019. YCFCWCD provides flood control; dam operation; canal and slough maintenance; agricultural and wholesale M&I water; recreation; hydroelectric power generation and sale. Therefore, local population growth and any associated development is not anticipated to have a significant impact on the subject agency's service needs and demands.

#### **Disadvantaged Unincorporated Communities MSR Determination**

The YCFCWCD provides flood control; dam operation; canal and slough maintenance; agricultural and wholesale M&I water; recreation; hydroelectric power generation and sale. Although YCFCWCD provides some municipal and industrial water, it is non-potable water. Therefore, this determination is not applicable to YCFCWCD.

## **Capacity and Adequacy of Public Facilities and Services MSR Determination**

Through riparian rights and pre-1914 and post-1914 water rights, YCFCWCD surface water supplies originate from Cache Creek, Clear Lake, and Indian Valley Reservoir. It has 450,000 acre-feet of storage available in Clear Lake and Indian Valley Reservoir when at full capacity. Delivery is based on demand each year upon request of farmers. During water shortages, landowners rely more heavily on groundwater supplies through private production wells than normal years. When the water supply is less than demand, YCFCWCD allocates water by dividing it among the assessed acreage and a percentage allocation is determined. Once the District determines the total water available and total demand, detailed metering and records are maintained and shared with users on a monthly basis. The water conveyance 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. As of November 2020, the YCFCWCD has a contract for selling power to Valley Clean Energy, a locally governed electricity provider in Yolo County.

The District has sufficient trained staff to meet service needs within its service area. The YCFCWCD is currently planning projects and related costs involved in complying with the implementation of new water measurement and accounting regulations. In addition, the YCFCWCD is continually trying to prepare for new regulations as related to dam ownership and liability given the 2017 Oroville Spillway Incident. The YCFCWCD experienced two large fires at Indian Valley Reservoir, which burned power poles, the transmission line, and related power infrastructure. The YCFCWCD worked with the California Office of Emergency Services to receive state reimbursement for replacing the wooden power poles and lines with steel poles to ensure the poles would not be affected in future fires around Indian Valley Reservoir.

## **Financial Ability MSR Determination**

Over the past six years (including drought years), the District has been able to maintain a solid yearend fund balance averaging \$4.7 million, despite the drought impacted years (2014 to 2016) when the District experienced significant loss of revenue, estimated to be over \$7.6 million. To mitigate some of the revenue shortfall the District cut expenditures. The District also established a sliding scale rate structure based on the combined water storage in Clear Lake and Indian Valley Reservoir on April 1 each year. Higher water storage (i.e. more water to sell) means lower rates, helping to stabilize revenues.

The District maintains its financial system and is audited annually and has received unqualified opinions each year. However, there is some crossover resulting from closely working with Yolo Subbasin Groundwater Agency (YSGA) that should be cleaned up going forward. Management has also been able to control the growth of expenditures and mitigate the possible loss of water sales

during drought by establishing a slide scale fee schedule based on the anticipated water supply.

Finances are well-managed and as long as the District is able to finance losses of revenue and destruction of infrastructure due to extended periods of drought, floods and wildfires the district should remain sound. The District maintains a healthy fund balance, although it would be better to adopt a capital improvement plan and have funds set aside for specified uses rather than a general reserve.

#### Recommendations:

- Financial transactions that relate directly to the Yolo Subbasin Groundwater Agency (YSGA) should not be recorded in the YCFWCWD ledgers.
- Develop a policy or procedure to identify and record Federal and State revenue consistently as either non-operating grants or contributed capital based on the purpose of the grant.
- Consider assessing a base service fee that would protect the District's financial condition from periods of extended drought.
- Develop a formal capital improvement plan that includes a financing plan (i.e. long-range planning, not just on an annual basis).
- Create a reserve policy that includes specific set asides, which are formally recorded in the accounting system, for financing a capital improvements plan, general reserve, and a catastrophic loss reserve to mitigate against loss of revenue and to finance unexpected large infrastructure losses due to disasters.
- Complete the ongoing process to document the accounting controls, procedures and policies in case of any unexpected staff turnover.

#### **Shared Services MSR Determination**

YCFWCWD is a model district in how it has embraced shared services in various forms. It continues to fill gaps in a number of areas of water resource management, environmental stewardship, and flood management. The YCFWCWD plays a role regionally with the Water Resources Association of Yolo County in implementing the Integrated Regional Water Management Plan and the Yolo Subbasin Groundwater Agency in developing the Yolo Subbasin Groundwater Sustainability Plan. In 2017, YCFWCWD took over some flood control services from the Madison-Esparto Regional County Service Area (MERCOSA) which were redundant and allowed LAFCo to dissolve it. YCFWCWD is also a member of, and provides contract staffing to, the Water Resources Association and the Yolo Subbasin Groundwater Agency JPA.

#### **Accountability, Structure and Efficiencies MSR Determination**

The YCFWCWD was created by special legislation and is one of the most functional and resourced special districts in the county. The District has taken over services over the years from other redundant agencies to resolve service

inefficiencies. The District's Board is filled with very capable members that show stability and longevity with the District. Board members are trained regarding the organization's program requirements and financial management. The District currently has 27 employees and plans to hire a two more in the coming weeks. Staff are capable and there do not appear to be any chronic issues with staff turnover. The board is working on succession planning. The District routine undergoes annual audits conducted by independent external auditors. The YCFCWCD improved its transparency score from 67% in 2018 to 82% in 2019, however, there is still some room for improvement. The district has adopted policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding.

#### Recommendations:

- YCFCWCD should consider adopting a policy that rotates auditors at least every 6 years.
- The YCFCWCD improved its transparency score from 67% in 2018 to 82% in 2019, however, there is still some room for improvement.
- Take appropriate measures to safeguard any essential paper records in the office from fire or water damage.

#### **Other Issues MSR Determination**

There are no other issues related to effective or efficient service delivery, as required by Commission policy.

#### **SOI Update and Recommendation**

LAFCo policies (Criteria for Spheres of Influence Policy 6.3) require consideration of the following criteria when studying and determining the spheres of influence for the cities and special districts within the County of Yolo:

1. *Retention and strengthening of community identities, as well as increasing efficiency and conserving resources, by providing essential services within a framework of controlled growth;*
2. *Identification of the county's prime agricultural land and protection of this land through all available devices, such as including controlling the provision of services, requiring infill development first, and preferring non-prime land for growth. Other open-space resources such as stream banks, flood plains, and present and future recreation areas should also be protected for public benefit;*
3. *Creation of realistic and controlled, yet flexible, planning areas into which anticipated services can be expanded as growth requires and as the communities' resources provide;*
4. *Provision of infrastructure systems such as streets, sewers, water, open space for parks and recreation as a product of growth, rather than growth inducing;*
5. *Encouragement of city annexation or incorporation as a means of supplying*

- the full range of urban services as required; and*
6. *Evaluation of the availability and need for basic services in each community and forecast these to meet anticipated population growth, and recommend creation, expansion, consolidation and/or reorganization of districts when need for such change is indicated.*

As mentioned previously, these policies are largely not applicable to a district that provides non-potable water supporting continued agricultural use. The proposed SOI Update will serve to retain the rural agricultural farming community. It will provide a flexible planning area where services can be expanded as resources allow. The conveyance systems are either already existing or, if extended, would not be growth inducing because the water supports agricultural uses and is non-potable. District expansion is anticipated for agricultural use, not population growth.

There are five determinations LAFCo is required to make for an SOI Update. The determinations for Commission review and consideration are as follows:

### **Present and Planned Land Uses SOI Determination**

This SOI would provide for potential annexation if well sites are needed for groundwater monitoring and recharge projects by the Yolo Subbasin Groundwater Agency, which the YCFCWCD is a member of. Additional agricultural lands could also be irrigated by District surface water resources, if resources are available. The YCFCWCD provides non-potable irrigation water to agricultural land. The agricultural land already exists and is not a result of new development. The proposed SOI includes rural agricultural areas outside of urban areas/communities and would not conflict with any man-made obstructions or other types of boundaries. The SOI is proposed for expansion because the Yolo Subbasin Groundwater Agency JPA will complete its groundwater monitoring plan in 2022 and JPA member agency coverage of the entire Yolo Subbasin is desirable for creating a system of groundwater monitoring sites.

### **Need for Public Facilities and Services SOI Determination**

This SOI would provide for potential annexation if well sites are needed for groundwater monitoring by the Yolo Subbasin Groundwater Agency, which the YCFCWCD is a member of. Additional agricultural lands could also be irrigated by District surface water resources, if resources are available. The SOI area would include rural areas, is not growth-inducing, and, therefore, questions regarding controlled growth are not applicable. The services cannot be better provided by another agency. An increased SOI would support agricultural lands and provide for more sustainable water resources.

### **Capacity and Adequacy of Provided Services SOI Determination**

This SOI would provide for potential annexation if well sites are needed for groundwater monitoring and recharge projects by the Yolo Subbasin Groundwater

Agency, which the YCFCWCD is a member of. Additional agricultural lands could also be irrigated by District surface water resources, if resources are available. An increased SOI would support agricultural lands and provide for more sustainable water resources.

### **Social or Economic Communities of Interest SOI Determination**

The YCFCWCD provides non-potable water only that could not serve populated communities. Therefore, existence of any social or economic communities of interest are not relevant to this agency's municipal service.

### **Disadvantaged Unincorporated Communities SOI Determination**

The YCFCWCD provides non-potable water only that could not serve populated communities. Therefore, existence of any social or economic communities of interest are not relevant to this agency's municipal service.

### **Public/Agency Involvement**

The primary source of information used in this MSR has been information collected from agency staff and adopted plans, budgets, reports, policies, etc. On November 11, 2020 a "Notice of Availability of Draft MSR/SOI and Public Hearing" was released by LAFCo and published in the Woodland Democrat, which requested written comments from the public and stakeholders. In addition, notices were sent to every "affected agency", meaning all other agencies and schools with overlapping service areas. LAFCo has not received any comments so far on the MSR/SOI. Any comments received after publication of this staff report will be provided to the Commission in a supplemental packet.

### **California Environmental Quality Act (CEQA)**

The SOI Update could allow for future annexation of additional territory into the Yolo County Flood Control and Water Conservation District. The primary intent of this SOI Update is to cover the Yolo Subbasin Groundwater Agency territory as a member agency for potential future groundwater monitoring and recharge sites. This is to comply with the Sustainable Groundwater Management Act (SGMA) enacted to halt overdraft and bring groundwater basins into balanced levels of pumping and recharge, and would provide an environmental benefit. This additional territory could potentially also be served by the existing District water allocation. Future annexation would potentially allow existing agricultural lands to be served by surface water supplies instead of relying on groundwater pumping, however, the key consideration is the fact that the SOI Update involves no expansion of the existing agricultural use and is exempt under CEQA Guidelines Section 15301. The Yolo County Flood Control and Water Conservation District does not supply potable drinking water and, therefore, the SOI Update will not be growth inducing or otherwise result in any expansion of use. Conjunctive surface and groundwater use is an environmental benefit as compared to the current practice of solely pumping groundwater.

---

## Attachments

ATT A-YCFCWCD MSR-SOI Reso 2020-10

ATT B-Revised Public Draft YCFCWCD MSR-SOI Nov 18, 2020

---

## Form Review

**Inbox**

Christine Crawford (Originator)  
Form Started By: Christine Crawford  
Final Approval Date: 11/18/2020

**Reviewed By**

Christine Crawford

**Date**

11/18/2020 01:25 PM  
Started On: 11/16/2020 10:12 AM



**YOLO LOCAL AGENCY FORMATION COMMISSION**

**Resolution № 2020-10**

**Adopting the Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Yolo County Flood Control and Water Conservation District (LAFCo No. S-056)**

**WHEREAS**, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county (LAFCo), 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 provides that LAFCos shall develop and determine the sphere of influence (SOI) of each local governmental agency within their respective counties, and enact policies designed to promote the logical and orderly development of areas within the spheres of influence; and,

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

**WHEREAS**, in 2020, the Yolo LAFCo conducted a review of the municipal services and SOI of the Yolo County Flood Control and Water Conservation District (YCFCWCD), and based on the results of the MSR determined that the SOI for the District should be updated; and,

**WHEREAS**, staff has reviewed the SOI Update and determined that it does not have the potential to cause a significant effect on the environment, and is therefore not subject to the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15301, and, based thereon, the Executive Officer will file a Notice of Exemption; and,

**WHEREAS**, the Executive Officer set a public hearing for December 3, 2020, for consideration of the draft MSR/SOI Update 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 December 3, 2020, the draft MSR/SOI Update came on regularly for hearing before Yolo LAFCo, at the time and place specified in the notice; and,

**WHEREAS**, at said hearing, Yolo LAFCo reviewed the draft MSR/SOI Update, and the Executive Officer's Report and Recommendations; each of the policies, priorities, and factors set forth in Government Code Section 56430 and LAFCo's Guidelines and Methodology for the Preparation and Determination of Municipal Service Reviews and 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 SOI update, including but not limited to protests and objections, the

Executive Officer's report and recommendations, the environmental determinations, and the MSR.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** that the Yolo Local Agency Formation Commission hereby adopts Resolution 2020-10 adopting the Municipal Service Review and Sphere of Influence Update for the Yolo County Flood Control and Water Conservation District with the boundaries as shown in Exhibit A, subject to the following findings and recommendations:

## **FINDINGS**

1. Finding: Approval of the Municipal Service Review is consistent with all applicable state laws and local LAFCo policies.

Evidence: The project was prepared consistent with the requirements in the Cortese-Knox-Hertzberg Act for a MSR and all applicable Yolo LAFCo policies and adopted Standards for Evaluation. The MSR includes written determinations as required by Section 56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act.

2. Finding: Approval of the SOI Update for the YCFCWCD 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 15301 (Existing Facilities) and Section 15061(b)(3) (common sense exemption). A Notice of Exemption will be filed with the County Recorder.

Evidence: The SOI Update could allow for future annexation of additional territory into the YCFCWCD. The primary intent of this SOI Update is to cover the Yolo Subbasin Groundwater Agency territory as a member agency for potential future groundwater monitoring and recharge sites. This is to comply with the Sustainable Groundwater Management Act (SGMA) enacted to halt overdraft and bring groundwater basins into balanced levels of pumping and recharge, and would provide an environmental benefit. This additional territory could potentially also be served by the existing District water allocation. Future annexation would potentially allow existing agricultural lands to be served by surface water supplies instead of relying on groundwater pumping, however, the key consideration is the fact that the SOI Update involves no expansion of the existing agricultural use and is exempt under CEQA Guidelines Section 15301. The YCFCWCD does not supply potable drinking water and, therefore, the SOI Update will not be growth inducing or otherwise result in any expansion of use. Conjunctive surface and groundwater use is an environmental benefit as compared to the current practice of solely pumping groundwater.

3. Finding: Approval of the SOI Update for the YCFCWCD is in compliance with the Yolo LAFCo Project Policies Criteria for Spheres of Influence (Policy 6.3) as follows:

- Retention and strengthening of community identities, as well as increasing efficiency and conserving resources, by providing essential services within a framework of controlled growth;
- Identification of the county's prime agricultural land and protection of this land through all available devices, such as including controlling the provision of services, requiring infill development first, and preferring non-prime land for growth. Other open-space

resources such as stream banks, flood plains, and present and future recreation areas should also be protected for public benefit;

- Creation of realistic and controlled, yet flexible, planning areas into which anticipated services can be expanded as growth requires and as the communities' resources provide;
- Provision of infrastructure systems such as streets, sewers, water, open space for parks and recreation as a product of growth, rather than growth inducing;
- Encouragement of city annexation or incorporation as a means of supplying the full range of urban services as required; and
- Evaluation of the availability and need for basic services in each community and forecast these to meet anticipated population growth, and recommend creation, expansion, consolidation and/or reorganization of districts when need for such change is indicated.

Evidence: These policies apply to all city and special district SOIs but are largely not applicable to a district that provides non-potable water supporting continued agricultural use. The proposed SOI Update will serve to retain the rural agricultural farming community in a more sustainable manner utilizing conjunctive surface and groundwater use instead of the current practice of solely pumping groundwater. It will provide a flexible planning area where services can be expanded as surface water resources allow. The conveyance systems are either already existing or, if extended, would not be growth inducing because the water supports agricultural uses and is non-potable. District expansion is anticipated to support agricultural use, not population growth or urban expansion.

## **RECOMMENDATIONS**

1. Financial transactions that relate directly to the Yolo Subbasin Groundwater Agency (YSGA) should not be recorded in the YCFCWCD ledgers.
2. Develop a policy or procedure to identify and record Federal and State revenue consistently as either non-operating grants or contributed capital based on the purpose of the grant.
3. Consider assessing a base service fee that would protect the District's financial condition from periods of extended drought.
4. Develop a formal capital improvement plan that includes a financing plan (i.e. long-range planning, not just on an annual basis).
5. Create a reserve policy that includes specific set asides, which are formally recorded in the accounting system, for financing a capital improvements plan, general reserve, and a catastrophic loss reserve to mitigate against loss of revenue and to finance unexpected large infrastructure losses due to disasters.
6. Complete the ongoing process to document the accounting controls, procedures and policies in case of any unexpected staff turnover.
7. YCFCWCD should consider adopting a policy that it rotates auditors at least every 6 years.
8. The YCFCWCD improved its transparency score from 67% in 2018 to 82% in 2019, however, there is still some room for improvement.

9. Take appropriate measures to safeguard any essential paper records in the office from fire or water damage.

**PASSED AND ADOPTED** by the Yolo Local Agency Formation Commission, State of California, this 3<sup>rd</sup> day of December, 2020, by the following vote:

Ayes: Sandeen, Sandy, Saylor, Stallard, Woods  
Noes: None  
Abstentions: None  
Absent: None

\_\_\_\_\_  
Olin Woods, Chair  
Yolo Local Agency Formation Commission

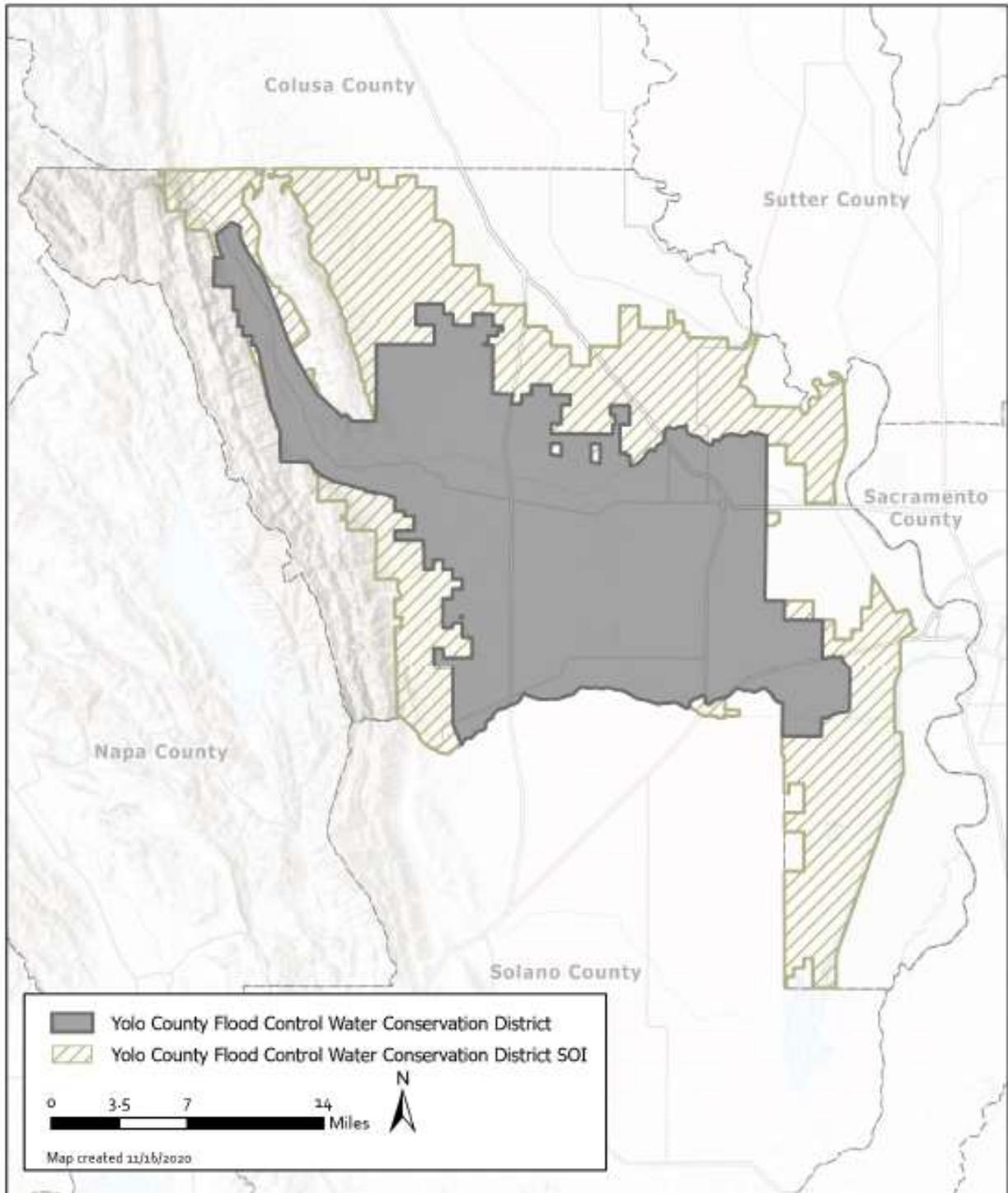
Attest:

  
\_\_\_\_\_  
Christine Crawford, Executive Officer  
Yolo Local Agency Formation Commission

Approved as to form:

  
\_\_\_\_\_  
Eric May, Commission Counsel

# Yolo County Flood Control and Water Conservation District and Sphere of Influence



**Adopted December 3, 2020**



# Municipal Service Review and Sphere of Influence Update for the

## Yolo County Flood Control & Water Conservation District LAFCo No. S-056



Revised Public Draft November 18, 2020



Municipal Service Review and Sphere of Influence Update for the Yolo County Flood Control & Water Conservation District (LAFCo No. S-056)

**SUBJECT AGENCY:**

Yolo County Flood Control & Water Conservation District  
34274 State Highway 16  
Woodland, CA 95695-9371  
Tel: (530) 662-0265  
[www.yfcwcd.org](http://www.yfcwcd.org)

Date of Last MSR: October 24, 2013

Board Members:

Jim Mayer, Chair  
Bruce Rominger, Vice Chair  
Tom Barth  
Mary Kimball  
Erik Vink

Staff Contact(s):

Kristin Sicke, Assistant General Manager  
Barbara McGriff, Financial Supervisor/Information Management

**CONDUCTED BY:**

Yolo Local Agency Formation Commission  
625 Court Street, Suite 107  
Woodland, CA 95695  
(530) 666-8048  
[www.yololafco.org](http://www.yololafco.org)

Commissioners:

Olin Woods, Chair, Public Member  
Babs Sandeen, Vice Chair, City Member  
Don Saylor, County Member  
Tom Stallard, City Member  
Gary Sandy, County Member

Commission Alternates:

Richard DeLiberty, Public Member  
Duane Chamberlain, County Member  
Wade Cowan, City Member

Staff:

Christine Crawford, Executive Officer  
Terri Tuck, Admin Specialist/Commission Clerk  
Mark Kruppenacker, Financial Analyst  
Eric May, Counsel

**Contents**

**MSR/SOI BACKGROUND** .....2

    ROLE AND RESPONSIBILITY OF LAFCO .....2

    PURPOSE OF A MUNICIPAL SERVICE REVIEW .....2

    PURPOSE OF A SPHERE OF INFLUENCE .....3

    DISADVANTAGED UNINCORPORATED COMMUNITIES .....3

    ORGANIZATION OF MSR/SOI STUDY .....4

**AGENCY PROFILE**.....5

    AFFECTED AGENCIES .....10

**MUNICIPAL SERVICE REVIEW**.....11

    POTENTIALLY SIGNIFICANT MSR DETERMINATIONS .....11

    LAFCO MUNICIPAL SERVICE REVIEW .....11

        1. GROWTH AND POPULATION .....11

        2. DISADVANTAGED UNINCORPORATED COMMUNITIES .....12

        3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES 13

        4. FINANCIAL ABILITY .....15

        5. SHARED SERVICES AND FACILITIES .....21

        6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES .....22

        7. OTHER ISSUES .....24

**SPHERE OF INFLUENCE STUDY**.....25

    SPHERE OF INFLUENCE MAP .....25

    POTENTIALLY SIGNIFICANT SOI DETERMINATIONS .....26

        1. PRESENT AND PLANNED LAND USES .....26

        2. NEED FOR PUBLIC FACILITIES AND SERVICES .....27

        3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES .....28

        4. SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST .....29

        5. DISADVANTAGED UNINCORPORATED COMMUNITIES .....29

## **ROLE AND RESPONSIBILITY OF LAFCO**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (“CKH Act”) (California Government Code §§56000 et seq.), is LAFCo’s governing law and outlines the requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (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 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 MSRs provide the near-term and long-term time-relevant data to inform LAFCo’s SOI determinations.

## **PURPOSE OF A MUNICIPAL SERVICE REVIEW**

As described above, 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. The purpose of a Municipal Services Review (MSR) in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. The MSR is intended to provide information and analysis to support a sphere of influence update. A written statement of the study’s determinations must be made in the following areas:

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

7. Any other matter related to effective or efficient service delivery, as required by commission policy.

The MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

## **PURPOSE OF A SPHERE OF INFLUENCE**

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 result of two years of labor by the Commission on Local Governance for the 21<sup>st</sup> Century, which 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)).

Pursuant to Yolo County LAFCo policy an SOI includes an area adjacent to a jurisdiction where development might be reasonably expected to occur in the next 20 years. A MSR is conducted prior to, or in conjunction with, the update of a SOI and provides the foundation for updating it.

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

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, Yolo LAFCo adopted a “Policy for the Definition of ‘Inhabited Territory’ for the Implementation of SB 244 Regarding Disadvantaged Unincorporated Communities”, which identified 21 inhabited unincorporated communities for purposes of implementing SB 244.

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. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

## **ORGANIZATION OF MSR/SOI STUDY**

This report has been organized in a checklist format to focus the information and discussion on key issues that may be particularly relevant to the subject agency while providing required LAFCo’s MSR and SOI determinations. The checklist questions are based on the Cortese-Knox-Hertzberg Act, the LAFCo MSR Guidelines prepared by the Governor’s Office of Planning and Research and adopted Yolo LAFCo local policies and procedures. This report provides the following:

- Provides a description of the subject agency;
- Provides any new information since the last MSR and a determination regarding the need to update the SOI;
- Provides MSR and SOI draft determinations for public and Commission review; and
- Identifies any other issues that the Commission should consider in the MSR/SOI.

**AGENCY PROFILE**

In response to a request by the Yolo County Board of Supervisors, the State Legislature created the Yolo County Flood Control & Water Conservation District (YCFCWCD) 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 YCFCWCD 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.”<sup>1</sup> 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.

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. 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.

Reduced water supply, combined with the cost to purchase a supply, has led farmers to change their cropping patterns and also utilize Yolo County’s groundwater as a viable source of irrigation water. YCFCWCD took a lead role in forming the Water Resources Association and the Yolo Subbasin Groundwater Authority JPA in 2017.

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 hydroelectric power generation facilities at Indian Valley Dam and Cache Creek Dam provide cogeneration for Pacific Gas & Electric (“PG&E”) purchases. While revenues fluctuate from year-to-year, hydroelectric energy sales generally provide a significant portion of YCFCWCD’s annual operating revenues.

Cache Creek Dam



<sup>1</sup> 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](http://www.co.lake.ca.us/Government/Directory/Water_Resources/Clear_Lake_Information/History_of_Clear_Lake.htm).

Coordination with WRA

Just as YCFCWCD was formed 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. It continues to play a role in implementing the Yolo County Integrated Regional Water Management Plan, which includes the following foundational actions: 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.

Coordination with YSGA

In 2016, the WRA and Yolo County Farm Bureau partnered with other water entities in the County to form a Groundwater Sustainability Agency (GSA) for the Yolo Subbasin. As part of WRA’s efforts, the YCFCWCD was an instrumental partner in the process of forming the Yolo Subbasin Groundwater Agency (YSGA) Joint Powers Authority. As of November 2020, the YSGA has 25 members (including YCFCWCD) and is in the process of developing the Yolo Subbasin Groundwater Sustainability Plan for ensuring groundwater sustainability through 2042.

Flood Control Management

In addition to Integrated Regional Water Management Plan implementation projects listed above, YCFCWCD has recognized that there is a regional need to address flood control management issues both inside and outside of the District. YCFCWCD has taken a leadership role in a jointly funded effort with the County of Yolo to develop new regional flood control management policies and implement small-scale projects. The FloodSAFE Yolo 2.0 Program is a continuation of the FloodSAFE Yolo Pilot Program and 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 2021.

1983 Flood – Lower Cache Creek



Agency Snapshot

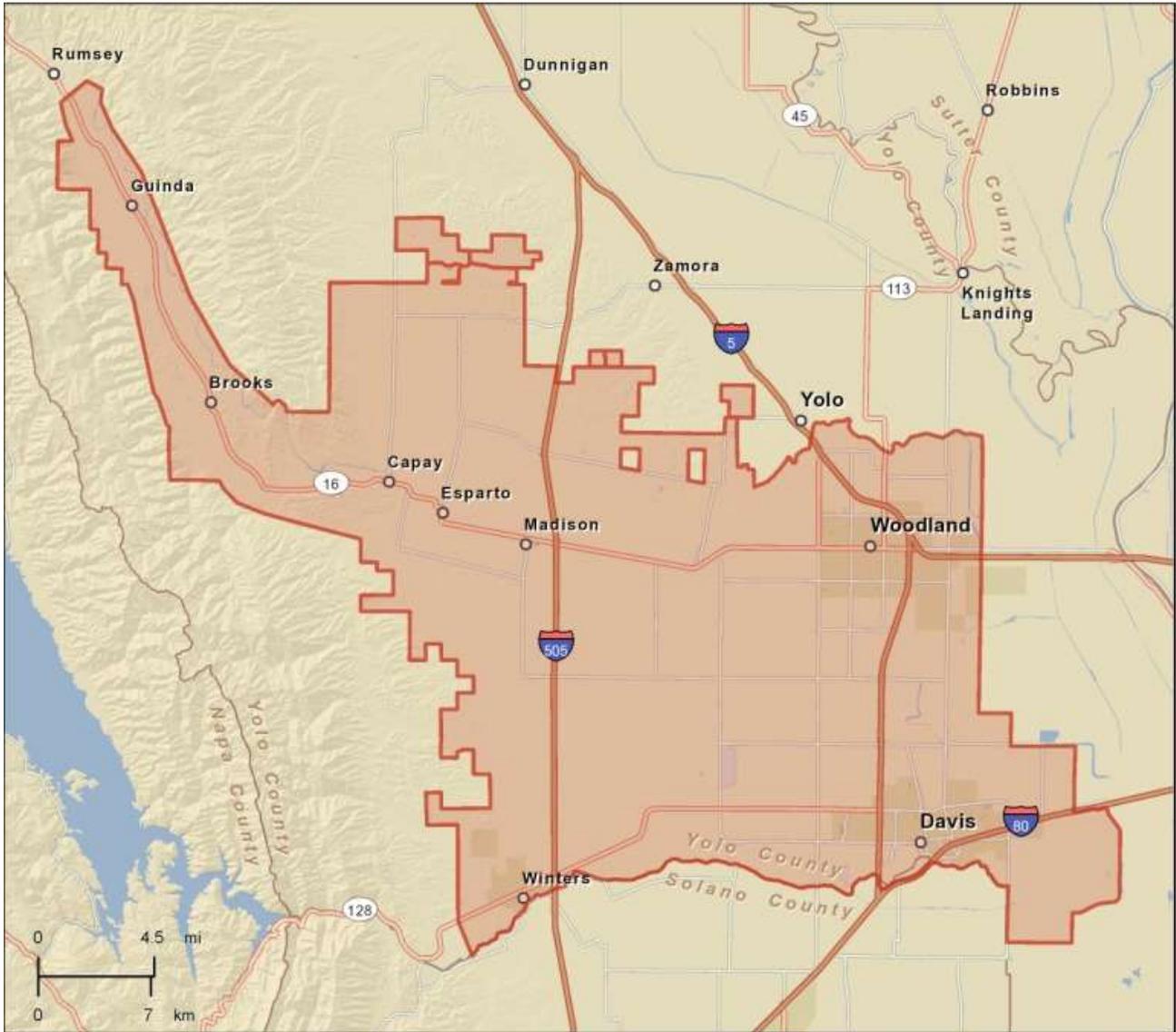
General Info	
<b>District Type</b>	Special Act – Flood Control and Water Conservation District (Independent Special District)
<b>Principal Act</b>	California General Law 9307, Statutes of 1951, Chapter 1647
<b>Formation History</b>	1951 – Formed by the State Legislature in response to the request of the Yolo County Board of Supervisors.
<b>Services</b>	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"> <li>• Make sufficient water available including, but not limited to, the acquisition, storage, and distribution for irrigation, domestic, fire protection, municipal, commercial, industrial, and all other beneficial uses.</li> <li>• Provide for the reservoir storage, control and disposition of storm and flood waters.</li> <li>• Provide groundwater recharge and to prevent contamination, pollution or otherwise rendering unfit for beneficial use the surface or subsurface water, and to prevent any such interference with the waters as may endanger or damage the inhabitants, lands, or use of water in or flowing into the District.</li> <li>• Levy and collect a groundwater charge for the production of water from the groundwater supplies on lands within the District.</li> <li>• To construct, operate, and maintain works to develop hydroelectric energy and transmission lines for the conveyance thereof. The power generated may be used by the district for its purposes, or for the production or transmission of water, but shall not be offered for sale directly by the district to customers other than to a public utility or another public agency.</li> </ul>
<b>Service Area</b>	
<b>General Location</b>	Encompasses almost one-third of the southwestern section of Yolo County, including the cities of Davis, Winters, and most of Woodland, and UC Davis.
<b>Size</b>	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.”
<b>Customers</b>	162 agricultural customers, 35 municipal and industrial customers (non-potable water)
<b>Land Uses</b>	Agricultural; suburban residential (unincorporated communities); and urban (cities and UC Davis).
<b>Water Supplies</b>	
<b>Surface Water</b>	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. During major shortages, landowners rely more heavily on groundwater supplies through private production wells than normal years.
<b>Groundwater Subbasin(s)</b>	Yolo Subbasin. YCFCWCD currently owns one groundwater well available for drought years, if needed. Landowners have overlying rights to access groundwater through private production wells. YCFCWCD has historically played a lead role in groundwater quality and well water level monitoring, and is continuing to assist the YSGA in establishing the Yolo Subbasin’s groundwater monitoring program.

<b>Facilities</b>	
<i>Distribution</i>	Distribution system includes more than 160 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).
<b>Hydroelectric Supplies</b>	
<b>Generation</b>	Indian Valley Reservoir has a 3.0MW Hydroelectric Facility, which allows YCFCWCD to sell hydropower during irrigation releases. The Hydroelectric Facility consists of two large-scale turbine generators and one low flow turbine generator, the latter of which is used for minimum stream flow releases.
<b>Distribution</b>	As of November 2020, the YCFCWCD has a contract for selling power to Valley Clean Energy
<b>Governance &amp; Staffing</b>	
<b>Governance Structure</b>	<u>Name</u>
	Jim Mayer (Chair)
	Bruce Rominger (Vice Chair)
	Tom Barth
	Mary Kimball
	Eric Vink
	<u>Term Expires</u>
	12/15/2021
	12/15/2019 <sup>2</sup>
	12/15/2023
	12/15/2022
	12/15/2020
<b>Management</b>	General Manager (GM): Tim O’Halloran Assistant GM – Engineering & Administration: Kristin Sicke Assistant GM – Water Resources: Max Stevenson
<b>Other Agency Memberships</b>	Member agency of WRA and YSGA. Lead agency in numerous regional water and flood management efforts, including the FloodSAFE Yolo 2.0 Program.

<sup>2</sup> During a meeting on 11/6/2020, the Assistant GM indicated term re-appointment was pending, however, Yolo County was behind on needed appointments due to COVID-related priorities.

Agency Boundaries



**AFFECTED AGENCIES**

Per Government Code Section 56427, a public hearing is required to adopt, amend, or revise a sphere of influence. Notice shall be provided at least 21 days in advance and mailed notice shall be provided to each affected local agency or affected County, and to any interested party who has filed a written request for notice with the executive officer. Per Government Code Section 56014, an affected local agency means any local agency that overlaps with any portion of the subject agency boundary or SOI (included proposed changes to the SOI).

The affected local agencies for this MSR/SOI are:

**County/Cities:**

- City of Davis
- City of West Sacramento
- City of Winters
- City of Woodland
- County of Yolo

**K-12 School Districts:**

- Davis Joint Unified
- Esparto Unified
- Pierce Joint Unified
- River Delta Unified
- Washington Unified
- Winters Joint Unified
- Woodland Joint Unified

**Community College Districts:**

- Delta
- Los Rios
- Solano
- Yuba

**Special Districts:**

- Cemetery District – **Capay, Cottonwood, Davis, Knight’s Landing, Mary’s, Winters**
- Community Service District – Cacheville, **Esparto**, Knights Landing, **Madison**
- County Service Area - Dunnigan, **El Macero**, Garcia Bend, **North Davis Meadows**, Snowball, **Wild Wings, Willowbank**
- Fire Protection District – **Capay**, Clarksburg, **Dunnigan, East Davis**, Elkhorn, **Esparto**, Knights Landing, **Madison**, No Man’s Land, **Springlake, West Plainfield, Willow Oak, Winters, Yolo, Zamora**
- Sacramento-Yolo Port District
- Reclamation District – 150, 307, 537, 730, 765, 787, 900, 999, 1600, 2035
- Yolo County Resource Conservation District
- Water District – Dunnigan, Knight’s Landing Ridge Drainage, Yolo County Flood Control & Water Conservation

**Multi-County Districts:**

- Reclamation District – 108 (Colusa), 2068 (Solano), 2093 (Solano)
- Water District – Colusa Basin Drainage
- Sacramento-Yolo Mosquito and Vector Control District

**MUNICIPAL SERVICE REVIEW**

**POTENTIALLY SIGNIFICANT MSR DETERMINATIONS**

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that a MSR update is not warranted.

- |  |  |
|--|--|
| <input type="checkbox"/> Growth and Population                                   | <input type="checkbox"/> Shared Services           |
| <input type="checkbox"/> Disadvantaged Unincorporated Communities                | <input checked="" type="checkbox"/> Accountability |
| <input type="checkbox"/> Capacity, Adequacy & Infrastructure to Provide Services | <input type="checkbox"/> Other                     |
| <input checked="" type="checkbox"/> Financial Ability                            |  |

**LAFCO MUNICIPAL SERVICE REVIEW:**

- On the basis of this initial evaluation, the required determinations are not significant and staff recommends that an MSR is NOT NECESSARY. The subject agency will be reviewed again in five years per Government Code Section 56425(g).
- The subject agency has potentially significant determinations and staff recommends that a comprehensive MSR IS NECESSARY and has been conducted via this checklist.

<b>1. GROWTH AND POPULATION</b>	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
Growth and population projections for the affected area.			
a) Will the agency’s territory or surrounding area experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will development have an impact on the subject agency’s service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will population changes require a change in the agency’s service and/or sphere of influence boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a-c) *Will the agency’s territory or surrounding area experience any significant population change or development over the next 5-10 years? Will development have an impact on the subject agency’s service needs and demands? Will population changes require a change in the agency’s service and/or sphere of influence (SOI) boundary?*

No. The unincorporated areas of Yolo County are estimated to have a 1.0% increase in growth from January 1, 2018 to January 1, 2019<sup>3</sup>. YCFCWCD provides flood control; dam operation; canal and slough maintenance; agricultural and wholesale M&I water; recreation; hydroelectric power generation and sale. Therefore, local population growth and any associated development is not anticipated to have a significant impact on the subject agency's service needs and demands.

**Growth and Population MSR Determination**

The unincorporated areas of Yolo County are estimated to have a 1.0% increase in growth from January 1, 2018 to January 1, 2019. YCFCWCD provides flood control; dam operation; canal and slough maintenance; agricultural and wholesale M&I water; recreation; hydroelectric power generation and sale. Therefore, local population growth and any associated development is not anticipated to have a significant impact on the subject agency's service needs and demands.

**2. DISADVANTAGED UNINCORPORATED COMMUNITIES**

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

	YES	MAYBE	NO
a) If the subject agency provides public services related to sewers, municipal and industrial water, or structural fire protection, are there any "inhabited unincorporated communities" (per adopted Commission policy) within or adjacent to the subject agency's sphere of influence that are considered "disadvantaged" (80% or less of the statewide median household income) that do not already have access to public water, sewer and structural fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) If "yes" to a), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community? If "no" to a), this question is marked "no" because it is either not needed or not applicable.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a) *If the subject agency provides public services related to sewers, municipal and industrial water, or structural fire protection, are there any "inhabited unincorporated communities" (per adopted Commission policy) within or adjacent to the subject agency's sphere of influence that are considered "disadvantaged" (80% or less of the statewide median household income) that do not already have access to public water, sewer and structural fire protection?*

No. The YCFCWCD provides flood control; dam operation; canal and slough maintenance; agricultural and wholesale M&I water; recreation; hydroelectric power generation and sale. Although YCFCWCD provides some municipal and industrial water, it is non-potable water.

b) *If "yes" to a), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community? If "no" to a), this question is marked "no" because it is either not needed or not applicable.*

<sup>3</sup> Department of Finance City/County Population estimates with Annual Percent Change, January 1, 2018 and 2019

No. This determination is not applicable to the YCFCWCD.

**Disadvantaged Unincorporated Communities MSR Determination**

The YCFCWCD provides flood control; dam operation; canal and slough maintenance; agricultural and wholesale M&I water; recreation; hydroelectric power generation and sale. Although YCFCWCD provides some municipal and industrial water, it is non-potable water. Therefore, this determination is not applicable to YCFCWCD.

**3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES**

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory (also note number of staff and/or contracts that provide services)? Are there any concerns regarding services provided by the agency being considered adequate (i.e. is there a plan for additional staff or expertise if necessary)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned (including deficiencies created by new state regulations)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) If the agency provides water, wastewater, flood protection, or fire protection services, is the agency not yet considering climate adaptation in its assessment of infrastructure/service needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a) *Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory (also note number of staff and/or contracts that provide services)? Are there any concerns regarding services provided by the agency being considered adequate (i.e. is there a plan for additional staff or expertise if necessary)?*

No. Through riparian rights and pre-1914 and post-1914 water rights, surface water supplies originate from Cache Creek, Clear Lake, and Indian Valley Reservoir. YCFCWCD has 450,000 acre-feet of storage available in Clear Lake and Indian Valley Reservoir when at full capacity: Clear Lake (150,000 acre-feet allocation when full); and Indian Reservoir Dam (300,000 acre-feet allocation when full). Delivery is based on demand each year upon request of farmers. During water shortages, landowners rely more heavily on groundwater supplies through private production wells than normal years.

District water users must file applications for water service on or before April 1 of each year. When the water supply is less than demand, YCFCWCD allocates water by dividing it among the assessed acreage and a percentage allocation is determined. This percentage of water is provided to each landowner and they decide whether to use it, transfer allocation, or to not use it and return it to the District pool for all landowners to use. Once the District determines the total water available and total demand, detailed metering and records are maintained and shared with users on a monthly basis.

The water conveyance 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 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.

The Indian Valley Hydroelectric Facility is located at the base of Indian Valley Reservoir and consists of a powerhouse with two large-scale turbine generators and one low-flow turbine generator. The large-scale turbine generators are used during irrigation releases and the low-flow turbine generator is used for stream flow releases after the irrigation season ends. As of November 2020, the YCFCWCD has a contract for selling power to Valley Clean Energy, a locally governed electricity provider in Yolo County.

YCFCWCD has sufficient trained staff to meet service needs within the District service area. The District has agency capacity to meet the service needs of existing agricultural lands within the district boundary. During drought years of limited allocation, YCFCWCD has policies in place on how it fairly allocates scarce water supplies among landowners (as described above).

- b) *Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?*

No. Please see the responses to items 1a-c).

- c) *Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned (including deficiencies created by new state regulations)?*

No. The YCFCWCD is currently planning projects and costs involved in complying with the implementation of SB X7-7 and SB 88, new water measurement and accounting regulations. The YCFCWCD is continually trying to prepare for new regulations as related to dam ownership and liability given the 2017 Oroville Spillway Incident.

- d) *If the agency provides water, wastewater, flood protection, or fire protection services, is the agency not yet considering climate adaptation in its assessment of infrastructure/service needs?*

No. The YCFCWCD considers climate adaption in its assessment of infrastructure and service needs. The policies noted in item 3a) above addresses how agricultural water will be allocated during drought years. In addition, the District has been replacing its wood power poles to non-flammable materials to better withstand wildfire events. The YCFCWCD experienced two large fires at Indian Valley Reservoir, which burned power poles, the transmission line, and related power infrastructure. The YCFCWCD worked with the California Office of Emergency Services to receive state reimbursement for replacing the wooden power poles and line. The wooden power poles were replaced with steel poles to ensure the poles would not be affected in future fires around Indian Valley.

- e) *Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?*

No. Please see the response to 2a-b.

**Capacity and Adequacy of Public Facilities and Services MSR Determination**

Through riparian rights and pre-1914 and post-1914 water rights, YCFCWCD surface water supplies originate from Cache Creek, Clear Lake, and Indian Valley Reservoir. It has 450,000 acre-feet of storage available in Clear Lake and Indian Valley Reservoir when at full capacity. Delivery is based on demand each year upon request of farmers. During water shortages, landowners rely more heavily on groundwater supplies through private production wells than normal years. When the water supply is less than demand, YCFCWCD allocates water by dividing it among the assessed acreage and a percentage allocation is determined. Once the District determines the total water available and total demand, detailed metering and records are maintained and shared with users on a monthly basis. The water conveyance 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. As of November 2020, the YCFCWCD has a contract for selling power to Valley Clean Energy, a locally governed electricity provider in Yolo County.

The District has sufficient trained staff to meet service needs within its service area. The YCFCWCD is currently planning projects and related costs involved in complying with the implementation of new water measurement and accounting regulations. In addition, the YCFCWCD is continually trying to prepare for new regulations as related to dam ownership and liability given the 2017 Oroville Spillway Incident. The YCFCWCD experienced two large fires at Indian Valley Reservoir, which burned power poles, the transmission line, and related power infrastructure. The YCFCWCD worked with the California Office of Emergency Services to receive state reimbursement for replacing the wooden power poles and lines. with steel poles to ensure the poles would not be affected in future fires around Indian Valley Reservoir.

**4. FINANCIAL ABILITY**

Financial ability of agencies to provide services.

	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
a) Is the subject agency in an unstable financial position, i.e. does the 6-year trend analysis indicate any issues?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the subject agency fail to use generally accepted accounting principles, fully disclosing both positive and negative financial information to the public and financial institutions including: summaries of all fund balances and charges, summaries of revenues and expenditures, five-year financial forecast, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Does the agency need a reconciliation process in place and followed to compare various sets of data to one another; discrepancies identified, investigated and corrective action is taken. For small agencies, this would include comparing budgets to actuals, comparing expenses from one year to the next, etc.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Does the agency board fail to receive periodic financial reports (quarterly or mid-year at a minimum); reports provide a clear and complete picture of the agency's assets and liabilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**YOLO LAFCO MUNICIPAL SERVICE REVIEW/SPHERE OF INFLUENCE STUDY**

---

e)	Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f)	Is the organization's rate/fee schedule insufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g)	Is the organization needing additional reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h)	Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i)	Does the agency need documented accounting policies and procedures including investments (If not, LAFCo has a sample)? Does the agency segregate financial duties among staff and/or board to minimize risk of error or misconduct? Is there a system of authorizations, approval and verification for transactions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**YOLO LAFCo MUNICIPAL SERVICE REVIEW/SPHERE OF INFLUENCE STUDY**

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE (modified)**

	2015	2016	2017	2018	2019	2020
<b>Revenue</b>						
Water sales	\$ 310,525	\$ 2,040,568	\$ 4,609,818	\$ 3,357,812	\$ 4,556,716	\$ 3,682,526
Canal maintenance charges	46,642	14,560	4,712	6,774	8,049	5,481
Hydroelectric power sales	-	69,803	60,430	194,552	137,230	555,003
Recreation fees	20	-	4,628	9,499	6,380	12,063
Total Operating Revenue	357,187	2,124,931	4,679,588	3,568,637	4,708,375	4,255,073
Investment earnings	9,182	11,625	24,089	55,709	135,190	105,217
Property taxes	982,296	1,025,026	1,112,574	1,339,241	1,344,937	1,381,392
Federal and state grants	1,403,608	758,620	1,023,222	1,318,522	2,341,620	1,176,294
Long-term debt proceeds	-	-	144,782	-	-	-
Gain on disposal of assets	648,431	639,603	85,468	5,408	48,307	14,595
Other nonoperating revenues	132,663	77,083	91,633	341,773	132,828	196,020
Total Nonoperating Revenue	3,176,180	2,511,957	2,481,768	3,060,653	4,002,882	2,873,518
Total revenue	3,533,367	4,636,888	7,161,356	6,629,290	8,711,257	7,128,591
<b>Expenses</b>						
<b>Operating expenses</b>						
Salary and benefits	1,743,777	2,074,818	2,283,761	2,267,681	2,316,594	2,697,235
Services and supplies	833,955	1,143,149	1,357,018	1,647,764	1,174,849	1,767,482
Debt service - principal/interest	261,310	261,344	320,692	290,437	290,474	290,560
Property taxes	167,073	174,531	183,536	194,471	210,597	222,975
Other	16,568	3,475	96,320	413	6,344	2,821
Total operating expenses	3,022,683	3,657,317	4,241,327	4,400,766	3,998,858	4,981,073
Capital asset acquisition	2,073,100	1,798,811	1,892,549	1,223,058	3,955,558	3,723,204
Total expenses	5,095,783	5,456,128	6,133,876	5,623,824	7,954,416	8,704,277
Net Change in Fund Balance	(1,562,416)	(819,240)	1,027,480	1,005,466	756,841	(1,575,686)
Fund Balance, beginning	5,800,923	4,238,507	3,419,267	4,446,747	5,452,213	6,209,054
Fund Balance, ending	\$4,238,507	\$ 3,419,267	\$ 4,446,747	\$ 5,452,213	\$ 6,209,054	\$ 4,633,368
<b>Fund Balances</b>						
Restricted for MERCSA	\$ -	\$ -	\$ -	\$ 170,777	\$ -	\$ -
Unassigned	4,238,507	4,238,507	4,238,507	4,238,507	4,238,507	4,238,507
Total Fund Balances	\$4,238,507	\$ 3,419,267	\$ 4,446,747	\$ 5,452,213	\$ 6,209,054	\$ 4,633,368
<b>YTY Change in Total Fund Balance</b>						
Amount Increase (Decrease)	(1,562,416)	(819,240)	1,027,480	1,005,466	756,841	(1,575,686)
Percentage Increase (Decrease)	-26.93%	-19.33%	30.05%	22.61%	13.88%	-25.38%

**Discussion:**

a) *Is the subject agency in an unstable financial position, i.e. does the 6-year trend analysis indicate any issues?*

No. The District's major sources of revenue are from water sales, property taxes and federal and state grants. In non-drought years these revenues make up over 95% of total revenue. Operating revenues from 2017 – 2020 were fairly stable and have increased to pre-drought levels. Property tax revenue increased from \$982,296 to \$1,381,392 from fiscal year (FY) 2015 to 2020. Included in the increase is approximately \$50,000 a year attributed to the integration of **Madison-Esparto Regional County Service Area's** (MERCSA's) drainage services outside of Esparto beginning in FY 2018.

The District experienced significant revenue losses during the drought years of 2014 through 2016. It is estimated that operating revenues lost during the drought were over \$7.6 million. The District revised its fee schedule accordingly (see item 4f) to mitigate future revenue loss from as a result of droughts. Yearend unassigned fund balance has ranged between \$3.4 million and \$6.2 million, or between 53% and 97% of expenses.

Operating expenditures decreased due to drought in FY 2015 and FY 2016 and increased to pre-drought levels by FY 2017. From 2017 through 2019, operating expenditures remained flat before increasing \$982,215, or by 25%, in FY 2020. The increase was mostly attributable to increased transmission and distribution expenses of \$362,207 related to flooding from 2019 storms, \$176,502 for the new Flood Safe Yolo program, \$113,026 related to MERCESA expenses, \$99,431 for Madison Flooding Mitigation and \$430,713 for the Groundwater Sustainability Plan.

As long as the District is able to mitigate revenue loss due to extended periods of drought and finance the repair of infrastructure due to damage caused floods and wildfires the District should remain sound.

- b) *Does the subject agency fail to use generally accepted accounting principles, fully disclosing both positive and negative financial information to the public and financial institutions including: summaries of all fund balances and charges, summaries of revenues and expenditures, five-year financial forecast, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)?*

Maybe. The District maintains its financial system on an accrual basis of accounting and is audited annually and has received unqualified opinions each year. However, there is some crossover resulting from closely working with Yolo Subbasin Groundwater Agency (YSGA). The YSGA contracts with the District for program activities. The review of YSGA found that the District recorded YSGA revenue and expenditures on the District books. LAFCo recommends YSGA revenue and expenditures not be recorded on the District books to maintain separate financial information.

In addition, the District receives Federal and State revenue that is solely used for capital projects. In the general ledger and financial statements these revenues have been inconsistently recorded and reported as either non-operating grants or contributed capital, when all of it should be reported as contributed capital.

- c) *Does the agency need a reconciliation process in place and followed to compare various sets of data to one another; discrepancies identified, investigated and corrective action is taken. For small agencies, this would include comparing budgets to actuals, comparing expenses from one year to the next, etc.?*

No. The District has adequate controls in place to prevent error and safeguard the District's assets. The District also produces robust monthly reports that are reviewed by the General Manager, Assistant General Manager and the Board of Directors. The reports include a budget-to-actual income statement with supporting budget-to-actual variance analysis notes, a schedule of cash and investment balances, capital projects status report, accounts receivable analysis schedule and various comparative schedules. Additionally, the District has annual audits conducted by external auditors.

- d) *Does the agency board fail to receive periodic financial reports (quarterly or mid-year at a minimum); reports provide a clear and complete picture of the agency's assets and liabilities?*

No. The Board of Directors receive monthly financial reports via email when each month is closed and at the monthly board meetings. The financial report includes a budget-to-actual income statement with supporting budget-to-actual variance analysis notes, a schedule of cash and investment balances, capital projects status report, accounts receivable analysis schedule and various comparative schedules. The Board also reviews all invoices over \$2,500.

- e) *Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?*

Maybe. District's major sources of revenue, over the past six years are water sales, grants and property taxes and have averaged as a percentage of total revenue, 49%, 21% and 19%, respectively. Water sales depend on the availability of water and as such is dependent on the weather. During the past drought it is estimated the District lost about \$7.6 million dollars of operating revenue. ~~Without a comprehensive capital project plan the District has been dependent on Federal and State grants for major capital projects.~~ **The District has taken advantage of State grant opportunities to finance some of its smaller scale capital projects. Federal funds have also been available to reimburse emergency project costs.** The most consistent and reliable source of revenue is property taxes which account for about 19% of total revenue.

- f) *Is the organization's rate/fee schedule insufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion and/or is the fee inconsistent with the schedules of similar service organizations?*

Maybe. The District has established a sliding scale rate schedule based on the actual total stored water supply. Agricultural rates are based on the combined water storage in Clear Lake and Indian Valley Reservoir on April 1. Higher water storage (i.e. more water to sell) means lower rates. The minimum rate per acre feet of agriculture water is \$24 and increases up to \$44 as the water supply decreases. Even with the current rate schedule if there is not enough water supply to make any deliveries the District can still lose 50% of its annual revenue. The District is also dependent on Federal and State revenues for major capital improvements. LAFCo recommends the District's revenues could be more sustainable if the rate structure included a base fee or stand by fee for landowners to pay for basic infrastructure maintenance costs even during years where water is not purchased.

- g) *Is the organization needing additional reserve to protect against unexpected events or upcoming significant costs?*

Maybe. As part of the budget process the District considers upcoming large capital projects that would need to draw on reserves. Specific appropriations or additions to reserves for unexpected emergencies or set asides to finance future capital improvements are not routinely included in the budget process. The GM's practice through budget management, is to accumulate and maintain a reserve equal to two years of operating revenue which is about \$7 million. Total fund balance as of April 30, 2020 was \$4.6 million.

- h) *Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?*

No. The district has one loan and one capital lease that requires an annual payment of \$292,327 in FY 2021. **The capital lease will be paid off by December 30, 2020. Thereafter, the District will have one loan that requires an annual payment of \$261,221 through FY 2030.** The district does not have any debt related to retirement or retiree health insurance (OPEB).

The District has a loan with the State Water Resources Control Board (SWRCB) and lease purchase agreements. The loan with SWRCB was issued on March 9, 2011 in the amount of \$4,220,712, carries an interest rate of 2.7% and is due in annual installments of \$261,221. The loan was used to finance improvements to a transmission and distribution plant. At April 30, 2020 the principal balance was \$2,457,643 and will be paid off on December 15, 2030.

The District also has entered into a lease purchase agreement to finance the purchase of a tractor. The initial amount financed was \$144,782 at an interest rate of 3.27% and is due in annual installments of \$31,306 through December 30, 2020. The principal balance as of April 30, 2020 was \$30,120.

The debt service payments are included in the District's annual budget and appear manageable, however, it currently does not have **written** policies addressing debt or capital financing. **The District has been fiscally conservative in taking on debt or receiving capital financing.**

- i) *Does the agency need documented accounting policies and procedures including investments (If not, LAFCo has a sample)? Does the agency segregate financial duties among staff and/or board to minimize risk of error or misconduct? Is there a system of authorizations, approval and verification for transactions?*

Yes. Although the District has a small administrative staff, it appears to have adequate controls in place for proper review of receipts, disbursements and other system functions. The District is currently documenting the controls and procedures in case of any unexpected staff turnover.

### **Financial Ability MSR Determination**

Over the past six years (including drought years), the District has been able to maintain a solid yearend fund balance averaging \$4.7 million, despite the drought impacted years (2014 to 2016) when the District experienced significant loss of revenue, estimated to be over \$7.6 million. To mitigate some of the revenue shortfall the District cut expenditures. The District also established a sliding scale rate structure based on the combined water storage in Clear Lake and Indian Valley Reservoir on April 1 each year. Higher water storage (i.e. more water to sell) means lower rates, helping to stabilize revenues.

The District maintains its financial system and is audited annually and has received unqualified opinions each year. However, there is some crossover resulting from closely working with Yolo Subbasin Groundwater Agency (YSGA) that should be cleaned up going forward. Management has also been able to control the growth of expenditures and mitigate the possible loss of water sales during drought by establishing a slide scale fee schedule based on the anticipated water supply.

Finances are well-managed and as long as the District is able to finance losses of revenue and destruction of infrastructure due to extended periods of drought, floods and wildfires the district should remain sound. The District maintains a healthy fund balance, although it would be better to adopt a capital improvement plan and have funds set aside for specified uses rather than a general reserve.

### **Financial Ability MSR Recommendations**

- Financial transactions that relate directly to the YSGA should not be recorded in the YCFWCWCD ledgers.
- Develop a policy or procedure to identify and record Federal and State revenue consistently as either non-operating grants or contributed capital based on the purpose of the grant.
- Consider assessing a ~~facility stand by fee or a base~~ **service** fee that would protect the District's financial condition from periods of extended drought.
- Develop a **formal** capital improvement plan that includes a financing plan **(i.e. long-range planning, not just on an annual basis)**.
- Create a reserve policy that includes specific set asides, which are formally recorded in the accounting system, for financing a capital improvements plan, general reserve, and a catastrophic loss reserve to mitigate against loss of revenue and to finance unexpected large infrastructure losses due to disasters.
- Complete the ongoing process to document the accounting controls, procedures and policies in case of any unexpected staff turnover.

**5. SHARED SERVICES AND FACILITIES**

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

- a) *Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?*

No. YCFCWCD is a model district in how it has embraced shared services in various forms. It continues to fill gaps in a number of areas of water resource management, environmental stewardship, and flood management. The YCFCWCD plays a role regionally with the Water Resources Association in implementing the Integrated Regional Water Management 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.

YCFCWCD also recognized the regional need to address flood control management issues both inside and outside of the District. YCFCWCD 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.

In 2017, YCFCWCD took over some flood control services from the Madison-Esparto County Service Area (CSA) which were redundant and allowed LAFCo to dissolve the CSA. YCFCWCD is also a member of, and provides contract staffing to, the Water Resources Association and the Yolo Subbasin Groundwater Agency JPA.

**Shared Services MSR Determination**

YCFCWCD is a model district in how it has embraced shared services in various forms. It continues to fill gaps in a number of areas of water resource management, environmental stewardship, and flood management. The YCFCWCD plays a role regionally with the Water Resources Association **of Yolo County** in implementing the Integrated Regional Water Management Plan **and the Yolo Subbasin Groundwater Agency in developing the Yolo Subbasin Groundwater Sustainability Plan**. In 2017, YCFCWCD took over some flood control services from the Madison-Esparto Regional County Service Area (MERCASA) which were redundant and allowed LAFCo to dissolve it. YCFCWCD is also a member of, and provides contract staffing to, the Water Resources Association and the Yolo Subbasin Groundwater Agency JPA.

**6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES**

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

	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
a) Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are any agency officials and designated staff <u>not</u> current in making their Statement of Economic Interests (Form 700) disclosures?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Does the organization need to improve its public transparency via a website (i.e. a website should contain at a minimum: organization mission/description/boundary, board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services, if applicable, and audit reports)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h) Does the agency need policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding and handling public records act requests?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Does the agency need to improve its system of keeping records safe from damage (i.e. fire or water damage)? Are back up systems needed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Discussion:**

- a) *Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?*

No. The YCFCWCD was created by special legislation and is one of the most functional and resourced special districts in the county. The District has taken over services over the years from other redundant agencies to resolve service inefficiencies. No changes are recommended.

- b) *Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?*

No. YCFCWCD's special legislation forming the District establishes that Board vacancies are filled by the Yolo County Board of Supervisors, one member for each BOS district. The District's Board is filled with very capable members that show stability and longevity with the District. Board members are trained regarding the organization's program requirements and financial management.

- c) *Are any agency officials and designated staff not current in making their Statement of Economic Interests (Form 700) disclosures?*

No. Disclosures are current and posted on the District website.

- d) *Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?*

No. The District currently has 27 employees and plans to hire a two more in the coming weeks. Staff are capable and trained. There do not appear to be any chronic issues with staff turnover. The board is working on succession planning. Resources can be found at: <http://www.ca-ilg.org/management-and-staff>.

- e) *Does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable?*

No. The District routine undergoes annual audits conducted by independent external auditors.

- f) *Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?*

No. The District routinely undergoes annual audits conducted by qualified independent external auditors. Completed audits are present to the District board at open meetings. Audits over the past seven years have been performed by two audit firms, however, the District should memorialize this practice by adopting a policy that the same auditors are not used for more than six years in a row.

- g) *Does the organization need to improve its public transparency via a website (i.e. a website should contain at a minimum: organization mission/description/boundary, board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services, if applicable, and audit reports)?*

Maybe. The YCFCWCD improved its transparency score from 67% in 2018 to 82% in 2019, however, there is still some room for improvement. Detailed information can be found at: <https://www.yololafco.org/yolo-local-government-website-transparency-scorecards>

- h) *Does the agency need policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding and handling public records act requests?*

No. The district has adopted these policies and/or complies with the appropriate code.

- i) *Does the agency need to improve its system of keeping records safe from damage (i.e. fire or water damage)? Are back up systems needed?*

Maybe. The District maintains most of its records on a local server and backs up to cloud storage. Some records are maintained at the district office and the district is in the process to safeguard them from fire and water damage.

**Accountability, Structure and Efficiencies MSR Determination**

The YCFCWCD was created by special legislation and is one of the most functional and resourced special districts in the county. The District has taken over services over the years from other redundant agencies to resolve service inefficiencies. The District’s Board is filled with very capable members that show stability and longevity with the District. Board members are trained regarding the organization’s program requirements and financial management. The District currently has 27 employees and plans to hire a two more in the coming weeks. Staff are capable and there do not appear to be any chronic issues with staff turnover. The board is working on succession planning. The District routine undergoes annual audits conducted by independent external auditors. The YCFCWCD improved its transparency score from 67% in 2018 to 82% in 2019, however, there is still some room for improvement. The district has adopted policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding.

**Accountability, Structure and Efficiencies Recommendations**

- YCFCWCD should consider adopting a policy that it rotates auditors at least every 6 years.
- The YCFCWCD improved its transparency score from 67% in 2018 to 82% in 2019, however, there is still some room for improvement.
- Take appropriate measures to safeguard any essential paper records in the office from fire or water damage.

**7. OTHER ISSUES**

Any other matter related to effective or efficient service delivery, as required by commission policy.

	YES	MAYBE	NO
a) Is there any other matter related to effective or efficient service delivery, as required by commission policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

- a) *Is there any other matter related to effective or efficient service delivery, as required by commission policy?*

No. The previous MSR/SOI prepared for the YCFCWCD predated the checklist format and specific recommendations for District implementation were not listed.

**Other Issues MSR Determination**

There are no other issues related to effective or efficient service delivery, as required by Commission policy.

**SPHERE OF INFLUENCE STUDY**

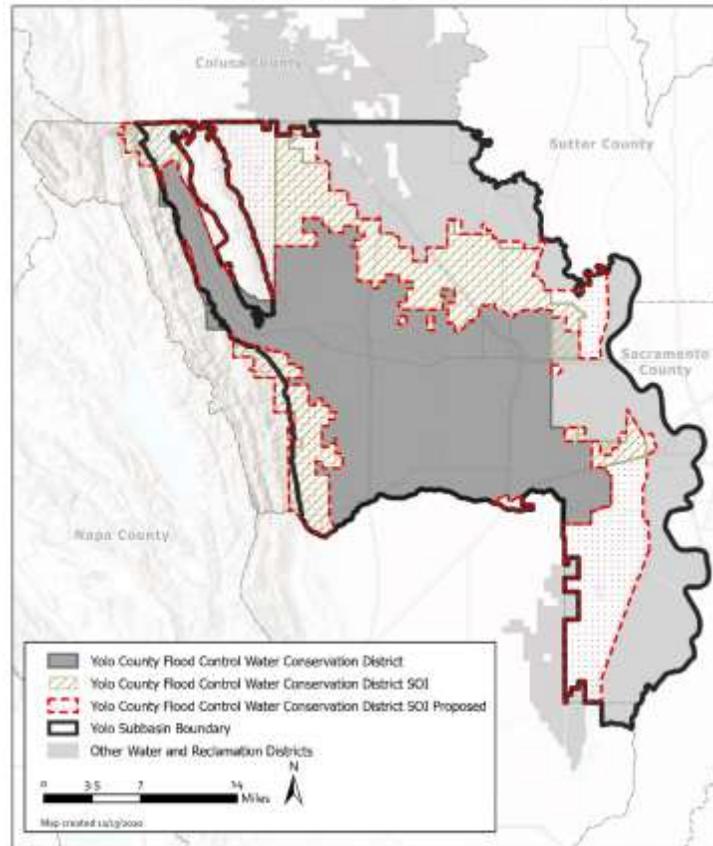
On the basis of the Municipal Service Review:

- Staff has reviewed the agency’s Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency’s SOI is recommended and SOI determinations HAVE NOT been made.
- Staff has reviewed the agency’s Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency’s SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

**SPHERE OF INFLUENCE MAP**

The draft map below is a placeholder. The proposed SOI would include areas inside the Department of Water Resources Yolo Subbasin boundary (shown in purple outline) that are not already covered by another water or reclamation district boundary (shown in solid colors) or its SOI (shown in hash mark stripes). These areas not covered are also known as the “white areas”. District coverage supports groundwater monitoring and recharge efforts of the local Groundwater Sustainability Agency, the Yolo Subbasin Groundwater Agency.

**Yolo County Flood Control and Water Conservation District and Proposed Sphere of Influence**



**POTENTIALLY SIGNIFICANT SOI DETERMINATIONS**

The SOI determinations below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages.

- Present and Planned Land Uses
- Need for Public Facilities and Services
- Capacity and Adequacy of Provide Services
- Social or Economic Communities of Interest
- Disadvantaged Unincorporated Communities

**1. PRESENT AND PLANNED LAND USES**

The present and planned land uses in the area, including agricultural and open-space lands.

	YES	MAYBE	NO
a) Is there a lack of any present or planned land uses in the area that would create the need for an expanded service area?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the SOI conflict with planned, orderly and efficient patterns of urban development?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is there a conflict with the adopted SACOG Metropolitan Transportation Plan/Sustainable Communities Strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Would the SOI result in the loss of prime agricultural land or open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Would the SOI impact the identity of any existing communities; e.g. would it conflict with existing postal zones, school, library, sewer, water census, fire, parks and recreation boundaries?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any natural or made-made obstructions that would impact where services can reasonably be extended or should otherwise be used as a logical SOI boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Would the proposed SOI conflict with a Census boundary, such that it would compromise the ability to obtain discrete data?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a-g) *Is there a lack of any present or planned land uses in the area that would create the need for an expanded service area? Would the SOI conflict with planned, orderly and efficient patterns of urban development? Is there a conflict with the adopted SACOG Metropolitan Transportation Plan/Sustainable Communities Strategy? Would the SOI result in the loss of prime agricultural land or open space? Would the SOI impact the identity of any existing communities; e.g. would it conflict with*

*existing postal zones, school, library, sewer, water census, fire, parks and recreation boundaries? Are there any natural or made-made obstructions that would impact where services can reasonably be extended or should otherwise be used as a logical SOI boundary? Would the proposed SOI conflict with a Census boundary, such that it would compromise the ability to obtain discrete data?*

No. This SOI would provide for potential annexation if well sites are needed for groundwater monitoring by the Yolo Subbasin Groundwater Agency, which the YCFCWCD is a member of. Additional agricultural lands could also be irrigated by District surface water resources, if resources are available. The YCFCWCD provides non-potable irrigation water to agricultural land. The agricultural land already exists and is not a result of new development. The SOI includes rural agricultural areas outside of urban areas/communities and would not conflict with any man-made obstructions or other types of boundaries.

**Present and Planned Land Uses SOI Determination**

This SOI would provide for potential annexation if well sites are needed for groundwater monitoring and recharge projects by the Yolo Subbasin Groundwater Agency, which the YCFCWCD is a member of. Additional agricultural lands could also be irrigated by District surface water resources, if resources are available. The YCFCWCD provides non-potable irrigation water to agricultural land. The agricultural land already exists and is not a result of new development. The proposed SOI includes rural agricultural areas outside of urban areas/communities and would not conflict with any man-made obstructions or other types of boundaries. The SOI is proposed for expansion because the Yolo Subbasin Groundwater Agency JPA will complete its groundwater monitoring plan in 2022 and JPA member agency coverage of the entire Yolo Subbasin is desirable for creating a system of groundwater monitoring sites.

**2. NEED FOR PUBLIC FACILITIES AND SERVICES**

The present and probable need for public facilities and services in the area.

	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
a) Would the SOI conflict with the Commission’s goal to increase efficiency and conservation of resources by providing essential services within a framework of controlled growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the SOI expand services that could be better provided by a city or another agency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Does the SOI represent premature inducement of growth or facilitate conversion of agriculture or open space lands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Does the SOI conflict with the Regional Housing Needs Analysis (RHNA) or other SACOG growth projections?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any areas that should be removed from the SOI because existing circumstances make development unlikely, there is not sufficient demand to support it or important open space/prime agricultural land should be removed from urbanization?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Have any agency commitments been predicated on expanding the agency’s SOI such as roadway projects, shopping centers, educational facilities, economic development or acquisition of parks and open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a-d) *Would the SOI conflict with the Commission’s goal to increase efficiency and conservation of resources by providing essential services within a framework of controlled growth? Would the SOI expand services that could be better provided by a city or another agency? Does the SOI represent premature inducement of growth or facilitate conversion of agriculture or open space lands? Does the SOI conflict with the Regional Housing Needs Analysis (RHNA) or other SACOG growth projections?*

No. This SOI would provide for potential annexation if well sites are needed for groundwater monitoring by the Yolo Subbasin Groundwater Agency, which the YCFCWCD is a member of. Additional agricultural lands could also be irrigated by District surface water resources, if resources are available. The SOI area would include rural areas, is not growth-inducing, and, therefore, questions regarding controlled growth are not applicable. The services cannot be better provided by another agency.

e) *Are there any areas that should be removed from the SOI because existing circumstances make development unlikely, there is not sufficient demand to support it or important open space/prime agricultural land should be removed from urbanization?*

No. An increased SOI would support agricultural lands and provide for more sustainable water resources.

f) *Have any agency commitments been predicated on expanding the agency’s SOI such as roadway projects, shopping centers, educational facilities, economic development or acquisition of parks and open space?*

No. This question is not applicable to the District services.

**Need for Public Facilities and Services SOI Determination**

This SOI would provide for potential annexation if well sites are needed for groundwater monitoring by the Yolo Subbasin Groundwater Agency, which the YCFCWCD is a member of. Additional agricultural lands could also be irrigated by District surface water resources, if resources are available. The SOI area would include rural areas, is not growth-inducing, and, therefore, questions regarding controlled growth are not applicable. The services cannot be better provided by another agency. An increased SOI would support agricultural lands and provide for more sustainable water resources.

**3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES**

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

	YES	MAYBE	NO
a) Are there any issues regarding the agency’s capacity to provide services in the proposed SOI territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency’s willingness and ability to extend services?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a-b) *Are there any issues regarding the agency’s capacity to provide services in the proposed SOI territory? Are there any issues regarding the agency’s willingness and ability to extend services?*

This SOI would provide for potential annexation if well sites are needed for groundwater monitoring and recharge projects by the Yolo Subbasin Groundwater Agency, which the YCFCWCD is a member of.

Additional agricultural lands could also be irrigated by District surface water resources, if resources are available.

**Capacity and Adequacy of Provided Services SOI Determination**

This SOI would provide for potential annexation if well sites are needed for groundwater monitoring and recharge projects by the Yolo Subbasin Groundwater Agency, which the YCFCWCD is a member of. Additional agricultural lands could also be irrigated by District surface water resources, if resources are available. An increased SOI would support agricultural lands and provide for more sustainable water resources.

**4. SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST**

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

	YES	MAYBE	NO
a) Are there any "inhabited unincorporated communities" (per adopted Commission policy) within or adjacent to the subject agency's sphere of influence that are considered "disadvantaged" (same as MSR checklist question 2b)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a) *Are there any "inhabited unincorporated communities" (per adopted Commission policy) within or adjacent to the subject agency's sphere of influence that are considered "disadvantaged" (same as MSR checklist question 2b)?*

Please see response to MSR checklist question 2b.

**Social or Economic Communities of Interest SOI Determination**

The YCFCWCD provides non-potable water only that could not serve populated communities. Therefore, existence of any social or economic communities of interest are not relevant to this agency's municipal service.

**5. DISADVANTAGED UNINCORPORATED COMMUNITIES**

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.

	YES	MAYBE	NO
a) Does the subject agency provide public services related to sewers, municipal and industrial water or structural fire protection (same as MSR checklist question 2a)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) If yes, does the proposed SOI exclude any disadvantaged unincorporated community (per MSR checklist question 2b) where it either may be feasible to extend services or it is required under SB 244 to be included?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

- a) *Does the subject agency provide public services related to sewers, municipal and industrial water or structural fire protection (same as MSR checklist question 2a)?*

No. Please see agency description of services provided.

- b) *If yes, does the proposed SOI exclude any disadvantaged unincorporated community (per MSR checklist question 2b) where it either may be feasible to extend services or it is required under SB 244 to be included?*

No. Please see the response to MSR Checklist question 2c.

**Disadvantaged Unincorporated Communities SOI Determination**

The YCFCWCD provides non-potable water only that could not serve populated communities. Therefore, existence of any social or economic communities of interest are not relevant to this agency's municipal service.