



Municipal Service Review and Sphere of Influence Update

Omochumne-Hartnell Water District

Administrative Draft – September 2026



TABLE OF CONTENTS

TABLE OF CONTENTS	I
TABLE OF FIGURES	IV
LIST OF ABBREVIATIONS USED.....	V
EXECUTIVE SUMMARY	7
Summary of Determinations.....	8
Summary of Recommendations.....	10
LOCAL AGENCY FORMATION COMMISSIONS.....	12
Legal Requirements and Purpose.....	12
LAFCO Responsibilities	12
Sacramento County LAFCo Commission	13
Sphere of Influence	15
Disadvantaged Unincorporated Communities.....	16
Sphere of Influence Updates and LAFCO Policy	17
Municipal Service Review (MSR) Requirements	18
Purpose of this MSR and Scope of Work	19
Methodology	20
SERVICE REVIEW – OMOCHUMNE-HARTNELL WATER DISTRICT.....	23
Groundwater Management Authority	24
South American Subbasin.....	25
Cosumnes Basin.....	28

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

Jurisdictional Boundary & Sphere of Influence	31
Demographics	37
Population & Housing	37
Age Distribution & Income	40
Governance and Staffing.....	42
Municipal Services Provided	45
Water	45
Facilities, Infrastructure, & Equipment.....	48
Water Rates	50
Existing Water Demand and Capacity.....	51
Future Water Demand and Capacity	53
Fiscal Health	55
Revenues	56
Expenses	59
Fiscal Overview and Operating Position	61
Future Financial Capacity	63
Property Tax	65
Assets, Liabilities, & Net Position.....	66
CIP & Asset Management.....	70
Pension Obligations.....	70
SOI & RELATED RECOMMENDATIONS	71

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

MSR & SOI DETERMINATIONS.....	73
Service Review Determinations	73
Sphere of Influence Determinations.....	78

TABLE OF FIGURES

Figure 1: LAFCo Commission Roster.....	14
Figure 2: South American Subbasin Map.....	27
Figure 3: Cosumnes Basin Map.....	30
Figure 4: Jurisdictional Boundary and Proposed SOI	33
Figure 5 Proposed Annexation Area Boundary Overlaps	36
Figure 6: Resident Population	38
Figure 7: Housing Characteristic.....	39
Figure 8: Age Distribution.....	40
Figure 9: Income Characteristics	41
Figure 10: District Staffing	44
Figure 11: Equipment.....	49
Figure 12: Cosumnes River Diversion Trends	52
Figure 13: Historical Revenues	58
Figure 14: Historical Expenditures	60
Figure 15: Historical Net Income.....	63
Figure 16: Historical Audited Assets	66
Figure 17: Historical Total Liabilities	68
Figure 18: Historical Net Position	69

LIST OF ABBREVIATIONS USED

AB	Assembly Bill
ACS	American Community Survey
AF	Acre-Feet
CalPERS	California Public Employee Retirement System
CFS	Cubic Feet per Second
CIP	Capital Improvement Plan
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CVP	Central Valley Project
CWD	County Water District
DUC	Disadvantaged Unincorporated Community
DWR	California Department of Water Resources
FY	Fiscal Year
GASB	Government Accounting Standards Board
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
LAFCo	Local Agency Formation Commission
MHI	Median Household Income
MOU	Memorandum of Understanding
MSR	Municipal Service Review
OHWD	Omochumne-Hartnell Water District
PODs	Points of Diversion
PVC	Polyvinyl Chloride

v



Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

RSG	RSG, Inc.
SAFCA	Sacramento Area Flood Control Agency
SB	Senate Bill
SCO	State Controller's Office
SGMA	Sustainable Groundwater Management Act
SOI	Sphere of Influence
USGS	United States Geological Survey

EXECUTIVE SUMMARY

The Sacramento County Local Agency Formation Commission ("Sacramento LAFCo" or "Commission") is preparing this Municipal Service Review ("MSR") and Sphere of Influence ("SOI") update for the Omochumne-Hartnell Water District ("OHWD"). The MSR has been prepared by RSG, Inc. ("RSG") on behalf of Sacramento LAFCo.

The overall intent with the service review is to provide an independent assessment of OHWD's water service delivery to its residents, in accordance with statutory requirements Sacramento and LAFCo policy. This includes evaluating the current and future relationship between the availability, demand, and adequacy of groundwater services within OHWD service area and SOI.

Preparation of this MSR is also associated with a recent annexation application submitted by OHWD involving the proposed annexation of approximately 33,352 acres (440 parcels) to support the District's role as a Groundwater Sustainability Agency ("GSA"). According to the application materials, the proposed annexation is primarily intended to facilitate groundwater sustainability management activities in the area. Given the scale of the proposal and absence of a recently completed MSR for the District, this MSR is intended to inform the Commission's evaluation of the annexation request and assess the District's capacity to provide the proposed groundwater management services.

To the extent feasible, Sacramento LAFCo will revisit the MSR and key findings on a regular ten-year basis (or less), consistent with the timetable set by the Legislature, LAFCo's MSR Project Plan and adopted Sacramento LAFCo policy. This timeframe syncs with the expectation informing all related SOI and boundary changes.

Further, it is RSG understanding that Sacramento LAFCo has not formally established a SOI for OHWD. Accordingly, the SOI determinations and recommendations herein serve to establish an initial sphere of influence for the District. RSG is proposing the Commission

proceed with establishing a provisional (service-only) designation limited to groundwater management services consistent with the District's role as a Groundwater Sustainability Agency ("GSA").

SUMMARY OF DETERMINATIONS

RSG determines OHWD experienced very minimal growth during the five-year period studied in this report. Additionally, future growth within its existing jurisdictional boundary is expected to be extremely limited over the next five-years through 2030. However, consideration for the proposed annexation area would greatly increase the population in the District's boundary and proposed sphere of influence.

Sacramento LAFCo's pertinent service provisions and sphere of influence determinations for OHWD are presented on Page 73 and summarized below.

- OHWD population, growth, and housing has remained unchanged since 2020 and is generally expected to remain the same over the next five years. Specifically, RSG estimates that OHWD has lost one (1) resident each year over the last four (4) years, from 2,648 in 2020 to 2,644 in 2025. RSG projects OHWD's resident population will decrease to 2,623 residents by 2030. This accounts for an annual decline rate of approximately 0.2%.¹
- There are no Disadvantaged Unincorporated Communities ("DUCs") located in or contiguous to OHWD's jurisdictional boundary or proposed sphere of influence.
- Based on current water use, infrastructure, and permit allowances, OHWD has sufficient capacity and facilities to meet present and future groundwater

¹ Projections are based on OHWD's existing jurisdictional boundary and do not factor in the proposed annexation area.

management and recharge needs within its jurisdictional boundaries and proposed sphere of influence.

- The proposed annexation of 25,511 acres into OHWD's boundary—while substantial in size— is not expected to measurably impact service demand given the District services to the area would be limited to providing groundwater management oversight and does not involve the extension of retail or wholesale water service. Thus, the District has sufficient capacity and facilities to meet groundwater management and recharge needs with the annexation area included in its jurisdictional boundary and proposed sphere of influence.
- During the time of this report, OHWD has not completed annual audits for recent fiscal years as contemplated under Government Code Section 26909, which limits the ability to independently verify certain financial trends, though the District has indicated audits are currently underway.
- OHWD's current financial position is adequate to cover operating costs within its existing jurisdictional boundary and proposed sphere of influence for the foreseeable future. This includes confirmation on the sufficiency of rates for covering the Groundwater Sustainability Plan related fees. However, the District will need to confirm sufficiency of funding to expand its Groundwater Sustainability management services into the proposed annexation area.
- OHWD has generated modest but generally positive operating results over the review period and appears to maintain a comparatively strong reserve position based on available State Controller's Office data. Notably, in FY 2023–2024, the District reported an unrestricted net position of approximately \$632,125 relative to annual expenditures of \$188,095 (approximately 336% of operating costs), while FY 2022–2023 reflected a lower but still adequate reserve level of approximately 80.5%.

- I. While these figures suggest OHWD currently maintains sufficient reserves to support ongoing groundwater management activities, year-to-year fluctuations in net

position and expenditures indicate some variability that warrants continued monitoring, particularly given the District's limited revenue base.

- II. The proposed annexation and associated expansion of OHWD's Groundwater Sustainability Agency responsibilities may introduce additional administrative and operational demands. As such, ensuring reserves and ongoing revenues scale proportionately with service obligations will be important to maintaining long-term fiscal stability.

SUMMARY OF RECOMMENDATIONS

A detailed listing of the recommendations for OWHD and/or Sacramento LAFCo can be found on page 56.

- As noted above, RSG recommends the Sacramento LAFCo establish and expand OHWD's SOI to include the proposed annexation area, with a provisional (service-only) designation limited to groundwater management services consistent with the District's role as a Groundwater Sustainability Agency ("GSA").
- Improved infrastructure monitoring and strengthened financial practices are required for OWHD to support long-term service reliability, including reserve planning and ongoing revenue and expenditure monitoring.
 - I. This includes ensuring the District prepares the annual financial comprehensive reports annually as required under Government Code Section 26909. These financial reports should also be posted and made publicly available on the District's website to further enhance transparency.
- With respect to the proposed annexation request, RSG recommends OHWD evaluate the following:

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

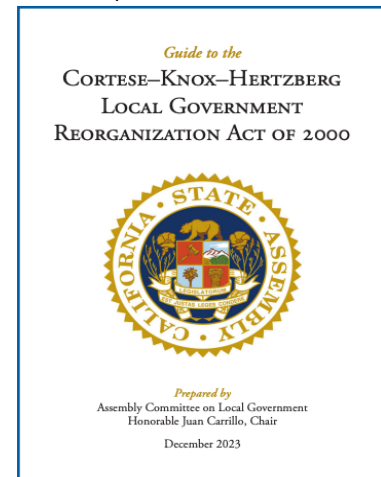
September 2026

- I. Administrative, staffing, and operational capacity are sufficient to support expanded groundwater management responsibilities associated with the proposed annexation.
 - II. OHWD to incorporate the full cost of service expansion into financial planning efforts including completion of a fee study or equivalent analysis, preparation of a fiscal impact assessment in advance of the boundary changes. LAFCo – at its discretion – may also condition approval of the proposed annexation on completion of these items.
- Sacramento LAFCo to review and address identified boundary overlaps in coordination with OHWD and the City of Elk Grove and refine the annexation proposal to exclude parcels already within OHWD's existing jurisdictional boundary.
 - Sacramento LAFCo should continue coordinating with OWHD and SacSewer to determine whether the agencies' respective roles regarding groundwater recharge activities create overlapping service responsibilities within the annexation area. Consistent with Government Code Sections 56657 and 56119, LAFCo may require an interagency agreement or other mechanism to be in place between the two agencies before considering any future annexation to ensure the proposal does not result in duplicative service provisions.

LOCAL AGENCY FORMATION COMMISSIONS

LEGAL REQUIREMENTS AND PURPOSE

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56000 et. seq., ("CKH") requires Local Agency Formation Commissions ("LAFCOs") to regularly prepare reviews of services provided by most local agencies and provides discretion on the manner in which a commission undertakes these reviews (Government Code 56430). The reviews are instrumental in making determinations on jurisdictional and sphere of influence boundaries, as well as informing commissions, affected agencies, and the general public of opportunities for improving service delivery.



LAFCO RESPONSIBILITIES

CKH directs LAFCOs to discourage urban sprawl, encourage the orderly formation and development of cities and special districts, ensure the efficient provision of services, and preserve agricultural land. LAFCOs function as the county-wide oversight agency responsible for considering logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers, and dissolutions of districts. In this manner, LAFCOs play a vital role in assuring the thoughtful, appropriate, and efficient reorganization, simplification, and streamlining of quality local governmental services.

As part of these objectives, LAFCOs establish and periodically review spheres of influence for local agencies through a process known as a municipal service review ("MSR") and sphere of influence ("SOI") update (Government Code 56425).

SACRAMENTO COUNTY LAFCO COMMISSION

Sacramento LAFCo is governed by a 14-member "Commission" comprised of county, city, special district, and public members. The Commission is comprised of seven regular or voting members and seven alternates. Regular members include two Sacramento County Board of Supervisors, two representatives selected by the County of Sacramento's ("County") independent special



districts, Sacramento City Council member appointed by the Mayor and one councilmember from another city in the County appointed by the Sacramento City Selection Committee. LAFCo Commissions generally holds regular meetings on the first Wednesday of each month at the Board Chambers at 700 H Street in Sacramento. Sacramento LAFCo Commission meetings begin at 5:30 pm and are live streamed via Metro Cable Channel. Meeting links can be found on the Commission's meeting agendas on Sacramento LAFCo's website at <https://sacdafco.saccounty.gov/Pages/default.aspx>. Recordings of meetings are also available online and are uploaded to Sacramento LAFCo's YouTube channel. The Sacramento County LAFCo Commission roster² as of April 2026 is as follows:

² Phil Pluckebaum is an alternate to Lisa Kaplan and Dr. Jayna Karpinski-Costa is alternate to Mat Pratton.

Administrative Draft Municipal Review and Sphere of Influence Update

Omoichumne-Hartnell Water District

September 2026

Figure 1: LAFCo Commission Roster

Commissioner Name	Affiliation	Member Type
Chris Little (Chair)	Public Member	Regular Members
Gay Jones (Vice Chair)	Special District Member	Regular Members
Rich Desmond	County Member	Regular Members
Lisa Kaplan	City Member	Regular Members
Pat Hume	County Member	Regular Members
Robert Wichert	Special District Member	Regular Members
Mat Pratton	City Member	Regular Members
Timothy Murphy	Public Member	Alternate Members
Charlea Moore	Special District Member	Alternate Members
Rosario Rodriguez	County Member	Alternate Members
Phil Pluckebaum	City Member	Alternate Members
MariJane Lopez-Taff	City Member	Alternate Members

Source: Sacramento LAFCo Website

SPHERE OF INFLUENCE

Since 1971, LAFCOs determine and manage the spheres of influence ("SOI") for local government agencies. A SOI is "a plan for probable physical boundaries and service area of a local agency, as determined by the Commission." Consistent with Commission SOI policies, a SOI can be (a) coterminous to agency boundaries as the ultimate foreseen configuration of the agency in anticipation of no future growth, (b) extended beyond the agency boundaries in anticipation of future growth, (c) be smaller, indicating the need to detach areas from the agency boundaries, or (d) be designated a "zero sphere", which indicates a potential dissolution of the agency. The Commission must formally approve the amendment to the sphere of influence boundaries. Factors considered in a SOI include current and future land use, capacity needs, and any relevant areas of interest such as geographical terrain, location, and any other aspects that would influence the level of service.

Per Government Code Section 56425, SOI shall consider and prepare a written statement of its determinations of the following factors:

1. Present and planned land use in the area, including agricultural and open space lands.
2. Present and probable need for public facilities and services in the area.
3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. Existence of any social or economic communities of interest in the area.
5. Present and need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The purpose of a SOI is to ensure efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands by preventing overlapping

jurisdictions and duplication of services. On a regional level, LAFCOs consider the orderly development of a community by reconciling differences between different agency plans. This is intended to ensure that the most efficient urban service arrangements are created to benefit area residents and property owners. To date, OHWD does not have an established SOI.

DISADVANTAGED UNINCORPORATED COMMUNITIES

As part of the MSR, RSG considered the impact of the SOI relative to Disadvantaged Unincorporated Communities ("DUC"). A DUC is defined by Government Code Section 56033.5 as an area of inhabited territory located within an unincorporated area of a county within a "disadvantaged community." A disadvantaged community is defined in Water Code Section 79505.5(a) as a community with an annual median household income that is less than 80 percent of the statewide median household income. Government Code Section 56046 defines "inhabited" as territory with 12 or more registered voters.

Sacramento LAFCo had previously designated DUCs within the County, however, more recent income data has since been published. Therefore, to ensure the most recent income data is captured, Sacramento LAFCo contracted RSG in February 2026 to update the DUC designations county-wide with the most recent annual median household income.

To identify DUCs county-wide, RSG analyzed Census block groups in unincorporated areas using city boundary shapefiles. Areas with a Median Household Income ("MHI") at or below 80 percent of the statewide level were mapped using 5-year estimates from the American Community Survey ("ACS"). Inhabited areas were confirmed with registered voter data from the California Redistricting Commission, applying a 50-voter threshold (rather than the state's 12-voter standard) to better reflect local conditions. The final DUCs were defined as inhabited Census block groups in unincorporated areas with MHI below 80 percent of the statewide average.

Based on this data, OHWD has zero (0) DUCs located within or adjacent to its jurisdictional boundary. Therefore, no present or future needs for water services are needed.

SPHERE OF INFLUENCE UPDATES AND LAFCO POLICY

A sphere of influence ("SOI") may be modified as determined by LAFCo; the procedures for making sphere amendments are outlined in CKH and, in some cases, further refined by the Commission's own guidelines. Pursuant to Government Code Section 56430, the Commission must first conduct a municipal service review prior to updating or amending a SOI.

Sacramento LAFCo adopted a "Sphere of Influence Policy" dating back to September 1990 with recent amendments in April 2024, which provides a framework for SOI updates for both cities and special districts. While the policy does not explicitly define the types of SOIs, LAFCo generally provide the following four types of SOIs consistent with statute and as detailed below.

- **Coterminous Sphere of Influence:** A SOI for a city or special district that includes the same physical territory as the jurisdictional boundaries of that city or special district. LAFCo adopts a Coterminous SOI if there is no anticipated need for services outside the jurisdictional boundaries of a city or special district, or if there is insufficient information to support the inclusion of additional territory within the sphere.
- **Expanded Sphere of Influence:** A SOI for a city or special district which includes territory that is larger than the jurisdictional boundary of the subject city or special district. LAFCo adopts an expanded SOI if there is an expectation of future growth of the agency's physical boundaries and associated service area.
- **Reduced Sphere of Influence:** When cities or special district's SOI are smaller than its jurisdictional boundary, it may indicate that the commission intends to detach certain areas from the service area due to inefficiencies or shifts in service demand or capacity.

- Zero Sphere of Influence: A SOI for a city or special district that includes no territory. LAFCo adopts a Zero SOI if the functions, services assets, and liabilities of that city or special district should ultimately be re-assigned to another public agency or service provider.

RSG analyzes the spheres in the "SOI Recommendations" section of this MSR.

MUNICIPAL SERVICE REVIEW (MSR) REQUIREMENTS

Section 56425(g) of CKH requires that LAFCOs evaluate a given SOI every five years, as necessary; the vehicle for doing this is known as a Municipal Service Review ("MSR"). Prior to or in conjunction with SOI reviews, a MSR must be prepared pursuant to Government Code Section 56430. MSRs are conducted to assist in the SOI review process by providing information regarding the ability of agencies to provide public services. Pursuant to Government Code Section 56430, MSRs are to make determinations considering the seven required topics based on CKH. These seven areas include:

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence(s).
3. Present and planned capacity of public facilities and adequacy of public services, infrastructure 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 government structure and operational efficiencies.

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

The focus of this MSR is to describe how local governmental services are being conducted and to determine if the residents of the community are receiving the highest level of service possible, while also discouraging urban sprawl and the premature conversion of agricultural lands. If a MSR determines that certain services are not meeting adequate standards, LAFCo can recommend changes such as sphere changes as well as consolidation or dissolution of service providers to provide the best service possible to the population.

PURPOSE OF THIS MSR AND SCOPE OF WORK

The MSR's underlying purpose is to produce an independent assessment of the municipal services provided by Omoichumne-Hartnell Water District ("OHWD" or "District") historically and over the next few years, consistent with the Commission's regional growth management duties and interests. The Commission will use the information collected as part of the report in (a) guiding sphere of influence updates, (b) informing of potential boundary changes and out-of-agency services, and if merited, (c) initiating government reorganization, such as special district formations, consolidations, and/or dissolutions.

In addition to the factors described above, the timing of this MSR is also driven by a recent annexation application submitted by OHWD to annex approximately 33,532 acres (440 parcels) into its jurisdictional boundary. The primary purpose of the proposed annexation is to place the subject territory under the District's jurisdiction for purposes of groundwater sustainability management. As detailed in the application materials, annexation would allow the District, with the consent of Sacramento County, to assume the role of Groundwater Sustainability Agency ("GSA") for the area. The application further suggests the proposed annexation would not

expand water supply service or create additional demand for water; existing users would continue to rely on their current water sources and service providers.

Given the scope of the annexation request and the absence of a current MSR for the District that the Commission could rely upon in its administrative review of the proposal, preparation of this MSR is necessary to evaluate the District's capacity and sufficiency to accommodate the requested annexation. Accordingly, this MSR is being conducted not only to satisfy the Commission's statutory obligation to periodically prepare MSRs, but also to inform staff's analysis and the Commission's decision-making with respect to the proposed annexation.

METHODOLOGY

RSG worked with Sacramento LAFCo staff throughout this MSR. Key tasks and activities in completing this MSR include data collection, interviews with District staff, District profile development, determination analysis, public review of MSR, and the adoption of the final MSR.

RSG and LAFCo gratefully acknowledge the time and effort of the Omochumne-Hartnell Water District General Manager—Michael Wackman—in assisting in preparing this report.

DATA COLLECTION

To fully understand key factors and current issues involving the district, RSG conducted an initial working session with Sacramento LAFCo staff to determine the project scope and formalize overall MSR objectives, schedules, policy and fiscal criteria, service standards, and roles and responsibilities.

The MSR began with a complete and thorough review of available data and documents, - including but not limited to – proposed annexation materials, adopted budgets, comprehensive annual financial reports, capital improvement plans, strategic plans,

management plans, and fee schedules. These documents were assessed to develop a comprehensive overview of OHWD. In addition, various reports and documents were utilized from the California State Controller's Office, California Public Retirement System ("CalPERS"), Sacramento LAFCo, and ESRI Business Analyst.

RSG was able to obtain a copy of the District's audited annual financial statement for FY 2020 but was unsuccessful in receiving the audited reports for FY 2021 through FY 2025. In absence of audited annual financial statements for each year of the report period, RSG utilized information obtained from the California State Controller's Office ("SCO") for Fiscal Years ("FY") 2021 through 2024³ to analyze historical operating revenues and expenditures for OHWD. For consistency, RSG relied solely on information obtained from the California State Controller's Office ("SCO") for the financial analysis.

Government Code Section 53891 requires Water Districts in California to provide the State Controller's Office with an annual report of all financial transactions. According to the SCO, the purpose of this report is to collect and compile statewide financial and statistical data on a uniform basis as much as possible. The reported balances and transactions are derived from audited financial statements prepared in accordance with generally accepted accounting principles.

RSG analyzed the data to make determinations regarding the Districts' fiscal health, including revenue and expenditure trends. The data also includes district fee schedules, CalPERS actuarial reports, and property tax revenues.

³ SCO did not have financial data for 2025 available at the time of this report.

INTERVIEWS

In coordination with Sacramento LAFCo, on October 20, 2025, RSG met with the District's executive leadership, including General Manager Michael Walkman, to conduct a virtual interview. This interview allowed RSG to gain insight into the District's current operations and any unique challenges.

The content of the interview included the following topics:

- Financing constraints and opportunities
- Growth and population projections
- Infrastructure needs or deficiencies
- Opportunities for rate restructuring regarding services provided
- Opportunities for shared facilities with other cities or agencies
- Government structure options, including advantages or disadvantages of consolidation or reorganization of service providers
- Evaluation of management efficiencies
- Local accountability and governance, specifically the structures in place to support public engagement and participation

SERVICE REVIEW – OMOCHUMNE-HARTNELL WATER DISTRICT

The Omochumne-Hartnell Water District ("OHWD" or "District") was originally established in October 1953 and is located in the southeast portion of Sacramento County. Prior to 1990, the District purchased and managed water from the Central Valley Project ("CVP"). However, as of 1995, the district receives its water supply from the Cosumnes River by diverting



Image credit: OHWD

water to raise river flows and allow users to pump directly from the river. The District also participates in recharge activities by way of the four (4) flashboard dams the district owns and operates that are located along various points along the Cosumnes River. OHWD provides water services for agricultural irrigation needs by maintaining groundwater recharge efforts in the rural communities of Sheldon, Wilton, and Sloughhouse.

The District currently serves an estimated population of 2,644 within its 46.0 square mile jurisdictional boundary. The District does not directly supply water and has no service connections. Most land uses within OHWD's jurisdictional boundary primarily consists of agricultural and some residential and vacant uses.

Omochumne-Hartnell Water District's governance is provided by a five-member Board of Directors elected at-large. An elected member serves for four years, and elections are held every other odd year with three (3) members being elected on one cycle and two (2) members being elected on the following cycle. OHWD currently has the authority to provide rural irrigation services within its jurisdictional boundary.

The current General Manager – Michael Walkman – was hired by contract in September 2010 and oversees a staff of one (1) part-time contract employee, which has remained unchanged

during the five-year report period. As of FY 2024, the District has an operating expense of approximately \$188,000.4

GROUNDWATER MANAGEMENT AUTHORITY

To preserve and protect groundwater resources in California, the Sustainable Groundwater Management Act ("SGMA") was enacted in 2014. According to the California Department of Water Resources ("DWR"), SGMA was the result of three (3) legislative bill packages comprised of Assembly Bill ("AB") 1739 (Dickinson), Senate Bill ("SB") 1319 (Pavley) and SB 1168 (Pavley). SGMA was the first legislative act California passed to achieve sustainable groundwater management to avoid overuse and/or over drafting of groundwater levels.

SGMA formed the Basin Prioritization which is a statewide technical process based on eight (8) components⁵ as identified under Water Code Section 10933(b) that classifies the 515 groundwater basins in California as: (a) very low; (b) low; (c) medium; or (d) high priority. SGMA requires local agencies to form groundwater sustainability agencies ("GSAs") for high and medium priority basins. GSAs are tasked with developing and implementing groundwater sustainability plans ("GSPs") to help mitigate overdraft of groundwater resources within a 20-year timeframe (by 2040).

While GSAs are responsible for preparing and implementing the GSPs – which detail how groundwater will be sustainably managed and used – DWR provides technical assistance and oversight in assessing and evaluating GSPs for compliance with state law. DWR also provides

⁴ RSG was unable to obtain financial data for FY 2025 at the time of this report.

⁵ The consider factors ranging from population to impacts documented on the groundwater within the basin or subbasin.

support services for GSAs to help develop GSPs including providing access to a variety of data and tools, and financial assistance through grant programs.

As of November 2021, Omoichumne-Hartnell Water District ("OHWD" or "District") became a GSA responsible for monitoring the South American Subbasin and Cosumnes Basin. OHWD is one of seven GSAs that oversees the South American Subbasin⁶ and the Cosumnes Basin which collectively report the GSPs to DWR.⁷

SOUTH AMERICAN SUBBASIN

The South American Subbasin covers approximately 216,320 acres – or 338 square miles – located entirely within the County of Sacramento. This basin is situated in the southeastern portion of the Sacramento Valley Groundwater Basin, anchored by the American River to the north, the Sierra Nevada Foothills to the east, the Sacramento River to west and the Cosumnes and Mokelumne Rivers to the south.⁸ Please refer to Figure 2 below for a map of the Subbasin.

According to the July 2023 assessment report prepared by staff of the State of California Department of Water Resources, the Groundwater Sustainability Plan ("GSP") (2022)⁹ for the South American Subbasin GSA conforms with Water Code Sections 10727.2 and 10727.4 of SGMA and was considered "in substantial compliance" with GSP regulations. However, the

⁶ South American Subbasin GSAs include Sacramento Central Groundwater Authority GSA, Reclamation District 551 GSA, Sloughouse Resource Conservation District GSA, County of Sacramento GSA, and Northern Delta GSA.

⁷ Cosumnes Basin GSAs include Amador County Groundwater Management Authority GSA, City of Galt GSA, Galt Irrigation District GSA, the County of Sacramento GSA, and Sloughouse Resource Conservation District GSA.

⁸ South American Subbasin GSP Report 2023

⁹ RSG was unable to receive a copy of the GSP report for 2022 nor the most recent year.

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

DWR staff's report identified several areas meriting improvement in the GSP - including but not limited to - establishing sustainable management criteria for arsenic given the absence of this criterion in the GSP and revising the definition of land subsidence undesirable results to ensure groundwater extraction and other factors are considered.

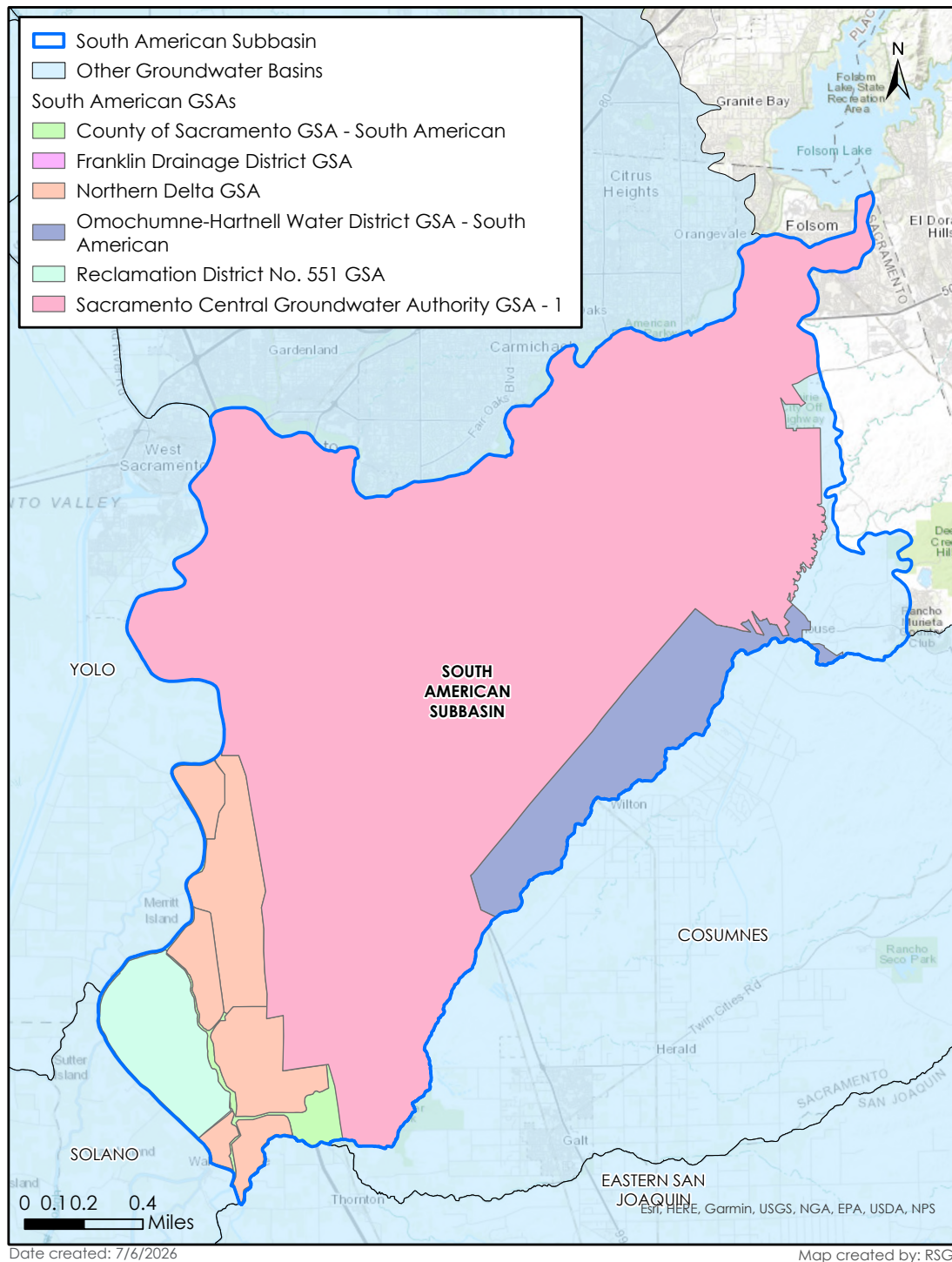
Lastly, the DWR's assessment acknowledges that the GSP provided a map for the location of the monitoring sites for degraded water quality but highlighted the need to include additional information pertaining to the monitoring network for degraded water quality.

Administrative Draft Municipal Review and Sphere of Influence Update

Omoichumne-Hartnell Water District

September 2026

Figure 2: South American Subbasin Map



COSUMNES BASIN

The Cosumnes Basin makes up approximately 210,300 acres – or 328.6 square miles – and is located at the northern end of the San Joaquin Valley Groundwater Basin, spanning across the counties of Amador and Sacramento. Cosumnes Basin is anchored by the Eastern San Joaquin Subbasin to the south and the South American Subbasin to the north. Please see Figure 3 below for a map of the Basin.

According to the October 2023 assessment report prepared by staff of the State of California Department of Water Resources, the Groundwater Sustainability Plan (“GSP”) (2022)¹⁰ for the Cosumnes Subbasin GSA conforms with Water Code Sections 10727.2 and 10727.4 of SGMA and was considered “in substantial compliance” with GSP regulations. However, the DWR staff’s report identified several areas meriting improvement in the GSP - including but not limited to – establishing sustainable management criteria for land subsidence based on direct measurement of land elevation, expanding the land subsidence monitoring network to provide sufficient coverage of the Subbasin, and revising the definition of undesirable chronic lowering of groundwater levels to be based on impact due to lowering of groundwater levels,

Additionally, the DWR’s assessment recommends conducting the necessary investigations to better understand the relationship between groundwater levels and degraded water quality. The DWR’s assessment acknowledges the complexity of depletions of surface water from groundwater extractions. Utilizing interconnected surface water guidance as issues by the Department, collecting additional monitoring data to fill gaps, and prioritizing collaboration

¹⁰ Cosumnes GSP Subbasin Report 2023

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

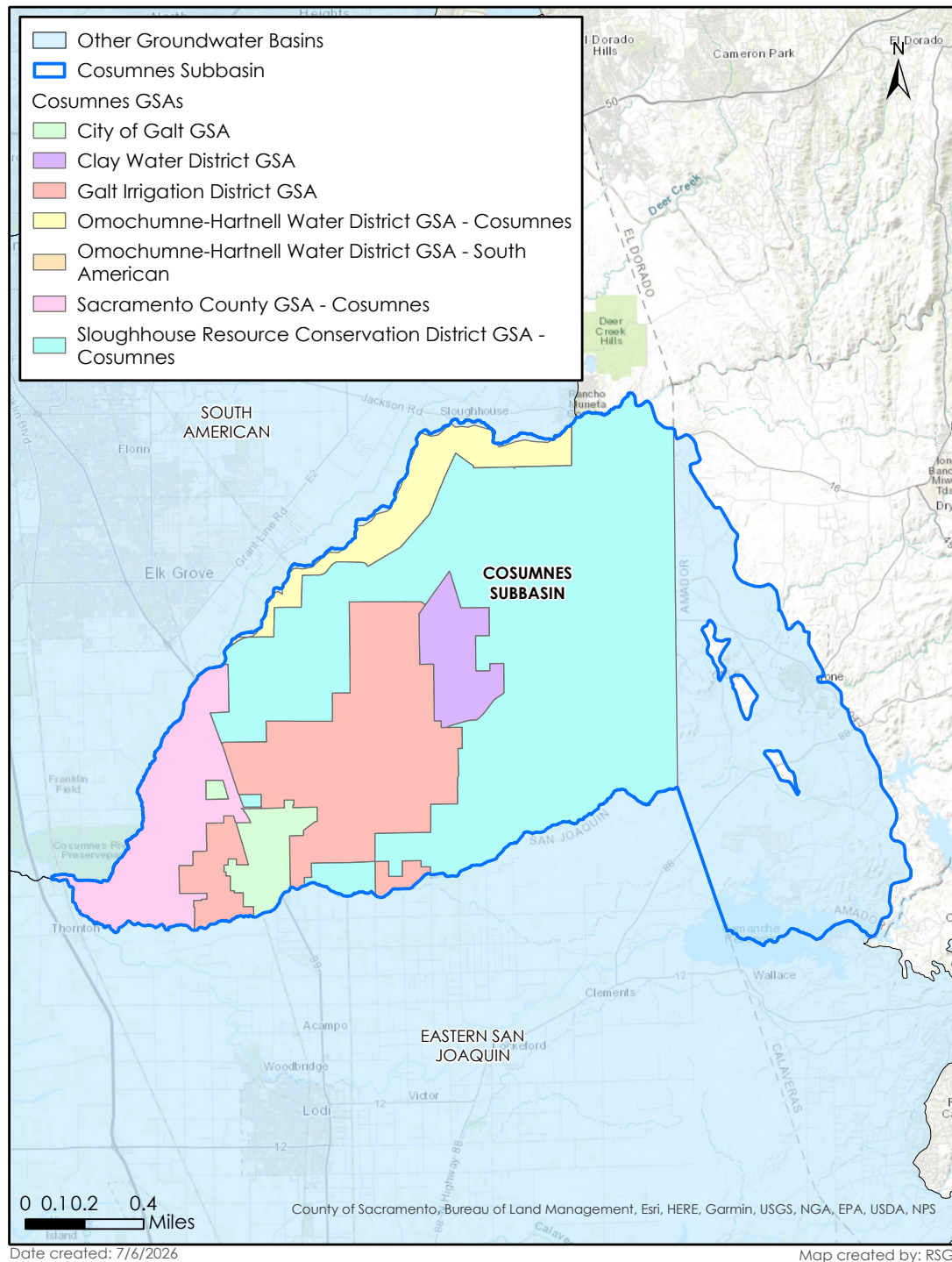
and coordination with other regulatory agencies to gain knowledge on the impacts of pumping induced surface water depletion are recommended to improve sustainable management of interconnected surface water depletions.

Administrative Draft Municipal Review and Sphere of Influence Update

Omochemne-Hartnell Water District

September 2026

Figure 3: Cosumnes Basin Map



JURISDICTIONAL BOUNDARY & SPHERE OF INFLUENCE

Omochumne-Hartnell Water District's ("OHWD") current jurisdictional boundary spans approximately 46.0 square miles (or 29,440 acres). Based on RSG's understanding, OHWD has not previously had a sphere of influence ("SOI") formally adopted. As part of this MSR, LAFCo is required to update the SOI for OHWD.

Given the District does not currently have an adopted SOI, RSG recommends LAFCo establish and expand OHWD's SOI to include the proposed annexation area as shown in Figure 4 and described in the next section. The portion of the SOI corresponding to the proposed annexation area is recommended to be designated as a provisional (service-only) sphere, limited to groundwater management consistent with OHWD's role as a GSA for the area. Any future expansion of services beyond groundwater management within this area would necessitate review and approval by LAFCo.

OHWD's jurisdictional boundary includes 1,175 parcels, located within the unincorporated communities of Sheldon, Wilton, and Sloughhouse. As of FY 2024, the total assessed value (land and structures) within OHWD is approximately \$760 million, a per capita value of approximately \$287,508 based on the current resident population of 2,644.

PROPOSED ANNEXATION AREA

The proposed annexation on file with LAFCo (file No. 2024-05) includes consideration to expand OHWD's existing jurisdictional boundary to encompass an additional 33,532 acres - or 440 parcels. This would increase the District's size by approximately 114.0%. According to FY

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

2025 ParcelQuest¹¹ data, the annexation area's total assessed value (land and improvements) is estimated at \$223.0 million, corresponding to a per capita value of approximately \$100,951 based on an estimated 2025 population of 2,209. Figure 4 below provides an overview of OHWD existing jurisdictional boundary in relation to the proposed annexation area.

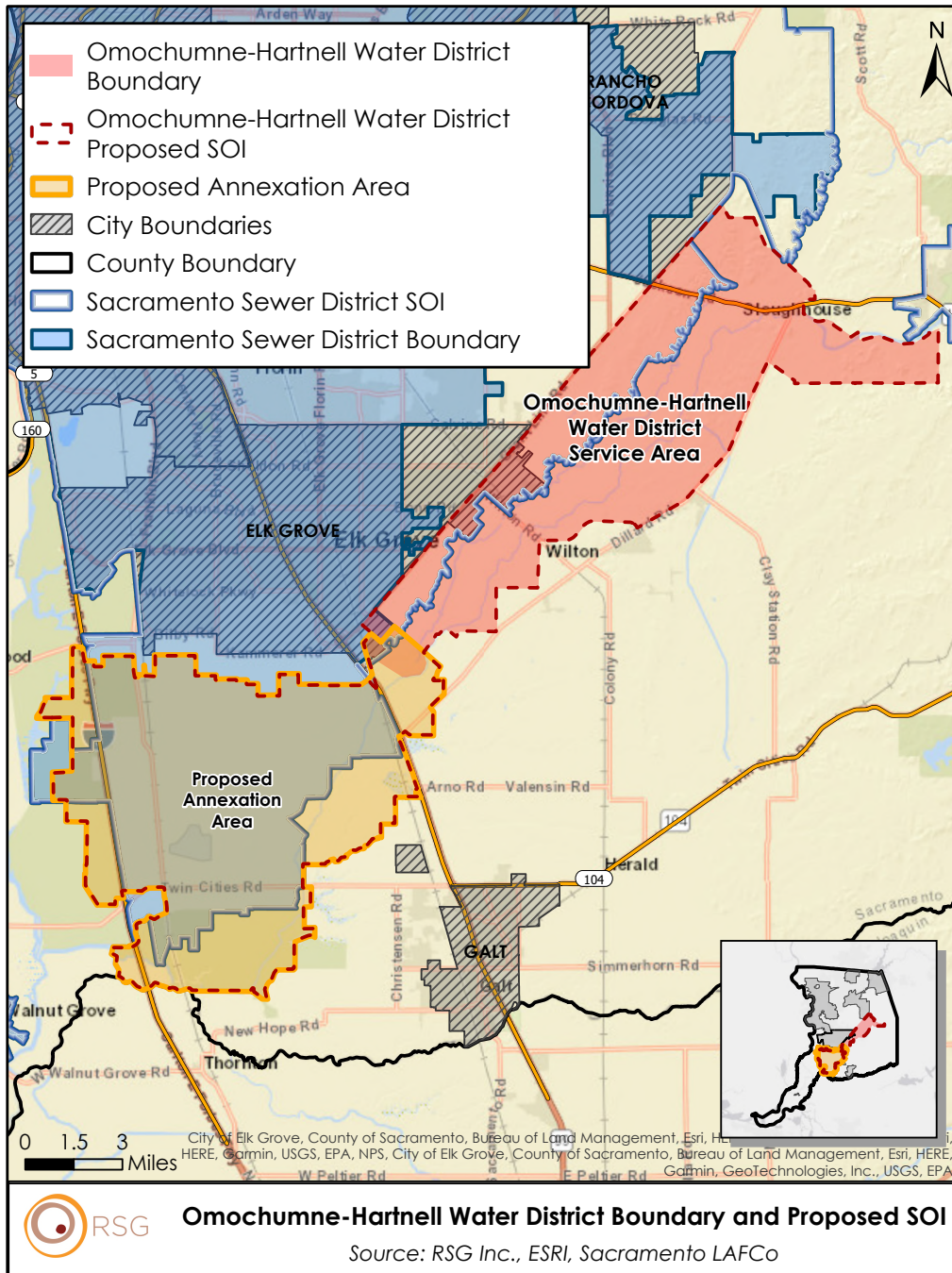
¹¹ ParcelQuest is an online platform that provides property data verified by County Assessor Offices across California.

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

Figure 4: Jurisdictional Boundary and Proposed SOI



BOUNDARY OVERLAPS

During RSG's review of OWHD's jurisdictional boundary and the proposed annexation area, portions of the District's boundary were identified as overlapping with the boundary and SOI for the City of Elk Grove, as shown in Figure 5. RSG's review indicates that a small portion of the annexation area is already within OWHD existing boundary and therefore, should be excluded from the annexation request to avoid duplication.

Similarly, much of the proposed annexation area falls within the service area recently annexed by the Sacramento Area Sewer District ("SacSewer") in 2021 for the provision of recycled water services to be used for agricultural irrigation. According to the LAFCo resolution LAFC 2021-04-0407-0421 and related files, recycled water use within the area may indirectly support regional groundwater recharge activities by reducing reliance on groundwater extraction for irrigation and agricultural uses.

At this time, the identified overlaps with the City of Elk Grove does not appear to result in conflicting or duplicative service provision, as OWHD does not provide retail water service and instead operates in a limited capacity as a GSA and oversees groundwater recharge activities. As a result, no immediate service-level impacts are anticipated at the time of this report. With respect to the overlap with SacSewer and given the interconnected relationship between recycled water use and groundwater recharge activities within the area, coordination between OHWD and Sacramento Sewer may be warranted to ensure service responsibilities, groundwater management activities, and long-term planning efforts remain complimentary and clearly defined.

Accordingly, RSG recommends Sacramento LAFCo, in coordination with OHWD, and SacSewer, further evaluate the overlapping service and jurisdictional areas as part of its review of the annexation proposal. This review should confirm that no duplication of groundwater recharge

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

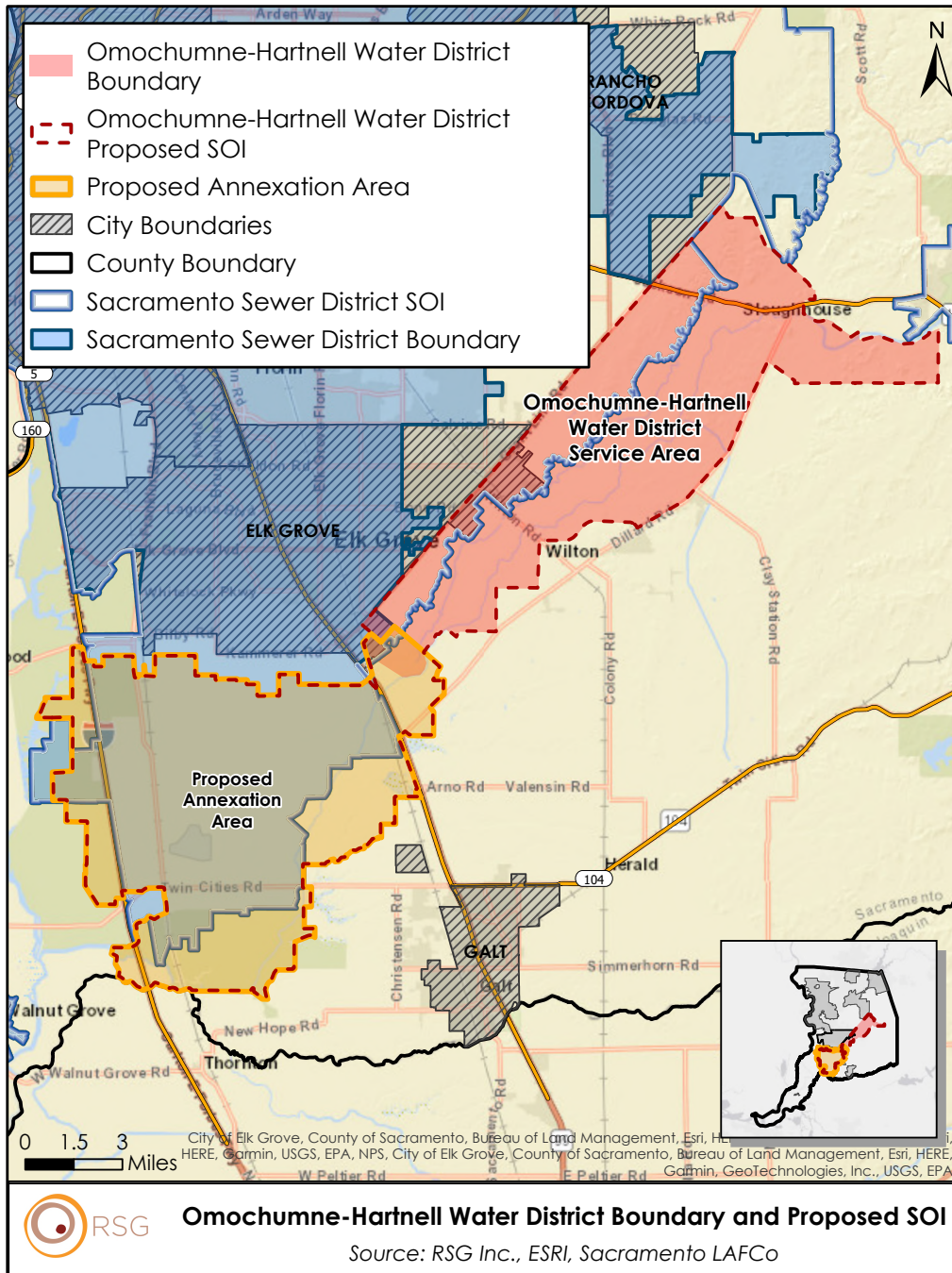
services would result from the proposed annexation and consider whether additional interagency coordination, agreements, or boundary refinements may be appropriate to support orderly development and efficient service delivery. Additionally, the annexation application should be revised to exclude any parcels already located within OHWD's existing jurisdictional boundary.

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

Figure 5 Proposed Annexation Area Boundary Overlap



DEMOGRAPHICS

POPULATION & HOUSING

Omochumne-Hartnell Water District's ("OHWD" or "District") has not experienced much change in population over the last decade and is not expected to see much growth over the next five years. However, should the proposed annexation be approved, this would increase OHWD's existing population as detailed in the sections that follow.

OHWD's total current resident population within its jurisdictional boundary is estimated at 2,644 as of 2025. This amount represents 0.2% of the countywide population total. The estimated resident population in OHWD has risen overall by 8.1% - or approximately 198 residents - since 2010, demonstrating an upward trend.¹² However, more recently, OHWD saw an insignificant decline in the number of residents since 2020, going from 2,648 to 2,644 in 2025.

The current resident population produces a population density of 0.09 residents for every acre and underlies the overall rural and agricultural characteristic of OHWD's jurisdictional boundary. The OHWD primarily consists of agricultural uses, which make up over 75.5% of land uses in the District. The remaining land uses in the District include residential and vacant uses.

OHWD's population is expected to decrease by approximately 0.16% annually over the next five years, reaching 2,623 residents by 2030, an overall decline of 21 residents.¹³ This decline is lower than the anticipated annual population growth countywide, which is expected to grow

¹² Source: ESRI Business Analyst

¹³ Source: ESRI Business Analyst

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

0.4%, reaching 1,663,433 residents by 2030. Figure 6 summarizes OHWD and the County's past, present, and future population growth.

Figure 6: Resident Population

Resident Population	2010 Estimate	2020 Estimate	2025 Estimate	2030 Projection	Annual Change (2010-2020)	Annual Change (2025-2030)
Omochumne-Hartnell Water District	2,446	2,648	2,644	2,623	0.80%	-0.16%
Sacramento County	1,418,769	1,585,030	1,629,941	1,663,433	1.11%	0.41%

Source: ESRI Business Analyst

According to 2025 estimates, OHWD's boundary contains 1,103 housing units. This amount accounts for an overall increase of 37 units – or 3.5% - since 2010 for an annual change of three housing units. Furthermore, the District's housing units are projected to increase by 0.1% to 1,104 by 2030.

Of the total number of current housing units in OHWD, 83.9% are owner occupied, 16.1% renter occupied, and the remaining 8.3% are vacant. Further, the average household size in OHWD for 2025 is 2.61. This amount reflects no change since 2010, when the average household size was also 2.61. Figure 7 and tables below include additional details regarding OHWD's housing characteristics.

Administrative Draft Municipal Review and Sphere of Influence Update

Omoichumne-Hartnell Water District

September 2026

Figure 7: Housing Characteristic

Table 1 Housing Units

Housing Units	Omoichumne-Hartnell Water District	Sacramento County
Housing Units (2010)	1,066	555,932
Housing Units (2025)	1,103	606,350
Percent Change (2010–2025)	3.5%	9.1%
Housing Units (2030)	1,104	618,225
Percent Change (2025–2030)	0.1%	2.0%

Table 2 Occupancy

Occupancy	Omoichumne-Hartnell Water District	Sacramento County
Percentage of Owner-Occupied Units	83.9%	55.4%
Percentage of Renter-Occupied Units	16.1%	40.2%
Vacancy Rate	8.3%	4.5%

Table 3. Average Household Size

Average Household Size	Omoichumne-Hartnell Water District	Sacramento County
2010 Average Household Size	2.61	2.71
2025 Average Household Size	2.61	2.77
2030 Average Household Size	2.61	2.79

Source: ESRI Business Analyst

AGE DISTRIBUTION & INCOME

The population of the OHWD service area is older relative to the County as a whole. The median age of residents in OHWD is 50.5, which reflects an increase of 6.8% from 47.3 since 2010. The current median age in OHWD remains higher than the countywide median age of 38.0, demonstrating an older resident population.

Similarly, 87.2% of residents within the prime working age (between the ages of 25-54) are currently working, while the remaining 12.8% are unemployed, reflecting a stable workforce within the OHWD jurisdictional boundary.¹⁴ Additional details regarding OHWD's age distribution and employment rates are provided in Figure 8.

Figure 8: Age Distribution

Demographic Characteristic	Omoichumne-Hartnell Water District	Sacramento County
Median Age (2010)	47.3	34.8
Median Age (2025)	50.5	38.0
Median Age – Percent Change (2010–2025)	6.8%	9.2%
Employment Rate, Ages 25–64 (2025)	87.2%	89.0%
Unemployment Rate, Ages 25–64 (2025)	12.8%	11.0%

Source: ESRI Business Analyst

¹⁴ Individuals legally able to work (16+) have an employment rate of 95.5% and unemployment rate of 4.5%. Of that 95.5%, 64.9% of those between ages of 25-54 are employed while 3.2% are unemployed.

Administrative Draft Municipal Review and Sphere of Influence Update

Omoichumne-Hartnell Water District

September 2026

The median household income of OHWD is \$105,284 which is approximately 12.9% higher than the County's median household income of \$93,281. This amount indicates households in OHWD are receiving more pay over the reporting period compared to the county as whole. However, OHWD has a poverty level rate of 13.4%, compared to 12.0% countywide, suggesting residents within OHWD experience slightly higher levels of poverty.¹⁵

According to Sacramento LAFCo's policies, there are zero (0) Disadvantaged Unincorporated Communities ("DUCs") located in or contiguous to the OHWD. A DUC is defined as any unincorporated area wherein the median household income is less than \$76,417.¹⁶ Figure 9 provides an overview of income characteristics in the OHWD and County.

Figure 9: Income Characteristics

Income Characteristics	Omoichumne-Hartnell Water District	Sacramento County
Median Household Income (2025)	\$105,284	\$93,281
Per Capita Income (2025)	\$54,085	\$43,240
Poverty Rate (2019–2023)	13.40%	12.00%

Source: ESRI Business Analyst

¹⁵ Federal poverty levels are determined annually by the U.S. Census Bureau which uses a set of money income thresholds that vary by family size and composition to determine who is in poverty.

¹⁶ Source: Government Code Section 56033.5 and 56046, Water Code Section 79505.5(a), American Community Survey Census 2015-2019 data

PROPOSED ANNEXATION AREA CURRENT HOUSING AND POPULATION

The proposed annexation area has an estimated population of approximately 1,991 people as of 2025. If annexed into OHWD's jurisdictional boundary, the District's population would increase by approximately 75.3%. The annexation area contains approximately 261 housing units; therefore, approval of the annexation would result in an estimated 23.7% increase in the District's total housing stock within its boundary and proposed SOI.

Because the District does not provide or convey retail water service within its jurisdiction and the proposed annexation is intended solely to establish groundwater sustainability management responsibilities, the addition of the annexation area is not expected to result in changes to water service delivery or create measurable impacts related to population or housing growth. RSG is unable to identify the presence of public or private water services to the annexation area, which suggests residents likely rely on private well systems with individual permits for drinking water.

GOVERNANCE AND STAFFING

OHWD operates as an independent special district under the County Water District Law and codified under Water Code §34000, et seq. This principal act empowers water districts to provide a range of municipal services upon approval by LAFCOs - including but not limited to - water, wastewater, hydroelectric power, solid waste, and fire protection services. OHWD is currently authorized by Sacramento LAFCo to provide one municipal service function: rural irrigation services. The remaining service functions (i.e., powers) enumerated under the principal act are deemed latent, meaning they are authorized by statute but would need to be formally activated by Sacramento LAFCo at a noticed public hearing and subject to conducting authority proceedings per Government Code Sections 56050.5, and 56425(i).

GOVERNANCE OVERVIEW

OHWD is governed by a five-member Board of Directors serving 4-year terms and are elected at large by landowner within its jurisdictional boundary. Elections are held every other odd year with three (3) members being elected on one cycle and two (2) members being elected on the following cycle. The OHWD Board of Directors meets on the third Tuesday of every month at the Sacramento Farm Bureau located at 8970 Elk Grove Boulevard in Elk Grove, CA.

The District maintains an active website wherein meeting agenda and related materials are posted. However, RSG was unable to locate other pertinent files on the District website, such as their audited annual financial reports and policies.

Government Code Section 26909 requires annual audits be prepared for each special district, and while this statute provides special districts the ability to request less frequent financial audits upon unanimous request of its governing board and with approval of the county Board of Supervisors – provided an audit occurs once every five years – there is no evidence that OHWD has requested or received such an approval. Accordingly, RSG finds OHWD to be out of compliance with Section 26909. However, the District has informed RSG that audits are currently underway for FY 2021 through FY 2024 but the timing for completion is unknown at the time of this report.

Therefore, RSG recommends the District publish its most recent audited financial reports between FY 2021 through FY 2025 on its website when available. Similarly, if available, the District should also make its historical audited annual financial reports available online. This extends to a dedicate section of their website to house District-related policies and procedures.

The District contracts a General Manager to oversee the day-to-day operations including contracting for one (1) part-time Secretary. The current General Manager – Michael Wackman –

was contracted in September 2010. The District does not employ any full-time staff and instead relies on a full contract model wherein all staffing support is provided through third-party providers. Over the report period, the District has maintained the same two part-time staffing contracts with the General Manager and Secretary positions. Additional details regarding the District staffing are provided in Figure 10.

Figure 10: District Staffing

Employment Type	2021	2022	2023	2024	2025	Average	Trend
Full-time	0	0	0	0	0	0	N/A
Part-time	2	2	2	2	2	2	0.00%
Total Employees	2	2	2	2	2	2	0.00%

Source: Omoichumne-Hartnell Water District

Note: N/A means not applicable

PROPOSED ANNEXATION CONSIDERATIONS

With respect to the proposed annexation, and as detailed in the application, OHWD does not foresee any material changes to OHWD's governance structure or staffing levels following the annexation. Further, the District's existing board composition and election cycles would remain unchanged. However, upon annexation, landowners within the proposed annexation territory would become eligible to participate in District elections in accordance with applicable law.

While RSG has not separately conducted a feasibility or related-impact study for the annexation area, OHWD should ensure that it fully evaluates the administrative and governance implications associated with the proposed boundary expansion. In particular, the District's current staffing model – comprised of limited contract support for general

management and administrative functions – may be strained by the increased oversight responsibilities associated with doubling its groundwater sustainability (“GSA”) management area.

As indicated in the OHWD’s application materials, the District anticipates preparing a fee study to support service-related charges. As part of this effort, OHWD should ensure that the analysis fully captures the full cost of services associated with the expanded GSA responsibilities, including administrative overhead, staff and/or consultant capacity, and ongoing compliance requirements. To the extent possible and wherein additional staffing or contract support is needed, such costs should be incorporated into the rate structure to ensure long-term fiscal sustainability and avoid placing undue burden on existing ratepayers.

Therefore, RSG recommends OHWD evaluate and confirm that its existing administrative staffing resources are sufficient to support the expanded GSA management responsibilities associated with the proposed annexation area. As part of LAFCo’s review of the application, the Commission may also wish to ensure the District has adequately accounted for these responsibilities through its planned fee study or other financial planning mechanisms to support ongoing service delivery. The Commission – at its discretion – may also consider conditioning approval on the District’s completion of a fee study or other analysis that incorporates the full cost of providing ongoing groundwater management services within the annexation area.

MUNICIPAL SERVICES PROVIDED

WATER

Omoichumne-Hartnell Water District (“OHWD” or “District”) currently provides groundwater management and aquifer recharge services within its 46.0 square mile jurisdictional boundary,

supporting agricultural and groundwater sustainability needs in the rural communities of Sheldon, Wilton, and Sloughhouse. OHWD historically purchased water from the Central Valley Project but since the 1990s, due to reduced diversions and changing riparian rights, the District shifted toward using and managing groundwater and infiltration (recharge). Specifically, the District's water supply comes from the Cosumnes River wherein OHWD has two (2) diversion points and uses river flows when available for recharge operations.

OHWD captures stormflow water from the Cosumnes River and directs the water into the ground to replenish aquifers rather than delivering it directly to households. Hence, the District does not maintain any active water connections as households within the District boundary use their own private well systems as sources of water supply for irrigation purposes. Potable water to residents within the District service area located in the South American Subbasin is separately provided by Sacramento County Water Agency. RSG was unable to confirm the presence of any public or private water providers to residents located within the Cosumnes Subbasin, which suggests residents likely rely on their own private wells.

The District's owns and operates four (4) flashboard dams on the lower Consumnes River. These dams raise the water level (wetted perimeter) during certain months (June or July) to enhance groundwater recharge. The water from the Cosumnes River is then used to flood dormant agricultural fields in the off-irrigation season between months of November and March where streamflow is high and excess water is available.¹⁷ Currently OHWD has a Stormwater recharge permit ("TP 21438") valid between January 2023 and January 2028 that

¹⁷ CEQA SCH No. 2018072026, "Omoichumne-Hartnell Water District: Groundwater Recharge Project"

allows OHWD to pump water from the Cosumnes River on to local vineyards during the months of December to March.

While OHWD does not operate a typical public-water distribution system that directly delivers water to households, the District plays a critical role in regional water resource management, groundwater sustainability, and environmental stewardship. OHWD serves as one of the groundwater sustainability agencies for the South American Subbasin and the Cosumnes Subbasin in Sacramento County, with responsibility for implementing and administering sustainable groundwater management activities in these two basins.

OHWD's service area encompasses approximately 19,600 acres - or 7.9% - of the South American Subbasin, and 9,800 acres - or 4.7% - of the Cosumnes Subbasin. Through this role, OHWD is responsible for overseeing groundwater sustainability efforts across a sizeable portion of Sacramento County's groundwater resources.

GROUNDWATER RECHARGE PROJECT

The Cosumnes River has had a physical connection to the groundwater basin, but over the years, groundwater pumping has exceeded the river's capacity to naturally recharge the basin; thus, lowering the amount of available water. OHWD conducted its "Groundwater Recharge Project" between August 2012 and September 2020 in an effort to improve the flow within the Cosumnes River through increasing the water levels via the flashboard dams. The District claims the project requires less energy to pump water from the river thereby making the process more efficient. Further, the District notes that the water can be transported and stored using the underground water basin rather than constructing new pipelines or canals.

The California Department of Water Resources ("DWR") awarded funding to OHWD in August 2012 that allowed them to construct the two (2) diversion points on the Cosumnes River as noted above. The Groundwater Recharge Project allows OHWD to divert a minimum of approximately 4,000 acre-feet per year of water under "normal conditions" to recharge the groundwater aquifer. The maximum capacity of the system is designed to divert and recharge up to 6,000 acre-feet during "wet periods" when sufficient diversion water is available in the river through the two (2) pump houses and pipelines.

FACILITIES, INFRASTRUCTURE, & EQUIPMENT

According to the District, funds from the DWR grant were used to support the construction of the District's water system which consists of two (2) pipelines installed in February 2019 on two separate privately owned properties: Teichert Ranch and Rooney Ranch.¹⁸ The system consists of polyvinyl chloride ("PVC") pipelines, which have a typical lifespan of 50 years, and connects to alfalfa valves protected by a cement barrier where the water exits the pipeline. While the district does not own the pipeline located on Teichert Ranch, a Memorandum of Understanding ("MOU") is in place between the District and the property owner that states that if damage were to occur to infrastructure, the district would be responsible for at least partial repair costs, if not all repair costs.¹⁹

The District operates three (3) of four (4) removable flashboard dams along the Cosumnes River during the late spring and removes them ahead of winter. The fourth dam is not

¹⁸ District staff confirmed the OHWD owns and is responsible for maintaining the pipelines.

¹⁹ RSG did not receive a copy of the MOU

Administrative Draft Municipal Review and Sphere of Influence Update

Omoichumne-Hartnell Water District

September 2026

operational due to washout. Each dam consists of a concrete foundation with an estimated 50-year lifespan and removable wood boards supported by metal frames that are installed annually to retain water for groundwater recharge. The wood boards and metal supports are typically replaced every 10 to 15 years.

According to District staff, the flashboard dams were originally constructed in the 1960s and early 1970s and were rebuilt in 1997 and 2003 following flood events. Based on the estimated lifespan of the concrete structures, the next major rehabilitation or replacement is anticipated before 2053.

The District separately rents its office space and meeting space in a small office building that also houses the Sacramento County Farm Bureau and the California Farmland Trust, located at 8970 Elk Grove Boulevard in Elk Grove, California. In terms of equipment, OHWD owns a computer that was purchased in 2020. Please refer to Figure 11 below for additional details.

Figure 11: Equipment

Type	Item	Year	Count
Vehicle	None	Not applicable	0
Trailer	None	Not applicable	0
Office	Computer	2020	1
Other	Flash Board Dam Stanchions	n/a	9
Other	Flash Board – Wood	n/a	15

Source: Omoichumne-Hartnell Water District

Note: "n/a" indicates "not applicable"

WATER RATES

OHWD water rates or fees are strictly tied to its groundwater sustainability function; the District does not have service charges as the District does not have any connections nor the related water distribution infrastructure. However, pursuant to Water Code Section 10730, a Groundwater Sustainability Agency ("GSA") can levy fees and other charges to fund the costs of groundwater sustainability program. As of July 2021, the District provides a fee of \$10.00 per groundwater-irrigated acre within the GSA area on a yearly basis to support its groundwater sustainability plan.²⁰

During the agency interview, the District informed RSG that the \$10.00 rate OHWD charges customers is similar – if not the same – as the Sacramento Water Agency, who is another GSA provider in the Cosumnes Subbasin. RSG separately confirmed the Sacramento Water Agency provides a \$10.00 per groundwater-irrigated acre yearly rate. Therefore, given OHWD follows market trends in the region, RSG finds the rate to be sufficient for the time being. However, should OHWD look to expand or activate its latent powers – upon LAFCo approval – a comprehensive rate study should be considered to ensure the District appropriately charges sufficient fees to cover any increased cost and benefit in services, and done so in accordance with Prop 218 requirements.

OHWD had a groundwater fee study prepared by HDR Engineering Inc in 2021 which provided the aforementioned rate of \$10.00 per irrigated acre per year. The rate study determined that the proposed fee reflects the implementation costs for the two groundwater sustainability plans ("GSPs") for the Cosumnes and South American subbasins. RSG separately relies on the

²⁰ OHWD does not levy charges for parcels that irrigate less than one (1) acre or other de minimus users.

findings of HDR Engineering Inc to determine the rates are sufficient to meet the GSP's related fees now and into the foreseeable future.

EXISTING WATER DEMAND AND CAPACITY

The District is legally allowed - pursuant to its Temporary Permit 21438 - to divert up to 2,444 acre-feet ("AF") at a maximum rate of 15.60 cubic feet per second ("CFS") from the Cosumnes River for groundwater recharge in the South American Subbasin for irrigation uses.²¹ Hence, OHWD existing water demands are specific to the amount of water that is diverted from the Cosumnes River for irrigation purposes via the two points of diversion ("PODs") located at the Teichert Ranch and Rooney Ranch. District staff provided RSG diversion and water use data for 2023, 2024, and 2025. Data from 2020 through 2022 was not provided by District staff and is subsequently not included in the analysis that follows.

Water diverted for groundwater recharge and subsequent irrigation use is monitored and recorded in accordance with the District's Temporary Permit requirements. Diversion decisions are based on near real-time river flow data obtained from the United States Geological Survey ("USGS") Michigan Bar stream gage and the Department of Water Resources ("DWR") McConnell gaging station, which provide hourly flow data and 24-hour rolling mean flow measurements. The District records diversion rates and volumes and reports these data annually, consistent with permit conditions, and ceases diversions when monitored flows fall below applicable minimum instream flow thresholds.

²¹ Information is pulled from the April 2025 "Temporary Permit Report for Temporary Permit for 2024-25 Diversion and Use Water"

The two PODs located at Teichert Ranch and Rooney Ranch have a maximum diversion rate of 11.14 cfs and 4.46 cfs, respectively. In 2023, the District diverted an approximate total of 77.2 AF of water from the Cosumnes River from the two PODs. This amount increased by 269.9AF - or 359.6% - in 2024 wherein OWHHD diverted an estimated total of 347.1 AF. According to the District, the significant increase in 2024 is attributable to flooding in 2023 that limited pump operations. With no flooding impacts in 2024, pumps operated for longer durations, resulting in substantially higher diversion volumes. Most recently, in 2025 OHWD diverted approximately 330.4 AF from the two PODs, reflecting a slight decrease from 2024 of 16.7 AF – or 4.8%. Please refer to Figure 12 below for additional details.

Figure 12: Cosumnes River Diversion Trends

Location / Basin	2023	2024	2025	Average	Trend
Cosumnes Subbasin – Volume Diverted (acre-feet)	77.2	347.1	330.4	251.6	328.00%

Source: Omoichumne-Hartnell Water District Diversion and Use Reports

The Temporary Permit reports provided by District staff indicate that the magnetic meters on the Teichert Diversion POD did not operate effectively in each year of data provided (2023-2025). Although the 2025 report confirms a new meter was installed for the 2023-2024 diversion season, the magnetic meter continues to not function properly.²² As such, the District provided their assumed diversion rate for this POD which may not accurately reflect the diversion rates. RSG recommends the District ensure the magnetic meter is replaced as soon

²² The report suggests the District is seeking grant funding to replace this magnetic meter, but it is unknown to RSG when this will be completed.

as possible to ensure the District can accurately report water diversion rates from the Teichart Ranch POD.

The Temporary Permit reports for 2023, 2024, and 2025 confirm the District maintained compliance with relevant term codes of the temporary permit and did not pose any harm or injury to water users, fish, wildlife, and other instream resources. RSG relies on the conclusions from these reports to determine that OHWD has the sufficiently ability and adequate capacity to meet the related diversion demands within their jurisdictional boundary. This is apart from needing to replace the magnetic meter located at the Teichart Ranch POD to ensure accurate recordings of water diversion rates.

FUTURE WATER DEMAND AND CAPACITY

OHWD's future demand is driven by the continued need to support groundwater recharge to offset irrigation pumping within the South American Subbasin. Unlike retail water agencies, the District's demand is not tied to population growth or service connections, but rather to hydrologic conditions (river flows, runoff, and watershed), regulatory allowances, and the availability of high-flow surface water suitable for recharge. As groundwater sustainability requirements evolve and climate variability continues to affect surface water availability, the District anticipates an ongoing need to capture episodic high-flow events when available to supplement groundwater supplies for agricultural use.

The District's capacity to meet future recharge demand is primarily governed by regulatory, hydrologic, and operational factors. As noted previously, under TP 21438, OHWD is authorized to divert up to 2,444 acre-feet annually at a combined maximum diversion rate of 15.60 cfs, subject to minimum instream flow requirements. Actual diversion volumes to date remain well

below the maximum permitted amount due to the intermittent occurrence of qualifying high-flow events and associated permit conditions.

Operationally, OHWD maintains two (2) authorized points of diversion at Teichert Ranch and Rooney Ranch, which provide sufficient physical capacity to divert and infiltrate water during periods when river conditions allow. Diversion activities are governed by near real-time monitoring of river flows using the USGS Michigan Bar and DWR McConnell stream gages, ensuring compliance with permit thresholds and environmental protections.

Based on current infrastructure, monitoring practices, and permit conditions, OHWD appears to have adequate capacity to meet anticipated future recharge needs during qualifying hydrologic conditions. However, the District's ability to increase recharge volumes beyond current levels would depend on the availability of future diversion permits, hydrologic conditions, and potential enhancements to recharge infrastructure.

PROPOSED ANNEXATION AREA DEMANDS AND CAPACITY

With respect to the proposed annexation area, the action is intended solely to establish groundwater sustainability management responsibilities and does not involve the extension of retail or wholesale water service. Accordingly, annexation of the subject territory is not expected to require additional diversion or recharge capacity given OHWD's available capacity. Existing land uses would continue to rely on their current water sources, and groundwater management activities within the annexation area would be addressed through regulatory and planning functions under the District's Groundwater Sustainability Plan rather than through physical service delivery.

RSG notes portions of the proposed annexation area are also located within SacSewer's recycled water service area, where recycled water use may indirectly support regional groundwater sustainability objectives by reducing reliance on groundwater extraction for irrigation and agricultural purposes. As such, groundwater management within the annexation area may continue to involve coordination between OHWD, SacSewer, and other relevant agencies regarding long-term water resource planning and sustainability efforts.

Overall, the proposed annexation is not anticipated to result in measurable changes to OHWD's service demand or materially alter the District's current operational capacity requirements, as OHWD's role would remain primarily regulatory and planning-oriented under its Groundwater Sustainability Plan. However, as part of the annexation application process, OHWD should further evaluate and document any potential groundwater management, recharge, or interagency coordination implications associated with existing recycled water service activities within the proposed annexation area.

FISCAL HEALTH

The sections that follow evaluate Omochumne-Hartnell Water District's ("OHWD" or "District") fiscal health, inclusive of revenue sources and major expenditure categories between FY 2020 through FY 2024. However, it should be noted that RSG was unable to obtain copies of the District's annual audited financial reports covering the report period (FY 2021 through FY 2025) as the District confirmed these are currently being prepared with an unconfirmed completion date. Therefore, we relied on publicly available data from the SCO which covered a five-year period between FY 2020 through FY 2024; data for FY 2025 was not available at the time of this report.

RSG's review identified that OHWD does not appear to have completed the financial audit cycle contemplated under Government Code Section 26909. While additional discussion is provided earlier in this report, the District informed RSG that audits for FY 2021 through FY 2024 are currently underway at the time of preparation of this MSR.

Similarly, pursuant to Government Code 53891, all special districts are required to submit their annual financial transactions report by January 1st of the following year. RSG confirmed OHWD is compliant with this statute. However, in the absence of annual audited financial reports²³, RSG relied on the information reported to SCO for FY 2020 through FY 2024.

While SCO provides a reliable and standardized alternative to annual audited financial reports, the revenue and expenses data reported by SCO can be limited in detail. Notably, multiple revenue and expense categories are unreported or reported as "NULL", despite, for example, appearing as a revenue in the FY 2020 audit. Considering these limitations, SCO data may not reflect all financial activity for the District which could understate or mischaracterize the District's financial position. The financial analysis in the section intends to provide general context using the best available public data and does not substitute for independently audited financial statements.

REVENUES

Given that OHWD does not directly provide water service within its jurisdictional boundary or maintain customer connections, SCO data indicates that the District's reported revenues are largely non-operational. However, RSG confirmed that the District collects fees associated with

²³ RSG received an audited annual financial report for FY 2019/20 but relied on SCO data for consistency.

the two GSP boundaries (see page 36), which would typically be considered operational in nature. The extent to which these revenues are reflected or categorized within the SCO data remains unclear. As a result, the revenue figures reported in the SCO data likely overrepresent non-operational funding sources.

OHWD's total average revenues between FY 2020 and FY 2024 totaled \$405,319. The District's largest sole source of revenue in FY 2024 comes from taxes and assessments, which accounted for \$195,589 – or 55.7% - of all revenues for the District at the end of FY 2024. The District generates the remainder of its revenue from investment income, homeowner property tax relief, intergovernmental state revenues, and other minor income sources.

At the end of FY 2024, OHWD's total revenues amounted to \$351,041 and reflect an overall decrease of \$7,738 – or 2.2% - since FY 2020. Despite the insignificant revenue decline, RSG discovered a couple notable changes in revenues since FY 2020. The intergovernmental state revenues contributed approximately \$200,000 in FY 2020 and decreased to \$6,414 - or 96.8% - in FY 2021 before it stops contributing revenues altogether in FY 2022 and onward. The District explained that these funds, provided originally by Sacramento Area Flood Control Agency ("SAFCA") before being reimbursed with a Prop 84 Grant, for a groundwater recharge project which completed in 2021.

While the District recorded no other minor revenues in FY 2020, other minor revenues averaged \$232,275 for the following four years. In FY 2023, revenues categorized as Other increased significantly from \$206,122 to \$438,038, reflecting an overall increase of 112.5%. This increase is due to several reasons, including a fee of \$10 per acre on all irrigated acres to implement the Sustainable Groundwater Management Plan, and a contract with Fresh Water Trust and a joint project with SAFCA for ground water recharge related expenses. This increase

Administrative Draft Municipal Review and Sphere of Influence Update

Omoichumne-Hartnell Water District

September 2026

can also be accounted for by Prop 68 cost share money for engineering work on Groundwater Sustainability Plan in the Cosumnes Basin. Figure 13 and tables below provides a detailed overview of the District revenues between FY 2020 and FY 2024.

Figure 13: Historical Revenues

Table 1: Operating Revenues

Revenue Source	2020	2021	2022	2023	2024	Average	Trend
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0	0%

Table 2: Non-Operating Revenues

Revenue Source	2020	2021	2022	2023	2024	Average	Trend
Investment Income	153	198	219	824	1,121	503	632.70%
Taxes and Assessments	155,676	163,421	170,501	187,092	195,589	174,456	25.60%
Homeowner Property Tax Relief	3,180	3,335	3,335	3,335	3,335	3,304	4.90%
Intergovernmental State Revenues	199,770	6,414	n/a	n/a	n/a	103,092	-96.80%
Other	n/a	133,943	206,122	438,038	150,996	232,275	12.70%
Total Non-Operating Revenues	\$358,779	\$307,311	\$380,177	\$629,289	\$351,041	\$405,319	-2.20%

Administrative Draft Municipal Review and Sphere of Influence Update

Omoichumne-Hartnell Water District

September 2026

Table 3: Revenue Summary

Measure	2020	2021	2022	2023	2024	Average	Trend
Total Revenues	\$358,779	\$307,311	\$380,177	\$629,289	\$351,041	\$405,319	-2.20%
Revenue Per Capita	\$135.70	\$116.23	\$143.79	\$238.01	\$132.77	\$153.30	-2.20%

Source: SCO Data (FY 2020 - 2024)

Notes: n/a means not available

EXPENSES

With respect to expenditures, the OHWD's total average annual expenses between FY 2020 and FY 2024 have been \$317,785. The District's operating expenses are further broken down into two major categories: (a) Water Supply; and (b) General and Administration. The District occasionally has a nominally insignificant expense under the Other category. The District did not record any non-operating expenses between FY 2020 and 2024.

The District's total expenditures at the end of FY 2024 totaled \$188,095, accounting for an overall decrease of \$11,128 - or 5.6%. This translates to a per capita cost of \$71.14 based on an estimated population of 2,645 in 2024. However, data from the SCO suggests significant fluctuations in expenditures year to year with expenses decreasing by 67.7% in one year to increasing by 133.3% in another. The largest source of the District's expenses come from costs tied to Water Supply which accounted for on average \$178,000 – or 56.1% - of all expenses for the District over the reporting period.

Notably, in FY 2023, the Water Supply increased significantly to \$418,000 – or by 218.32% - before decreasing to \$40,000 – or 90.3% - in FY 2024. As mentioned in the revenue section, the

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

District implemented fees to fund the Sustainable Groundwater Management Plan, received funds from Fresh Water Trust and SAFCA for ground water recharge related expenses, and funds from Prop 68 for grant engineering work in the Cosumnes Basin. Figure 14 and tables below provides a detailed overview of the District expenses between FY 2020 and FY 2024 wherein data is readily available.

Figure 14: Historical Expenditures

Table 1: Operating Expenses

Expense Type	2020	2021	2022	2023	2024	Average	Trend
Water Supply	\$110,517	\$191,880	\$131,258	\$417,816	\$40,395	\$178,373	-63.4%
General and Administrative	88,706	177,378	118,239	164,803	147,351	139,295	66.1%
Other	n/a	n/a	232	n/a	349	291	50.4%
Total Operating Expenses:	\$199,223	\$369,258	\$249,729	\$582,619	\$188,095	\$317,785	-5.6%

Administrative Draft Municipal Review and Sphere of Influence Update

Omochochumne-Hartnell Water District

September 2026

Table 2: Non-Operating Expenses

Expense Type	2020	2021	2022	2023	2024	Average	Trend
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Non-Operating Expenses:	\$-	\$-	\$-	\$-	\$-	n/a	n/a

Table 3: Expense Summary

Measure	2020	2021	2022	2023	2024	Average	Trend
Total Expenses:	\$199,223	\$369,258	\$249,729	\$582,619	\$188,095	\$317,785	-5.6%
Per Capita...	\$75.35	\$139.66	\$94.45	\$220.36	\$71.14	\$120.19	-5.6%

Source: SCO Data (FY 2020 - 2024)

Notes: n/a means not available

FISCAL OVERVIEW AND OPERATING POSITION

Based on the revenue and expenditure analysis above and as illustrated in Figure 15 below, OHWD has generally generated sufficient revenues to cover operating costs during the five-year report period (FY 2020 to FY 2024), except for FY 2021. In FY 2024, OHWD recorded a modest operating surplus of approximately \$162,946. Over the last five years, the Districts net income averaged approximately \$87,535 annually, indicating that revenues have largely been aligned with expenditures.

The District's operating revenues are derived primarily from relatively stable sources, including property taxes and benefit assessments, supplemented by minor miscellaneous or other revenues. This revenue stability has contributed to the District's ability to maintain balanced operations. In addition, available data suggests the District maintains a comparatively strong reserve position. For example, in FY 2024, unrestricted net position totaled approximately \$632,125 relative to annual expenditures of \$188,095 (approximately 336.0% of operating costs), while FY 2023 reflected a lower but still adequate reserve level of approximately 80.5%.

While annual operating surpluses are modest, the District's reserve levels appear sufficient to support ongoing operations and absorb routine fluctuations. However, year-to-year variability in revenues and expenditures indicates some sensitivity to changes in funding levels and operating demands, particularly given the District's relatively limited and concentrated revenue base.

Notably, intergovernmental revenues and other revenue sources exhibit year to year variability, which suggests their dependence on external funding availability and one-time or non-recurring sources. Sudden increases in these revenues may temporarily improve annual net income, while decreases could result in operating deficits if not offset by expenditure controls or alternative revenue sources. This variability underscores the importance of distinguishing between recurring and non-recurring revenues when evaluating OHWD's long-term financial sustainability.

RSG determines OHWD appears to be operating in a generally fiscally balanced manner as indicated with revenues being sufficient to cover operating costs and reserve levels that provide a reasonable level of fiscal stability. However, the District's relatively modest and concentrated revenue base may limit flexibility as service obligations evolve. In particular, the

proposed annexation and expansion of groundwater management responsibilities may introduce additional administrative and operational demands, and ensuring revenues and reserves scale proportionately will be important to maintaining long-term fiscal sustainability. Additional details regarding the District net income are provided in Figure 15 below.

Figure 15: Historical Net Income

Measure	2020	2021	2022	2023	2024	Average	Trend
Total Revenues	\$358,779	\$307,311	\$380,177	\$629,289	\$351,041	\$405,319	-2.2%
Total Expenses	199,223	369,258	249,729	582,619	188,095	317,785	-5.6%
Net surplus/(deficit):	\$159,556	\$(61,947)	\$130,448	\$46,670	\$162,946	\$87,535	2.1%

Source: SCO Data (FY 2020 - 2024)

FUTURE FINANCIAL CAPACITY

Looking forward, as OHWD considers potential service area expansion or changes in service obligations, careful evaluation of the associated operating cost impacts will be necessary. Even incremental increases in staffing or administrative functions could materially affect the District's operating balance given the limited margin between revenues and expenditures.

As part of their annexation application with LAFCo, OHWD staff evaluated the fiscal implications of annexing adjacent agricultural lands and indicated that any expansion would be contingent on ensuring that annexed territory fully funds its share of service costs, including SGMA compliance and administrative activities, through new or adjusted fees. The District's existing revenue sources would not be used to subsidize expansion, and a fee study would be required to establish appropriate cost recovery mechanisms. While annexation may introduce

additional administrative costs and necessitate updates to existing fee structures, the District's approach suggests that, if implemented as described, expansion could occur without materially impacting the District's financial condition

RSG did not prepare an independent fiscal impact analysis of the proposed annexation area. However, based on a review of the District's financial data, OHWD currently operates with limited financial flexibility, with revenues generally sufficient to cover ongoing expenditures but leaving minimal margin to absorb unanticipated costs or expanded service obligations. As such, any future annexation or change in service responsibilities could place additional pressure on the District's operating position without the establishment of new or enhanced revenue sources.

Therefore, it is recommended that OHWD continue to closely monitor annual operating revenues and expenditures and distinguish between recurring and non-recurring revenue sources in its budgeting practices. The District should also consider maintaining adequate operating reserves to buffer against fluctuations in revenues and to address any potential unexpected expenditures. In advance of any service area expansion or change in service responsibilities, OHWD should prepare a fiscal impact assessment to evaluate whether existing revenue sources are sufficient to absorb potential increases in operating costs without materially weakening its operation position.

RSG also recommends OHWD complete its outstanding annual financial audits for FY 2021 through FY 2025²⁴ to ensure compliance with Government Code Section 26909, and to further enhance transparency, verify financial reporting accuracy, and support informed fiscal planning.

PROPERTY TAX

With respect to property tax considerations, the total assessed value (land and structures) within Omochumne-Hartnell Water District as of FY 2024 is \$850.0 million. Property taxes and assessments accounted for approximately 55.7% of the District's total revenue in FY 2024. RSG was unable to identify the rate of the annual 1.0% of property tax levy that the District receives. Based on the data available, property taxes make up a sizable portion of the District's revenues.

Regarding the proposed annexation, OHWD's application materials suggest the District will rely on GSA fees to support the cost of providing groundwater management operations to the area. The application materials do not indicate whether the District expects to receive a portion of the 1% property tax levy. Any allocation of property taxes to the District as part of the annexation is dependent on what is determined and/or negotiated by and between Sacramento County and the District. RSG in coordination with LAFCo staff further confirmed no existing master property tax agreement exists that would govern the share of property taxes should the annexation be approved.

²⁴ RSG was informed audits for FY 2021 through FY 2024 were underway at the time of this report. However, RSG was not provided these documents.

ASSETS, LIABILITIES, & NET POSITION

OHWD's total assets at the end of FY 2024 totaled \$632,125. This amount is 32.1% higher than the average year-end amount of \$478,598 in total assets documented during the five-year period and reflects an overall upward trajectory. Assets considered current – with the expectation they could be liquidated within one year – account for all of OHWD's assets for the five-year period; these are tied to the District's enterprise assets. OHWD's enterprise assets experienced a significant increase of 53.3% over the report period primarily as a result of the installation of groundwater recharge project pipelines and pump. Figure 16 and tables below illustrates the District's total assets between FY 2020 and FY 2024.

Figure 16: Historical Audited Assets

Table 1: Current Assets

Asset Type	2020	2021	2022	2023	2024	Average	Trend
Enterprise Assets	\$412,250	\$351,958	\$422,509	\$574,132	\$632,125	\$478,595	53.3%
Total Current Assets	\$412,250	\$351,958	\$422,509	\$574,132	\$632,125	\$478,595	53.3%

Table 2: Non-Current Assets

Asset Type	2020	2021	2022	2023	2024	Average	Trend
Enterprise Assets	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Non Current Assets	\$-	\$-	\$-	\$-	\$-	\$-	n/a

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

Table 3: Asset Summary

Measure	2020	2021	2022	2023	2024	Average	Trend
Total Assets (Pre-Outflows)	\$412,250	\$351,958	\$422,509	\$574,132	\$632,125	\$478,595	53.3%

Source: SCO Data (FY 2020 - 2024)

Notes: n/a means not available

The total liabilities at the end of FY 2024 totaled \$0. This amount is 100.0% lower than the average year-end amount of \$21,569 in total liabilities recorded from FY 2020 to FY 2024 and denotes a downward trend. Liabilities classified as current with the expectation they will be due within one-year account for all the total liabilities for the five-year period. In sum, the District's total liabilities have varied greatly year to year with liabilities totaling as low as \$0 in FY 2022 and FY 2024 and as high as \$104,953 in FY 2023.

Figure 17 illustrates OHWD's total liabilities between FY 2020 and FY 2024.

Administrative Draft Municipal Review and Sphere of Influence Update

Omoichumne-Hartnell Water District

September 2026

Figure 17: Historical Total Liabilities

Category	Liability Type	2020	2021	2022	2023	2024	Average	Trend
Current	Enterprise Liabilities	\$619	\$2,274	\$0	\$104,953	\$0	\$21,569	-100.00%
Current	Total Current Liabilities	\$619	\$2,274	\$0	\$104,953	\$0	\$21,569	-100.00%
Non-Current	Enterprise Liabilities	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Non-Current	Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	Not applicable
Summary	Total Liabilities (Pre-Inflows)	\$619	\$2,274	\$0	\$104,953	\$0	\$21,569	-100.00%

Source: SCO Data (FY 2020 - 2024)

Notes: n/a means not available

Administrative Draft Municipal Review and Sphere of Influence Update

Omoichumne-Hartnell Water District

September 2026

The net position (or equity) at the end of FY 2024 totaled \$632,125 and represents the difference between the District's total assets and total liabilities. The amount recorded for FY 2024 is 38.3% higher than the average year-end sum of \$457,026 from FY 2020 to FY 2024 and demonstrates an upward trend. The District's overall net position has increased by \$220,494 – or 53.6% - from FY 2020 to FY 2024.

The unrestricted portion of the District's net position as of FY 2024 accounted for the entire net position. This amount represents the accrued portion of the fund balance under Government Accounting Standards Board ("GASB") reporting and is subject only to discretionary designations (commitments and assignments). Figure 18 illustrates the District's Net Position between FY 2020 and FY 2024.

Figure 18: Historical Net Position

Category	Component	2020	2021	2022	2023	2024	Average	Trend
Net Position	Capital Assets	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Position	Restricted	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Position	Unrestricted	\$411,631	\$349,684	\$422,509	\$469,179	\$632,125	\$457,026	53.60%
Summary	Total Net Position	\$411,631	\$349,684	\$422,509	\$469,179	\$632,125	\$457,026	53.60%

Source: SCO Data (FY 2020 - 2024)

Notes: n/a means not available

CIP & ASSET MANAGEMENT

Omoichumne-Hartnell Water District ("OHWD" or "District") does not have any formal asset management plan or structured capital improvement plan in place currently. Likewise, and as noted earlier, the District is limited in terms of its assets. Notably, the District's assets consist of enterprise assets totaling \$632,000 in FY 2024.

Given the absence of a formal reserves policy and the recent history of operating with insignificant surpluses (as indicated by available financial data), RSG recommends OHWD establish and implement a reserves policy. Adopting a reserve policy – consistent with statute and local policies - could enhance the District's long-term fiscal stability and provide a critical buffer against any unforeseen costs or emergency repairs.

PENSION OBLIGATIONS

Omoichumne-Hartnell Water District ("OHWD" or "District") does not provide a defined pension benefit as the District does not employ any full-time staff; all current positions are by contract and part-time.

SOI & RELATED RECOMMENDATIONS

The following recommendations by RSG call for specific action from Sacramento LAFCo and/or Omoichumne-Hartnell Water District's ("OHWD") and pertain to the OHWD sphere of influence ("SOI") amendments and/or boundary change requests.

1. RSG recommends LAFCo proceed to establish a SOI for OHWD and expand the SOI to include the proposed annexation area as identified in Figure 4. Due to OHWD limited-service functions, the portion of the SOI encompassing the proposed annexation area should be designated as a provisional (service-only) sphere, limited to providing groundwater management services consistent with OHWD's role as a Groundwater Sustainability Agency ("GSA") to the area. This designation appropriately applies as it reflects OHWD's current and anticipated service area for the District.
2. RSG recommends LAFCo, in coordination with OHWD and the City of Elk Grove, review the identified overlapping boundaries as shown in Figure 4 and consider whether a future boundary adjustment or SOI amendment is merited to eliminate the overlap. Additionally, OHWD's annexation application should be revised to exclude any parcels already within OHWD's existing jurisdictional boundary.
3. RSG recommends Sacramento LAFCo continue coordinating with OHWD and SacSewer to determine whether the agencies' respective roles related to groundwater recharge create overlapping municipal service responsibilities within the proposed annexation area. Consistent with Government Code Sections 56657 and 56119, LAFCo should evaluate whether an interagency agreement or other mechanism is needed prior to considering any future annexation to ensure the proposal does not result in duplicative service provision. This evaluation should clarify each agency's responsibilities for groundwater recharge and document how any overlapping roles will be addressed to support coordinated service delivery and compliance with statute.
4. RSG recommends the District publish its most recent audited financial reports between FY 2021 through FY 2025 on its website when available. Similarly, if available, the District should also make its historical audited annual financial reports available online. This extends to a dedicated section of their website to house District-related policies and procedures.

5. OHWD should confirm that its existing administrative and staffing resources are adequate to support the expanded GSA management responsibilities associated with the proposed annexation. The District's planned fee study (or equivalent financial analysis) should fully incorporate the costs of providing ongoing groundwater management services to the expanded area to ensure long-term fiscal sustainability. LAFCo may consider requiring completion of this analysis prior to or concurrent with approval of the annexation.
6. RSG recommends the District ensure the magnetic meter on the Teichert Diversion POD is replaced as soon as possible to ensure the District can accurately report water diversion rates.
7. RSG recommends OHWD establish and implement a reserves policy. This policy must be consistent with statutory requirements and include reserves designated for CIP and operating reserves. Adopting a reserve policy could enhance the District's long-term fiscal stability and provide a critical buffer against any unforeseen costs or emergency repairs.
8. RSG recommends that OHWD continue to closely monitor annual operating revenues and expenditures and distinguish between recurring and non-recurring revenue sources in its budgeting practices. The District should also consider maintaining adequate operating reserves to buffer against fluctuations in revenues and to address any potential unexpected expenditures.
9. In advance of any service area expansion or change in service responsibilities, RSG encourages OHWD to prepare a fiscal impact assessment – or related study – to evaluate whether existing revenue sources are sufficient to absorb potential increases in operating costs without materially weakening its operation position. This would also entail ensuring OHWD has sufficient staffing and administrative capacity to provide services to the annexation area.
10. RSG recommends OHWD complete its outstanding annual financial audits for FY 2021 through FY 2025 to ensure compliance with Government Code Section 26909, and to further enhance transparency, verify financial reporting accuracy, and support informed fiscal planning. This includes ensuring future audits are completed consistent with statute. Otherwise, the District should seek approval for extended timeframes to complete audits in event doing them annually creates a financial burden as allowed under statute.

MSR & SOI DETERMINATIONS

Sacramento LAFCo is directed to prepare written determinations to address the various governance factors enumerated under Government Code Section 56430 whenever it prepares a municipal service review. These determinations serve as independent statements derived from the information collected, analyzed, and presented in the report by RSG. The purpose of the determinations is to provide an independent assessment to Omoichumne-Hartnell Water District's ("OHWD") ability to provide water services to residents within its jurisdictional boundary now and in the near future.

SERVICE REVIEW DETERMINATIONS

1. POPULATION PROJECTIONS AND GROWTH

RSG determines OHWD experienced very minimal growth during the five-year report period and future growth is expected to be extremely limited over the next five years through 2030. However, the proposed annexation—if approved—would greatly increase the District's population and housing stock. Additional details regarding the OHWD's population and housing projections are provided below.

- RSG estimates there are approximately 2,644 residents in OHWD as of 2025.
- RSG estimates OHWD has decreased by 4 residents since 2020 which translates to an average decrease of 0.8 residents each year.
- RSG separately estimates OHWD has added approximately 37 new housing units since 2010. This new development accounts for an annual increase of 3 new units each year.
- There is little to no housing development underway or planned within OHWD as the area land use is primarily agricultural.

- RSG projects the OHWD resident population will decline to 2,623 residents by 2030. This accounts for an annual decrease rate of approximately 0.03%.
- The number of housing units in the OHWD is expected to reach 1,104 by 2029. This accounts for an overall increase of one housing unit.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES IN OR CONTIGUOUS TO SOI

OHWD does not yet have an established sphere of influence. While no current sphere of influence designation has been formally adopted, RSG has confirmed that there are no Disadvantaged Unincorporated Communities ("DUCs") located in and/or contiguous to OHWD's jurisdictional boundary.

3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES

OHWD provides groundwater resource management and recharge services within its jurisdictional boundary and does not provide any water service connections to households. OHWD's water distribution system spans 12 miles of district-owned and operated water mains while also maintaining 3 miles of pipelines, four flashboard dams, and two pump houses. Additional assets include a computer housed in the District's office.

Based on current infrastructure, monitoring practices, and permit conditions, OHWD appears to have adequate capacity to meet the present and anticipated future recharge needs during qualifying hydrologic conditions. However, OHWD's ability to increase recharge volumes beyond current levels would depend on the availability of future diversion permits, hydrologic conditions, and potential enhancements to recharge infrastructure. Additional details are provided below:

Administrative Draft Municipal Review and Sphere of Influence Update

Omochumne-Hartnell Water District

September 2026

- The Temporary Permit reports for 2023, 2024, and 2025 confirm OHWD maintained compliance with relevant term codes of the temporary permit and did not pose any harm or injury to water users, fish, wildlife, and other instream resources. RSG relies on the conclusions from these reports to determine that OHWD has the sufficiently ability and adequate capacity to meet the related diversion demands within their jurisdictional boundary. This is apart from needing to replace the magnetic meter located at the Teichart Ranch POD to ensure accurate recordings of water diversion rates.
- OHWD is authorized to divert up to 2,444 acre-feet annually at a combined maximum diversion rate of 15.60 cfs, subject to minimum instream flow requirements. Actual diversion volumes to date have been substantially lower than the maximum permitted amount.
- Annexation of the proposed area is not expected to result in changes to water service delivery or create measurable impacts related to population or housing growth. Thus, OHWD's operational capacity remains sufficient for the foreseeable future.
- Both the Cosumnes and South American Subbasin Groundwater Sustainability Reports confirm OHWD has sufficient rates to cover GSP related costs at present and for the foreseeable future. However, if OHWD was to expand or activate its latent powers, a rate study should be conducted to ensure increased costs would be sufficiently covered.
- OHWD has sufficient capacity to accommodate projected recharge demand under favorable hydrologic conditions. Expanding recharge beyond existing levels, however, would require securing additional diversion permits, continued water availability, and investment in expanded or upgraded recharge facilities.
- OHWD is requesting to annex 25,511 acres encompassing 433 parcels for purpose of expanding its groundwater sustainability management responsibilities. OHWD appears to have sufficient capacity and adequate

facilities and infrastructure to oversee groundwater resource management to this area.

4. FINANCIAL ABILITY TO PROVIDE SERVICES

RSG determines OHWD appears to be operating in a generally fiscally balanced manner, with available financial information indicating revenues are generally sufficient to cover operating costs. However, the District's limited operating surplus, reliance on stable but modest revenue sources, and lack of completed annual audits for recent fiscal years constrain the ability to fully evaluate the District's long-term financial condition and financial flexibility. As discussed previously, the District has indicated audits for FY 2021 through FY 2024 are currently underway.

- OHWD experienced an overall increase of 53.6% in its audited net position during the five-year report period from \$411,631 to \$632,125.
- OHWD's total assets experienced an overall increase of 53.3% over the five-year report period from \$412,250 to \$632,125.
- The total liabilities at the end of FY 2024 totaled \$0. This amount is 100.0% lower than the average year-end amount of \$21,569 in total liabilities recorded from FY 2020 to FY 2024 and denotes a downward trend.
- Available data indicates the District maintains a strong reserve position relative to annual expenditures, supporting its ability to absorb routine operational variability.
- OHWD does not currently have a reserve policy established; establishing a reserve policy would help ensure continued operational stability and responsible fiscal management.

- OHWD's current rates are sufficient to meet the GSP's related fees now and in the foreseeable future.
- OHWD maintains a generally balanced operating position, financial performance reflects some year-to-year variability and reliance on a relatively limited revenue base. Continued monitoring of recurring versus non-recurring revenues is important to maintaining long-term fiscal stability.
- As noted above, OHWD appears capable of supporting current operations, with revenues generally sufficient to cover annual expenditures. However, the potential service expansion associated with the proposed annexation and expanded GSA responsibilities may introduce additional administrative and operational demands. Ensuring that revenues and reserves scale proportionately with these obligations will be important to maintaining financial sustainability.

5. OPPORTUNITIES FOR SHARED FACILITIES OR SERVICES

OHWD is one of seven GSAs that oversees the Cosumnes and South American Subbasin GSPs. The office space the District uses is shared with the Sacramento County Farm Bureau and the California Farmland Trust. No other opportunities for shared facilities or services were identified as a part of the MSR.

6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

RSG has determined that OHWD conducts regularly scheduled Board meetings and performs timely posting of agendas and meeting minutes online. However, key financial documents, such as the most recent annual financial reports are missing, limiting full transparency. RSG finds OHWD to be out of compliance with Section 26096 because audits for FY 2021 through FY 2025 have not been completed.

7. EVALUATE DISTRICT'S AVAILABILITY TO MAINTAIN OPEN COMMUNICATION WITH CONSTITUENTS, AS REQUIRED BY LAFCO POLICY

Based on information from OHWD, staff actively respond to customer calls and/or complaints by phone and/or email. OHWD's Board meetings are also open to the public and include public comment periods during which comments from the public can be received. Comments can be given in person, via telephone, or submitted via email and read during the meeting. These opportunities allow the public opportunities for open communication and pathways to express their concerns regarding OHWD's service delivery or management. RSG determines OHWD maintains open communication with its constituents consistent with LAFCo policy.

8. ANY OTHER MATTER RELATED TO EFFECTIVE OF EFFICIENT SERVICE DELIVERY

No other matters relating to the effective or efficient service delivery for OHWD were identified as a part of this MSR.

SPHERE OF INFLUENCE DETERMINATIONS

1. PRESENT AND PLANNED LAND USES

OHWD's sphere of influence primarily consists of agricultural uses which make up 75.5% of the land uses in the service area. The remaining uses in the proposed sphere of influence include residential, industrial, institutional, recreational, and vacant. No other major planned or current development were identified as part of this MSR. The proposed agriculture-focused sphere of influence supports the present and planned land uses of the District.

2. PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES

The proposed expanded sphere of influence designation that reflects the addition of the proposed annexation area demarks the current and/or probable future boundary and service area for OHWD. This proposed expanded sphere of influence designation supports these present and probable service needs.

3. PRESENT CAPACITY AND ADEQUACY OF PUBLIC FACILITIES

OHWD appears to have adequate capacity to meet anticipated future recharge needs during qualifying hydrologic conditions. This is apart from needing to replace the magnetic meter located at the Teichart Ranch POD to ensure accurate recordings of water diversion rates.

However, OHWD's ability to increase recharge volumes beyond current levels would depend on the availability of future diversion permits, hydrologic conditions, and potential enhancements to recharge infrastructure.

4. PRESENCE OF SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST

OHWD's proposed expanded sphere of influence appropriately reflects the existing and relevant social and economic communities of interests.

5. PRESENT AND PROBABLE NEED FOR PUBLIC WATER OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES ("DUCS")

While OHWD does not currently have a sphere of influence designation, as part of this MSR, RSG is recommending the Commission adopt an expanded sphere of influence. There are no qualifying disadvantaged unincorporated communities within or contiguous to OHWD's jurisdictional boundary and sphere of influence.