

- A Brief Recap
  - Statewide Problem & Response
  - Local Problem & Response
- Tuscan Water District
  - Role, Focus, Purpose & Threat Management
  - Maps
- Conditions of Approval
- Framework: Next Steps, Organization
- Questions

### The Statewide Problem

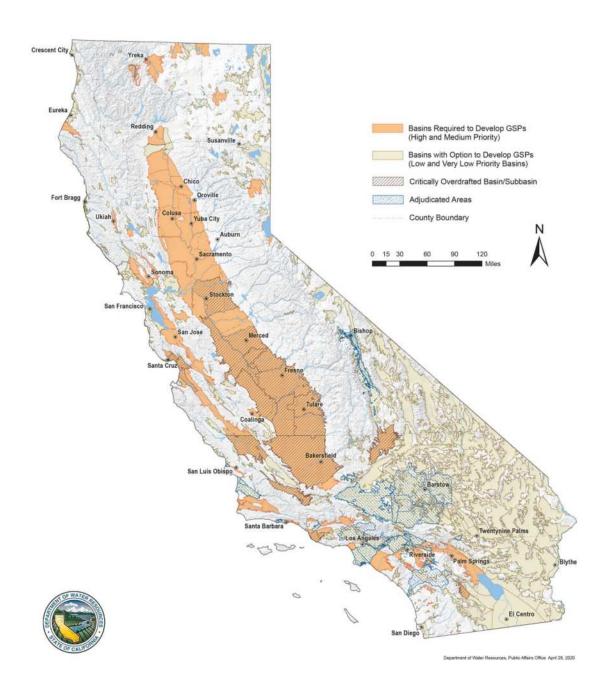
## Subsidence



## The State Response

In 2014, the Statewide Groundwater Management Act (SGMA) is signed into law.

Requires 94 medium and high priority basins and/or sub-basins to form Groundwater Sustainability Agencies (GSAs) and develop Groundwater Sustainability Plans (GSPs).



### The Local Problem

The Vina Subbasin is experiencing annual overdraft.

**Average Year**:

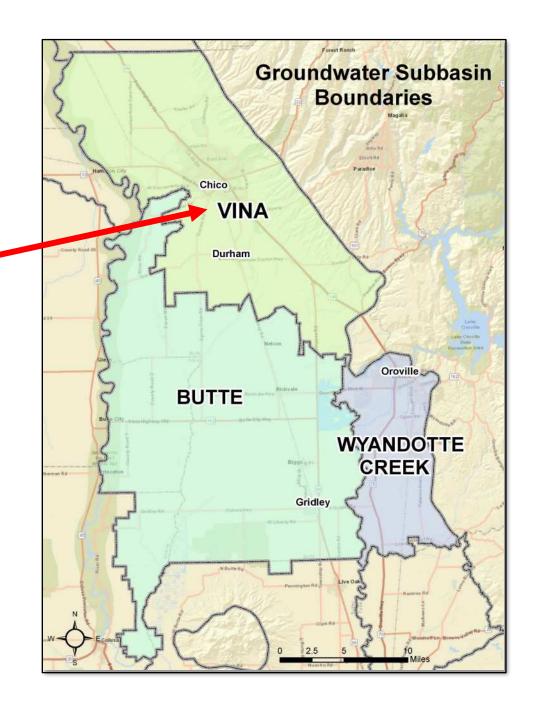
Decline of ~10,000 to ~30,000 AF/yr

2022, Dry Year:

Decline of ~90,000 AF

**Cumulative Change:** 

Decline of ~550,000 AF since 2000



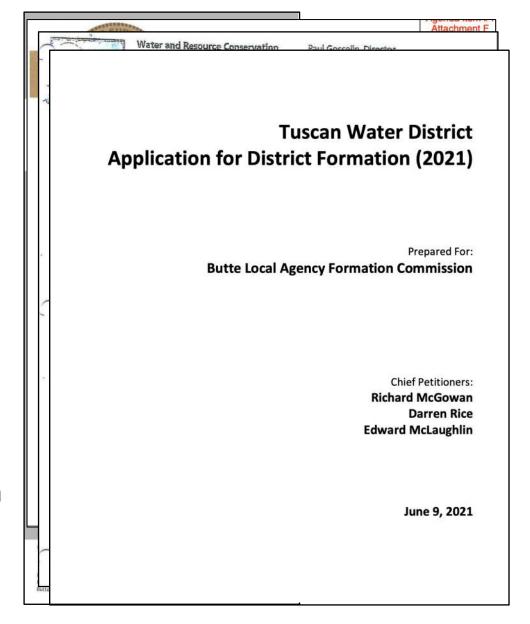
## The Local Response

2015 – County convenes working group

2017 - BOS adopts resolution urging action

2019 – County Water Department urges action

2021 - TWD Application filed with LAFCO



## Role & Focus

#### Vina GSA

SIZE: ~185,000 acres

ROLE: Regulator of Subbasin

Focus: Data & SGMA Compliance Manager.

Can impose extraction fees, well moratoriums and/or metering, and other actions if the local problem of overdraft is not solved over the next 5-20 years.

#### **GOVERNANCE:** 5-member Board of Directors

- 1. Butte County Supervisor\*
- 2. Domestic Well User\*
- 3. Ag Representative\*
- 4. City of Chico Councilor\*\*
- 5. Durham Irrigation District\*\*\*

#### 10-member Stakeholder Advisory Committee

- 2 domestic well users
- 1 environmental rep
- 1 business rep
- 1 Cal Water rep
- 1 Non-Irrigated / Rangeland User
- 1 Water Scientist, or person with water related experience
- 3 Irrigated Agriculture reps
- \* Appointed by Board of Supervisors
- \*\* Appointed by City of Chico
- \*\*\* Appointed by Durham Irrigation District

#### **Tuscan Water District**

SIZE: ~102,000 acres

ROLE: Implementer of Projects

Landowner-controlled agency formed to solve the overdraft problem in the Vina Subbasin.

- Bring Surface Water to landowners within the District to reduce groundwater use.
- Develop Recharge project(s) to reduce the impact of groundwater pumping during dry water years.
- Pursue and implement Demand Conservation projects that incentivize farmers to become more efficient and use less water.
- Pursue Grants to reduce project cost to landowners.
- Identify and manage threats to TWD landowners' access to groundwater.

#### GOVERNANCE: 9-member Board, elected by landowners in TWD

Will initially be elected "at-large" but will shift to district-based board seats within 6-18 months.

## Tuscan Water District

A landowner-based, special district focused 24/7 on identifying and implementing projects to solve the local overdraft problem.

### **PURPOSE OF TWD**

Surface Water Projects	Develop new sources of <b>surface water</b> for agriculture to replace a portion of the groundwater demand in the Subbasin.	
Recharge Projects	Pursue projects that <b>recharge groundwater</b> and to <b>incentivize landowners</b> to allow recharge to occur on their property.	
<b>Conservation Projects</b>	Pursue projects that <b>incentivize landowners</b> to reduce their overall use of groundwater.	
Grants	Pursue grants focused on surface water, recharge, and conservation related projects to reduce the overall cost of SGMA compliance to TWD landowners.	
Threat Management	Represent landowners against threats to TWD landowners' access to groundwater.	

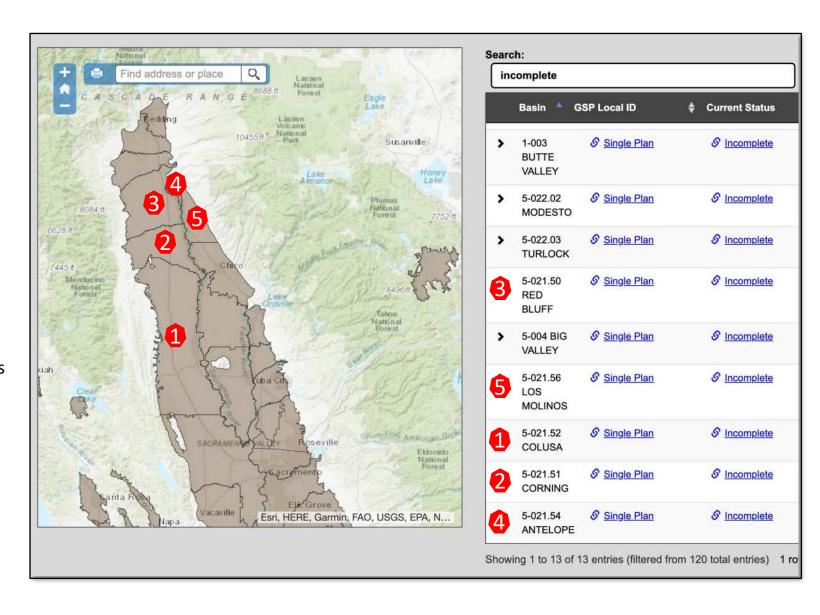
## Threat Mgmt.

#### SJV – Tule Subbasin example:

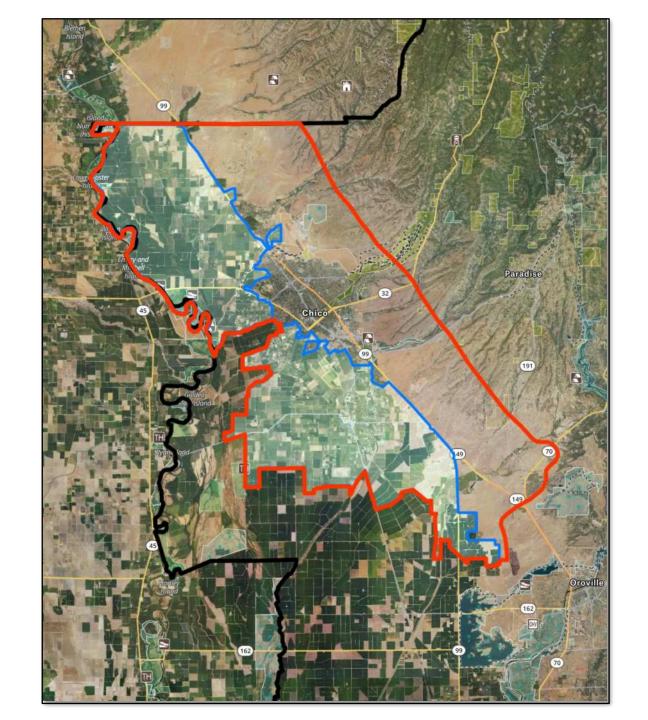
- · Subsidence impacting infrastructure
- State: Put into probation, State intervenes
- Could result in pumping limits, steep fees, fines

#### **Neighbor Subbasins – GSP resolution:**

- Incomplete GSPs: 1) Colusa, 2) Corning, 3) Red
   Bluff, 4) Antelope, 5) Los Molinos
- 180 days to fix Oct 2023 to Apr 2024
- If not fixed, State could intervene
- Potential Outcome Impacts on Vina GSP



## TWD Maps



#### https://tuscanwaterdistrict.org/library

#### Contents:

- LAFCO Resolution
- Section 1 Environmental Findings
- Section 2 General Findings, Terms & Conditions
- Section 3 Conditions Adopted by LAFCO
  - Administrative Conditions
  - General Conditions
  - Boundaries
  - Governance Board of Directors
  - Governance Future Voting
  - Governance Finance
  - Intergovernmental Coordination SGMA and Water
  - General Powers & Functions
  - Future Projects & CEQA

**Highlight = Near Term Action Required** 

Requested by and when recorded mail to:

Executive Officer
BUTTE LOCAL AGENCY FORMATION COMMISSION
1453 Downer Street, Suite C. Oroville, CA 95965

Attest February 1,2024

The following LOW \_ page document is a correct copy of the original on file and of record in the LAFCO office.

By Krystal Bradford Deputy

2024-0003918

Butte

Keaton Denlay County Clerk-Recorder 02/01/2024 03:11 PM

CONFORMED COPY

Copy of document recorded. Has not been compared with original

#### CERTIFICATE OF COMPLETION

As Executive Officer of the Butte Local Agency Formation Commission, I hereby certify that the attached documents are complete and in accordance with the boundaries, modifications and conditions specified by the Commission in its <u>Resolution No. 18 2022/23</u> approving this action pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as follows:

A. The short-form title of the above-mentioned proceeding is:

21-06 - Formation of the Tuscan Water District

B. The name of each affected local agency involved in this change of organization or reorganization:

Tuscan Water District

- C. The name of the County or Counties in which the entire District is located is Butte County
- D. Type of Action taken: Change of Organization Formation of Special District
- E. Boundary description and any terms and conditions:

As identified in Butte Local Agency Formation Commission Resolution No. 18 2022/23 as set forth in the "Attachment "A" and by reference incorporated herein.

The following conditions require specified actions to be taken by the Tuscan Water District for which the failure to execute these actions may result in the dissolution of the District for failure to perform the District formation terms and conditions: Conditions 6.a (revenue measure); 6.b (municipal service review and sphere of influence application); 9 (electoral divisions created); 13 (Memorandum of Understanding with Groundwater Sustainability Agencies).

F. The change of organization was:

Ordered without an election.

Confirmed by the landowner voters by a mailed ballot election on December 5, 2023.

Local Agency Formation Commission

Dated: February 1, 2024

BA:

STEPHEN LUCAS Executive Officer

**Item 5** needs to be completed by TWD as soon as "feasibly possible consistent with Government Code Sections 56811(a) and 57120."

#### **Boundaries**

- Item 6(a) Sphere of Influence. Must enact revenue measure by February 1, 2025 to keep the SOI.
- Item 6(b) Within 6 months, must submit an application to LAFCO to conduct a municipal service review (MSR) and determine the long-term sphere of influence.

#### **Governance – Board of Directors**

• Items 7 and 8 – no further action required.

- b. Selection of an initial nine (9) members of the Board of Directors based on the nine candidates who receive the most votes with each landowner having one vote for each dollar's worth of land to which the landowner holds title.
- c. The formation election ballot questions are as set forth in Procedural Actions 4.F. below.
- Prior to filing the Certificate of Completion, a revised legal description and boundary map(s) shall be submitted to reflect the service area of the Tuscan Water District as adopted by the Commission.
- 4. The effective date of the Tuscan Water District formation will be determined by the certification of the election results by the Board of Supervisors and the filing of the certificate of completion by the LAFCO Executive Officer with the County Clerk-Recorder's office.
- 5. The new District is not expected to receive any revenue from the proceeds of taxes for the first full fiscal year of operation. Therefore, the Commission determines provisionally under Government Code section 56811(a) that the District will not be subject to any appropriations limit. After it is formed, the Tuscan Water District shall determine the permanent appropriations limit (if any) as soon as feasibly possible consistent with Government Code §§ 56811(a) & 57120. The planned special assessment revenue is not considered "proceeds of taxes" that would be subject to an appropriations limit.

#### Boundaries

- 6. a. Pursuant to G.C. 56426.5.(b), the Commission hereby adopts an interim Sphere of Influence for the District that is coterminous with the proposed District boundaries. As a special condition of that Sphere, the sphere shall be reduced to a zero sphere and the District dissolved if the District does not successfully enact a revenue measure for the District in accordance with Condition 12 below within one year from the date of recording the Certificate of Completion as provided in Section 57077.1(c)(1) without protest or election. The Executive Officer may extend this one-year deadline based on good cause demonstrated by the District.
- b. Within 6 months of the recording of the Certificate of Completion for the formation of the Tuscan Water District, the Board of Directors of the Tuscan Water District shall submit an application to LAFCo to conduct a municipal service review (MSR) and determine the long term sphere of influence for the new district to LAFCo and that all fees and costs associated with the application shall be borne by the applicant (TWD), including an initial deposit in an amount deemed appropriate by the Executive Officer. The failure to execute this condition will result in the Commission applying a zero sphere of influence and initiating corrective actions up to and including, dissolution of the District.

#### Governance - Board of Directors

- The initial Board of Directors of the Tuscan Water District shall be composed of nine (9) members as provided for in the California Water Code section 34700.
- 8. The initial TWD board of directors will be elected at large based on a one vote for each dollar of assessed land value formula pursuant to Water Code sections 34400-34403, 34700, 34422-34424, 35003-35125, and the Uniform District Election Law. Candidates for the TWD board of directors must be qualified pursuant to Water Code section 34700. Candidates may

- requesting the Board of Supervisors to establish electoral divisions based on equal size (acres) and the boundaries thereof...
- Item 10 no further action required.

#### **Governance – Future Voting**

Item 11 – no action required in 2024.

#### **Governance – Finance**

• Item 12 – By February 1, 2025, TWD must enact a special assessment or other revenue measure generating...not less than \$445,600/year..

#### Intergovernmental Coordination – SGMA and Water

Item 13 – By February 1, 2025, TWD must enter into MOUs with the Vina GSA and Butte Basin Groundwater GSA...

self-nominate themselves but must demonstrate to the Elections Official their qualification to be a member of the board when doing so. If candidates are nominated by other individuals or entities, the candidate's qualification to be a member of the board must be stated in the nomination submitted to the Elections Official. If it has not been demonstrated to the satisfaction of the Elections Official that a candidate is qualified to be a member of the board, that candidate's name will not appear on the ballot.

- 9. The TWD board of directors shall within six (6) months from the date of the recording of the Certificate of Completion, adopt a resolution requesting the Board of Supervisors to establish electoral divisions based on equal size (acres) and the boundaries thereof in accordance with Water Code sections 35025 and 35026. The number of divisions shall be equal to the number of directors. (WC35025) The failure to execute this condition will result in the Commission initiating corrective actions up to and including, dissolution of the District.
- 10. The BOS shall at the time of calling the formation election for the proposed district, prescribe the procedure for the nomination of candidates for the initial board of directors of the district in accordance with Water Code section 34403 and other applicable provisions of the Water Code and Elections Code. The BOS shall make use of the nomination process and qualifications specified in Condition 8 above.

#### Governance - Future Voting

11. Conversion to Registered Voters. In accordance with Water Code sections 35040-35041, the Board of Directors of the Tuscan Water District shall, between January 1 and March 30 of each year, inspect the assessable area within the district. At such time as at least 50 percent of the assessable area within the district is devoted to and developed for residential, industrial, or nonagricultural commercial use, or any combination thereof, such fact shall be certified to the board of directors by the secretary of the district. Any time after such certification, the registered voters residing within the district may petition for a change in the voting procedure from a landowner-voting district to a resident-voting district pursuant to Water Code section 35042 et seq.

#### Governance - Finance

12. The formation of the TWD shall be contingent upon a successful vote on the formation as determined pursuant to Water Code Section 34500. The continuing operation of the District shall require that the TWD enact a special assessment or other revenue measure generating sufficient annual revenue for the ongoing operation of the District in an amount not less than \$445,600/year on all land within the District receiving a special benefit or property-related service. If the revenue measure is not successfully enacted by the District within one year of the recording of the certificate of completion, pursuant to G.C. 56886(o) the Water District shall be dissolved in accordance with the procedure set forth in G.C. 57077.1(c)(1). As an integral part of the formation conditions, the District Board shall be deemed to have initiated such dissolution in the event it fails to meet the one-year deadline. The Commission may extend this deadline for good cause upon request by the Water District.

#### Intergovernmental Coordination - SGMA and Water

13. The Tuscan Water District, shall within one (1) year from the date of the recording of the Certificate of Completion, enter into a memorandum of understanding (MOU) with the Vina Basin and Butte Basin Groundwater Sustainability Agencies establishing the formal,

- Item 14 Note requirement that projects pursued by TWD must be consistent with applicable GSPs.
- Item 15 Note requirement that any groundwater extraction, use, or transfer must be deemed consistent with Butte County Chapter 33.
- Item 16 Note that TWD shall not have power to develop drainage or reclamation projects within Rock Creek RD jurisdictional boundaries absent written consent of Rock Creek RD board.

#### **General Powers and Functions**

- Item 17 Note that TWD is authorized to exercise all powers and authorities, subject to the restrictions in sections a e.
  - (a) TWD shall not have the power to export,
     transfer, or move water underlying the TWD outside the Vina or Butte Subbasins.

government to government working relationship between the Tuscan Water District and the GSA's to include acknowledging the roles of each agency in the SGMA environment, methods for communication, cooperation and collaboration, establishing points of contact and any other matter that leads to cooperation in the implementation of the GSP for the basin. The MOU should identify the Tuscan Water District as a GSA partner, pursuant to the sustainable Groundwater Management Act, Water Code section 10720 et. seq. The MOU shall be provided to the LAFCo Executive Officer upon completion. The failure of the District to successfully enter into a MOU with the GSA's within one year of the Certificate of Completion being recorded, the Tuscan Water District shall be dissolved by LAFCo at the request of the TWD Board of Directors. If an agreement cannot be reached with the GSA's, the TWD can request LAFCo to mediate a resolution and/or extend this deadline for an additional period to be determined by LAFCo or modify the condition.

- 14. Per the MOU required in Condition No. 13, all activities, actions, projects, and proposals initiated by the Tuscan Water District within its jurisdictional boundaries related to the direct or indirect management of groundwater resources, including groundwater recharge options, shall be submitted to the appropriate GSA for review and cannot be implemented or initiated until and unless, the affected GSA Board determines in writing that the proposed activities, actions and proposals are consistent with the applicable GSP. Requests not deemed consistent with the GSA's GSP are prohibited.
- 15. Tuscan Water District shall submit any proposals, plans or projects regarding any extraction, use, or transfer of groundwater as defined in Butte County Chapter 33 (Groundwater Conservation), to the Butte County Department of Water and Resource Conservation for review and such proposals cannot be implemented or initiated until and unless, the Butte County Board of Supervisors or the Director of Butte County Department of Water and Resource Conservation determines in writing that the proposed activities, actions and proposals are consistent with the Butte County Code Chapter 33 (Groundwater Conservation). Requests not deemed consistent with the Butte County Chapter 33 are prohibited. The Tuscan Water District shall adhere to all the laws of the County of Butte.
- 16. The Tuscan Water District shall not have the power to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for any drainage or reclamation works within the jurisdictional boundaries or sphere of influence of the Rock Creek Reclamation District without the written consent of the Rock Creek Reclamation District Board of Directors.

#### General Powers and Functions

- 17. That pursuant to the applicable Water Code Sections the Tuscan Water District is authorized to exercise all powers and authorities subject to the following restrictions in a-e below:
- a. The Tuscan Water District <u>shall not</u> have the powers to export, transfer, or move water underlying the Tuscan Water District (including groundwater pumped into an above ground storage facility) outside the Vina or Butte Subbasins. For purposes of this Condition "groundwater" shall have the meaning set forth in Water Code Section 10721(g) as follows: "Groundwater" means water beneath the surface of the earth within the zone below the water table in which the soil is completely saturated with water but does not include water that flows in known and definite channels unless included pursuant to Section 10722.5.

- (b) TWD shall not have the power to engage in the production, storage, transmission, distribution and sale of water for domestic, industrial, and municipal purposes.
- (c) TWD shall not have the power to engage in the collection, treatment, and disposal of sewage, waste, and storm water...
- (d) All projects proposed by TWD shall be submitted to the appropriate GSA to determine if the project is consistent with the affected GSP in sustaining the Vina groundwater basin.
- (e) If the District approves and implements a project involving the importation of surface water into the District, then the District shall not thereafter transfer that surface water for use outside the District boundaries.

**Future Projects and CEQA** – Item 18 describes the process to get a consistency determination from a GSA.

- b. The Tuscan Water District <u>shall not</u> have the power to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, distribution and sale of water for domestic, industrial, and municipal purposes (WC35401). These powers under the California Water Code shall be deemed inactive or latent. The District may request that LAFCO activate these powers in the future.
- The Tuscan Water District shall not have the power to acquire, construct, operate, and furnish facilities and services, within or without the district, for the collection, treatment, and disposal of sewage, waste, and storm water nor contract with any persons, firms, public or private corporations or public agencies or other users concerning facilities and services for said purposes. (WC35500) The District may request that LAFCO activate these powers in the future. These powers under the California Water Code shall be deemed inactive or latent.
- d. Any and all proposals or projects proposed by the Tuscan Water District (including groundwater recharge projects for the benefit of District landowners) shall be submitted to the appropriate GSA or agency under Condition Nos. 13, 14 and 15 to determine if the proposal or project is consistent with the affected GSP in sustaining the Vina groundwater basin
- e. If the District approves and implements a project involving the delivery and/or importation of surface water into the District, then the District shall not thereafter transfer that surface water for use outside the District boundaries.

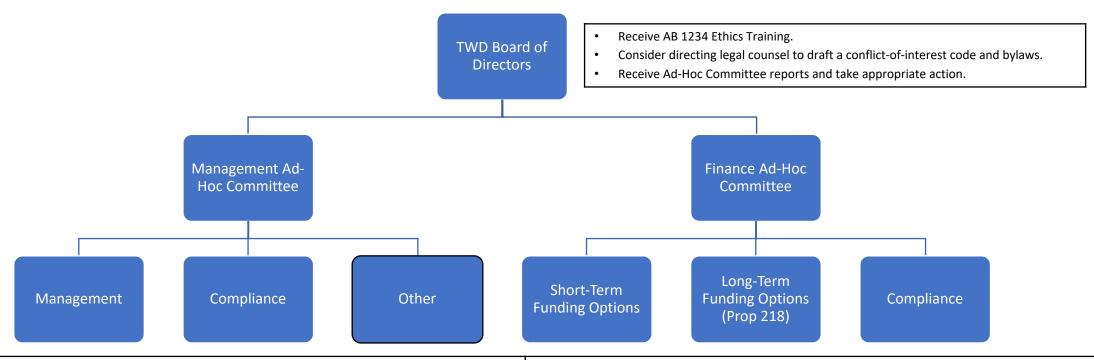
#### Future Projects and CEQA

- 18. As a means to ensure that later District actions comply with CEQA and are consistent with the GSP, the District shall comply with the requirements in this condition. Prior to approving any GSP implementation activity that may result in a direct or reasonably foreseeable indirect physical change in the environment, the District shall undertake these steps:
- (a) The District shall prepare a project description and submit it to the Vina Groundwater Sustainability Agency (GSA). The GSA shall undertake a GSP consistency determination by reviewing the project description and determining whether the project is consistent with the GSP. The GSA shall determine that the project is consistent with the GSP if the project is (1) a type of project or action or within the scope of a project or action identified in the GSP as a planned or potential project or management action, or (2) consistent and compatible with the goals, objectives, purposes, and policies in the GSP. GSA staff and officers shall not use or exercise any personal or subjective judgment in deciding whether the project should be carried out. The GSA GSP consistency determination is intended to be a ministerial review, with the GSA determining only whether the project is consistent or not. This condition is not intended to confer on the GSA the discretionary authority to determine whether to approve a District project or to modify or condition a project. A principal purpose of the GSP determination review is to confirm that the proposed project will be consistent with the GSP before the District undertakes the effort, time, and expense to perform CEQA review of the project.
- (b) If the GSA determines that the proposed project is consistent with the GSP, the District shall prepare an appropriate CEQA document for the project (e.g., notice of exemption, initial study and negative declaration, environmental impact report), adopt the CEQA document, make appropriate findings, and approve the project in accordance with the procedural and substantive requirements of CEQA. The District shall include the GSA on its distribution list

## Near and Long-Term Next Steps

Organizational (Near-Term)	Compliance (Near-Term)	Projects (Long-Term)
<ol> <li>Identify and appoint consultants the Board may need for the management and operation of the District.</li> <li>Consider directing legal counsel to draft a conflict-of-interest code and bylaws.</li> <li>Receive AB 1234 ethics training.</li> <li>Identify and select a fixed office location.</li> <li>Identify short and long-term funding options for the District.</li> <li>Authorize the creation of bank accounts and signatories for the newly authorized bank accounts.</li> </ol>	<ol> <li>By August 1, 2024:         <ul> <li>Condition 6b: Submit an application to LAFCO to conduct a municipal services review and determine the sphere of influence for the District.</li> <li>Condition 9: Adopt a resolution requesting the Board of Supervisors to establish electoral divisions.</li> </ul> </li> <li>By February 1, 2025:         <ul> <li>Condition 13: Enter into a memorandum of understanding (MOU) with the Vina and Butte Basin Groundwater Sustainability Agencies (GSA).</li> <li>Condition 12: Enact a special assessment (i.e., Prop 218) or other revenue measure generatingnot less than \$445,600 per year.</li> </ul> </li> <li>Condition 11: Inspect the assessable area within the district. Annual requirement every year between Jan 1 and Mar 30.</li> <li>Condition 5: Set the appropriations limit at the District's first election that is held following the first full fiscal year of operation.</li> </ol>	<ol> <li>Pursue and implement projects to bring surface water to landowners within the District to reduce groundwater use.</li> <li>Pursue recharge project(s) to reduce the impact of groundwater pumping during dry water years.</li> <li>Pursue and implement demand conservation projects that incentivize farmers to become more efficient and use less water.</li> <li>Pursue grants to reduce project cost to landowners.</li> <li>Identify and manage threats to TWD landowners' access to groundwater.</li> </ol>

### Framework: Accomplishing Near-Term Next Steps



#### **Management Ad-Hoc Responsibilities:**

- 1. Legal Counsel identify, interview, make recommendation to TWD Board
- 2. Consultant(s) identify, interview, make recommendation to TWD Board
- 3. Fixed Office Location identify, make recommendation to TWD Board
- 4. Condition 6b Review/Recommendation to TWD Board re: application to LAFCO to conduct MSR and SOI.
- 5. Condition 9 Review/Recommendation to TWD Board re: resolution to County BOS to establish electoral divisions.
- 6. Condition 13 Review/Recommendation to TWD Board re: MOUs with Vina/Butte Basin GSAs.
- 7. Condition 11 Develop process to inspect assessable area within district for 2025. Report to TWD Board.

#### **Finance Ad-Hoc Responsibilities:**

- 1. Help develop, review, and make recommendation to TWD Board re: short- and long-term budgets.
- 2. Identify, make recommendation to TWD Board re: short-term funding options for the District.
- 3. Identify, make recommendations to TWD Board re: long-term funding options for the District.
- 4. Actively participate in the effort to enact a special revenue (i.e., Prop 218) or other revenue generating measure.
- 5. Identify, make recommendation to TWD Board re: banking options.
- Condition 5 Develop process to establish the appropriations limit as soon as feasibly possible.
   Report to TWD Board.

## Questions & Answers

www.tuscanwaterdistrict.org