Surface Water & Groundwater Services Municipal Service Review (MSR) and Sphere of Influence (SOI) Update

LAFCo No. 25-05

Dunnigan Water District

Yolo County Flood Control and Water Conservation District

and

Yolo Subbasin Groundwater Agency JPA

Prepared by:

Yolo Local Agency Formation Commission

Public Review Draft July 7, 2026

SUBJECT AGENCIES:

Subject Agency:	**Dunnigan Water District**
Agency Address:	3817 1st Street PO Box 84 Dunnigan, CA 95937
Agency Contact Person:	Jordon Navarott, General Manager

Subject Agency:	**Yolo County Flood Control and Water Conservation District**
Agency Address:	34274 State Highway 16 Woodland, CA 95695
Agency Contact Person:	Kristin Sicke, General Manager

Subject Agency:	**Yolo Subbasin Groundwater Agency**
Agency Address:	34274 State Highway 16 Woodland, CA 95695
Agency Contact Person:	Kristin Sicke, Executive Officer

CONDUCTED BY:

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1. MSR/SOI BACKGROUND

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 21st 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).

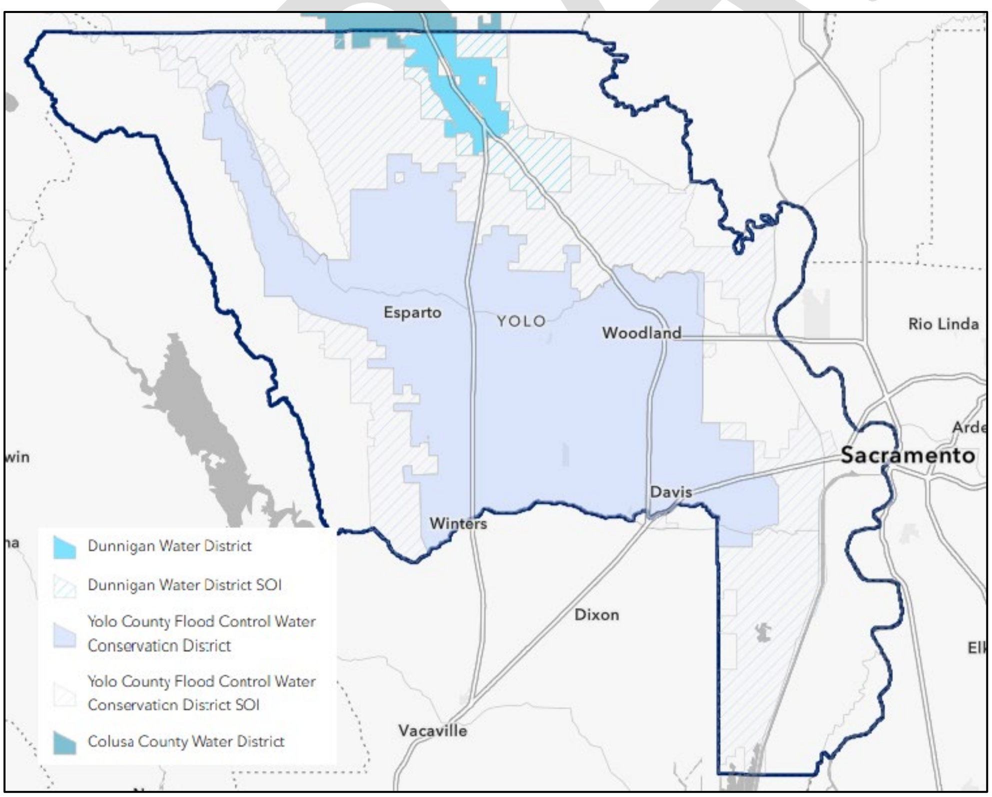
ORGANIZATION OF MSR/SOI STUDY

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.

IRRIGATION DISTRICTS OVERVIEW

Figure 1. Irrigation Districts



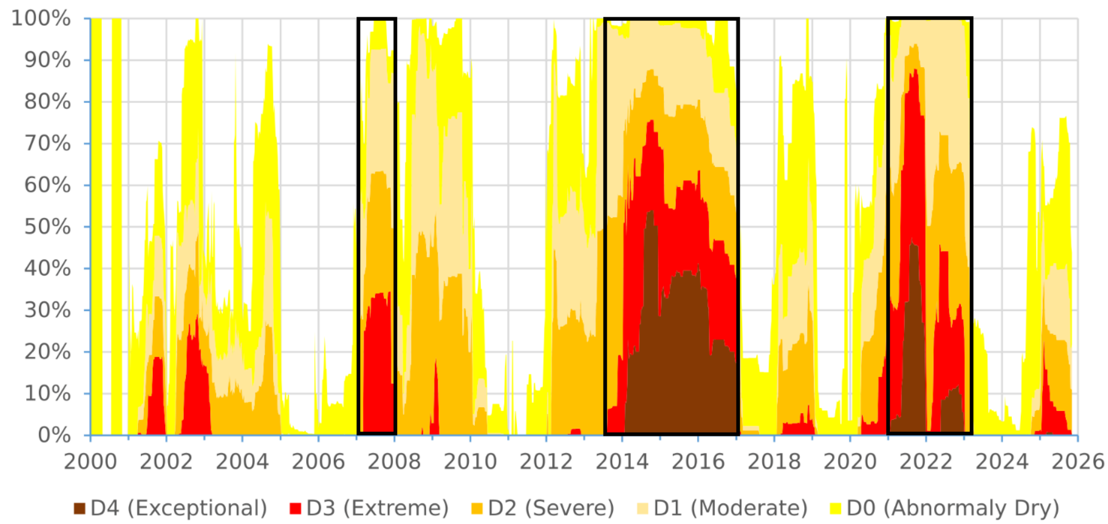
Yolo County has two irrigation districts that provide services related to non-potable water for agricultural use: the Yolo Flood Control & Water Conservation District (YCFC&WCD) and the Dunnigan Water District (DWD). A small portion of the Colusa County Water District within the Colusa LAFCo's jurisdiction crosses over the county line at the north end of Yolo County.

Both DWD and YCFC&WCD were formed in the 1950s and mainly provide surface water to farms with DWD serving 10,914 acres while YCFC&WCD's area covers over 200,000 acres. YCFC&WCD also manages reservoir storage and the control and disposition of storm and flood waters. This includes the Clear Lake and Indian Valley Reservoir, which also provide recreation and some hydroelectrical energy production.

DROUGHT CONCERNS

Irrigation districts are dependent on surface water supplies which are threatened by periods of drought. In the last century, following the Dust Bowl era of the 1920s and 30s, California experienced two brief periods of drought in the 1950s and 1970s followed by a long drought from 1987-1992. The United States Drought Monitor (https://droughtmonitor.unl.edu) has provided more detailed tracking of drought conditions since 2000 as shown below. This data shows that California has already seen severe drought or worse cover more than half of the state in every decade this century: 2007-2008. 2013-2017, and 2021-2023, shown by the boxed areas on the figure below. Evidence points to climate change contributing to even greater impacts to surface water availability in the future.

Figure 2. Percentage of California under Drought Conditions 2000-2026



GROUNDWATER MANAGEMENT

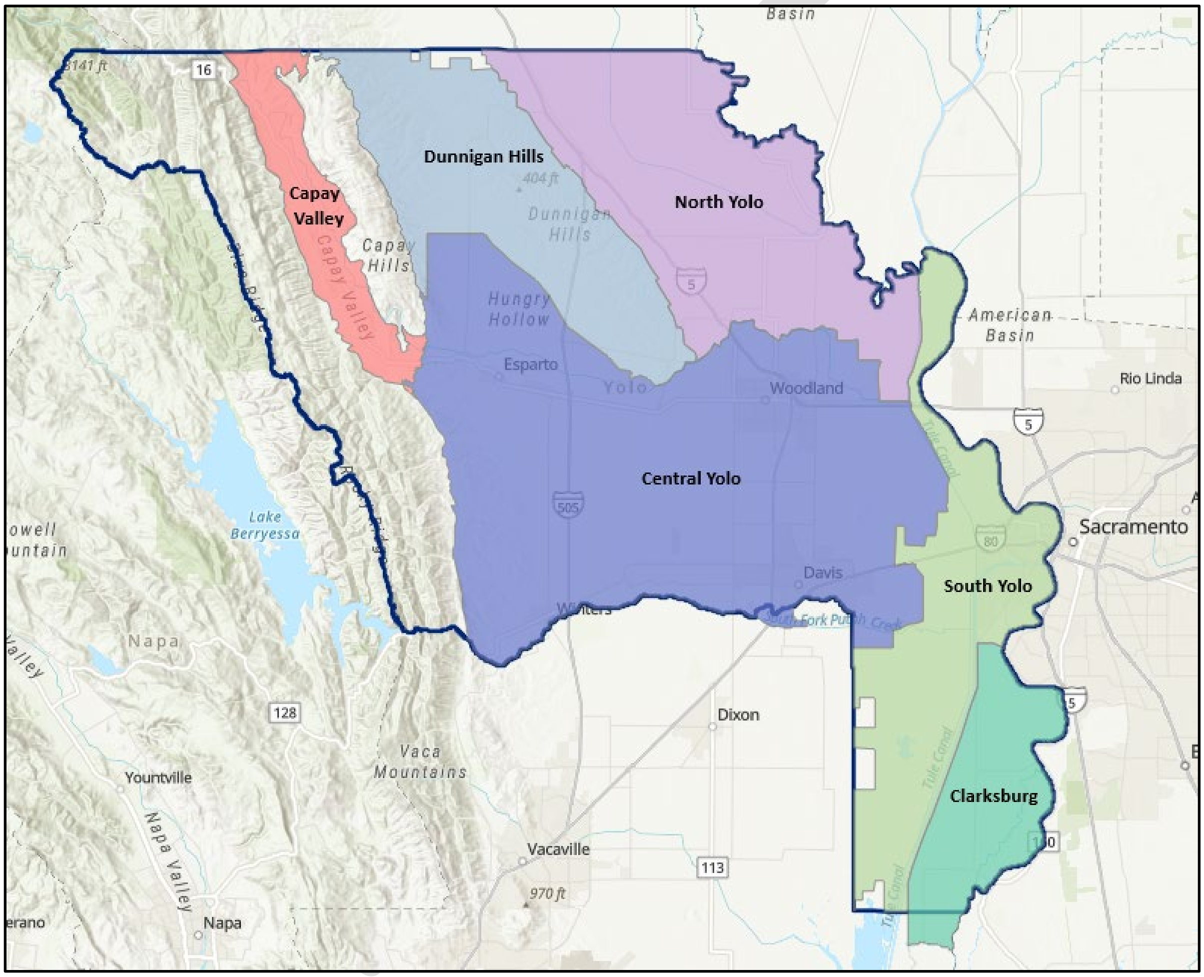
In years when surface water is scarce, the County's irrigated lands are more dependent on groundwater resources. The Water Resources Association of Yolo County (WRA), which was formed in 1993 as a nonprofit mutual-benefit corporation, served a critical role in water resources planning including groundwater. YCFC&WCD took a lead role in forming the Water Resources Association and served as the lead agency for implementing Yolo County's groundwater monitoring program and data management system in compliance with California AB 303, the Local Groundwater Management Act of 2000.

Much of the DWD area consists of a discontinuous aquifer system, particularly west of the I-5 Freeway, which makes the location of new wells very difficult with indications of modest overdraft conditions. DWD prepared a Groundwater Management Plan in 2005. The groundwater management planning effort was intended to promote a more proactive conjunctive use program through a better understanding of the groundwater aquifer system, better monitoring data, and groundwater sustainability projections based on different urban development scenarios.

On September 16, 2014, Governor Jerry Brown signed into law a three-bill legislative package, comprised of AB 1739 (Dickinson), SB 1168 (Pavley), and SB 1319 (Pavley), collectively known as the Sustainable Groundwater Management Act. The WRA and YCFCWCA played an important role in the formation of the Yolo Subbasin Groundwater Agency (YSGA).

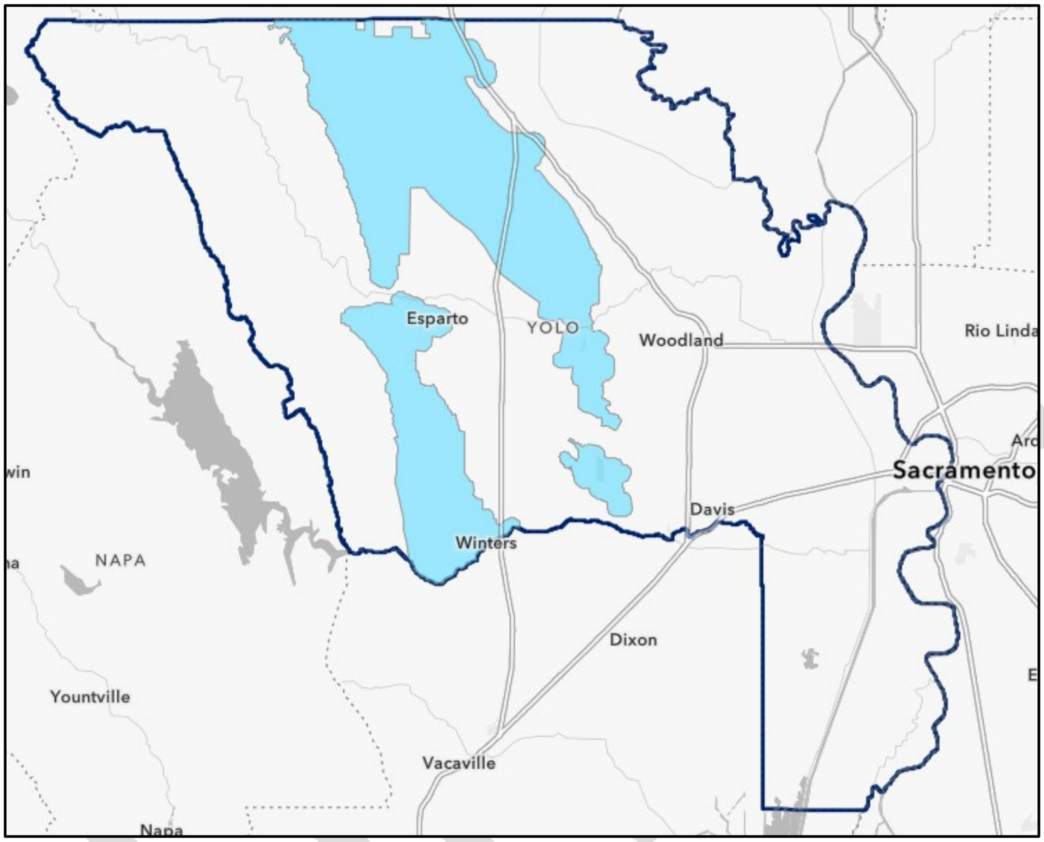
The YSGA, also covered in this MSR/SOI, was formed in 2017. It divides Yolo County into six management areas: Capay Valley, Dunnigan Hills, North Yolo, Central Yolo, South Yolo, and Clarksburg.

Figure 3. YSGA Management Areas



In 2022, in response to a number of drought years, Yolo County adopted an emergency proclamation that required new wells in the Dunnigan Hills focus area to be reviewed by the Yolo Subbasin Groundwater Agency (YSGA) and the County to ensure that they did not interfere with existing wells or cause subsidence. In October 2024, Yolo County's Urgency Ordinance No. 1569 continued well permitting requirements and added permitting requirements for most of the Dunnigan Hills and portions of the Central and North Yolo management areas.

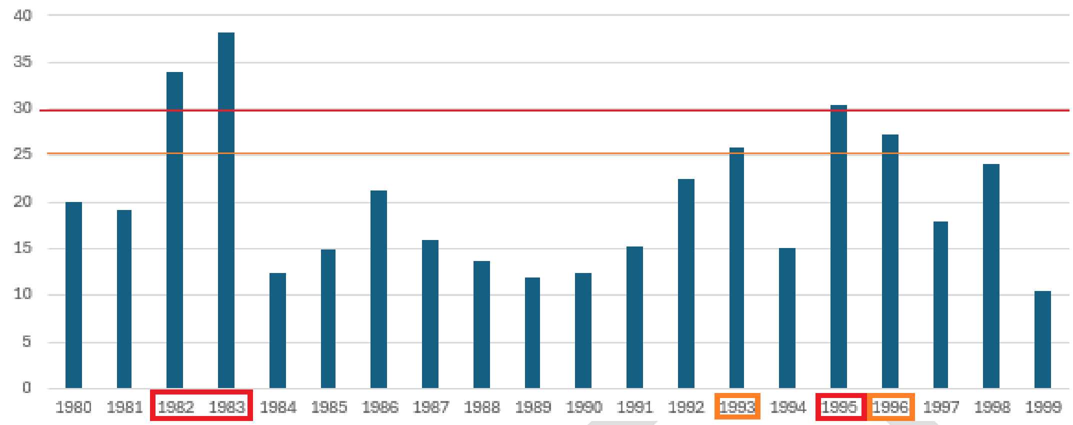
Figure 4. YSGA Focus Areas

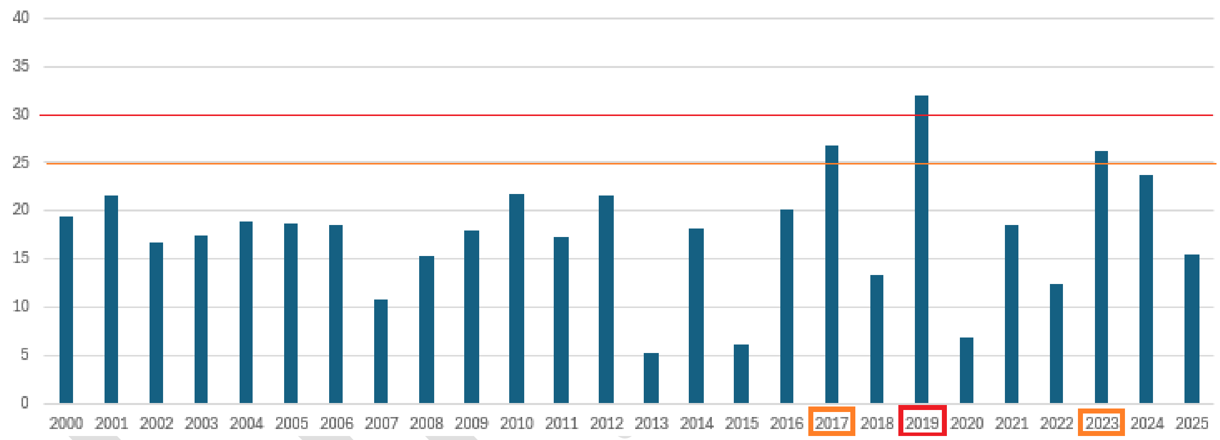


FLOOD CONCERNS

California also suffers periods of intense storms and atmospheric rivers which bring flooding. FEMA's National Risk Index ranks census blocks within Yolo County at relatively high risk to very high risk for both drought and inland flooding. The worst periods of flooding in the later twentieth century for Yolo County were in the mid-1960s, early 1980s, and mid-1990s. In the current century, the County received federal disaster declarations for storm, flooding, and landslide events in 2017, 2019, and the winter of 2022-2023. Figure 5 below shows annual rainfall amounts in inches for Yolo County and highlights rainfall amounts of 25 and 30 inches. Years that exceed these rainfall amounts correlate with the years that Yolo County received disaster declaration related to flooding according to the Storm Events Database maintained by the National Centers for Environmental Information (https://www.ncei.noaa.gov). Years receiving more than 25 inches of rain (marked in orange below) consistently recorded flood events with the most intense events occurring in years that received over 30 inches (marked in red).

Figure 5. Annual Rainfall (in inches) correlated to intensity of flooding events in Yolo County 1980-2025





California's climate has always featured wide swings between drought and flood. Looking into the future, precipitation has been modeled[1] to become even more volatile, with large increases in the frequency of extreme wet events, extreme dry events, and rapid transitions between them. These changes will pose major challenges for water management services in Yolo County.

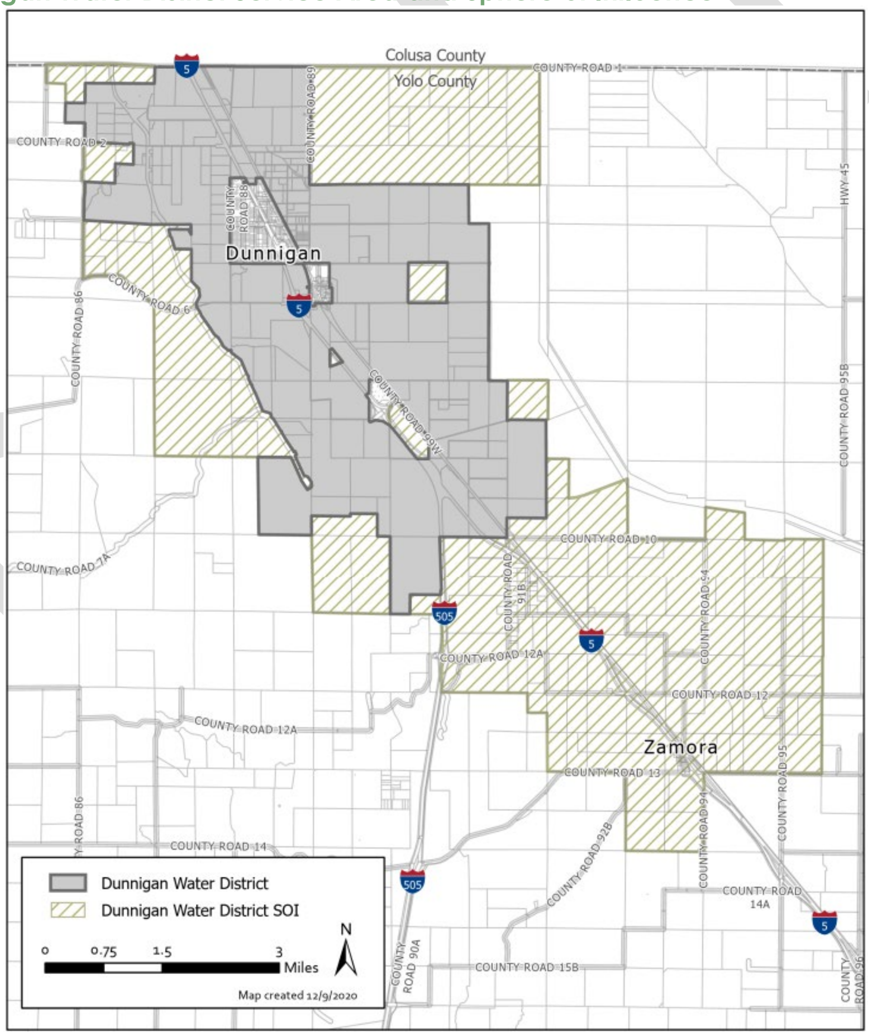
[1] The Future of Extreme Precipitation in California, UCLA Institute of the Environment & Sustainability Research Project 2020

2. DUNNIGAN WATER DISTRICT

AGENCY PROFILE

Dunnigan Water District (DWD) is an independent special district formed in 1956 by landowners in the Dunnigan area to access Central Valley Project (CVP) water through the Tehama-Colusa Canal. The DWD distribution system connecting the Tehama-Colusa Canal to DWD lands through an underground pipeline system was completed in 1982. DWD contract renewals with United States Bureau of Reclamation (USBR) since 1995 have maintained the original 19,000 acre-feet per year CVP allocation. The current size of the District is 10,914 acres, with 10,353 acres irrigated. DWD prepares 5-year Water Management Plans for USBR and updates them each year.

Figure 6. Dunnigan Water District Service Area and Sphere of Influence



MUNICIPAL SERVICE REVIEW

POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potential areas of concern, as indicated by 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 "Not a Concern" answers, the Commission may find that a MSR update is not warranted.

☐	Growth and Population	☐	Shared Services
☐	Disadvantaged Unincorporated Communities	☒	Accountability
☐	Facilities and Services	☐	Other
☐	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.

1. GROWTH AND POPULATION Growth and population projections for the affected area.	Significant Concern	Potential Concern	Not a Concern
a) Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?	☐	☐	☒
b) Do changes in service demand suggest a change in the agency's services?	☐	☐	☒

Discussion

The Dunnigan Water District is located in the northern portion of unincorporated Yolo County so it is difficult to find a population count limited to its service area but it appears best represented by US Census tract 06113011400 although that includes the unincorporated communities of Dunnigan, Knights Landing, and the town of Yolo. According to US Census Bureau data for the tract, the population increased slightly between 2010 and 2024 from 4,193 to 4,428. Additionally, there has not been a significant increase in the amount of land irrigated.

Growth and Population MSR Determination

Local population growth and any associated development within the Dunnigan Water District's service area are not expected to increase significantly enough to have an impact on the District'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.

	Significant Concern	Potential Concern	Not a Concern
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?	☐	☐	☒
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?	☐	☐	☒

Discussion:

The Dunnigan Water District does not provide municipal services related to sewer, potable water, or structural fire protection. Although DWD provides some municipal and industrial water (approximately 75-80 acre feet per year), per the USBR contract it only includes water used for purposes such as landscaping or water for animals. It is non-potable water.

Disadvantaged Unincorporated Communities MSR Determination

The Dunnigan Water District provides non-potable irrigation water that does not provide municipal services related to sewer, potable water, or structural fire protection. Therefore, this determination is not applicable to the Dunnigan Water District.

3. PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any deficiencies in the **infrastructure**, **equipment**, and **capacity of agency facilities** to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?	☐	☐	☒
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	☐	☐	☒
c) 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?	☐	☐	☒
d) Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs (i.e. temperature, drought, flooding, and wildfires)?	☐	☐	☒

Discussion:

The Dunnigan Water District provides non-potable water primarily for irrigation of agricultural land surrounding the town of Dunnigan. The District's water comes from Shasta Lake via the Tehama-Colusa

Canal, which is part of the Central Valley Project under the U.S. Bureau of Reclamation (USBR). DWD has a water allocation of 19,000 acre feet per year. Total service area is 10,613 acres with 7,500 irrigated acres (per 2011 Water Management Plan). This serves approximately 91 farms. Approximately 75 acre feet of water are provided for municipal and industrial use such as landscaping.

The DWD operates the distribution system conveying water from four gravity flow turnouts on the Tehama-Colusa Canal to district lands covering 80% of the district's acreage. This includes 26 miles of piped conveyance systems with USBR meters. Outflow points are located at the end of each metered lateral. Due to the implementation of drip tape irrigation practices, the agricultural fields do not have any runoff. The lands that use furrow irrigation practices on field crops are limited and therefore have very little run-off. In addition, DWD has a regulating tank that can store 1.37 acre feet of water with a pumping facility. According to the General Manager, the conveyance pipeline was constructed in 1981-1982 and has a lifespan of approximately 100 years. Segments of the pipelines are replaced as needed and DWD has an infrastructure maintenance plan.

Water users must file applications for water service on or before April 1 of each year. 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. DWD has capacity to meet the service needs of existing agricultural lands within the district boundary; however, water availability is determined by Shasta Dam water levels which may fluctuate. Multi-year droughts are a common occurrence in California, and drought severity and frequency are increasing with global warming. Over the last 20 years, there were three periods when the USBR fell short of providing DWD's full allocation: 2008-2009, 2013-2015, and 2020-2022.

DWD has policies in place on how it fairly allocates water supplies among landowners during drought and times of limited allocation. When the water from the USBR is below 60% of the contracted amount or below 11,400 acre-feet, which happened seven years over the last two decades, the District purchases transfer water supplies. Through reallocations and transfers, the DWD has still been able to meet water orders.

Should the District ever be unable to obtain sufficient water, DWD would allocate water by dividing it among the assessed acreage and determining a percentage allocation. Each landowner would then decide whether to use the reduced allocation, transfer it, or not use it and return it to the District pool for all landowners to use.

DWD is working on increasing the agency's water capacity and is appropriately planning for it. The Sites Reservoir Project is in the design process. The current year forecast for the start of operations is 2033. Water from the project will run down the Tehama-Colusa Canal, into a proposed pipeline at Dunnigan that conveys the water down to the Colusa Basin Drain and into the Sacramento River. This additional water source could serve the additional landowners, especially those in the previous Yolo-Zamora Water District territory that never acquired a water allocation. In addition to the Sites Project, DWD would like to drill and operate its own well to pump into the system during dry years and to install a small reservoir near the canal or on the eastern portion of the District for supplemental water and groundwater recharge.

The DWD is keenly aware of how it is affected by drought and climate adaptation. It is a member of the Yolo Subbasin Groundwater Agency. Some of the District's territory falls within a "Focus Area" designated by YSGA as an area where groundwater conditions are uncertain and where groundwater pumping could lead to additional issues. Yolo County has placed a moratorium for new agricultural wells in focus areas. DWD does not operate or manage any groundwater wells in the District but it monitors spring and fall groundwater levels in 14 production wells. Five additional wells are monitored by the State Department of Water Resources.

The Dunnigan Groundwater Recharge Project, led by DWD, launched in early 2022 as a pilot project with the diversion of about 200 AF from the Tehama-Colusa Canal into Buckeye Creek. The project has successfully expanded to include on-farm recharge and seasonal wetland habitat. The project now plans to recharge 5,000 AF per year into the aquifer and provide 500 acres of shorebird habitat. New monitoring equipment will be installed to quantify project benefits, including up to four stream gauges on Buckeye and Bird Creeks and up to 20 additional groundwater monitoring sites that will measure groundwater level, temperature, and electrical conductivity.

Capacity and Adequacy of Public Facilities and Services MSR Determination

Dunnigan Water District has agency capacity to meet the service needs of existing agricultural lands within the district boundary. DWD pipelines were constructed in 1981-1982 and have a lifespan of approximately 100 years. During drought years of limited allocation, DWD has policies in place on how it fairly allocates scarce water supplies among landowners. DWD is working on increasing the agency's water capacity through its participation in the Sites Reservoir and groundwater recharge projects.

DWD is a member of the Yolo Subbasin Groundwater Agency, a joint powers agency formed in order to comply with the Sustainable Groundwater Management Act. Some areas within the District have been designated as "Focus Areas" where groundwater conditions are uncertain. The District is piloting a groundwater recharge project with excess surface water to restore groundwater resources.

4. FINANCIAL ABILITY Financial ability of agencies to provide services.		**Significant Concern**	**Potential Concern**	**Not a Concern**
a)	Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?	☐	☐	☒
b)	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?	☐	☐	☒
c)	Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar local agencies?	☐	☐	☒
d)	Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?	☐	☐	☒
e)	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?	☐	☐	☒
f)	Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any unfunded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?	☐	☐	☒

g)	Does the agency staff need to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?	☐	☐	☒
h)	Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?	☐	☐	☒

Discussion:

Dunnigan Water District maintains its accounting data on an accrual basis of accounting under generally accepted accounting principles. The data presented below is based on the accrual basis data converted to the modified accrual basis. The modified accrual basis of accounting focuses on the near-term financial health of the District. The modified accrual basis of accounting includes the purchase of capital assets and loan principal repayments as expenditures which the accrual basis does not. Financial information for fiscal year 2025 was not available so the five-year trend is shown for fiscal years 2020-2024.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues					
Water sales	$ 1,824,507	$ 1,524,848	$ 1,569,041	$ 1,022,376	$ 1,159,610
Assessments	443,813	527,231	564,385	561,419	838,483
Interest income	12,981	3,473	4,582	38,558	114,522
Intergovernmental revenue	-	-	-	346,561	235,505
Other revenues	237,929	7,677	219,171	1,419	2,515
Debt proceeds	140,099	-	-	-	-
Total Revenues	2,659,329	2,063,229	2,357,179	1,970,333	2,350,635
Expenses					
Source of Supply	1,124,193	1,308,319	1,415,272	820,576	759,302
Distribution	178,190	154,848	66,996	-	-
Administration	216,557	134,418	209,598	350,363	431,086
Restoration	-	-	-	175,406	210,464
Debt service-Interest expense	-	57,376	51,246	48,129	44,936
Debt service-Principal payments	170,436	207,353	383,919	301,818	305,011
Capital outlay	-	24,621	-	-	-
Other	-	-	-	-	73,063
Total Expenditures	1,689,376	1,886,935	2,127,031	1,696,292	1,823,862
Change in Fund Balance	969,953	176,294	230,148	274,041	526,773
Beginning Fund Balance	1,638,036	2,607,989	2,784,283	3,014,431	3,288,472
Ending Fund Balance	2,607,989	2,784,283	3,014,431	3,288,472	3,815,245

The District's primary sources of revenue are water sales to agricultural customers and property assessments to fund debt service and fixed costs. Dunnigan Water District's revenues and expenditure have been stable over the past 5 years and show improvement over the last MSR/SOI. Income just for water sales and assessments average approximately $2 million dollars each year with operational expense averaging approximately $1.8 million. Fund balance over the period has shown steady growth.

Water sales comprise about 70% of the District's revenue. Although six customers account for approximately 45% of the District's water sales, these high-volume customers are large successful farms operating for many generations. According to district management, the likelihood of any of these large customers going out of business is remote.

The majority of DWD's expenditure is attributable to securing water resources, 16% for debt service, 15% for staffing and the remainder for operations, professional services and administrative expenses. Expenses in 2023-2024 were categorized differently following a change in auditor. The Dunnigan Groundwater Recharge Project discussed in the previous section is funded through grants.

CVP water allocation shortages and cropping patterns impact revenues, but the District has maintained service levels in shortage years based on a water allocation system. While DWD does not have a diverse revenue portfolio, District finances are stable due to its operations as a CVP contractor. As long as the District is able to secure adequate supplies of water and mitigate other unforeseen losses it should remain stable. As of 2025, DWD has a reserved emergency fund of over $320,000 and infrastructure improvements fund of approximately $218,000.

The contract executed between DWD and USBR in 1975 to construct a buried pipeline distribution system for $6.82 million. The District makes debt obligation payments to USBR on a portion of the original cost in semi-annual installments of $85,218. Title to the distribution system remains with USBR, even upon full repayment of the obligation.

The District maintains its own accounting system and conducts all of its banking outside of the County Treasury. The District relies on the County to enroll property assessments for debt service and to fund fixed costs. Transactions are accounted for on a full accrual basis. The District has an annual audit that has typically been quickly completed after the close of the fiscal year.

The District's Board receives monthly financial reports which consist of a balance sheet, profit and loss statement, budget to actual report, check listing and a deposit detail listing.

The District has developed a Strategic Plan to address financing system improvements and eventual replacement. As of 2025, the District has a reserved emergency fund of over $320,000 and infrastructure improvements fund of approximately $218,000. Net position increased overall.

The District currently has three long-term liabilities and their balances as of December 31, 2024 are as follows: $82,967 retiree health insurance (OPEB); $681,740 owed for the construction of the water delivery system; and a $1,714,644 liability for the District's share of Central Valley Project costs.

- OPEB. The District provides lifetime healthcare benefits for eligible retirees and their spouses through CalPERS. Eligible employees receive $100 month starting at retirement and increasing 5% annually. Currently the District finances benefits on a pay-as-you-go basis. Since the District does not have many employees and the plan requires at least 25 years of service to receive benefits it is unlikely that this liability will increase rapidly.

- Water Delivery System. This obligation is financed with a property assessment collected by the Yolo County Tax Collector repaid in semi-annual installments of $85,218 ($170,435 annually), at no interest through December 2028. This debt will be paid off by 2028 or earlier with USBR applying revenue from the sale of the old District office in Dunnigan to DWD's delivery system debt.

- Central Valley Project share of cost. This obligation is repaid from projected deliveries of water at varying rates per acre foot. The District pays this debt through their irrigation water rate to the Bureau of Reclamation and through construction relief. The District refinanced this debt through the Water Infrastructure Improvements for the Nation Act (WIIN Act) to prepay the Bureau of Reclamation in return for continuing water rights that would not require to be renegotiated at specific intervals. The District expects to pay off this debt in 2035.

Once the water delivery system is paid off, the water prices will be stabilized through a proposition 218. The District is preparing for that process.

Financial Ability MSR Determination

Dunnigan Water District is in good financial shape. DWD has an available/unencumbered balance of $1.28 million as of September 30, 2025, and manageable debt. The District has refinanced its Central Valley Project share of cost liability to prepay the Bureau of Reclamation under the WIIN Act so that it no longer needs to renegotiate its water rights. Expenditures and revenues have been fairly stable with revenues exceeding expenditures. To mitigate financial instability attributable to future droughts DWD is in process to secure reliable future water sources. DWD has been participating as an investor in the Sites Reservoir Project to secure additional supply and is piloting one of the first groundwater recharge projects in the County. As long as DWD is able to adapt to changing weather conditions by securing reliable and consistent water supplies it should remain financially stable.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	Significant Concern	Potential Concern	Not a Concern
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?	☐	☐	☒

Discussion:

The Dunnigan Water District has contracted Reclamation District 108 for staff and district management services since 2018. This is called a “functional consolidation” where the District remains legally separate but functionally is operated by another agency. In 2024, the District moved its office out of the USBR building in Dunnigan to the RD 108 offices. This allowed the USBR to auction the building and apply the revenue to DWD’s water delivery system debt. Therefore, the Dunnigan Water District is already making excellent use of shared services with a neighboring organization. It also shares services via its memberships in the Tehama-Colusa Canal Authority JPA, Yolo Subbasin Groundwater Agency JPA, Sites Project Authority JPA, and Central Valley Project Water Association.

Shared Services MSR Determination

The Dunnigan Water District shares services with Reclamation District 108 for staff and management services. In 2024, it moved its office from Dunnigan into RD 108’s headquarters in Grimes, CA. It maintains a webpage on the RD 108 website. It also shares services via its memberships in the following organizations:

- Tehama-Colusa Canal Authority, a joint powers authority/agency (JPA) of the 17 Central Valley Project water contractors.
- Sites Project Authority, a JPA formed in 2010 to pursue the development and construction of the Sites Reservoir Project for additional off stream storage to improve instream flows, the Delta ecosystem, and water supply.
- Yolo Subbasin Groundwater Agency, a JPA formed in 2017 to comply with the Sustainable Groundwater Management Act.

6. ACCOUNTABILITY, STRUCTURE, AND EFFICIENCIES

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

		Significant Concern	Potential Concern	Not a Concern
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)?	☐	☐	☒
b)	Does the agency need to secure independent audits of financial reports that meet California State Controller requirements (GOV Code Section 26909)? Are the same auditors used for more than six years? Are audit results <u>not</u> reviewed in an open meeting?	☐	☐	☒
c)	Is the agency insured or in a risk management pool to manage potential liabilities?	☐	☐	☒
d)	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?	☐	☐	☒
e)	Are there any issues with staff capacity and/or turnover? Is there a lack of staff member training regarding the organization's program requirements and financial management?	☐	☐	☒
f)	Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct (see suggested policies list)?	☐	☒	☐
g)	Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?	☒	☐	☐

Discussion:

Dunnigan Water District's five-member Board of Directors is elected at large through landowner voter elections. The Board of Directors' regular board meeting is held the second Wednesday of even months at the Reclamation District 108 Office, 975 Wilson Bend Road, Grimes, CA 95950 at 9:30 a.m. The DWD's Board seats are all filled and have some longevity in their positions. Members are compensated $50 per meeting and $100 for meetings longer than two hours.

DWD has one employee that operates and maintains the water conveyance system. The District has contracted with RD 108 for staff and management since 2018. RD 108 is a capable organization with expertise and capacity to operate DWD. Therefore, there are no issues with staff turnover or operational efficiencies. Dunnigan Water District is a member of the Association of California Water Agencies- Joint Powers Insurance Authority. Members have pooled funds to be self-insured. DWD participates in liability, property, and workers compensation programs.

The District conducts annual audit on a calendar year schedule. DWD changes auditors every three years. Results are reported at a board meeting.

Dunnigan Water District is still working on its policies. In addition to the District's by-laws and rules and regulations for water customers, the District has completed or is working on policies for annexation, investment, purchasing, personnel, record retention, director reimbursements, and investment. Additional policies recommended include the Brown Act, attendance and conduct at meetings, website maintenance, email and internet use, conflict of interest, and whistleblower policy. The 2024 audit found significant deficiencies in payroll procedures, so payroll, accounting, and financial policies are also recommended.

District records have been scanned, and all digital records are backed up for redundancy, but the District's webpage is lacking in information.

The DWD had its highest transparency score of 90% in 2018 but it fell to 36% in 2019 because the previous content was removed due to ADA compliance concerns. The District now has a page on the RD 108 Website, which provides basic information on board members and meetings but has no information policies or on finances such as audits, budgets, and revenues. It received a score of 58% in the 2025 website transparency report. The District should update the website with timely financial information.

Accountability, Structure and Efficiencies MSR Determination

The DWD's Board seats are all filled and have some longevity in their positions. The Board meets bi-monthly, and members stay current with required training. Dunnigan Water District has contracted with RD 108 for staff and management since 2018. Reclamation District 108 is a capable organization with expertise and capacity to operate DWD. DWD performs annual audits and has adopted a number of financial policies but should adopt additional policies for payroll, governance, and administration. The District has some information available on the RD108 website but only received a 2025 website transparency score of 58% due to incomplete information and no financial information such as audits, budgets, and revenues. Additional information regarding Yolo LAFCo's website transparency scorecard can found at: https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

Accountability, Structure and Efficiencies Recommendations

1. The Dunnigan Water District should continue to add website content as needed to improve its 58% score per the latest website transparency scorecard found at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

2. The District should continue to review and develop policies related to governance, general administration, payroll processing, finance and accounting to help guide its decision making in a rational and consistent manner. Policies the District should consider are as follows:
   - Governance policies. These would include the Brown Act requirements, director attendance and conduct at meetings.
   - General and administrative policies. These would include content and maintenance of websites, whistleblower policy, email and internet policy, conflict of interest policies.
   - Payroll policies. These would include frequency of payroll, method of processing payroll, staff involved and approval of payrolls, use of time sheets or other time keeping system, etc.
   - Accounting policies. These would include a chart of accounts, basis of accounting, recording of all transactions, the use of estimates, segregation of duties, transaction approval, recording and control of inventory and the fiscal year closing process.
   - Financial policies. These would include banking, use of reserves, collection of accounts receivable, rate and fee setting, allowable expenditures, employee and director travel reimbursements, capital assets, budget, debt, use of credit cards and accountability and audit.

7. OTHER ISSUES

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

	Significant Concern	Potential Concern	Not a Concern
a) Are there any recommendations from the agency's previous MSR that have not been implemented?	☐	☒	☐

Discussion:

The previous MSR/SOI prepared for the Dunnigan Water District had the following recommendations. The table below indicates the status of each recommendation.

2020 MSR Recommendations	Implemented?
1. The District should discuss with the new auditors whether there is an asset that could be capitalized related to the Central Valley Project liability. If there is, the addition of a capital asset would significantly improve the District's financial net position.	Yes
2. The District should continue to review and develop policies related to governance, general administration, payroll processing, finance, and accounting to help guide its decision making in a rational and consistent manner.	In Progress
3. As part of the Strategic Planning process, the District should develop a capital improvement plan (CIP) and a mechanism to set aside funds to finance future system improvements and eventual replacement.	Yes
4. The District should consider developing a catastrophic reserve to fund unforeseen events. The reserve policy should include a calculated target and funding strategy.	Yes
5. The District should consider using the Yolo County Treasury to invest surplus funds to increase investment earnings.	Yes
6. The District should develop an audit procurement policy that at a minimum would include the following : establishment of an audit committee, audits are to be performed in accordance with generally accepted government auditing standards (GAGAS), auditing agreements should be multiyear and require a rotation of auditors after a specific number of years, and the audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit and that price should not be allowed to serve as the sole criterion.	Yes
7. Improve the District's website content and keep current per the latest Web Transparency Scorecard posted on the Yolo LAFCo website.	No

Other Issues MSR Determination

The District has followed up on nearly all the recommendations from the 2020 MSR. This includes conducting a Strategic Plan process to develop a Capital Improvement Plan and reserve funds for unforeseen events. It has invested in the State’s Local Agency Investment Fund (LAIF), completed the process of retaining a new auditor, and obtained a WIIN grant to refinance some of their debt. The District should continue working to expand its policies and needs to complete its website with financial and policy information as recommended in Section 6. 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.

3. YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

AGENCY PROFILE

The State Legislature created the Yolo County Flood Control & Water Conservation District (YCFC&WCD) as an independent special district in 1951, at the request of the Yolo County Board of Supervisors. It encompasses almost one-third of Yolo County with a service area of over 200,000 acres including the Capay Valley, UC Davis, and the cities of Davis, Winters, and most of Woodland.

Cache Creek Dam

Although formed with no water rights, the District acquired the Clear Lake Water Company in 1967 which included the Cache Creek and Capay Diversion Dams and water rights having a priority of 1912. Clear Lake provides 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.

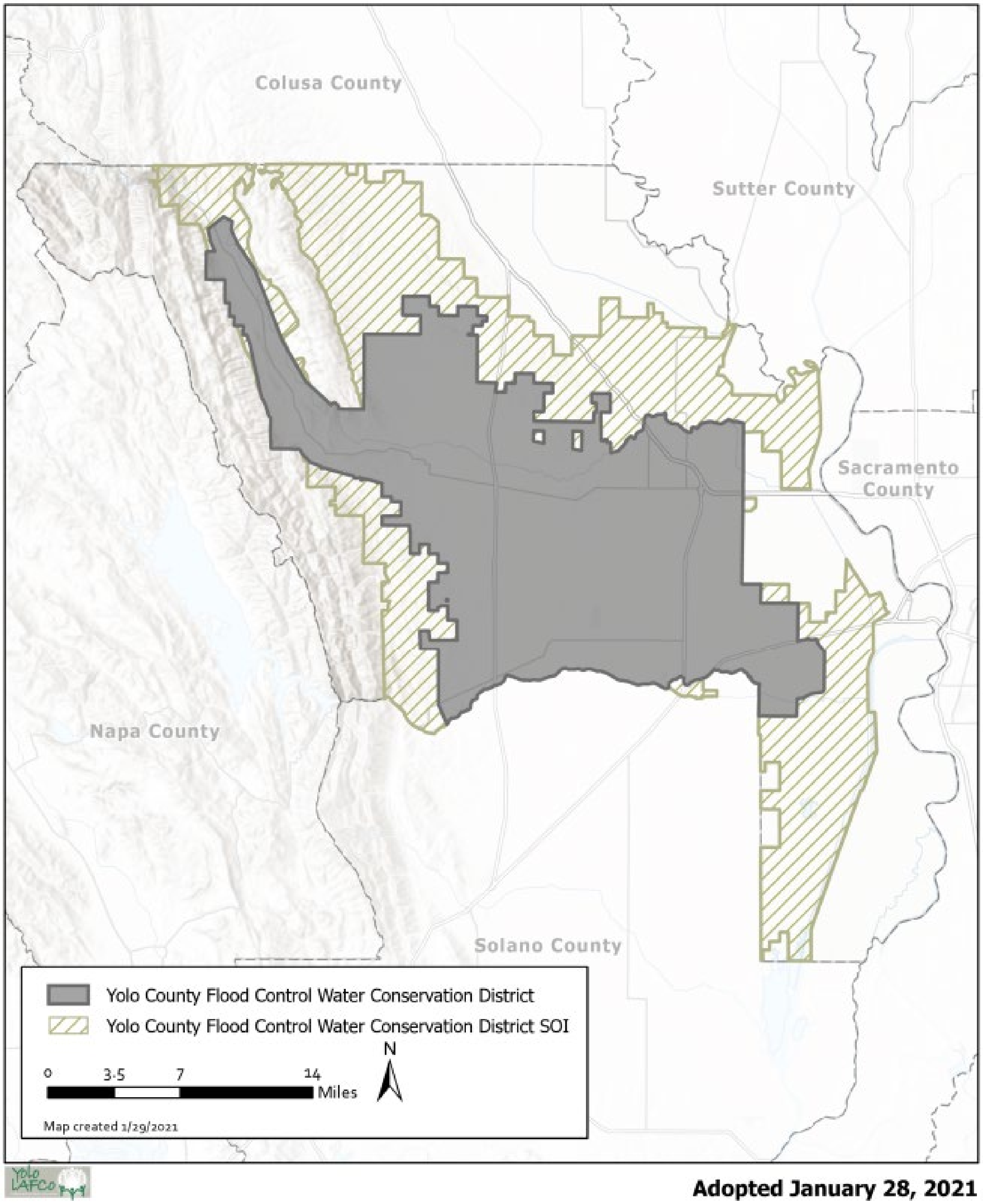
Additional water supplies were aquired with the completion of the Indian Valley Dam in 1974. The District also operates a campground at the Indian Valley Reservoir and produces power for Valley Clean energy after a hydroelectric plant retrofit to the dam in 1982.

1983 Flood – Lower

YCFC&WCD is authorized in its enabling legislation to control flood and storm waters within and flowing into the district to reduce the waste of water and protect life and property from floods within the District. The District was the lead agency in many studies and projects to that end including evaluating flooding and draining problems with studies in the 1950s, 1980s, and up until 1997. After adopting its Water Management Plan in October 2000 however, the District stepped back from its leading role in flood control to focus on groundwater management planning as provided by AB 3030. It has been a partner in the intermittent floodSAFE Yolo programs.

As a member of the Water Resources Association of Yolo County, the District assisted with the development of the Yolo County Integrated Regional Water Management Plan which was completed in 2007 and the formation of the Yolo Subbasin Groundwater Agency (YSGA). The YSGA contracts with the YCFC&WCD to provide services and program implementation.

Figure 7. Yolo County Flood Control and Water Conservation District Boundaries and SOI



MUNICIPAL SERVICE REVIEW

POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potential areas of concern, as indicated by 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 "Not a Concern" answers, the Commission may find that a MSR update is not warranted.

- ☐ Growth and Population
- ☐ Disadvantaged Unincorporated Communities
- ☐ Facilities and Services
- ☒ Financial Ability
- ☒ Shared Services
- ☒ Accountability
- ☐ Other

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.

1. GROWTH AND POPULATION Growth and population projections for the affected area.	Significant Concern	Potential Concern	Not a Concern
a) Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?	☐	☐	☒
b) Do changes in service demand suggest a change in the agency's services?	☐	☐	☒

Discussion:

The California Department of Finance estimates that Yolo County's population of 225,904 residents grew by 4.39% or 9,501 people between 2020 to 2026. The growth includes approximately 3,000 new residents in the unincorporated areas of Yolo County and 3,500 in Woodland, Winters, and Davis combined. The majority of the County's population lives within the District's boundaries. YCFC&WCD's services are primarily focused on providing irrigation water for agriculture with some hydroelectric power generation and sale, recreational opportunities, and flood control. These services are not strongly correlated to population so that population growth does not present a significant concern.

Growth and Population MSR Determination

The population of Yolo County continues to grow with the majority of residents living within the district boundaries of the YCFC&WCD. However, services provided by the District are not strongly impacted by population growth.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

	Significant Concern	Potential Concern	Not a Concern
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?	☐	☐	☒
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?	☐	☐	☒

Discussion:

The YCFC&WCD provides agricultural and wholesale municipal & industrial (M&I) water; dam operation; canal and slough maintenance; flood control; recreation; hydroelectric power generation and sale. YCFC&WCD has the water rights to Clear Lake in Lake County and sells wholesale water to the three agencies that provide water to the City of Clearlake which has disadvantaged communities; however, those organizations treat the water and provide municipal water services. Additionally, those agencies are under the purview of Lake County LAFCo.

Disadvantaged Unincorporated Communities MSR Determination

The YCFC&WCD provides non-potable water for agricultural uses and wholesale M&I water but does not directly provide municipal services related to sewer, potable water, or structural fire protection. Therefore, this determination is not applicable to YCFC&WCD.

3. PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any deficiencies in the **infrastructure**, **equipment**, and **capacity of agency facilities** to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?	☐	☐	☒
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	☐	☐	☒
c) 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?	☐	☐	☒
d) Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs (i.e. temperature, drought, flooding, and wildfires)?	☐	☐	☒

Discussion:

The broad authorities listed in the Yolo County Flood Control and Water Conservation District Act include "the acquisition, controlling, conservation, diversion, storage and disposition of storm, flood, and other surface waters" and the power to levy and collect a charge for the use and protection of groundwater. Services provided by the District include the provision of agricultural and municipal and industrial water; dam operations; canal and slough maintenance; flood control; recreation; and hydroelectric power generation and sale.

Major facilities managed by YCFC&WCD include three dams. Both the Cache Creek Dam and Capay Diversion Dam were obtained by the District when it acquired the Clear Lake Water Company in 1967. The Cache Creek Dam was built in 1912 though Clear Lake is a natural lake and outflow is actually constrained by the Grigsby Riffle about three miles upstream of the dam. The Capay Diversion Dam was built in 1914 and modernized in 1994 with the addition of an inflatable dam above the original concrete dam. The bladder was replaced in 2024. The inflatable bladder can be raised or lowered in 30 minutes to divert water from Cache Creek into two main YCFC&WCD distribution canals, the Winters Canal and West Adams Canal.

The third dam, the Indian Valley Dam, was completed in 1974 and began operations in 1975. It was retrofitted with a hydroelectric plant in 1982. The District operates the power plant, and maintains a campground at the Indian Valley Reservoir.

The District's water distribution system includes more than 160 miles of irrigation and drainage facilities, most of which consist of earthen or unlined channels. YCFC&WCD has trained staff sufficient to meet service needs within the District service area.

Water Services

YCFC&WCD provides non-potable agricultural and wholesale water to 162 agricultural customers and 35 municipal and industrial customers, which includes sales of wholesale water to the three agencies that provide water to the City of Clearlake. Surface water supplies include Cache Creek, Clear Lake (150,000 acre-feet maximum capacity), and Indian Valley Reservoir (300,600 acre-feet maximum capacity). The District acquired Clear Lake in 1967 with a water rights priority of 1912.

Water releases from Clear Lake by YCFC&WCD are regulated by the Solano Decree (1978, revised 1995), which are based on water levels measured by the "Rumsey Gage." 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.

Irrigation water delivery is based on demand each year upon request of farmers. District water users must file applications for water service on or before March 15 of each year. When the water supply is less than demand, YCFC&WCD allocates water by dividing it among the signed-up acreage and an allocation is determined. Water is allocated on a per acre basis and customers manage their total allocation within the irrigation season. Customers can transfer their allocation or choose not to 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, and the District complies with all state regulations for water right reporting.

During water shortages, landowners rely more heavily on groundwater supplies through private production wells than in normal years. In an effort to prevent overdrafting of groundwater resources, YCFC&WCD has served as the regional leader in groundwater management studies, best practices, and monitoring. The District led the effort to develop the Yolo Subbasin Groundwater Agency (YSGA) which officially formed on June 19, 2017, for the purpose of acting as the Groundwater Sustainability Agency (GSA) for the Yolo Subbasin. With State approval of the Yolo Subbasin Groundwater Sustainability Plan in October 2023, the YSGA is considered the exclusive GSA for the Yolo Subbasin.

Flood Control

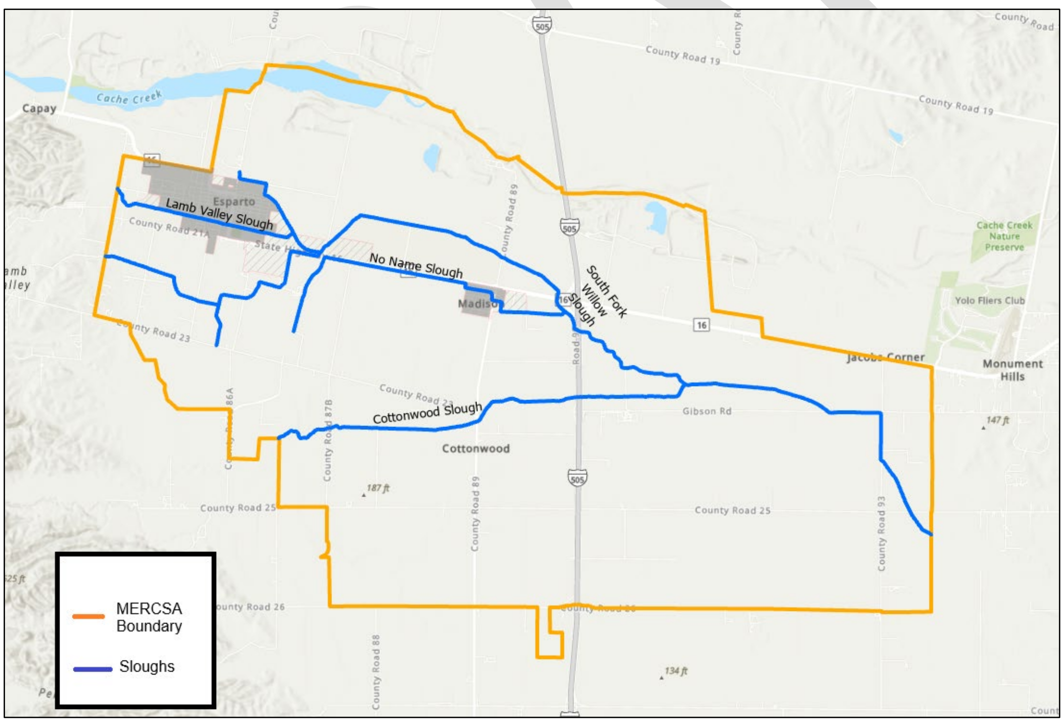
The District's participation in flood control has varied over its existence. Section 3(r) and (s) of the YCFC&WCD District Act state that the powers provided to YCFC&WCD allow it, either on its own or in coordination with other agencies, to control flood and storm water flowing into and within the district to reduce the waste of water and to protect life and property from floods within the district.

YCFC&WCD has often taken the leadership role in flood management in Yolo County particularly after flooding events in the 1950s, 1980s, and 1990s. In 1989, the District embraced its role in flood control including publishing *WMP 89-01-2*, a Water Management Program for Cache Creek, which revised the District's goals statement to assure "adequate control of flooding and drainage" while proposing a drainage plan for its service area in collaboration with Yolo County and the Cities of Woodland, Davis, and Winters. The WMP also discussed potential ways to finance projects.

Following the WMP, the District led the Floodplain Management Working Group, which produced a report on *Storm Drainage and Flooding in Yolo County* in 1997. The report acknowledged the District's broad authority to manage water resources including flood control facilities. It noted that other agencies were much more limited in their purview and restated that "since no other had or planned to deal with drainage in a comprehensive manner, (the District) had elected to broaden its responsibility and operations to fill the void." However, no source of long-term funding for flood control appears to have been pursued.

With the adoption in 2000 of a new *Water Management Plan*, the YCFC&WCD stepped back from its leadership role in flood control management efforts to focus on new groundwater management requirements from the state, presumably due to lack of funding. However, the District has continued to be involved in flood control through the floodSAFE Yolo program discussed in section 5 of this chapter and assuming slough maintenance and drainage services for the Madison drainage area which was part of the former Madison-Esparto Region County Service Area (MERCSA).

Figure 8. Madison Drainage Area



After MERCSA was dissolved in 2017, YCFC&WCD assumed the storm drainage control services of the Madison CSA portion of consolidated county service area. Esparto Community Services District assumed the detention basin and parks services of the Esparto CSA portion of MERCSA. YCFC&WCD maintains the major sloughs in the area (Figure 8) including Lamb Valley Slough which runs through the unincorporated community of Esparto. The region has had past flooding in Madison, the east side of Esparto, and along Lamb Valley Slough between Fremont Street and Yolo Avenue. Additionally, Highway 16 between Esparto and Madison continues to flood resulting in recent road closures in 2019 and 2023 according to the Storm Events Database maintained by the National Centers for Environmental Information.

Power Generation and Other Services

Additional services provided at Indian Valley Reservoir include a campground and a three megawatt hydroelectric facility, which allows YCFC&WCD 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. YCFC&WCD has a contract to sell the power to Valley Clean Energy, a local electrical Community Choice Aggregator.

Climate Adaptation

YCFC&WCD's service area has been designated as relatively high risk to very high risk for both drought and inland flooding by the Federal Emergency Management Agency. It is expected that climate change will only increase the frequency of extreme dry events and extreme wet events and the rapid transition between them. The District has policies to address how agricultural water will be allocated during dry years and has taken a leadership role in monitoring groundwater and assisting with the formation of the Yolo Subbasin Groundwater Agency with the growing threat of extreme drought.

The District also has areas of moderate to very high fire severity as designated by CAL FIRE in the Capay Valley and has taken steps to address climate adaptation in its assessment of infrastructure and current service needs. After YCFC&WCD experienced two large fires at Indian Valley Reservoir, which burned power poles, the transmission line, and related power infrastructure, the District has replaced its wood power poles with metal poles in 2018 to better withstand wildfire events. Only the Cache Creek Dam has remaining wooden poles.

Capacity and Adequacy of Public Facilities and Services MSR Determination

YCFC&WCD has adequate water rights, capacity, and infrastructure to meet its service needs. Major facilities managed by YCFC&WCD include three dams, and a network of mostly earthen canals and laterals. YCFC&WCD has a contract for selling power from the Indian Valley hydroelectric facility to Valley Clean Energy, a locally governed electricity provider in Yolo County.

The District has sufficient capacity to meet current irrigation water needs and has planned for future climate challenges by creating a reserve fund for drought resiliency and by replacing most of its wooden power poles with fire-resistant metal poles.

The YCFC&WCD District Act authorizes the District to provide flood control services and YCFC&WCD assumed responsibility for the Madison drainage area in 2017. It currently maintains the sloughs but given the history of flooding in the area, the District should continue to monitor the need for more substantial drainage improvements.

4. FINANCIAL ABILITY Financial ability of agencies to provide services.	**Significant Concern**	**Potential Concern**	**Not a Concern**
a) Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?	☐	☐	☒
b) 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?	☐	☐	☒
c) Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar service organizations?	☐	☒	☐
d) Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?	☐	☐	☒
e) 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?	☐	☐	☒
f) Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any unfunded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?	☐	☐	☒
g) Does the agency staff need to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?	☐	☐	☒
h) Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?	☐	☐	☒

The YCFC&WCD maintains its accounting data on an accrual basis of accounting under generally accepted accounting principles (GAAP). The data presented below is based on the accrual basis data converted to the modified accrual basis. The modified accrual basis of accounting focuses on the near-term financial health of the District. The modified accrual basis of accounting includes the purchase of capital assets and loan principal repayments as expenditures which the accrual basis does not.

Statement of Revenues, Expenditures, and Fund Balance

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues					
Operating revenues					
Water sales	4,632,221	1,625,122	325,334	6,106,670	7,058,871
Power sales	343,338	39,456	0	283,109	468,054
Recreation fees	13,461	7,447	0	6,290	11,343
Operating subtotal	4,989,020	1,672,025	325,334	6,396,069	7,538,268
Non-operating revenue					
Property taxes	1,465,099	1,628,692	1,753,937	2,720,707	2,919,238
Grants	428,442	645,184	75,000	671,121	628,422
Miscellaneous	629,480	647,137	862,535	1,912,480	1,166,503
New debt proceeds	0	5,974,358	0	0	0
Capital contribution:	5,827	3,529	10,556	37,261	85,618
Non-operating subtotal	2,528,848	8,898,900	2,702,028	5,341,569	4,799,781
Total Revenues	$7,517,868	$10,570,925	$3,027,362	$11,737,638	$12,338,049
Expenses					
Operating expense					
Source of supply	482,143	552,597	541,718	608,093	608,367
Transmission	1,202,742	946,829	850,284	2,207,307	1,513,770
Environmental	8,775	6,066	4,910	6,223	5,623
Hydroelectric	76,279	25,625	24,625	59,500	48,861
General/Admin	1,798,124	1,945,864	1,659,433	1,697,453	2,077,809
Maintenance	274,336	414,160	326,943	351,098	423,147
Water studies	452,334	352,494	246,778	350,316	448,049
YSGA	224,330	200,360	219,184	336,462	567,178
FloodSAFE	98,749	10,641	3,121	0	0
MERCSA	38,783	14,868	12,118	11,070	8,510
Drought mitigation	0	23,666	116,158	24,466	0
Capital outlay		270,758	1,206,728	1,629,778	2,944,988
Property taxes	238,239	253,180	257,078	280,644	286,339
Operating subtotal	4,894,834	5,017,108	5,469,078	7,562,410	8,932,641
Non-operating expense					
Debt service-princip	224,985	2,379,822	242,060	247,562	253,188
Debt service-interest	65,260	132,657	128,508	122,976	115,071
Non-operating subtotal	594,225	376,632	397,842	326,071	412,211
Total expense	5,779,304	7,906,219	6,237,488	8,259,019	9,713,111
Change in Fund Balance	453,077	2,664,706	-3,210,126	3,478,619	2,624,938
Beginning Fund Balance	4,633,369	5,086,446	7,751,152	4,541,026	8,019,645
Ending Fund Balance	5,086,446	7,751,152	4,541,026	8,019,645	10,644,583

Discussion:

The District's major sources of revenue are from water sales and property taxes. There is an additional special benefit assessment in 2023 for capital improvement funds. It also currently receives roughly $68,000 property tax from the former Madison-Esparto Regional County Services Area for maintenance and clearing of sloughs in that region.

In non-drought years, water sales and property tax make up approximately 80% of total revenue. YCFC&WCD had a negative income in FY23 largely due to drought conditions in 2022 which restricted water sales and led to low reservoir levels and no hydroelectric power sales. However, a return to more typical rain pattern resulted in a full reservoir and unrestricted water sales which allowed operating revenue to rebound.

Likewise, operating expenditures, which decreased as a result of several factors including a decrease in administrative and water resources salaries and positions, and lower distribution costs due to no water operations in FY23, have increased along with revenue.

The District Directors adopted an agricultural water rate of $55.90 per acre foot in 2023 to mitigate revenue loss from drought and flood and wildfire damage. This was a change from the previous rate which was a sliding scale that ranged from $24 to $44 per acre foot. The new agricultural rate includes a component for building drought reserves and a component for reimbursing the District for use of short-term capital funds used during the drought years. The Drought Reserve fund target is $8.6 million. Once the target minimum is met, the charge will be removed, lowering the agricultural water rate.

The financial system is audited annually. The last MSR/SOI reported some crossover of funds with Yolo Subbasin Groundwater Agency (YSGA) due to YSGA contracting with the District for program activities. The YSGA now has separate accounts and has adopted a separate funding mechanism to be more independent of YCFC&WCD.

The District has adequate controls in place to prevent errors and safeguard its assets. It 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.

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 $5,000.

The District has a long-term loan from Zion Bancorporation that was issued in 2021 to assist in financing for the Indian Valley Hydroelectric Rehabilitation and Moore Siphon Replacement projects and to pay off a loan from the State Water Resources Control Board (SWRCB). The loan is expected to be paid off by 2042. The District has been fiscally conservative in taking on debt or receiving capital financing.

As of April 30, 2025, YCFC&WCD has a total unrestricted fund balance of over $10 million. Approximately $7.8 million is designated to four funds with $3.5 million designated for Drought Reserve Funds, $3.3 million to Capital Improvement Funds, $598,309 to COVID-19 Relief, and $319,632 to Capital Recovery Fund. The District has restricted funds for its retirement plan and does not have any debt related to retirement or retiree health insurance (OPEB).

YCFC&WCD's investment policy provides the basis for the management of a prudent investment program. As of April 2025, it had a $6.2 million investment divided between the Yolo County investment pool and the Local Agency Investment Fund (LAIF). The District appears to have adequate controls in place for proper review of receipts, disbursements, and other system functions and is currently documenting the controls and procedures in case of any unexpected staff turnover.

Financial Ability MSR Determination

Yolo County Flood Control and Water Conservation District is in a strong financial position and is mitigating for potential financial instability due to drought years that impact its water sales and other operations by restructuring its fees and maintaining flexible operations. The District is conservative on taking on debt or receiving capital financing. It has designated funds for capital improvements and drought reserves. The District reports that the tax revenue provided for the Madison drainage area taken over in 2017 is not sufficient to cover the services provided, however these costs have not consistently been tracked separately from other slough cleaning work.

Financial Ability Recommendations

1. Improve the accounting for the Madison drainage area funds to determine if the tax revenue is sufficient to cover services or not. This data would inform whether to pursue Prop 218 to increase funding or to triage services.

5. SHARED SERVICES AND FACILITIES Status of, and opportunities for, shared facilities.	**Significant Concern**	**Potential Concern**	**Not a Concern**
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?	☐	☒	☐

Discussion:

YCFC&WCD is a model district in forming partnerships and sharing services to fill gaps in a number of areas of water resource management, environmental stewardship, and flood management. For three decades, the YCFC&WCD played a regional leadership role with the Water Resources Association of Yolo County (WRA), which developed the Integrated Regional Water Management Plan (IRWMP) in 2007 to address water management needs 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. The WRA was also involved in the Sustainable Groundwater Management Act and was a leader in partnering with other agencies in Yolo County to form the Yolo Subbasin Groundwater Agency (YSGA). In 2022, the WRA was dissolved, and its purpose and members were integrated into the YSGA. YCFC&WCD is a member of YSGA and provides administrative and technical support services for the JPA.

YCFC&WCD has also worked with other local jurisdictions through two iterations of the floodSAFE Yolo program in 2008 and 2019. To address local flood concerns and potentially access new state general obligation bond funds, YCFC&WCD, Yolo County, and the City of Woodland provided an initial investment for the floodSAFE Yolo Pilot Program which ran from 2008-2010. The pilot program developed a work plan that prioritized updated hydrologic models used for floodplain mapping and development of a city and county drainage manual, but the program ended after two years due to financial shortfalls resulting from the Great Recession.

In 2019, the District joined Yolo County in restarting the program as floodSAFE Yolo 2.0. YCFC&WCD reports that several projects have been completed prior to or after the program lost funding in 2020 including flood risk improvements for the town of Madison and levee restoration at Huff's Corners. However, despite identifying potential revenue sources to sustain its efforts, it did not secure on-going funding.

In the end of year report for fiscal year 2019-2020, floodSAFE Yolo 2.0 considered three potential funding sources: (1) creating a rural assessment district in specific areas like the Madison drainage area; (2) a county-wide assessment; or (3) forming a new regional flood management agency.

Although there are specific agencies that deal with flood concerns along the Sacramento River within Yolo County including the reclamation districts and West Sacramento Flood Control Agency, the majority of Yolo County's population, which resides within YCFC&WCD's boundaries, do not have a responsible agency. The District has been a partner in two versions of floodSAFE Yolo which, as discussed above, considered several governance structures and sources of sustaining funding. Of these, the third option, forming a JPA with the County and four cities, was identified as the most promising way forward with broad support from the partner agencies. However, the study suggests an annual revenue of $1 million was needed to support such an effort which is a significant challenge.

Additionally, in 2026 the District is leading an effort to collaborate with rural landowners, Center for Land-Based Learning, Yolo RCD, Cache Creek Conservancy, Yolo County, and other interested stakeholders to plan, prioritize, and implement nature-based solutions in Willow Slough watershed to mitigate flooding impacts and increase groundwater recharge. The District secured facilitation funding from the Resources Legacy Fund to organize the effort, which included interviews, a summary report, a workshop presentation, and a site visit. The District is interested in securing implementation funding for working with landowners and agency partners to improve the sloughs within the Willow Slough Watershed.

Considering climate change predictions, this is a critical time to consider ways to fund the floodSAFE Yolo program so it can continue its important work. The cities of Davis, Winters, and Woodland are under increasing pressure to reconsider their urban limit lines to meet State requirements for new housing which requires regional coordination of storm drainage. In a similar manner to developing the Yolo Subbasin Groundwater Agency to address groundwater protection, YCFC&WCD, Yolo County and the City of Woodland should seek a broader membership for the floodSAFE Yolo partnership to keep the work moving forward by inviting other cities within Yolo County as well as affected Community Services Districts, and other groups with flood concerns to support the floodSAFE Yolo program. Having a larger number of participants with interest in regional flood protection may provide a critical mass to sustain the program.

Shared Services MSR Determination

YCFC&WCD is a model district in forming partnerships and sharing services to fill gaps in several areas of collaborative water resource management, environmental stewardship, and flood management. The District provides shared services to several local agencies and is also a member of and provides contract staffing to the Yolo Subbasin Groundwater Agency JPA.

Flood management continues to be an area of concern in Yolo County. YCFC&WCD has worked with other local jurisdictions through two iterations of the floodSAFE Yolo program in 2008 and 2019 until funding ran out. This is a very important program considering climate change and flood risks between Cache Creek and Putah Creek, and funding should continue to be explored to revitalize this program.

Shared Services and Facilities Recommendations

2. Continue to collaborate with Yolo County and the City of Woodland to evaluate funding options to revitalize and sustain the floodSAFE Yolo program. Consider additional partners, such as the Cities of Davis and Winters, Esparto CSD and other affected parties to address regional drainage and flooding concerns for central Yolo County.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

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

		Significant Concern	Potential Concern	Not a Concern
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)?	☐	☐	☒
b)	Does the agency need to secure independent audits of financial reports that meet California State Controller requirements (GOV Code Section 26909)? Are the same auditors used for more than six years? Are audit results <u>not</u> reviewed in an open meeting?	☐	☐	☒
c)	Is the agency insured or in a risk management pool to manage potential liabilities?	☐	☐	☒
d)	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?	☐	☐	☒
e)	Are there any issues with staff capacity/turnover? Is there a lack of staff member training regarding the organization's program requirements and financial management?	☐	☐	☒
f)	Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct?	☐	☐	☒
g)	Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?	☐	☒	☐

Discussion:

YCFC&WCD'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.

The District has 30 employees with short-term interns who provide operations assistance. Staff are capable and trained. There do not appear to be any chronic issues with staff turnover. The board has included an employee capacity plan including employee retention, redundancy, and succession planning as part of its three-year strategic plan to be completed by 2027.

The District routinely undergoes annual audits conducted by qualified independent external auditors. The current auditor, MUN CPAs, has been used since 2021. Completed audits are presented to the District board at open meetings. Audits over the past seven years have been conducted by two different audit firms. The District is considering adopting a policy of changing auditing firms or lead auditors every three years.

On the most recent Yolo LAFCo Website Transparency Scorecard, the YCFC&WCD received a score of 75%. The District has a very good website but lacks specific information on existing contracts and upcoming contract opportunities. If the District doesn't typically seek contracts, it could note this on the website. It also lacked specific information on how to make public records requests. Additionally, the District should consider posting its policies on the website.

The District maintains most of its records on a local server and backs up to cloud storage. Physical records kept at the district office are stored in fire-safe cabinets.

Accountability, Structure and Efficiencies MSR Determination

The YCFC&WCD was created by special legislation and is a well-managed and well-resourced special 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. The District has 30 employees with interns that assist with operations. 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 undergoes annual audits conducted by independent external auditors. The YCFC&WCD's website should add information on contracts, how to make public records requests, and additional policies. Additional information regarding Yolo LAFCo's website transparency scorecard can found at: https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

Accountability, Structure and Efficiencies Recommendations

3. Yolo County Flood Control & Water Conservation District should continue to add website content as needed to improve its 75% score per the latest website transparency scorecard found at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

7. OTHER ISSUES

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

	Significant Concern	Potential Concern	Not a Concern
a) Are there any recommendations from the agency's previous MSR that have not been implemented?	☐	☐	☒

Discussion:

The previous MSR/SOI prepared for the YCFC&WCD included the following recommendations:

2021 MSR Recommendations	Implemented?
1. Financial transactions that relate directly to the YSGA should not be recorded in the YCFC&WCD ledgers.	Yes
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	Yes
3. Consider assessing a base service fee that would protect the District's financial condition from periods of extended drought.	Yes
4. Develop a formal capital improvement plan that includes a financing plan (i.e. long-range planning, not just on an annual basis).	In Progress
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.	Yes
6. Complete the ongoing process to document the accounting controls, procedures and policies in case of any unexpected staff turnover.	In Progress
7. YCFC&WCD should consider adopting a policy that it rotates auditors at least every 6 years.	Yes
8. The YCFC&WCD improved its transparency score from 67% in 2018 to 82% in 2019, however, there is still some room for improvement.	Partial
9. Take appropriate measures to safeguard any essential paper records in the office from fire or water damage	Yes

The YCFC&WCD has separated its accounting from the Yolo Subbasin Groundwater Agency and has successfully implemented fees to ensure that it can weather drought years. It continues to update its website to meet full transparency requirements and is adopting policies to improve long-term planning.

Other Issues MSR Determination

YCFC&WCD has implemented or is making progress on all the recommendations from the 2021 MSR. 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.

4. YOLO SUBBASIN GROUNDWATER MANAGEMENT AGENCY

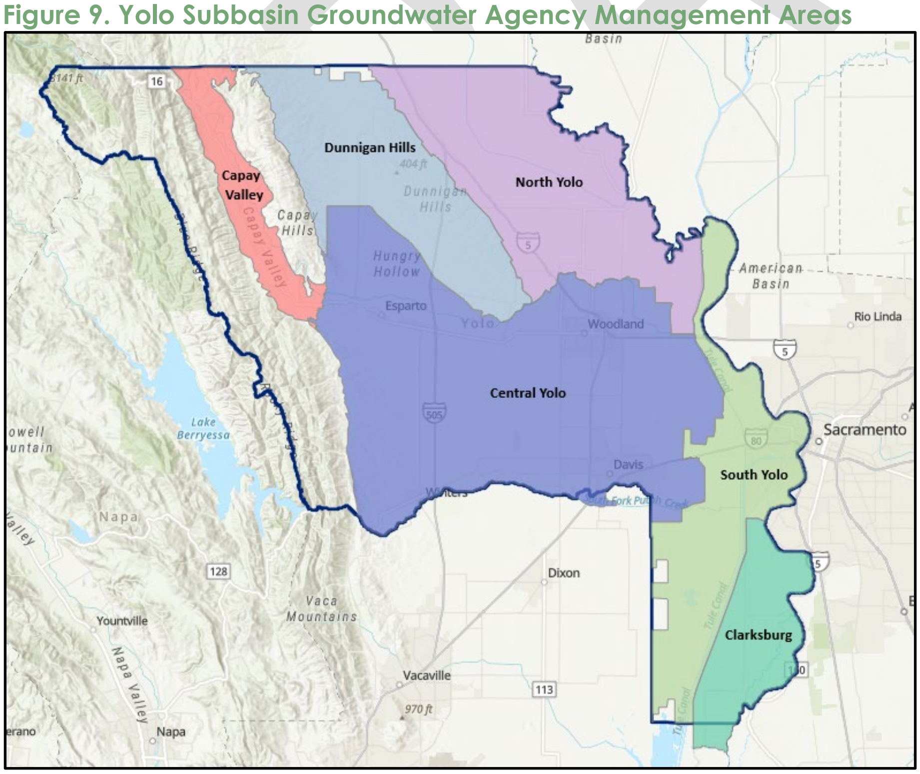
JPA PROFILE

In 2014, the State of California (State) enacted the Sustainable Groundwater Management Act (SGMA) to support the sustainable management of groundwater resources. SGMA requires the formation of local Groundwater Sustainability Agencies (GSAs) to manage groundwater basins and subbasins and to develop Groundwater Sustainability Plans (GSP) to help ensure long-term groundwater sustainability. SGMA recognizes local oversight may lead to better outcomes by aligning groundwater management with regional goals, hydrogeologic conditions, and community needs. The Yolo Subbasin Groundwater Agency (YSGA) was officially formed on June 19, 2017, for the purpose of acting as the Groundwater Sustainability Agency (GSA) for the Yolo Subbasin. In 2022, the YSGA adopted the Yolo Subbasin Groundwater Sustainability Plan to identify projects and management actions to support beneficial uses and users. The California Department of Water Resources approved the plan in October 2023. The Yolo Subbasin Groundwater Agency is considered the exclusive GSA for the Yolo Subbasin.

The YSGA has 20 members and six affiliated members. Member agencies include City of Davis, City of West Sacramento, City of Winters, City of Woodland, County of Yolo, Dunnigan Water District, Esparto Community Services District, Madison Community Services District, Yocha Dehe Wintun Nation, and the Yolo County Flood Control & Water Conservation District, and ten reclamation districts (108, 150, 307, 537, 730, 765, 787, 999, 1600, and 2035).

Affiliated Members are not eligible entities under the strict definition in Water Code Sec. 10724, but do have water supply, water management or land use authority, and are invited to sign MOUs with the JPA and have a voting board seat. Affiliated members include California American Water Company-Dunnigan, Colusa Drain Mutual Water Company, Rumsey Water Users Association, Private Pumper Representatives (appointed by the Yolo County Farm Bureau), University of California (Davis), and an Environmental Party Representative.

Figure 9. Yolo Subbasin Groundwater Agency Management Areas



POTENTIALLY SIGNFICANT DETERMINATIONS

The MSR determinations checked below are potential areas of concern, as indicated by 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 "Not a Concern" answers, the Commission may find that a MSR update is not warranted.

- ☐ Growth and Population
- ☐ Capacity, Adequacy & Infrastructure to Provide Services
- ☐ Financial Ability
- ☐ Shared Services
- ☒ Accountability

LAFCO JPA SERVICE REVIEW:

☐ On the basis of this initial evaluation, the required determinations are not significant and staff recommends that a comprehensive JPA Service Review is NOT NECESSARY. The subject agency will be reviewed again in five years per the Commission adopted review schedule.

☒ The subject agency has potentially significant determinations and staff recommends that a comprehensive JPA Service Review IS NECESSARY and has been conducted via this checklist.

1. GROWTH AND POPULATION Growth and population projections for the affected area.	**Significant Concern**	**Potential Concern**	**Not a Concern**
a) Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?	☐	☐	☒
b) Do changes in service demand suggest a change in the agency's services?	☐	☐	☒

Discussion:

Yolo County's population grew by approximately 9,000 residents or 4% to a total population of 225,433 between 2020 and 2025 according to the California Department of Finance (DOF) population estimates and according to DOF 2024-25 population numbers approximately 81% of countywide population reside in cities that use surface water (cities of Davis, West Sacramento and Woodland), not groundwater. Only the City of Winters and most unincorporated communities rely on groundwater for potable water (El Macero, Willowbank, and Davis Creek Mobile Home Park are served by City of Davis surface water).

Growth and Population Determination

The Yolo Subbasin Groundwater Agency monitors and manages groundwater levels through its network of well monitoring sites. Groundwater is mainly used for agricultural irrigation while most of the population in Yolo County live in cities which predominantly rely on surface water. Therefore, population growth and development are not expected to affect the YSGA's services.

2. PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any deficiencies in the **infrastructure**, **equipment**, and **capacity of agency facilities** to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?	☐	☐	☒
b) Are there any issues regarding the agency's capacity and ability to meet the service demand of reasonably foreseeable future growth?	☐	☐	☒
c) 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?	☐	☐	☒
d) Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs (i.e. temperature, drought, flooding, and wildfires)?	☐	☐	☒

Discussion:

In 2014, Governor Jerry Brown signed into law the three-bill package known as the Sustainable Groundwater Management Act (SGMA). This act forms local agencies to help ensure long-term groundwater sustainability. The Yolo Subbasin Groundwater Agency (YSGA) is charged with planning and implementing SGMA in Yolo County. YSGA's Groundwater Sustainability Plan (GSP) was adopted in 2022 and approved by the State in 2023. The plan documents monitoring conditions, establishes management criteria to avoid undesirable results, and identifies potential actions that will achieve and maintain sustainable groundwater management by 2042.

The GSP is a living document to be updated every five years. An evaluation of the monitoring network must be included in each update, including determination of uncertainty and whether data gaps affect the GSP in achieving the sustainability goal for the subbasin. The YSGA is required to describe measures to fill data gaps before each five-year assessment and adjust the monitoring frequency and distribution to provide an adequate level of detail about site-specific surface water and groundwater conditions and to assess the effectiveness of management actions discussed in GSP Regulations §354.38.

In addition to existing wells, new monitoring wells are planned in the fringe areas of the Subbasin (on the westside of the County along the Coast Range, along the Dunnigan Hills, and around the Plainfield Ridge) to provide the YSGA with baseline data to observe and monitor the impacts of expanding development and increased groundwater demand.

The immediate focus of the YSGA has been on implementation of groundwater recharge projects to ensure the groundwater table can recover from the 2021 drought. The Dunnigan Groundwater Recharge Project was launched in 2022 and includes four new stream gauges on Buckeye and Dunnigan Creeks and up to 20 additional groundwater monitoring sites to measure groundwater level, temperature, and electrical conductivity. The Yolo-Zamora Groundwater Recharge Project has been funded and includes upgrades to the East Adams and Acacia Canals to increase capacity and facilitate groundwater recharge opportunities in the Yolo subbasin.

Additional studies include two studies for the City of Winters to examine upgrading the city's wastewater treatment facility to recycle domestic wastewater for non-potable uses and a feasibility study to develop a supplemental surface water supply source to augment declining groundwater supply.

Pilot projects that can showcase the benefits of regenerative agriculture, such as cover cropping and rebuilding soil organic matter to reduce runoff and increase infiltration of precipitation to groundwater, will be encouraged for immediate implementation. The annual reporting process will provide an opportunity to evaluate projects conducted by the YSGA.

Capacity and Adequacy of Public Facilities and Services Determination

The YSGA was formed in 2017 and adopted its Groundwater Sustainability Plan (GSP) in 2022. The California Department of Water Resources approved the plan on October 26, 2023. Following the plan, the agency continues to expand its monitoring activities and conduct projects to augment groundwater supply and is successfully implementing its service requirements.

3. FINANCIAL ABILITY

Financial ability of agencies to provide services.

		Significant Concern	Potential Concern	Not a Concern
a)	Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?	☐	☐	☒
b)	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?	☐	☐	☒
c)	Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar service organizations?	☐	☐	☒
d)	Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?	☐	☐	☒
e)	Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear debt management policy, if applicable?	☐	☐	☒
f)	Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any unfunded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?	☐	☐	☒
g)	Does the agency staff need to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?	☐	☐	☒

h) Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?	☐	☐	☒

Discussion:

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue					
Member contributions	$ 462,842	$ 463,182	$ 463,011	$ 463,011	$ 463,011
Licences, permits and fees	-	-	16,334	15,022	4,595
Use of money an property	10,442	6,827	19,648	65,888	42,654
Intergovernmental grants	-	-	-	803,320	1,772,034
Total Revenue	473,284	470,009	498,993	1,347,241	2,282,294
Expenditures					
Services and supplies	444,743	422,177	379,082	1,211,171	1,968,045
Total Expenditures	444,743	422,177	379,082	1,211,171	1,968,045
Change in Fund Balance (loss)	28,541	47,832	119,911	136,070	314,249
Beginning Fund Balance	753,875	782,416	823,746	943,657	1,050,943
Restatements	-	(6,502)	-	(28,784)	(12,678)
Beginning Fund Balance, restated	753,875	775,914	823,746	914,873	1,038,265
Ending Fund Balances	$ 782,416	$ 823,746	$ 943,657	$ 1,050,943	$ 1,352,514
Fund Balances					
Nonspendable - Other	$ 492	$ 492	$ 492	$ 492	$ 1,272
Restricted	781,924	823,254	943,165	1,050,451	1,351,242
Total Fund Balances	$ 782,416	$ 823,746	$ 943,657	$ 1,050,943	$ 1,352,514

Since its establishment in 2017, YSGA's principal sources of revenue have been dues contributed by its member agencies and grants. Use of the funds has been restricted to cover administration and costs in developing the Groundwater Sustainability Plan and groundwater projects. As such, the agency hasn't needed a capital improvement fund or significant reserves to this point.

With the adoption of the Groundwater Sustainability Plan, however, the Agency required a more stable funding source to remain compliant with its responsibilities under SGMA and developing projects for groundwater supply resilience. Therefore, the Agency commissioned a fee study in June 2025 to develop a funding mechanism to allow YSGA to become financially self-sufficient by shifting non-grant funded regulatory costs to beneficiaries rather than member agency contributions. In the fee study, YSGA proposes that its budget will require $1.6 million with 28% going to administration, governance, public oversight, and state reporting. The majority of expenditures would fund monitoring improvements, modeling, and implementation of projects to protect the groundwater supply. Current projects include the YSGA winter recharge program, City of Winters feasibility studies, Yolo-Zamora groundwater recharge pilot project, and the Dunnigan area recharge program. The new fee structure was adopted in May 2026.

The adopted annual fee structure contains two components: a Tier 1 Fee, which applies to all parcels within the Yolo Subbasin and includes a $1.50 billing fee per parcel plus $0.76 per acre annually; and a Tier 2 Fee, which applies to groundwater users based on land use and water use categories, including domestic, commercial, agricultural, and certain water system users. For agricultural users, the Tier 2 fee is charged per acre:

- $2.78 per cropped acre within an irrigation or reclamation district; and
- $7.94 per cropped acre outside of an irrigation or reclamation district.

Domestic and commercial water users pay fees based on the type of water system or service connection. Vacant and grazing parcels will not pay a Tier 2 fee.

The JPA's accounting data is maintained by experienced staff under contract from YCFC&WCD. A monthly report is generated and reviewed by the Executive Officer and Executive Committee on a monthly basis. This report is then presented to the Board of Directors at their meetings. The report consists of a balance sheet, income statement and year-to-date budget to actual data.

The agency has adopted a cash reserve policy to maintain a balance to fund three months of expenditures and has maintained $24,000 in this account. The agency does not have any debt and continues to develop its accounting policies or procedures.

Financial Ability MSR Determination

During the development of its Groundwater Sustainability Plan, the YSGA relied on dues contributions received from its member agencies and grants. However, the Agency has recently adopted fees to have property owners share the cost to fund operations and projects. The JPA's accounting data is well maintained and reviewed monthly by the Executive Officer and Executive Committee and quarterly by the YSGA Board of Directors. YSGA has switched from annual audits to auditing for two years. YSGA does not have any debt currently and continues to develop and adopt accounting policies and procedures.

4. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	Significant Concern	Potential Concern	Not a Concern
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?	☐	☐	☒

Discussion:

The YSGA JPA, by its nature, is based on shared services. The members of the YSGA have an extensive groundwater level monitoring network that has been utilized for over 60 years comprising over 450 monitoring, agricultural, and domestic wells. The data gathered from each agency is currently shared and included in the Water Resources Information Database (WRID). In addition, JPA staff are shared by the Yolo County Flood Control and Water Conservation District (Executive Officer).

Prior to the YSGA, the Water Resources Association of Yolo County (WRA) brought together water users in the county to support plans for water use including groundwater. In 2022, the WRA was dissolved and the YGSA took over its role of monitoring groundwater and supporting projects.

With the dissolution of the WRA, the YSGA replaced the WRA as a partner of the Westside Sacramento Integrated Regional Water Management (IRWM). The IRWM is a partnership of four agencies including Lake County Watershed Protection District, Napa County Flood Control and Water Conservation District, Solano County Water Agency, and YSGA. This group implements local water management solutions related to water supply, water quality, flood management, and ecosystem health as found in the Westside Sacramento IRWM Plan.

Shared Services Determination

The YSGA JPA formalizes the member agencies' existing shared services orientation in managing Yolo County's groundwater resources for sustainability. The YSGA is also a participating member of the IRWM which supports flood and habitat projects which may not be directly related to groundwater. As a partner in a group that has interests beyond YSGA's core mission, YSGA should continue to advocate for IRWM projects that are not directly related to groundwater management and recharge.

5. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

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

	Significant Concern	Potential Concern	Not a Concern
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)?	☐	☐	☒
b) 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 <u>not</u> reviewed in an open meeting	☐	☐	☒
c) Is the agency insured or in a risk management pool to manage potential liabilities?	☐	☐	☒
d) 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?	☐	☐	☒
e) Are there any issues with staff capacity/turnover? Is there a lack of staff member training regarding the organization's program requirements and financial management?	☐	☐	☒
f) Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct?	☐	☐	☒
g) Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?	☐	☒	☐

Discussion:

When the Groundwater Sustainability Act was passed, the member agencies went through a comprehensive governance process to determine the best governmental structure for the GSA. After year and a half of review, it was determined that a JPA was the optimal governance structure. The JPA is operated at the Yolo County Flood Control & Water Conservation District offices located on State Highway 16, west of Woodland.

The 26 members of the YSGA each appoint an agency representative on the JPA Board which meets every other month. The YSGA provides each board member with a YSGA board member handbook and provides training.

The YSGA does not have staff but contracts services with Yolo County Flood Control and Water Conservation District. Contracted services include a part-time Executive Officer who is also serving as the Board Secretary, two water resource technicians, and a part-time technical position, as well as support provided by the District's groundwater monitoring staff. YCFC&WCD also handles the JPA's financial services. Contracted YCFC&WCD staff all have extensive experience working with groundwater issues and water-related collaboration countywide.

The YSGA has hired an external firm to provide annual audits. Agency audits are reviewed at YSGA board meetings, open to the public and are posted on the agency's website. The same auditor is not used for more than six years.

The YSGA has an active website. In 2025 it received a 75% transparency score in Yolo LAFCo's annual website transparency report. The report found that the website lacked audit information more recent than

2020 and noted that it did not provide information on contract bidding which is because contract bidding is handled through member agencies. The website does provide directions for Public Records Act requests and financial policy information including a recently adopted an expense reimbursement policy. Additional information regarding Yolo LAFCo's website transparency scorecard can found at: https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

Accountability, Structure and Efficiencies Determination

It has been determined that a JPA is the optimal governance structure to implement the Groundwater Sustainability Act. The 26 members of the YSGA each appoint an agency representative on the JPA Board. The YSGA provides each board member with a YSGA board member handbook and provides training. The YSGA has no staff but contracts services with by the Yolo County Flood Control & Water Conservation District. The YSGA has hired an external firm to provide annual audits. The YSGA has continued to improve the transparency and completeness of its website but should continue to add content as needed per the 2025 website transparency scorecard.

Recommendations

1. The YSGA should continue to add website content as needed to improve its 75% score per the latest website transparency scorecard found at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

6. OTHER ISSUES

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

	Significant Concern	Potential Concern	Not a Concern
a) Are there any recommendations from the agency's previous MSR that have not been implemented?	☐	☐	☒

Discussion:

The previous MSR/SOI prepared for the YSGA included the following recommendations:

2021 MSR Recommendations	Implemented?
1. Financial transactions related to the YSGA activities should be recorded on its own accounts and not those of member agencies. Regardless of the extensive shared services between member agencies, the accounts need to stay separate and orderly.	Yes
2. YSGA's cash reserve policy should be revised to include that a specific amount is adopted annually as part of the budget process and that a review of the amount is conducted periodically. In addition, the amount of the adopted reserve and subsequent changes to it should be recorded in a separate assigned fund balance account to ensure the reserve is not mistakenly included in unassigned fund balance and expended for other purposes.	In progress
3. Continue to develop comprehensive accounting and financial policies and procedures, including procedures to ensure segregation of duties.	Yes
4. The YSGA should continue to add website content as needed to improve its score per the latest website transparency scorecard found at https://www.yololafco.org.	Partial
5. Once the Groundwater Sustainability Plan is completed, pursue consolidating the Water Resources Association mission and services into the YSGA in order to avoid future confusion and redundancy	Yes

The Yolo Subbasin Groundwater Agency has adopted its Groundwater Sustainability Plan and is now focused on implementation. As of 2023, the YSGA has set up its own accounting and financial policies and systems. It is finalizing a new fee structure and is currently reviewing a draft reserve policy for the Board's consideration. The Agency is conducting its first independent audit and has made progress in providing transparency through its website.

Other Issues MSR Determination

YSGA has implemented most of the recommendations provided in the 2021 MSR/SOI. Website content should be updated to meet full transparency requirements including noting if a specific item does not apply to the Agency. There are no other issues related to effective or efficient service delivery, as required by Commission policy.