COUNTY OF GLENN
AGENDA ITEM TRANSMITTAL

MEETING DATE: February 16, 2016

Submitting Department(s):
Planning & Public Works Agency

BRIEF SUBJECT/ISSUE DESCRIPTION:
Orland-Artois Water District is holding a Public Hearing regarding proposed water charges for 2016 and following years on February 23, 2016 at 1:30 at the District Office. Glenn County owns two parcels that would be effected by a fee increase, APN 047-270-009-9 & 047-270-010-9. Proposed new fees would fund the Sites Reservoir Project. The proposed fee increase is $7.20 per assessed acre and would remain in place for five years.

Contact: Matthew J. Gomes, Deputy Director
Phone: (530) 934-6530

AGENDA PLACEMENT

APPOINTMENT – Appearances by: (Specify Name & Title)
Matthew J. Gomes, Deputy Director

Required ___ Minutes

Business – No ᐅ Consent
Correspondence ᐅ Reports & Notices

AFFected DEPARTMENT(S)
Receive Concurrence

ATTACHMENTS
☐ Board Report
☐ Letter
☐ Minute Order
☐ Contract
☐ Transfer
☐ Grant App.
☐ Resolution
☐ Ordinance
☐ Proclamation
☐ Policy Update
☐ Code Update
☐ Other
☐ Property Detail & Map

LEGAL/PERSONNEL/FISCAL
☐ County Counsel
☐ Personnel
☐ Finance

CLERK INSTRUCTIONS
☐ Return Minute Order
☐ Return Certified Copy Of:
☐ Other:

PUBLIC HEARINGS & COMMITTEE VACANCIES

☐ State
☐ Federal

Bill:__
Latest Version of Bill
Draft Letter Attached
List of Supporters/Opposers
Statement of Relevance to County Interests
Description Attached

☐ General Fund Impact
☐ Other:___
☐ Budgeted
☐ Transfer Attached
☐ 4/5ths Vote Required
☐ Contingency Request

FUNDING SOURCE/IMPACT

CONTRACTS, LEASES & AGREEMENTS
☐ New
☐ Renewal
☐ Amendment
☐ Insurance Certificate
☐ Contract Report
Date of Original Contract:
Contract No.:
Fiscal Year:

RECOMMENDED ACTION/MOTION:

Informational only, no action required.

Reviewed By (if applicable):

Di Aulabaugh, Deputy Director
Matthew J. Gomes, Deputy Director

Personnel Director
Department of Finance
January 5, 2016

Letter to Orland-Artois Water District Landowners

RE: Operation Charge and Sites Project Prop 218 notice;

Dear Orland-Artois Water District Landowner,

Enclosed in your packet is the Notice of Public Hearing under Proposition 218 regarding proposed water charges for 2016 and following years. There is also information on the Sites Reservoir Project. The “Operations Charge” (formally the “Base Charge”) covers the cost of: district operations, the Tehama-Colusa Canal Authority (TCCA) annual assessment, and the State Water Resources Control Board (SWRCB) water rights fee (OAWD has been paying this water rights fee under protest). The TCCA assessment covers the cost of the TC Canal operations and we are assessed according to the percentage of water we receive from the canal based on a 5 year rolling average. For 2016, OAWD is 20% of the total use of the canal. The SWRCB fee is to pay for the water rights for our contracted water from Reclamation. This fee is paid whether or not we receive water. There is a new charge for the Sites Reservoir Project. This will pay for OAWD’s share in the Project. All of this is explained in the Prop 218 notice. If you need more detailed information the Staff Report and Policy regarding the calculations are available at the district office.

In the past you have received 2 invoices from the district: the Assessment and the Operations (Base) Charge. This will not change but the amounts will. The assessment included the payment for the loan on the distribution system, $19.94 and $5.00 for O&M per assessed acre. We are moving the $5.00 for O&M to the Operations (Base) Charge, therefore your new Assessment invoice will be $19.94 per assessed acre. The Operations (Base) Charge the previous 3 years has been $26.80 per acre. It will now include the $5.00 from the Assessment and for 2016 it will be $26.80+$5.00 for a total of $31.80 per assessed acre. This results in no net change in your billing from prior years. The drought has put a strain on us all and the directors have felt increasing the Operations Budget was not an option so the total amount you will pay is the same as the last 3 years. These invoices will be due on the same dates and in 2 installments each as they have been in the past.

New for 2016 is the Sites Charge of $7.20 per assessed acre. This charge will be invoiced separately, but will be due and payable with your “Operations Charge” and bring the total due $39.00 per assessed acre. This charge will be in effect for 5 years and will raise a total of $36.00 per assessed acre to fund the District’s participation in the Sites Reservoir Project. The Directors feel Sites is a viable project that would not only benefit the North Valley, but the entire state. The Sites project has been around for many
years, but now with the passage of Proposition 1 in 2014 there is public funding for about half of the project. During the past 4 years of drought conditions, we have realized that additional water storage is needed and the current price of water makes projects such as Sites feasible. In August of 2015 OAWD became a member of the Sites Power Authority (SPA). We previously participated in SPA through our membership in the TCCA. We joined SPA because the Directors felt Sites should be a “North of the Delta” project and with membership comes local North Valley control.

If SPA is successful it will build and operate the reservoir and this will not be a state or federal project. SPA Authority level membership, which OAWD is a member of, is made up of Sacramento Valley entities. The project has moved forward and is gaining momentum and we feel the probability for success has increased substantially. In order to continue to participate in the project, OAWD needs to raise funds for its share of the costs of getting the project through the application process for Prop 1 funding. This includes environmental studies and reviews, and feasibility studies. To do this work SPA has hired a general manager, several consultants, and attorneys. SPA needs to have a joint power agreement and bylaws in place to continue to operate properly and money to pay for it all.

On November 24th, the District held a landowner meeting to introduce the Sites Reservoir Project. At that meeting we asked for feedback from those in attendance and found that there were many unanswered questions and some confusion of the facts. We received questions regarding the reservoir itself and the financial aspects of the project. In your packet you will find the questions along with answers we have at this time. I am sure there will be more questions as the project progresses. We will do our very best to keep you informed.

This is an important project that could benefit future generations of Californians. We are now depending on a water system that was built for 15 million people. With a current population of more than 38 million and serious drought conditions, we have all felt the effects. This is an opportunity to improve the water infrastructure for the North Valley. Participation in the Sites Project now gives us an opportunity to build the reservoir and to have local control over how it is constructed and operated. Please take the time to carefully go over the material we have sent you and feel free to ask more questions.

Sincerely,

[Signature]

Emil Cavagnolo
General Manager
Orland-Artois Water District
ORLAND-ARTOIS WATER DISTRICT

NOTICE OF PUBLIC HEARING UNDER PROPOSITION 218 REGARDING PROPOSED WATER CHARGES FOR 2016 AND FOLLOWING YEARS

The Board of Directors of the Orland-Artois Water District ("District") will hold a public hearing to consider revising the District’s water charges for 2016 and subsequent years. The public hearing will be held on February 23, 2016 at 1:30 p.m. at the District Office, which is located at 6505 County Road 27, Orland, California 95963.

The proposed new water charges include: (1) a per-acre base charge on each of the 28,888.59 acres of land that have District water service immediately available to them, which would be calculated to pay the District’s fixed expenses (the “Operations Charge”); (2) a charge to pay for costs of development of the Sites Reservoir Project to provide a supplemental water supply to the District, which is a fixed amount that is part of the Operations Charge but will be shown separately on the semi-annual water bill (the “Sites Charge”); and (3) a volumetric water charge for each acre-foot of water that the District sells and delivers to its customers, which would be calculated to recover the District’s variable expenses (the “Volumetric Charge”). The attached list of Glenn County Assessor’s Parcel Numbers describes the parcels that would be subject to the Operations and Sites Charges. The District’s proposed charges are:

- **Operations Charge:** $31.80 per acre
- **Sites Charge:** $7.20 per acre
- **Volumetric Charge:** See examples in Part 3 below

The District’s staff report that describes the District’s fixed and variable expenses, and how the District calculated the Operations, Sites and Volumetric Charges, is available for inspection and copying at the District Office.

If you wish to protest the proposed charges, you must submit a written protest to the District that states that you protest the proposed charges, but you do not need to explain the reasons for your protest (although you are welcome to state your reasons, if desired). Your written protest must identify the parcel or parcels for which it is being submitted. You may submit only one protest per parcel. The District must receive your written protest by 4:00 p.m. on February 22, 2016. The District’s mailing address is: P.O. Box 218, Orland, California 95963. The Board will consider all written protests that it receives by the February 22, 2016 deadline. If protests are not received by a majority of parcels, then, after its February 23, 2016 public hearing, the Board may adopt a resolution to adopt the proposed charges.

1. **Purpose and Calculation of the Operations Charge**

Revenue from the Operations Charge would be used to pay the District’s fixed expenses, which do not change based on the amount of water that the District delivers to its customers. This charge was previously called the “Base Charge,” but the District is proposing to change the name to better reflect the purposes for which this charge is used. The District’s fixed expenses include:
(1) overhead expenses, and funding for reserves; (2) the Tehama-Colusa Canal Authority’s (“TCCA”) Assessment; and (3) the State Water Resources Control Board’s (“SWRCB”) water rights fees. The District also is proposing to add to the amount of revenues to pay the expenses associated with the Operations Charge its fixed expenses the $5.00 per acre amount of assessment revenue that is allocated to pay for District overhead expenses. In the past, this $5.00 per-acre amount collected on each of the 28,918.01 acres in the District as an assessment was subtracted from the Base Charge. The District is proposing to reduce the Assessment by this $5.00 per acre and instead increasing the Operations Charge by a like amount to make how these revenues are used more transparent to District customers. The amount of the fixed expenses, including this $5.00 per acre amount moved from the Assessment, then would be divided among the 28,888.59 acres of land that have OAWD water service immediately available to them to calculate a per-acre Operations Charge that reflects each acre’s proportional share of District fixed expenses. The District’s Operations Charge for 2016 is calculated as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>District Budgeted Overhead Total</td>
<td>$474,304.00</td>
</tr>
<tr>
<td>SWRCB Water Rights Fee</td>
<td>$43,000.00</td>
</tr>
<tr>
<td>TCCA Assessment</td>
<td>$432,625.00</td>
</tr>
<tr>
<td>Total O&amp;M Expenses</td>
<td>$949,929.00</td>
</tr>
<tr>
<td>Total Offsetting Income</td>
<td>$31,136.00</td>
</tr>
<tr>
<td>Total To Be Collected In District Operations Charge</td>
<td>$918,793.00</td>
</tr>
</tbody>
</table>

Operations Charge (Total ÷ 28,888.59) $31.80 per-acre

In accordance with Government Code section 53756(b), the Operations Charge may be increased due to inflation on April 1st of each year for the years 2017 through 2020 based on the previous year’s change in the U.S. Consumer Price Index for All Urban Consumers, San Francisco Region, as calculated by the U.S. Department of Labor, Bureau of Labor Statistics. Any automatic adjustment to the Operations Charge will be limited so that, in any year, Operations Charge revenue will not exceed the amount of OAWD’s Fixed Expenses. In addition, the TCCA Assessment varies annually due to changes in that agency’s costs of operation. Because the assessment generally is known before water bills are rendered and mailed, OAWD will pass through any increases or decreases in that charge each year in 2017 through 2020. The TCCA Assessment portion of the Operations Charge will be adjusted each year according to the amount billed by TCCA, but will not be adjusted for inflation. Like the TCCA Assessment, the SWRCB Water Rights Fees component of the Operations Charge is a fixed amount that varies each year according to a determination made by the SWRCB. Therefore, this component will not be adjusted for inflation but is a pass-through expense that will vary according to the amount billed by the SWRCB each year to OAWD. OAWD will provide written notice to you at least 30 days before the date on which any adjustments to the Operations Charge or the SWRCB water rights fee would take effect.

2. Purpose and Calculation of the Sites Charge

The Sites Charge is a fixed expense and therefore is considered a part of the Operations Charge. However, the District is showing the Sites Charge separately from the remainder of the
Operations Charge for transparency and because the revenues from the Sites Charge represent a longer-term investment in District water supplies and water supply reliability. The proposed Sites Charge of $7.20 per acre will be fixed for the years 2016 through 2020. The revenues collected from this charge will be accounted for under a separate account and used exclusively to pay for development of the Sites Reservoir Project. This charge is designed to remain level over the five year period, with any increase in annual expenses over annual revenues derived from this charge required to pay for District participation in Sites Reservoir activities paid from its operational reserves. In years when the District revenues from this charge exceed its expenses for the Sites Reservoir Project, the District will use the excess revenues from this charge to replenish reserves that the District previously expended and to accrue a reserve to pay future costs associated with the District’s share of developing the project.

3. Purpose and Calculation of the Volumetric Charge

The Volumetric Charge includes District expenses to pay: (1) a “blended” U.S. Bureau of Reclamation (“USBR”) water charge component to pay USBR’s water service charges; (2) a pumping cost component to pay the District’s costs to pump water from the Tehama-Colusa Canal and deliver that water to customers; (3) the costs of imported water that is under contract from Maxwell Irrigation District; and (4) an amount to pay the anticipated USBR Capital And Restoration Charge (for 2016 the District is receiving full relief from the USBR and this charge will not factor into the water rate). These components of the Volumetric Charge are more particularly described in the staff report regarding the proposed charges. It is not known precisely how much water USBR will allocate to OAWD in 2016, but for purposes of preparing the staff report and this notice, the District is using a projected 20% allocation. At a 20% USBR allocation, the District will receive 10,600 acre-feet of its 53,000 acre-foot contractual entitlement of CVP water in 2016, 4,500 acre-feet of water from MID and another 2,500 acre-feet from the two District wells.

The projected blended USBR water service charge component for 2016 is calculated as follows:

<table>
<thead>
<tr>
<th>TYPE</th>
<th>A/F 20%</th>
<th>USBR</th>
<th>Purchase</th>
<th>PUE</th>
<th>TPUD</th>
<th>Power</th>
<th>O&amp;M D</th>
<th>W. A.</th>
<th>Per AF</th>
<th>Total</th>
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<tbody>
<tr>
<td>USBR</td>
<td>10,600.00</td>
<td>30.41</td>
<td>0.00</td>
<td>1.20</td>
<td>0.23</td>
<td>3.03</td>
<td>40.00</td>
<td>0.00</td>
<td>74.87</td>
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<tr>
<td>MID</td>
<td>4,500.00</td>
<td>55.00</td>
<td>45.00</td>
<td>1.20</td>
<td>0.23</td>
<td>3.03</td>
<td>40.00</td>
<td>0.00</td>
<td>144.46</td>
<td>650,070.00</td>
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<tr>
<td>Wells</td>
<td>2,500.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>60.00</td>
<td>0.00</td>
<td>30.00</td>
<td>90.00</td>
<td>225,000.00</td>
<td></td>
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</table>

Total AF 17,600.00

Total Cost of water 1,668,692.00

Cost per acre-foot. 94.81

At the 20% projected allocation, the blended price of available water is $94.81 per acre-foot.

Currently the District has relief from USBR’s Capital and Restoration Charge. The USBR will be conducting a study on the District’s ability to pay this charge and the District could lose relief in 2018. If necessary beginning in 2018, the District will add $12.00 per acre-foot in order to
pay USBR's Capital and Restoration Charge. This charge would only affect the USBR component of the Volumetric Charge. Using 2016 rates, the District's Volumetric Charge with a 20% allocation with the Capital and Restoration Charge included would be $103.26 per acre-foot of water. If USBR increases the amount of its water service charges, decreases or increases the amount of water allocations, or if USBR's Capital and Restoration Charge is more than $12.00 per-acre-foot beginning in 2018, then the District will automatically increase its Volumetric Charge in order to pass-through the resulting changes in the Volumetric Charge to OAWD customers. In accordance with Government Code section 53756(c), this schedule of passed-through increases in USBR charges will be in effect for the years 2016 through 2020. OAWD will provide written notice to you at least 30 days before the date on which an adjustment to the Volumetric Charge would take effect.
Property Detail
Glenn, CA SHERYL THUR, ASSESSOR

Parcel # (APN): 047-270-009-9  Use Description: VACANT
Parcel Status: ACTIVE
Owner Name: GLENN COUNTY OF

Mailing Address: COURTHOUSE WILLOWS CA 95988
Situs Address: PAR 3 PM 5-20

ASSESSMENT
Total Value: Use Code: GVXX
Land Value: Tax Rate Area: 079021
Impr Value: Year Assd: 2015
Other Value: Property Tax: 
% Improved: Delinquent Yr: 
Exempt Amt: HO Exempt?: N

SALES HISTORY
Sale 1  Sale 2  Sale 3  Transfer
Recording Date: 12/01/2011 01/29/1999  0963800 12/01/2011
Recorded Doc #: 20114766  19990605  20114766
Recorded Doc Type: 
Transfer Amount: 
Sale 1 Seller (Grantor):
1st Trst Dd Amt: Code1: 

PROPERTY CHARACTERISTICS
Lot Acres: 19.290  Year Built: 
Lot SqFt: 840,272  Effective Yr: 
Bldg/Liv Area: 
Units: Total Rooms: 
Buildings: Bedrooms: 
Stories: Baths (Full): 
Style: Baths (Half): 
Construct: 
Quality: Garage SqFt: 
Building Class: 
Condition: 
Other Rooms: 

Fireplace: 
A/C: 
Heating: 
Pool: 
Park Type: 
Spaces: 
Site Incline: 
Timber Preserve: 
Ag Preserve:

*** The information provided here is deemed reliable, but is not guaranteed.
**Property Detail**  
Glenn, CA SHERYL THUR, ASSESSOR

Parcel # (APN): 047-270-010-9  
Use Description: VACANT  
Parcel Status: ACTIVE  
Owner Name: GLENN COUNTY OF  
Mailing Address: COURTHOUSE WILLOWS CA 95988  
Situs Address:  
Legal Description: PAR 4 PM 5-20

### ASSESSMENT

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<td>Other Value:</td>
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<td>% Improved:</td>
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<td>Exempt Amt:</td>
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### SALES HISTORY

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<tr>
<td>Transfer Amount:</td>
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<tr>
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<td>Code1:</td>
<td>2nd Trst Dd Amt:</td>
<td>Code2:</td>
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### PROPERTY CHARACTERISTICS

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<th>Fireplace:</th>
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<td>A/C:</td>
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<tr>
<td>Bldg/Liv Area:</td>
<td>Total Rooms:</td>
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<tr>
<td>Units:</td>
<td>Bedrooms:</td>
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<td>Buildings:</td>
<td>Baths (Full):</td>
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<tr>
<td>Quality:</td>
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