SONOMA LOCAL AGENCY FORMATION COMMISSION

111 SANTA ROSA AVENUE, SUTIE 240, SANTA ROSA, CA 95404
(707) 565-2577
www.sonomalafco.org

Staff Report

Meeting Date:	**November 4,**
Agenda No.	**2026 Item No. 5.1**
Agenda Item Title:	**Proposal to adopt Ad Hoc Committee Recommendation and Adopt:** **Resolution of the Local Agency Formation Commission of the County of Sonoma, State of California, Making Findings and Determinations, Determining Exemption from the California Environmental Quality Act, Reconsidering Resolution 2812 In Part and Rescinding Resolution 2812, and Conditionally Approving a Proposal for Formation of an Alexander Valley Water District and Ordering a Protest Proceeding (File No. 2025-03**
Environmental Determination:	**Exempt: CEQA Guidelines, section 15378(b)(4) and (b)(5)**
Staff Contacts:	**Verne Ball, LAFCO Counsel**

Proposed Action

The Ad Hoc formed with respect to the Alexander Valley Water District recommends the Commission grant reconsideration and conditionally approve the proposed Alexander Valley Water District by adopting proposed resolution:

> "Resolution of the Local Agency Formation Commission of the County of Sonoma, State of California, Making Findings and Determinations, Determining Exemption from the California Environmental Quality Act, Granting The Request For Reconsideration, Rescinding Resolution 2812, and Conditionally Approving a Proposal for Formation of an Alexander Valley Water District (File No. 2025-03), and Ordering a Protest Proceeding."

Staff recommends that the Commission direct Staff, through the adoption of the proposed resolution, to notice and agendize the protest proceeding after Staff have received payment for the Commission's invoiced expenses related to this matter, and after payment of an initial deposit of $15,000 for the protest proceeding has also been made.

Proposed District

At the Commission is aware, the purpose of the proposed Alexander Valley Water District is to help to address water conditions in the Alexander Valley. The proposed district would be a California Water District, and the rule that "[e]ach voter shall have one vote for each dollar's worth of land to which he or she holds title," cannot legally be changed by the Commission. Other conditions to enhance regional cooperation can be imposed, however, as discussed below.

Procedural History

Prior to the filing of the application and petition that formally began this proceeding, the Commission engaged in discussions with the proponents about various issues with this proposal. On November 1, 2023, the Commission held a study session in which the proponents explained their intent and Commissioners asked questions and expressed varied views about the proposal. In 2024, the Commission created an ad hoc committee to give guidance regarding the likely views of the Commission.
The proponents filed their application and petition to form a California Water District with the Commission on October 27, 2025. The Executive Officer determined that the proponents had filed sufficient signatures for their petition, and that their application was complete.

On April 1, 2026, the Commission held a public hearing on the proposal to form the proposed Alexander Valley Water District. The Commission heard and received all relevant oral and written testimony and evidence presented or filed and considered the Executive Officer's Report. All interested persons, including the applicants, were given the opportunity to address the Commission. After review and consideration, the Commission continued the public hearing to the May 5, 2026 Commission meeting.

At its May 5, 2026, meeting, the Commission considered various topics including governance, owner representation, district authority, long-term water management, legal and procedural issues related to district formation, election procedures, and the Commission's authority to impose conditions on district operations. The Commission heard and received all relevant oral and written testimony and evidence presented or filed the applicants and interested parties. After closing the public hearing, the Commission denied the proposal to form the district by adopting Resolution 2812. Resolution 2812 simultaneously made the determination that a voter-based district would not be subject to the one-year bar on similar proposals imposed by statute.

The Commission subsequently received timely requests for reconsideration. On August 5, 2026, the Commission considered requests for reconsideration of the denial and determined that they warranted more policy discussion. The Commission directed that an agreement be entered between the Russian River Property Owner Association and the Commission allowing for necessary continuances to allow for further discussion and requested Chair Harvey and Commissioner Rabbitt to meet as an Ad Hoc Committee and attempt to resolve contested issues and find a potential path forward for the proposed district for the Commission to consider.

The Ad Hoc Committee met and deliberated on multiple occasions, and it also communicated with stakeholders. The Ad Hoc Committee considered new requests from the proponents to modify their proposal, as well as new requests from Sonoma Water, the City of Healdsburg, and the City of Cloverdale for specific language to be adopted by the Commission as terms and conditions for the district.

The City Manager for the City of Healdsburg notified the Ad Hoc Committee that consensus modifications had been agreed to for the Commission's consideration. The consensus includes the proponents, Sonoma Water, the City of Healdsburg, and the City of Cloverdale. The Ad Hoc Committee has considered these recommendations and concurs with them.

AD HOC COMMITTEE RECOMMENDATIONS

The Ad Hoc Committee recommends the adoption of the proposed resolution, with terms addressing the following:

- Terms And Conditions Related to Board Governance
- Terms And Conditions Related to Inter-Governmental Issues Concerning Surface Water and Groundwater Governance
- District Territory and Boundary

Each are discussed below, although, as is also discussed below, some of the issues are inter-related.

Terms And Conditions Related to Board Governance

The Commission has had extensive discussions about the governance model of the proposed district, given that only landowners can vote for its board. These issues are interrelated with the powers of the proposed district.

Together with the other conditions discussed below, the ad hoc committee recommends adopting the following conditions proposed by the proponents that address the District's Board and an Advisory Committee to the District's Board:

1. The initial Board of Directors of the Alexander Valley Water District shall be composed of five (5) members appointed by the Sonoma County Board of Supervisors. Directors shall be eligible under California Water Code section 34700. At least one director shall be a domestic well user on a parcel of 10 acres or less. At least one director shall be a farmworker residing in the District. At least three directors shall be registered voters residing within the District, who may also qualify for the domestic well user and farmworker seats. Three directors shall serve four-year terms and two directors shall serve two-year terms
2. The initial Board of Directors of the AVWD shall, within one year of formation and after consultation with the Commission, adopt bylaws and take other appropriate action under the provisions of the Principal Act to ensure that the AVWD Board represents a diversity of landowner and registered voter interests in the Alexander Valley. The Board shall adopt director qualification criteria that require a majority of the Directors to be registered voters residing within the District. The Board may adopt other director qualification criteria including land ownership size, land use or water use type (e.g., residential, hospitality, retail services), landowner type (e.g., water supplier entity, tribal, nonprofit, etc.), and occupation. The Board shall provide the draft bylaws to the Commission and consider Commissions comments before adoption.

3. The Board shall, four years following formation, increase the number of Board members to at least seven in accordance with Section 34708 of the Principal Act.
4. The initial Board of Directors of the AVWD shall, within six months of formation, form a standing Advisory Committee of members appointed by AVWD and other organizations to provide advice and guidance to the Board. Qualifying members of the Advisory Committee shall include but not limited to the following members:

AVWD Board Appointed Members	Other Appointed Members
• Agricultural interests • Business community interests • Environmental interests • Rural residential well-owners	• City of Cloverdale appointee • City of Healdsburg appointee • County of Sonoma appointee • Dry Creek Rancheria appointee • Independent Water Systems appointee • Lytton Rancheria appointee • Sonoma County Water Agency appointee • Sonoma Resource Conservation District appointee

Terms And Conditions Related to Inter-Governmental Issues Concerning Surface Water and Groundwater Governance

The Ad Hoc Committee recommends that the Commission adopt the consensus conditions that Sonoma Water proposed, as supplemented by the City of Cloverdale, the City of Healdsburg and the proponents, that balance the interests of various governmental water stakeholders.

These conditions address, respectively, the terms for Groundwater Sustainability Agency formation (the district may participate but not be Groundwater Sustainability Agency), the terms for water rights sharing programs, and terms relevant to State Water Resources Control Board's water rights Decision 1610. Sonoma Water proposed the conditions, and explained the rationale in a letter that is attached to this Staff report.

The conditions included in the proposed resolution read as follows:

1. The District is not authorized to be a Groundwater Sustainability Agency, or to take any steps to become a Groundwater Sustainability Agency.

However, the District is authorized to participate in the formation of a Joint Powers Authority that would create a new legal entity to act as the Groundwater Sustainability Agency for the two groundwater basins (1-54.01 Alexander Valley, 1-54.01 Alexander Area; 1-54.02 Alexander Valley, 1-54.02 Cloverdale Area). In the event of the consolidation of Groundwater Sustainability Agencies within Sonoma County, the District is authorized to participate in a separate Joint Powers Authority that covers more than 1-54.01 Alexander Valley, 1-54.01 Alexander Area; 1-54.02 Alexander Valley, 1-54.02 Cloverdale Area. In no event shall the District participate in a Groundwater Sustainability Agency Joint Powers Authority that does not include Sonoma Water. The District may not participate in Groundwater Sustainability Agency Joint Powers Authority unless the Cities of Cloverdale and Healdsburg were afforded an opportunity to participate as well.

2. The District is authorized to administer or participate in administering water rights sharing programs, including extraterritorial water rights sharing programs, solely through a binding Memorandum of Understanding with Sonoma Water. The District is not authorized to administer or participate in administering water rights sharing programs unless the Cities of Cloverdale and Healdsburg were afforded an opportunity to participate in the same program. For the purposes of this term and condition, water rights sharing programs include, but are not limited to, responses to curtailments and FloodMAR initiatives.
3. The District is not authorized to administer or participate in administering the 10,000 acre foot reservation in State Water Resources Control Board Decision 1610, except as may be permitted through a binding Memorandum of Understanding with Sonoma Water.

The Commission's discussions about surface water and groundwater governance has overlapped with discussions and policy concerns about the district's proposed extraterritorial authorities and powers. The original proposal was for the district to administer a water rights trading program in the entire Russian River watershed. Generally, extraterritorial services by local agencies are prohibited unless they fall under the limited circumstances where either LAFCO can approve the extraterritorial services or an exception applies (Gov't Code section 56133, subd. (b), (c), (e)).

The proposed conditions have the helpful effect of both addressing stakeholder concerns and serving to address the policy and legal issues concerning extraterritorial water services and governance.

District Territory and Boundary

Discussions about the boundary of the proposed district have been interrelated with issues of the district's proposed powers, including extraterritorial powers. With these other issues addressed, the Ad Hoc Committee recommends accepting the proponents' proposed district geography. The proponents proposed several changes to the Ad Hoc Committee after the request for reconsideration was filed.

The resolution describes the geography of the district generally as follows:

- The boundary includes the valley floor of the Alexander Valley, generally along the mainstem of the Russian River beginning in the north near the City of Cloverdale approximately 1.5 miles from the Mendocino County border and ending in the south approximately 3 miles east of the City of Healdsburg.
- The boundary encompasses a predominantly contiguous area that overlies portions of two groundwater basins, the Alexander Area Subbasin and Cloverdale Area Subbasin, defined by the California Department of Water Resources.
- The boundary includes the unincorporated areas overlying the Cloverdale Area Subbasin and the valley floor portions of the Alexander Area Subbasin.
- The upland areas of the Alexander Area Subbasin, the Chalk Hill area, and the Mark West Creek watershed, are excluded.
- The City of Healdsburg, the City of Cloverdale, the Rains Creek Water District, Sonoma County CSA 41 (and their respective Spheres of Influence), and tribal trust and tribal fee lands are excluded.
- All non-contiguous lands are within two miles of the contiguous boundary.

The parcels covered by the proposed district are in Exhibit A of the proposed resolution, as modified by the proponents' proposed Exhibit B. Exhibit B includes certain parcels excludes parcels in the following categories:

- Dry Creek Rancheria Band of Pomo Indians
- Lytton Rancheria of California
- Rains Creek Water District
- Clover Crest Mutual Water Company (City of Cloverdale Service Area)

- West Water Company (pending consolidation in CSA # 41)

The two referenced tribes have requested exclusion. Exclusion of these tribal properties is a policy matter. For non-trust lands (i.e., lands owned by the tribe, not by the federal government in trust for the tribe) the district could have jurisdiction but would have to navigate tribal sovereign immunity in the event of a conflict.[1]

The proponents explain their rationale with respect to the water district and companies as follows: "Representatives for the Rains Creek Water District, an independent public agency serving a population of 208, and Clover Crest Mutual Water Company, a private water company that distributes water supplied by the City of Cloverdale, requested exclusion from the district boundary. The private West Water Company (13 connections) did not request exclusion, but the impending consolidation of this water system into County Service Area No. 41 counsels that it be removed from the district boundary now. The Petitioners support these exclusions."

Enforcement

The Ad Hoc Committee members both asked that Staff and Counsel outline how the terms and conditions could be enforced. LAFCO has fairly broad authority to impose terms and conditions. Unless LAFCO's terms and conditions are successfully challenged, they are legally binding and must be followed.

LAFCO is not a land use agency, and it does not have administrative mechanisms to enforce its terms and conditions such as administrative penalties. Revocation as a remedy may or may not be realistic, as dissolution of the District could be terminated by a protest proceeding of landowners.

Some terms and conditions are pre-conditions for formation (e.g., the preparation of maps acceptable to the Board of Equalization), and if those pre-conditions cannot be completed within one year, by statute the formation proceedings for this district will automatically terminate. Other conditions are legal requirements that, like many laws, would be enforced by the courts.

It is not possible to make revenue conditions pre-formation conditions, because the District has to be formed and exist to raise revenue. However, the terms and conditions are drafted such that if the revenue measure fails, the only permissible activity of the District is to seek dissolution.

[1] The law of how sovereign immunity would be navigated in this context is somewhat technical, and involves the legal doctrine of "Ex Parte Young." For the Commission's purposes, it is enough to say that the inclusion of the non-trust tribal lands is a policy and not a legal issue.

California Environmental Quality Act

The proposed resolution reflects the CEQA findings that the action is exempt from CEQA because a "project" does not include "[t]he creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment" (CEQA Guidelines, section 15378(b)(4)). In addition, a "project" does not include "organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment." (CEQA Guidelines, section 15378(b)(5).)

Protest Proceeding and Formation

The proposed resolution orders a protest proceeding, but this is contingent on the Applicant paying due and past due Commission invoices, and a deposit of $15,000. Per prior Commission policy guidance, the protest proceeding would be noticed (with protest forms) by mail to all landowners and voters within the district. If there is no majority protest, the Commission would then initiate the formation election of landowners within the Commission-approved district boundary. The district would only be formed once all formation contingencies, including the protest proceeding and election, are met and the Executive Officer files a Certificate of Completion with the County Recorder.

_____

Attachments

1. Draft Resolution of Approval of the Proposal, with terms and conditions, Exhibits A, B1, B2
2. Ad Hoc Committee Correspondence
3. Public Comment