

DISTRICT PROFILES

Redwood Valley County Water District

Background

The Redwood Valley County Water District (RVCWD) was incorporated on January 16, 1964 under Sections 30322 and 30323 of the Water Code. The RVCWD went into operation with ~~the~~ a dual distribution system for irrigation water service in April 1979, and for domestic water service in November 1979. The RVCWD serves a total of 1,345 equivalent dwelling units and 200 agricultural customers.

The population of the RVCWD is estimated to be with the range of 3,349 and 4,000. The population and growth study completed for the Ukiah Valley Area Plan estimated a growth rate between 1 percent and 1.63 percent annually; however prevailing economic conditions would favor the lower rate,

Water Supply

The RVCWD's water supply comes from Lake Mendocino. A pump station located at the Lake pumps water to a holding reservoir 4.5 miles from the Lake. The holding reservoir has a capacity of 68 AF. During typical demand, water is pumped to the reservoir from the lake at night to take advantage of lower electricity rates. From there, domestic water is delivered by gravity flow to the water treatment plant. The plant can treat up to 1.7 mgd. Treated potable water is pumped to six covered steel tanks with a total volume of 1.85 million gallons. Water flows by gravity from these tanks to customers. Irrigation water flows by gravity to the irrigation distribution system. During periods of high demand, gravity flows are augmented by pressure flows from the lake pumps.

Redwood Valley currently delivers approximately 750 AF for residential and commercial uses, and 1,450 acre-feet for agricultural purposes—a combined total annual demand of 2,200 AFY. The RVCWD's water supply consists of a largely un-exercisable right to divert up to 4,900 AF directly from Lake Mendocino between November 1 and April 30 of each year, and divert surplus water supplies from RRFC and the Sonoma County Water Agency. Water diversions made according to the RVCWD's Lake Mendocino water right can only occur in instances when stream flows in the Russian River main stem (as measured at the confluence of the East and West forks) exceed 150 cfs and Lake Mendocino storage is within the flood pool. This represents a relatively narrow window of opportunity that can be as much as 70 days in wet years, but as little as one or two days in dry years. Because of the uncertain supply, the RVCWD is currently under court-ordered moratorium for domestic connections and a self-imposed ~~board [District Board?] initiated~~ moratorium for irrigation connections.

By definition, the water being sold to Redwood Valley by the RRFC and the Sonoma County Water Agency is surplus to the ongoing needs of the two respective organizations. The RVCWD adopted a conservation ordinance in 2007 to deal with droughts such as those that occurred in 2007–2009. The ordinance is based on six tiers, of which the most severe restrictions are declared for Tier 6. Tier 4 was implemented in 2009 when Lake Mendocino water levels receded to record lows and mandatory rationing was imposed by the State Water Resources Control Board resulting in a 50-percent reduction in water use. Water supply has been even more tenuous. During the current drought with uncertainties regarding the availability of “surplus” water from either SCWA or RRFC, Tier ___ has been implemented resulting in _____ [or whatever the current situation is.]

Budget

The RVCWD operates with an annual budget of approximately \$1.2 million. The primary source of revenues is water sales, for domestic and irrigation purposes. It also receives a limited amount of property tax. Water sales account for approximately 96 percent of all revenues; property taxes and interest income about 2 percent each. Of the total water sales, 75 percent is for domestic water and 25 percent is for irrigation water. The average volumetric split is 1/3 domestic and 2/3 irrigation. The actual ratio of domestic to irrigation water is highly weather-dependent. Table 1 provides a summary of revenues and expenses for the FY 2007–08 through FY 2009–10.

**Table 1: Redwood Valley County Water District Revenues and Expenditures
FY 2007–08 to FY 2009–10 (\$ thousands)**

ACCOUNT	FY 2007–08	FY 2008–09	FY 2009–10
Total Operating Revenues	\$1,136.10	\$1,126.70	\$801.30
Total Operating Expenses	1,363.50	926.80	874.10
Net Operating Income before Depreciation	(227.30)	199.90	(72.80)
Depreciation & Amortization	302.90	314.50	320.70
Operating Income (Loss)	(530.20)	(114.60)	(393.50)
Interest Expense	(1.10)	1.00	1.90
Other Income	77.80	45.40	28.70
Change in Net Assets	(453.50)	(70.30)	(366.70)
Beginning Net Assets	1,623.40	1,169.90	1,099.60
Ending Net Assets	\$1,169.90	\$1,099.60	\$732.90

Source: Bowers 2010, 2011.

As a consequence of the drought in 2009 and restrictions placed on water usage, revenues in calendar year 2009 were depressed. As a consequence, the board froze salaries of its employees. The salary freeze has been in place for nearly four-years and RVCWD salaries are becoming less competitive. The board addressed the salary issue in the 2012–13 budget.

Rates

The RVCWD adopted a new rate structure that became effective January 1, 2014. The residential and commercial tiered rate structure is shown in Table 2. There is a base charge related to the size of the meter and a usage charge. Typical residential rates are \$10 per month plus the usage rate. When residential users take service as commercial service, the monthly per-dwelling fee of \$10 applies.

Table 2: RVCWD Residential/Commercial Meter Charges

Meter Size	Base charge (per month)
¾-inch, 1-inch, 1.5-inch, 2-inch (Residential Service)	\$20
2-inch	\$40
3-inch	\$55
4-inch	\$70

Source: RVCWD 2012.

The monthly billing formula is the meter charge plus a usage charge, shown in Table 3. Although the table shows a rate for each 1,000 gallons used, the customer is billed for actual number of gallons consumed.

Table 3: RVCWD Residential/Commercial Usage Charges

Usage (gallons)	Charge per 1,000 gallons
1–4,000	\$3.75
4,001–8,000	\$4.00
8,001–12,000	\$4.50
12,001–20,000	\$5.00
>20,000	\$5.50

Source: RVCWD 2012.

Agricultural customers are charged a meter charge, a minimum acre-foot charge, plus a fee for usage above the minimum. Unlike the residential rate, which charges for actual gallons used, irrigation water is sold in 1,000-gallon units. Table 4 summarizes the agricultural rates.

[Explain 'pre purchase']

Table 4: Redwood Valley County Water District Agricultural Rates

Meter Size	Meter Charge	Pre Purchase at \$225/AF	Usage per 1,000 gallons
2-inch	\$35	1 AF	\$0.69
4-inch	\$55	2 AF	\$0.69

Source: RVCWD 2012.

Debt

The RVCWD has two outstanding, long-term debt obligations. One is a loan from the Department of Water Resources. During the 1992–93 fiscal year, the RVCWD received a loan from the Department of Water Resources for \$52,000. The loan carries interest at 3.2205 percent and is payable in semi-annual installments of \$1,371 over 30 years.

The loan was made in conjunction with a \$400,000 grant from the Department of Water Resources and was used to finance the construction of three water main extensions. The debt is not being retired by the entire District, but by parcels that benefit from the extension. [These beneficiaries pay ____ per year per parcel (or however this is done)]

In addition, RVCWD owes the U.S. Bureau of Reclamation \$7,313,000 but this obligation has been suspended to allow the RVCWD to apply for additional water rights. The obligation was suspended under Public Law 110-229 that would allow RVCWD to be free from penalties and interest on the original loan until RVCWD was able to procure additional non-Federal funding to construct diversion and/or storage facilities to relieve its moratorium. Lifting the moratorium would allow full design build-out of the District. That would allow repayment of the second loan from the Bureau of Reclamation which in turn would allow repayment of the original loans. [Or loan – singular. Is this the DWR loan for \$52,000]

Capital Improvements

Each year, the RVCWD addresses capital improvement needs in its budget. Projects include upgrades to the water treatment plant, meter upgrades, filter upgrades, SCADA upgrades, and security. Table 5 shows actual and budgeted capital expenses for FY 2008–09 through 2010–11.

**Table 5: Redwood Valley County Water District Capital Improvement Expense
FY 2008–09 to FY 2010–11**

YEAR	CAPITAL IMPROVEMENT EXPENSE
FY 2008–09	\$117,683
FY 2009–10	\$ 70,929
FY 2010–11 (Budgeted)	\$ 74,304

Even with the new rate structure, the RVCWD has been concerned about whether there is sufficient revenue to fund needed capital improvement projects. The RVCWD is considering hiring a consultant to review the rate structure in terms of the ability to fund future projects.

Governance

The RVCWD is governed by an elected five-member (at large) board of directors elected ~~on~~ to staggered four-year terms. Board meetings are held regularly on the third Thursday of the month at 7 p.m. at 2370 Webb Ranch Road.

Staffing

The RVCWD has five employees: a full-time General Manager, a full-time office manager, a three-quarter-time office staff person, and two full-time field technicians. Staffing is not **currently** sufficient to perform the functions of the RVCWD.

Russian River Flood Control and Water Conservation Improvement District

Background

The Mendocino County Russian River Flood Control and Water Conservation Improvement District (RRFC) was formed in _____ (year) to serve, along with the Sonoma County Water Agency, as the local sponsor for the development of Coyote Dam and Lake Mendocino. The RRFC encompasses approximately 51,000 acres from just north of the Sonoma County line to Calpella.

The RRFC provides raw water for irrigation, municipal, and industrial purposes ~~and~~ ~~'wholesales' raw water~~ to municipal water purveyors~~contractors~~ within its boundaries and place of use. ~~The m~~Municipal service providers ~~then~~-treats and distributes the water to its customers.

The following municipal water districts or companies receive water from the RRFC:

- City of Ukiah
- Millview County Water District
- Calpella County Water District
- Hopland Public Utility District
- Rogina Water Company
- River Estates Mutual Water Company
- Henry Station Mutual Water Company
- Redwood Valley County Water District
- East Sanel Irrigation District

The recent Municipal Service Review for the RRFC estimated the population contained in the RRFC boundaries to be approximately is 33,300. The population of the RRFC was also studied as a part of the Ukiah Valley Area Plan (UVAP). In a review completed in 2007 for the Ukiah Valley, the population of the unincorporated portion between 2005 and 2020 was projected to increase at a rate of 1.63 percent per year. Since the analysis was completed before the economic downturn, it may be optimistic. The same study shows an average 1 percent annual growth rate between 1990 and 2005. Based on these growth rates, the 2020 the population of the RRFC would be between 36,000 and 37,600.

Water Supply

The RRFC operates under water right permit 12947B. The RRFC is authorized to divert 8,000 AFY from Mendocino Lake for domestic, municipal, irrigation, and recreational purposes within the RRFC service area. This water is diverted and sold as raw water to public water systems, where it is subsequently treated for municipal use; and to private agricultural entities for irrigation and frost protection purposes.

As of 2010, all but approximately 1,400 AF of the 8,000-acre-foot supply has been contracted to public water systems and agricultural entities. The balance is considered surplus water and is currently sold to the Redwood Valley County Water District, where it is used for municipal and agricultural purposes.

Table 6 provides a summary of municipal water customers and the amount of water they are contracted to purchase. As seen in the table, agriculture receives about 50

percent of the annual allocation. ~~[Are the municipal water customers required to purchase the contracted amount; or does the actual amount purchased vary?]~~

Comment [R1]: All contracts are the same.

Table 6: Summary of RRFC Water Supply Agreements

AGENCY	ANNUAL CONTRACT AMOUNT(AF)
City of Ukiah	800
Willow CWD	515
Millview CWD	970
Calpella CWD	51
Rogina Water Company	400
Hopland PUD ^a	222
Agricultural ^b	3223
Total	6568

Budget

The budget for FY 2012–13 forecasts revenues of \$341,895 and expenses of \$340,450. The RRFC receives both property tax and revenues from water sales. Table 7 summarizes revenues and expenses for the most recent three years, FY 2009–10 through FY 2011–12.

Table 7: RRFC Revenues and Expenses FY 2009–10 to FY 2011–12

Account	FY 2009–10	FY 2010–11	FY 2011–12
Property Taxes	\$39,814	\$39,875	\$40,624
Water Sales	\$339,645	\$347,550	\$263,347
Total Income	\$379,866	\$387,448	\$304,732
Total Expenses	\$244,296	\$265,872	\$305,799
Net Income	\$121,575	\$135,570	(\$1,066)

Source: RRFC 2011, 2012.

The table shows that waters sales represent approximately 90 percent and that property taxes are 10 percent. ~~[The net income is utilized for —loan payments; capital improvements; reserves; and rate stabilization_fund?]~~

Rates

The RRFC contracts with the agencies shown in Table 6 at a rate of \$47 per AF. Using that rate, water sales for the three years—FY 2009–10, FY 2010–11, and FY 2011–12—were 7,226 AF, 7,395 AF and 5,603 AF, respectively, **which generated the water sale income indicated in Table 7.**

Debt

The RRFC has no outstanding debt.

Capital Improvements

The RRFC delivers its contract water via releases to the Russian River so it does not own or maintain a “traditional” water distribution system. In the past, all diversions, pumps, meters, and related appurtenances are owned and operated by the RRFC’s contractors. However in 2010, the RRFC began installing District-owned meters and telemetry equipment at selected locations [to better track water use as well as water use patterns](#)~~[for what purpose]~~. Annual capital expenses for metering and telemetry equipment are approximately \$40,000.00 per year.

Governance

The RRFC is governed by a five-member board elected at large to staggered four-year terms. The board meets on the second Wednesday of the month at 5 p.m. at RRFC offices at 151 Laws Avenue in Ukiah. There are four standing committees of the board: Engineering and Operations, Personnel and Organization, Government Affairs, and Finance.

Staffing

The RRFC operates with one full-time employee, a general manager who occasionally hires a part-time office assistant when he takes vacation.

PROPOSED ANNEXATION-DISSOLUTION

Background

The concept of consolidating water districts has been discussed in the Ukiah Valley for over 30 years and has been the subject of numerous reports and studies. The RRFC and the RVCWD having been actively pursuing consolidation since signing a Memorandum of Agreement in

[month] 2011. Although the MOA has since expired; consolidation planning has been making measured progress. At a September 2013 joint Board meeting staff were directed via a 10-0 vote of both boards to pursue annexation/dissolution as the preferred method of consolidation.

Pursuant to Section 56653 of the Government Code, LAFCo requires that any application for a change of organization or a re-organization include a plan for providing municipal services. In accordance with Section 56653 of the Government Code, this exhibit includes the following information:

1. An enumeration and description of the services to be extended to the affected territory.
2. The level and range of those services.
3. An indication of when those services can feasibly be extended to the affected territory.
4. An indication of any improvements or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
5. Information with respect to how those services will be financed.

The consolidation proposal before LAFCo is the annexation of the RVCWD into the RRFC with concurrent dissolution of the RVCWD. The annexation area will become a Zone of Benefit that will hold its own assets and debts until such time that it has no remaining pre-annexation debt. ~~Both entities have~~ Mendocino LAFCo has recently adopted Municipal Service Reviews for both districts. ~~and~~ RVCWD is entirely within RRFC's existing Sphere of influence.

Water Supply

From a customer perspective, water supply services would remain essentially unchanged. However annexation/dissolution will have a positive effect on the water supply of all parties.

Since the Zone of Benefit will be within the RRFC it will no longer be subject to surplus availability. Like other Districts already within the RRFC, the Zone of Benefit will maintain a Uniform Water Supply Agreement for an annual known allocation of supply. The RRFC currently has sufficient supply within its existing 8,000 ~~af~~ AF water right to satisfy RVCWD current demands. By changing the status from surplus to contractor, supply within the Zone of benefit will be more reliable while simultaneously helping RRFC perfect its existing rights. The RRFC has a pending application for 6000 ~~af~~ AF of additional supply for future demands.

The current rights held by RVCWD are limited by a lack of storage. It is possible, pending permit modification, that some of this right could be used by RRFC contractors with storage outside the Zone of benefit [for frost protection and irrigation.](#) ~~[For what purpose?]~~

Budget

The budget for the RRFC and the Zone of Benefit will remain separate, and largely unchanged until such time that the Zone of Benefit has no remaining pre-annexation debt.

Increased Revenues

[Potential for new treated water customers and ag water customers expressed in new hook-ups and estimated new revenue.]

Comment [R2]: There is insufficient water to support significant "new hookups". The primary water rights benefit to RVCWD will be going from surplus to regular status.

Rates

Rates within the Zone of Benefit will likely see a modest increase in rates as the cost of water will increase from the surplus rate (determined by an ongoing judgment) to the standard RRFC rate. In 2013 the RVCWD surplus rate was calculated at \$32.82 ~~an~~ per acre foot, while RRFC contractors paid \$47.00 ~~an~~ per acre foot. This rate increase would have added approximately \$20,000 to the current RVCWD (\$1,000,000.00) budget which reflects a 2% increase.

Additional costs may be incurred to bring the Zone of Benefit up to date with its ~~prorate~~ **pro rata** share of past tax and debt payments made by existing RRFC constituents. However, as part of the existing judgment with RVCWD, a lump sum catch-up payment of \$276,992 was made in 1989. The payment brought RVCWD current with taxes and assessment from district inception to 1989. Any remaining catch-up payments would cover the remaining period (1990-current). Any outstanding balance would likely be minimal as RRFC formation debt was retired in 19XX. Any outstanding balance could potentially be covered by capitalization of Zone of Benefit assets, income from out of zone water sales, or tax revenue.

[Where did that money go?]

Comment [R3]: Into the District's general fund

~~There~~ **There** will also be opportunities for increased revenue within the Zone of Benefit. Currently property tax rates in RVCWD are ~~XX~~ **XX** percent. However following annexation, they will increase to RRFCs current rate of ~~XX~~ **XX** percent; **subject to approval by the Mendocino County Board of Supervisors and a two-thirds registered voter approval within the Zone of Benefit.**

~~Any outstanding balance would likely be minimal as RRFC formation debt was retired in 19XX. Any outstanding balance could potentially be covered by capitalization of Zone of Benefit assets, income from out of zone water sales, or tax revenue.~~

Debt

All outstanding debt currently held by RVCWD would be held by the Zone of Benefit and paid by customers serviced by the zone.

Capital Improvements

Until such time that retirement of debt prevents a unified budget, capital expenditures will remain isolated. However, at some point, the larger foot print could allow for a broader base that could sustainably support larger community-scale water supply projects.

Governance

The proposed project is an annexation/dissolution with RRFC being the “~~survivor~~” successor agency. Therefore, the existing RRFC Board of Trustees would be the sole board of the consolidated entity. The RRFC board is “at large” and the constituents within the zone of benefit would be able to seek office and vote for Trustees in the first election following annexation/dissolution. Both RVCWD and RRFC would prefer to complete the annexation process near an election cycle to minimize the amount of time the citizens within the Zone of Benefit will be unable to participate in the electoral process.

Staffing

Following annexation, the successor agency will be staffed as shown. Positions will be filled with a combination of existing staff, new hires, and contractors.

As the surviving successor entity, Mendocino RRFC will retain all current employees of Redwood Valley RVCWD, as follows:

1. _____ shall be hired as a full-time employee of RRFC immediately upon dissolution of RVCWD.
2. _____ shall be hired as a contract employee of RRFC immediately upon dissolution of Redwood Valley.
3. ~~Retirement or other benefits provided by RVCWD to employees shall be terminated and become the property of the employees.~~
4. ~~RVCWD employees to be hired by RRFC shall receive all benefits entitled to Mendocino RRFC employees of the same category.~~

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