

Proposed Alexander Valley Water District

Presented to:

Sonoma Local Agency
Formation Commission

Study Session

Presented by:

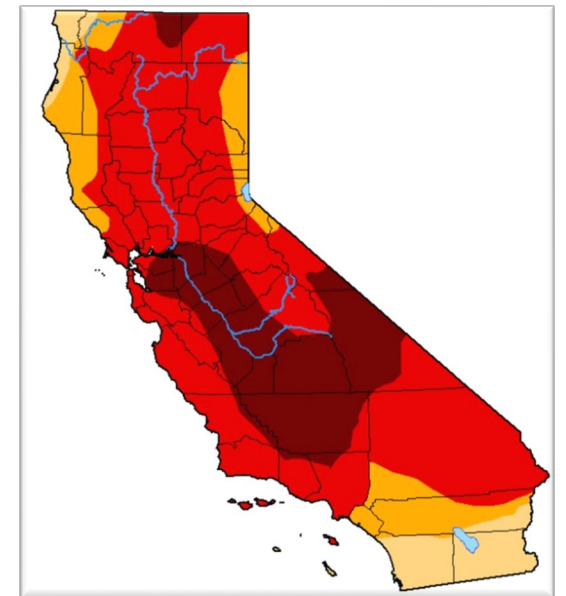
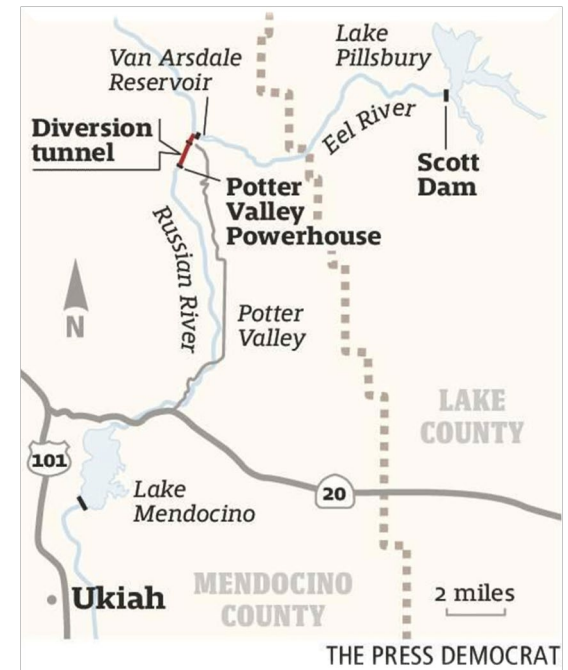
November 1, 2023

Background & Introduction

- Over the past three years representatives of agricultural water users in the Alexander Valley have been engaged to secure water supply and improve water resilience
- The Sonoma Alliance for Vineyards and the Environment and Russian River Property Owner's Association have led this effort supported by technical and legal advisors and in consultation with other water users including the cities of Healdsburg and Cloverdale, the Dry Creek and Lytton Rancherias, Sonoma Water, State regulatory agencies, and conservation organizations.
- In addition to responding to regulatory requirements and participating in regional water supply efforts, agricultural landowners pursued formation of a new special district, a California Water District, to provide services currently not provided and beyond the capacity or authority of any existing organizations
- A considerable effort has been undertaken to develop, specify, and evaluate the proposed new Water District, including detailed mapping of boundaries and preparation of land use data, articulation of proposed services, outreach and engagement with landowners and affected agencies, and responding to LAFCO Application requirements.

Threats to Alexander Valley Water Supply

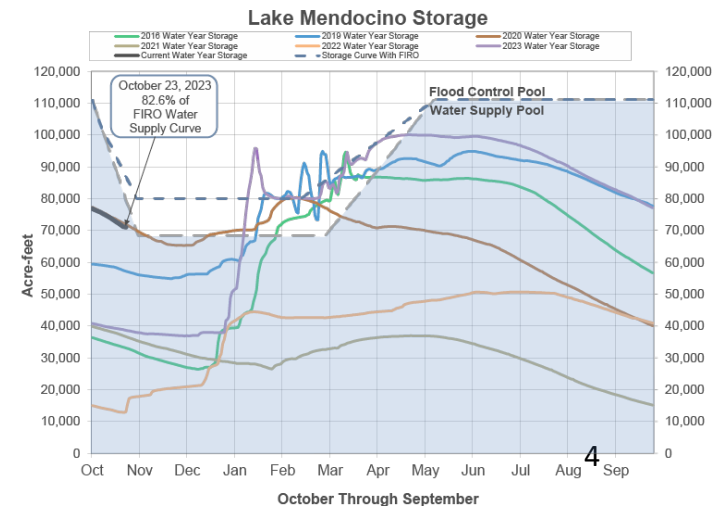
1. Measurable changes in long-term climate patterns suggest that a period of increased duration of periodic droughts and more intense storm and flood events has arrived
2. Significant reduction and possible total loss of Eel River imports
 - a. The transfer of Eel River water to the Russian River is currently reduced to a de minimis amount as a result of equipment failure at the PG&E Potter Valley hydropower project
 - b. PG&E intends to decommission and remove the Eel River diversion infrastructure, and future inter-basin transfers would occur only if a new facility is constructed
3. Russian River surface water rights are curtailed by the State Water Board in severe droughts (e.g., 2014, 2021-2022), and are likely to be curtailed in all but the wettest years (i.e., about 8 out of 10 years) due to reduction in the Eel River inter-basin transfer
 - a. Groundwater curtailments may also be imposed due to underflow connection of the aquifer to the River flows
4. Domestic use and Russian River minimum instream flows to support anadromous fish have priority over agricultural and commercial use during periods of reduced water supply



What is at Risk?

Without the continuity of 'summer flows' in the Russian River, and restrictions on groundwater usage, water supply for all beneficial uses will diminish including agricultural irrigation, minimum flows to support fish populations, domestic uses, and commercial and industrial uses:

- Loss of water supply that has been tapped for more than 100 years, if not mitigated, could cause a reduction of grape production or even acreage planted
- Loss of production or higher costs could contract the wine production sector
- Reduced summer flows on the Russian River adversely affects recreation uses
- Mandatory urban water conservation may increase household costs and adversely affect hospitality sector
- Fish populations dependent on minimum summer flows could be negatively affected



Water District Purpose & Functions

The proposed Water District would have the following specific functions and related services:

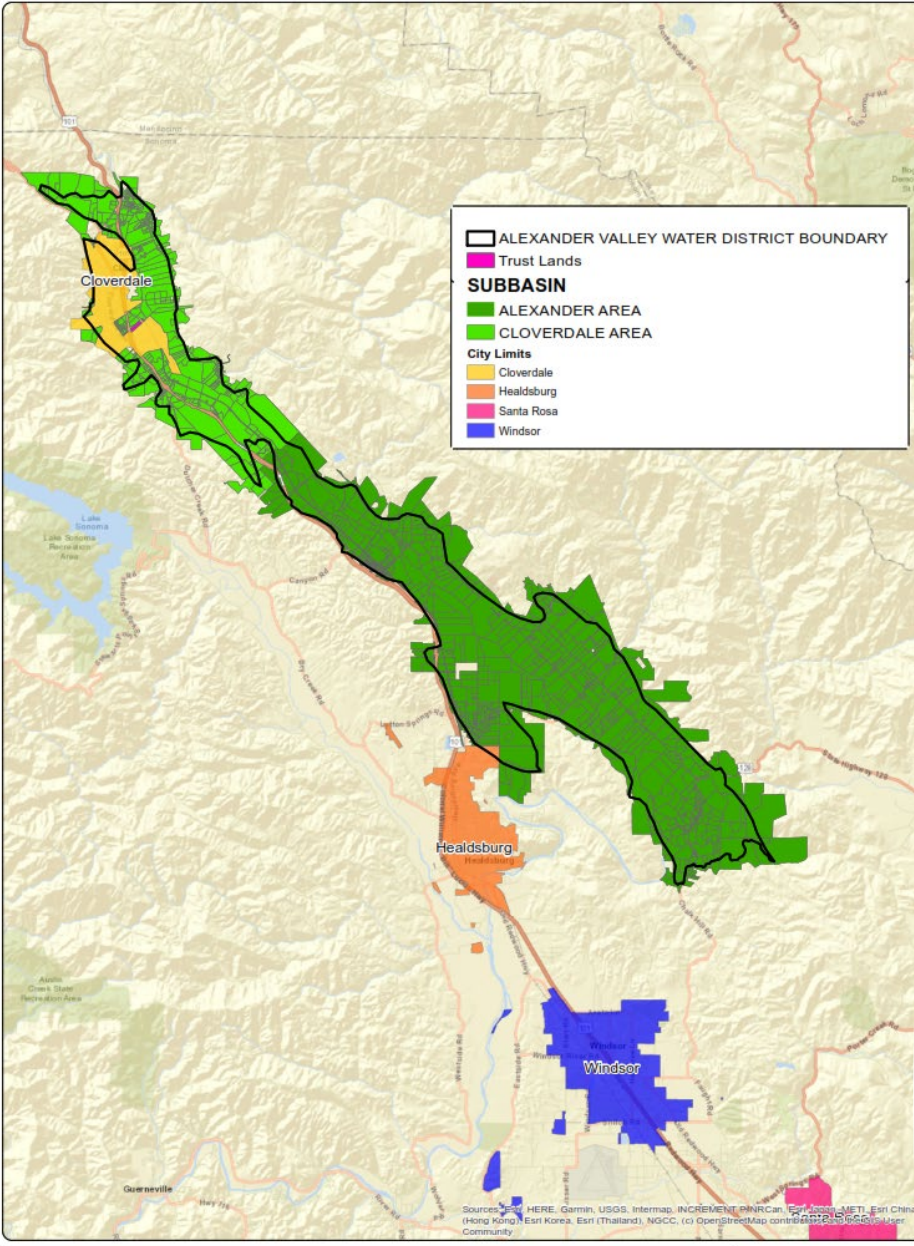
1. Water Sharing Program: establish and manage a water sharing program for the Alexander Valley in cooperation with and participation of other water agencies in the Russian River watershed.
2. New Eel River-Russian River Diversion Facility: negotiate with, and potentially be a member of, the new Regional Entity that proposes to own, construct and operate a new water diversion facility on the Eel River; administer any new water supply acquired for Alexander Valley water users.
3. Groundwater Investigation and Management: study the relationship between groundwater pumping, groundwater recharge and streamflow and the impact of reduced Eel River imports; prepare a groundwater sustainability plan if mandated by the Department of Water Resources.
4. Groundwater Recharge Program: construct and operate new water diversion and conveyance facilities, obtain water rights and regulatory approvals, and monitor and report performance of the program on behalf of landowners participating in the on-farm groundwater recharge program.

In addition to these services, the proposed Water District would represent private water users in local and regional water supply and conservation efforts and regulatory proceedings and cooperate and enter into agreements with other local or regional water supply organizations, non-profit entities, and private sector.

District Boundary & Area Description

Figure 1 shows the proposed new District boundary:

- The proposed boundary includes an estimated 28,723 acres encompassing the two Alexander Valley Groundwater Basins.
- The boundary encompasses an estimated 1,655 parcels including 300 large (greater than five acres) agricultural land ownerships and some upland grazing and forested areas
- The boundary also includes several residential subdivisions, scattered rural residential parcels, the community of Geyserville, 43 wineries, and other commercial uses
- The proposed boundary is somewhat larger than these Basins because it includes the entire parcel that straddles the Basin's edge
- There will be exclusions from the boundary including public lands, Tribal Trust lands, and an upland portion of the Southern Basin near Franz Valley
- All landowners within the proposed boundary not so excluded will participate in the district



Organizational Options Considered

Seven 'governance options' have been identified and evaluated:

1. Continuation as Non-Profit Entity (Russian River Property Owners Association)
2. Activation of Sonoma County Water Agency (SCWA) Zone 4a
3. Expand functions of the Sonoma Resource Conservation District (RCD)
4. Annexation to North Bay Water District (Statutory Annexation Process)
5. Creation of a Special Legislative Joint Powers Authority (hybrid of powers/governance/functions) involving participation of existing non-profit and government entities involved in Alexander Valley agricultural water supply
6. Creation of a California Water District (Formation Process through LAFCO)
7. Creation of a Water District by Special State Legislation

Of these, only **Options 6** (District formation through LAFCO) and **Option 7** (formation by State legislation) fully meet all organizational criteria including:

1. Ability to raise public funding for regional and local water supply and conservation improvements;
2. Ability to enforce (regulate) water conservation measures;
3. Ability to represent (enfranchise) local landowners in regulatory and regional water supply solutions; and
4. Ability to formally cooperate with public agencies, non-profit organizations, and private entities



Water District Formation Process

The Water District can be formed in two ways (Options 6 & 7, above) subordinate to the Water Code 34000 et seq., the California Water District Act (Principal Act) as may be amended:

1. Through a petition-initiated application to the Sonoma Local Agency Formation Commission consistent with requirements of LAFCO Law (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000); or
 2. Through a Special Act of the State Legislature that would create the District directly.
- Under either approach, the same description and details and garnering of support of Alexander Valley landowners will be needed
 - Both options continue being considered by the petitioners at this time; a decision will result following ongoing consultations with Legislative staff and LAFCO regarding the most expeditious and effective approach

Organizational Partners Engaged

Securing water supply and resiliency will require the cooperation of all water using tapping the Russian River and Alexander Valley groundwater basins including the agricultural and industrial water users, urban and rural residential and commercial users, the tribes, and key regulating agencies, including:

- Agricultural water users
- Cities of Cloverdale and Healdsburg
- California American Water Company (Geyserville)
- Mutual and private water companies serving residential and commercial uses
- Sonoma Water
- Lytton Rancheria and Dry Creek Rancheria
- State Water Resources Control Board and Department of Fish and Wildlife
- Conservation organizations

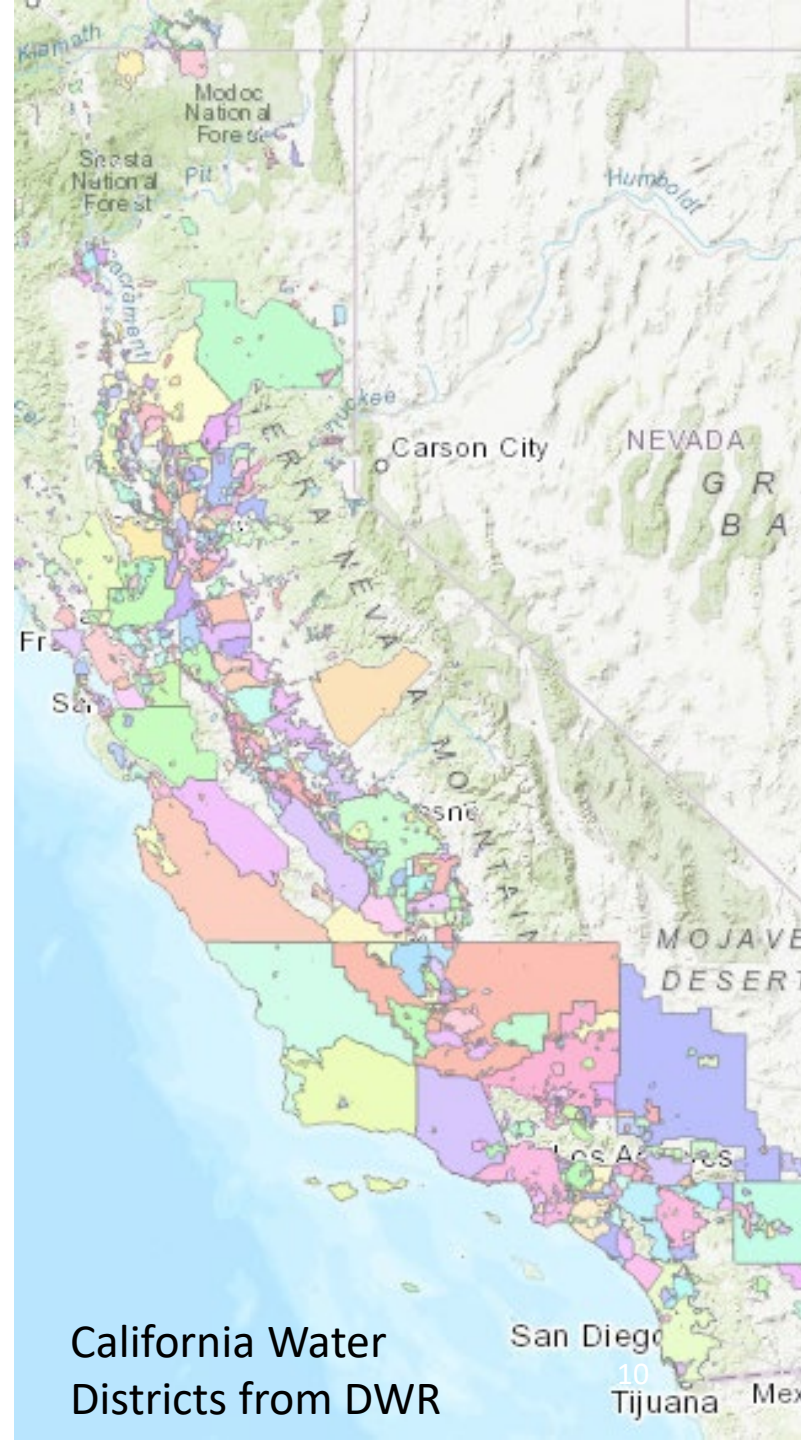
A key purpose of the new District will be to enfranchise and empower local landowners to officially participate with these agencies towards the common objective of securing Alexander Valley water supply and resiliency

Precedents for Water District Formation

In recent years California Water Districts have been formed in association with the requirements of SGMA to establish Groundwater Sustainability Agencies.

Examples include:

- Amsterdam Water District, Merced County, formed in **2018** primarily to serve as a Groundwater Sustainability Agency.
- Estrella-El Pomar-Creston Water District and Shandon-San Juan Water District, San Luis Obispo County, formed in **2017** primarily to serve as Groundwater Sustainability Agencies.
- Shandon-San Juan Water District has also filed applications to appropriate flood flows for groundwater recharge and is providing support to landowners diverting floodwater under the Governor's Executive Order N-4-23.
- San Antonio Basin Water District, Santa Barbara County, formed in **2018** for the primary purpose of being a Groundwater Sustainability Agency under SGMA.
- Tuscan Water District, Butte County, formed in **2022** to import surface water for direct use and groundwater recharge and to participate in existing Groundwater Sustainability Agencies.



California Water Districts from DWR

Proposed District Leadership & Staff

- A minimum of five directors will be elected by landowners at the time of District formation
- Directors must be landowners within the District (or their legal representatives) and will serve for a fixed term and regularly stand for re-election
- An executive director would be retained to serve the Board and direct the District's efforts who would lead a small administrative and technical staff and retain professional advisors and consultants for program or project-specific efforts
- Coordination with local water supply agencies and regulating agencies and public interest organizations will be a key function of District leadership, including establishing formal partnerships such as a joint powers authority to serve as Groundwater Sustainability Agency (GSA)

Proposed District Funding Sources

New funding will be required to support District administration, operation, programs, and capital investments, indeed the capacity to raise public funding for water supply and conservation is a primary purpose. Specific funding sources would include:

- It is proposed that a nominal special tax or assessment be established concurrently or just following District formation scaled to support basic District operating costs
- It is proposed that the District would immediately (on formation) elect to be a GSA in order to utilize SGMA funding authorities
- Specific programs would be funded through fees for service and regulatory fees consistent with statutory requirements and as exemplified by other water districts
- Capital investments, including proposed participation the new Eel-Russian Diversion Facility and any local water supply or conservation infrastructure would be funded through grants, special benefit assessments, and bond measures as may be appropriate, all requiring subsequent landowner voter approval

Status of the Application Process

The petitioners and advisors have interacted with LAFCO staff and are aware of Application requirements and procedures. Various components of the Application have been prepared or drafted, including:

- A LAFCO Checklist and Schedule listing the statutory steps in the Application, LAFCO review and decision process, and the Elections Code requirements has been prepared and submitted
- A Draft Petition, subject to review and updating, has been prepared and submitted
- A series of conversations have occurred with individual LAFCO commissioners to provide information and answer questions
- GIS-based mapping and related land use analysis has been prepared for the proposed District boundary
- A Draft Plan for Service is currently under preparation that details the services proposed and how they will be provided and funded
- Following the Study Session and consistent with LAFCO Application requirements, the Petition will be completed and circulated
- Assuming a successful petition drive the Application will be formally submitted to LAFCO

Confirmation of Approach

- Do you agree that a new Water District would be an appropriate service provider?
- Do you have any concerns about the proposal that we might address?
- Do you need any more information from petitioners at this stage?
- What additional public outreach should petitioners undertake while LAFCO staff are reviewing the Draft Petition and proposed Application Process Checklist and Schedule?