

Ivar Amen
President, Division 4

Garrett Wallis
Vice President, Division 3

Ronnean Lund
Director, Division 1

Audie Butcher
Director, Division 2

Matt Arrowsmith
Director, Division 5

Daniel Ruiz
General Manager

Special Board Meeting

Agenda

March 31, 2026, 1:00 p.m.
1887 Howard Street, Anderson (Council Chambers)

1. Call To Order

2. Flag Salute

3. Public Participation

Time set aside for members of the public that wish to address the Board regarding matters of the District within the jurisdiction of the Board. Individuals are requested to limit comments to a maximum of three minutes.

4. Business Items

- a. Update on the Bay-Delta Water Quality Control Plan and Healthy Rivers and Landscapes(HRL) and other SRSC Activities (Thad Bettner, SRSC Inc. to Present)
- b. Discuss District Special Benefit Assessment and Provide Direction on Engineer’s Report, Proposition 218 Balloting timeline and Landowner Outreach approach. (Presentation by Danny Kerns, SE P&P)

5. Closed Session:

- a. Public Employee Employment and/or Performance Evaluation (Government Code § 54957)
Title: General Manager & Operations Manager Evaluation
- b. Conference with Legal Counsel – Potential Litigation (Government Code § 54956.9(d)(1) Consider the following liability claims:
Linda Foster

6. Adjourn

**ENGINEER'S REPORT
FOR
Anderson-Cottonwood Irrigation District**

**PROPOSITION 218 PROCEDURES FOR
SPECIAL BENEFIT ASSESSMENTS**

May 2025

Prepared for:

Anderson-Cottonwood Irrigation District

Prepared by:

Provost & Pritchard Consulting Group
Chico, California

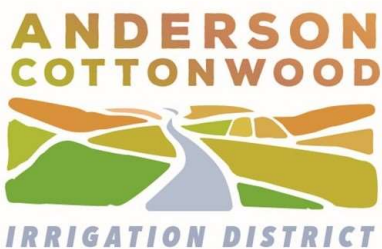


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ABBREVIATIONS and ACRONYMS

ACID..... Anderson-Cottonwood Irrigation District
AF..... Acre feet
AFY Acre feet per year
Agreement..... Drought Protection Program Agreement
CPI Consumer Price Index
CVP..... Central Valley Project
District Anderson-Cottonwood Irrigation District
DWR..... Department of Water Resources
EAGSA..... Enterprise-Anderson Groundwater Sustainability Agency
GSA..... Groundwater Sustainability Agency
GSP..... Groundwater Sustainability Plan
Report Proposition 218 Engineer's Report
Roll Assessment Roll
SGMA Sustainable Groundwater Management Act
SRSC Sacramento River Settlement Contractors
TAF Thousand acre feet
USBR United States Bureau of Reclamation

REPORT SUMMARY

The Anderson-Cottonwood Irrigation District (ACID or District) is requesting landowner approval to levy an assessment on deeded parcels within its boundary. All lands within the District share in the special benefit of being within the jurisdictional boundaries of the District and thus holding a right to water service from ACID's senior water rights. By virtue of holding this senior water right, the District must participate in securing and maintaining District water rights and invest in ongoing operations to ensure viability of the District. A result of this is a contribution towards sustainable groundwater resources by groundwater recharge. While all District parcels receive this special benefit, not all parcels currently contribute to the fixed costs of District administration, operation, and maintenance activities. Approval of an assessment to all District lands provides a mechanism for collecting revenues linked to the actual cost of providing District service and spreads the burden of funding a portion of District operations to all of those that benefit from the District.

Over the last ten years, the District budgeted to operate in a deficit (costs outweighing revenues) for nine of the years (the tenth was approximately balanced), and the budget for 2024 resulted in a nearly \$4.5 million deficit. When available, surplus water transfer revenues have been used to fund revenue shortfalls. However, while somewhat consistent, these water transfer revenues are not a reliable means to cover costs. As a result, operating losses have been common and have resulted in the District drawing on its reserves to cover costs.

Proposed District Assessment

The proposed assessment would recover a portion of District fixed expenses, or what it costs to maintain basic operations, to ensure that the District is financially viable and that all customers continue to maintain a right to water service. ***The purpose of this Report is to comply with State law, calculate the amount of special benefit received by parcels within the District, and support the implementation of an initial assessment of \$20.17 per year per acre in order to recover a portion of the District's fixed costs. Recovering a portion of the District's fixed costs (approximately 40%) in the proposed assessment will help ensure the District's financial stability and mitigate the need for substantial water service charge increases in the future.***

Assessment Estimate (40%)				
Year	Fixed Expenses	40% of Admin Expenses	Assessable Acres	Assessment Rate
2024 Budget	\$ 1,570,250	\$ 628,100.00	32,070	\$ 19.59
2026	\$ 1,617,358	\$ 646,943.00	32,070	\$ 20.17
2027	\$ 1,665,878	\$ 666,351.29	32,070	\$ 20.78
2028	\$ 1,715,855	\$ 686,341.83	32,070	\$ 21.40
2029	\$ 1,767,330	\$ 706,932.08	32,070	\$ 22.04
2030	\$ 1,820,350	\$ 728,140.05	32,070	\$ 22.70

Table 1: Maximum Assessment Rate Schedule (with 3% Annual Inflation Increase)

The proposed initial-year assessment rate of \$20.17 per acre identified in this Report is based on the 2024 budget's fixed costs with the addition of a 3% inflationary increase (see Table 1). The District operates on a calendar year basis and would bill most landowners the assessment on the Counties' Tax Rolls, which are billed and collected based on the Shasta and Tehama Counties' fiscal years. As such, the \$20.17 assessment is proposed to be billed to most customers on the 2026 fiscal year tax roll. The assessment is proposed to be escalated by an inflation factor of 3% for the fiscal years 2026 through 2030 (or for up to five consecutive years based on when the assessment is approved by voters and imposed) to mirror the expected increase in the District's annual budget. After the five-year period, the assessment will not increase unless another Proposition 218 election is passed approving a new increase. The amount charged by the District in any year can be lower than the maximum rate, but it will not exceed the maximum amount approved through this assessment. The annual assessment charge will be implemented at the discretion of the ACID Board of Directors (Board) up to the maximum rate. At least once per year, the Board will meet publicly to discuss and set the amount of the assessment for that year, not to exceed the up to amounts set forth in

Assessment Estimate (40%)				
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2030	\$ 1,820,350	\$ 728,140.05	32,070	\$ 22.70

Table 1.

The proposed assessment will help to balance the structure of charges to landowners and growers by increasing the portion of District income generated by a fixed charge (the assessment in addition to the existing property tax revenue).

District Assessment Proposition 218 Process

The assessment rate implementation proposal process is being conducted in accordance with provisions of Proposition 218, Article XIII D, Section 4 of the California Constitution, and the Proposition 218 Omnibus Implementation Act (Government Code sections 53750 et seq.). These constitutional and statutory provisions implement Proposition 218, which established mandatory procedures that local agencies must follow in order to levy certain assessments on land. Under Proposition 218 the District's landowners have direct say in the proposed assessment.

Under the Proposition 218 process, once the Board decides to propose an assessment, the District must evaluate, via an Engineering Report, whether or not the assessment is consistent with the special benefits provided by the District and to allocate the assessment to affected ACID parcels. This Engineer's Report discusses the special benefits of the District's organization and its water rights and contracts, as well as the right to water service enjoyed by every parcel within ACID.

Following the acceptance of this Engineering Report by the Board, a notice and ballot will be mailed to every record owner of land within the District's boundaries. Not less than 45 days later, the District will hold a public hearing in which all landowners affected by the proposed special benefit assessment may attend and voice their thoughts on the assessment. All ballots must be returned by the close of the public hearing. Following the close of the public hearing, the votes will be tallied in public. ***Votes will be weighted based on financial obligation. Consequently, larger acreage parcels will have more weighted votes than smaller acreage parcels. A majority of the weighted returned votes approving the proposed assessment is necessary for the District to actually implement and levy a new special assessment. If a majority of ballots returned oppose the proposed special assessment, then the District is precluded from imposing the special assessment.***

The District's public notice will identify the time and date of the District's public hearing and any potential informational workshops the District's Board may convene during the minimum 45-day waiting period.

1. PURPOSE OF THE REPORT

1.1. General

This report is prepared in accordance with State law to describe an equitable distribution of the special benefit assessments allocated to each parcel upon which such assessments will be levied. ACID currently collects revenue primarily in the form of water charges to its customers, sporadic water transfers, a small share of ad valorem property taxes collected by Tehama and Shasta Counties, and interest income revenues. The property tax revenue is a small, but consistent revenue stream regardless of dry or wet years. The current water service charge and water transfers historically account for the majority of the District's revenue. Fixed costs associated with operating the District are recovered from variable water service charge revenues and water transfers, which present significant financial challenges in water year types when the District's water supply allocation may be reduced – as seen and experienced in 2021 and even more significantly in 2022. The District now intends to implement a land-based special benefit assessment to develop a more consistent revenue stream for covering a percentage of District fixed costs in addition to helping minimize annual budget shortfalls. If approved, this assessment rate increase would begin for parcels within the District in Shasta and Tehama Counties in 2026.

1.2. Proposition 218 Requirements

In November 1996, the California voters approved Proposition 218, the “Right to Vote on Taxes Act”, which added Article XIII D to the California Constitution. Proposition 218 imposes certain requirements relative to the imposition of specified assessments, property related fees and charges, and taxes by local agencies.

Under the assessment process of Proposition 218, ACID must identify all parcels in the District that will have a “special benefit” conferred upon them for which the proposed assessments will be levied. Under Proposition 218, a “special benefit” is defined as “a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large”. Within ACID, the primary special benefits provided include securing and maintaining District water rights, the ongoing operation and ensuring viability of the District and its facilities required to provide water supplies, and contribution towards sustainable groundwater management and resources by groundwater recharge resulting from District operations and use of its surface water supplies.

In general, before a local agency can levy new or increased assessments subject to Article XIII D, Section 4 of Proposition 218, the following procedures are required:

(1) Preparation of a detailed engineer's report, prepared by a registered engineer certified by the State of California, that supports each assessment.

- (2) The record owner of each parcel identified for assessment shall be given a written notice of each assessment, including the reason for the assessment and the total amount of the proposed charges to the owner's particular parcel.
- (3) Notice to the record owner must specify the time, date, and location of the public hearing on the assessment; the notice shall also include a ballot and describe the voting procedures.
- (4) A public hearing shall be conducted, which will be held not less than 45 days after mailing the notice, to consider protests and tabulate the ballots.
- (5) Of the ballots cast and received, ballots in favor of the assessment must represent a majority of the financial obligation (weighted based on financial obligation per assessable acre) of the affected property to approve the assessments.

1.3. Revenue Objectives

In 2024, the District budgeted its operating expenses to equate to approximately \$3.35 million, while the District's water service charges, water transfers, property taxes, and various other small miscellaneous sources of revenue totaled \$2.68 million. In addition to operating expenses, the District budgeted an additional \$4.11 million for capital improvement projects, which includes canal lining, piping of a distribution lateral, miscellaneous maintenance activities, and vegetation removal along the Main Canal, among other projects. The balance of the expenses would not be fully recovered through revenues, leaving a deficit of \$4.79 million according to the 2024 budget. The District budgeted to operate in a deficit for nine of the past ten years (the tenth was approximately balanced), including 2024. Even after removing the costs of capital improvement, the 2024 budget left a deficit that reached \$675,750. As such, the District is in need of a reliable stream of revenue to keep operating, especially during dry year types when surface water allocations are curtailed, and water sales reduce revenues even further below District expenses.

While District revenues can vary significantly from year to year based on the availability of surface water supplies, the District's expenses are relatively consistent and do not vary much based on availability of water supplies. To meet the District's financial needs, a significant portion of which results from fixed costs, ACID proposes to decrease its proportional dependence on revenues from variable irrigation rates and implement a land-based assessment to generate more reliable revenue. The proposed assessment requires ACID to obtain approval of landowners holding the majority of the weighted value of deeded parcels within the District in compliance with Proposition 218.

Proposition 218 allows the District to propose an assessment to cover 100% of the special benefits provided to those acres benefitted within the District, which this report identifies as, at minimum, its fixed costs to keep the District in operation. This amounts to \$48.96 per acre based on the 2024 budget or \$50.43 per acre in 2026 after the aforementioned 3% inflationary increase. However, as a matter of policy, the District's Board of Directors has elected in this process to propose the recovery of 40% of its special benefit amounting to an initial assessment of \$20.17 per acre per year. ***Approval of this Proposition 218 election would authorize maximum annual land-based assessment rates to be implemented at the discretion of the Board of Directors. At least once per year the***

Board of Directors would meet at a public meeting to discuss the annual assessment and to receive any public comment and feedback on the imposition of the assessment for that year. The Board may elect to impose assessments at lower than the maximum in any future year without need for another Proposition 218 election.

2. DISTRICT BACKGROUND INFORMATION

2.1. General

ACID is a California Irrigation District responsible for providing irrigation water to agricultural water users within its service area. The District was formed under Division 11 of the California Water Code. ACID is governed by a five-member Board of Directors elected to four-year terms by the registered voters in five geographic divisions within the District. Each director is a resident landowner and registered voter in and represents one of five divisions in the District and is elected by voters within the District. The Directors' terms are staggered to ensure continuity of service in conducting the District's affairs.

At the direction of the Board, the General Manager develops and executes plans and provides administrative management and oversight for all District employees, functions and activities. The General Manager is supported by a team of managers, supervisors, and employees.

2.2. Location

The District includes lands within Shasta County and Tehama County within the Sacramento Valley. The District extends south from the City of Redding, in Shasta County, to northern Tehama County, encompassing the City of Anderson and the Town of Cottonwood. The District is headquartered in Anderson, California, and ACID currently encompasses approximately 32,000 acres of land. The location of the District is shown in [Figure 2-1](#).

2.3. History

Construction of ACID's Main Canal began near Redding in 1914 and was completed in 1917. The following year, the District's 1,249-foot-long concrete flume, known as the aqueduct, was built to carry water across Anderson Gulch in Anderson south to the Bowman Road area of Cottonwood in Tehama County. The District is the fourth largest (in terms of water supply) of more than 100 Sacramento River Settlement Contractors (SRSCs). The SRSCs divert water from the Sacramento River under agreements with the U.S. Bureau of Reclamation (USBR) that was critical to development and operation of the Central Valley Project (CVP). The SRSCs work with federal and State agencies to manage water resources in the Sacramento Valley for multiple beneficial uses that include water for cities, rural communities, and farms, as well as fish and wildlife and their habitats.

2.4. Water Rights and Current Operations

As of 2024, approximately 7,500 acres (approximately 24 percent) of the land within the District use District water. ACID holds valuable pre-1914 senior water rights to divert water from the Sacramento River. The District's rights are reflected in its settlement contract with USBR which recognizes the District's right to divert up to 125,000 acre-feet (AF) of water per year from April 1 through October 31. Of the 125,000 AF, 121,000 AF is considered water use under ACID's senior pre-1914 water rights, and 4,000 AF is considered purchased "project" water from CVP supply. During certain dry years this

supply may be significantly reduced. When USBR determines under the settlement contract that it is a “Shasta Critical” year, ACID’s allocation is reduced to a total of 93,750 AF (75 percent allocation). In 2022, however, USBR determined due to exceptionally dry conditions and other regulatory and legal requirements that the District and all other SRSCs were only able to utilize 18% of their respective contracted water supplies. The District, at such a low water volume, was unable to equitably distribute water to customers; consequently, the District was forced to cancel the 2022 irrigation season. To mitigate drought reduction, the District augments its surface-water supply with groundwater from its two production wells, which were recently added to ACID’s water system infrastructure.

ACID diverts water from the Sacramento River using a seasonal dam on the river in Redding. The District also operates a pump station on the river about four miles downstream from its dam to supply a lateral canal. ACID’s distribution system includes approximately 35 miles of the Main Canal, about 98 percent of which is unlined. The Main Canal flows through six inverted siphons to cross streams, such as Clear Creek, and three flume sections across smaller streams and lowland areas. If flow exceeds the canal capacity, District water overflows into several wasteways along the canal route.

The District’s surface water supply positively impacts landowners within the District boundary by creating an irrigated green belt in the area that is supported by District water either by direct irrigation or indirectly through sub surface irrigation. This green belt positively impacts lands and residences who live in the ACID service area in the following ways:

- **Fire Safety:** The large acreage of irrigated lands within the ACID boundary serves as fire breaks, and the canal also serves as a ready supply of water for firefighting if necessary. Lands within the ACID service area are more protected from the risk of wildfire than lands outside the service area.
- **Biological Resources:** The presence of ACID surface water supplies in the District service area supports diverse biological resources which are unique to this area. The historic presence of surface water through the dry summer months has allowed for unique riparian and wetland habitats to exist which otherwise would not. The resulting diverse flora has created unique habitats for many wildlife species to live and thrive.
- **Temperatures:** The lands and residences within the ACID service area experience lower ambient temperatures as a result of the surface water supplies in the District’s Main Canal, laterals and applied to irrigated pastures and crops. The proximity to the Main Canal, drainage ways, and large areas of green grass help provide lower summer temperatures.
- **Economic:** The economic vitality of many of the residents within the ACID service area greatly depends on the hundreds of farming and ranching operations which rely upon ACID water.
- **Aesthetics:** The irrigated lands create a positive visual impact for the residence of ACID due to the aesthetic appeal of irrigated agricultural landscapes, wetlands, and riparian areas unique to the area.

The District does not currently provide water for municipal and industrial uses, although its senior water rights offer the potential to allow for that in the future if the need arises.

Domestic uses within ACID are served through private and publicly owned groundwater wells. Consequently, ACID's senior water rights indirectly benefit domestic deliveries through groundwater recharge. Approximately 90 percent of ACID's water delivery customers irrigate pasture for haying or livestock; however, some orchard and other food crops are also grown. Parcel sizes in the area range from small residences to large ranches.

2.4.1. Groundwater Management

The District is a member agency and holds a voting Board seat on the Enterprise-Anderson Groundwater Sustainability Agency (EAGSA), which developed a Groundwater Sustainability Plan (GSP) under the Sustainable Groundwater Management Act (SGMA) for the Enterprise Subbasin in concert with a GSP for the Anderson Subbasin as both basins have been identified by the California Department of Water Resources (DWR) as medium-priority basins. The GSPs were developed to be protective of both groundwater levels and groundwater quality for all beneficial users and to satisfy the requirements established by the SGMA and DWR and outline the strategy by which the entities that comprise the EAGSA will maintain sustainable groundwater management through the implementation period until 2042. As such, the District plays a critical role in groundwater sustainability for the EAGSA, which has been outlined in the GSPs, including:

- Transferring up to 4,000 AF of water per year in-basin as a supplemental water supply, if needed;
- Deliveries by ACID to landowners in the Anderson Subbasin average approximately 50, 50, and 46 thousand acre-feet (TAF) for the historical, current, and projection periods, respectively,¹ and eight (8) TAF for the Enterprise Subbasin² – application of this water for irrigation is not only beneficial for sustaining agriculture, but also for providing an additional source of groundwater recharge in the Subbasins;
- Leakage from the ACID Main Canal, a primarily earth canal system, contributes approximately 20 to 43 TAF of groundwater recharge to the aquifer system under historical and projected conditions; and
- There are 2,926 domestic wells within the Enterprise Subbasin and 3,812 domestic wells within the Anderson Subbasin. Most of the public and domestic wells in the Enterprise and Anderson Subbasins are situated near and along the ACID Main Canal, which benefits the groundwater table for these wells.^{3 4}

¹ (Jacobs, 2022)

² (Jacobs, 2022)

³ (Jacobs, 2022)

⁴ (Jacobs, 2022)

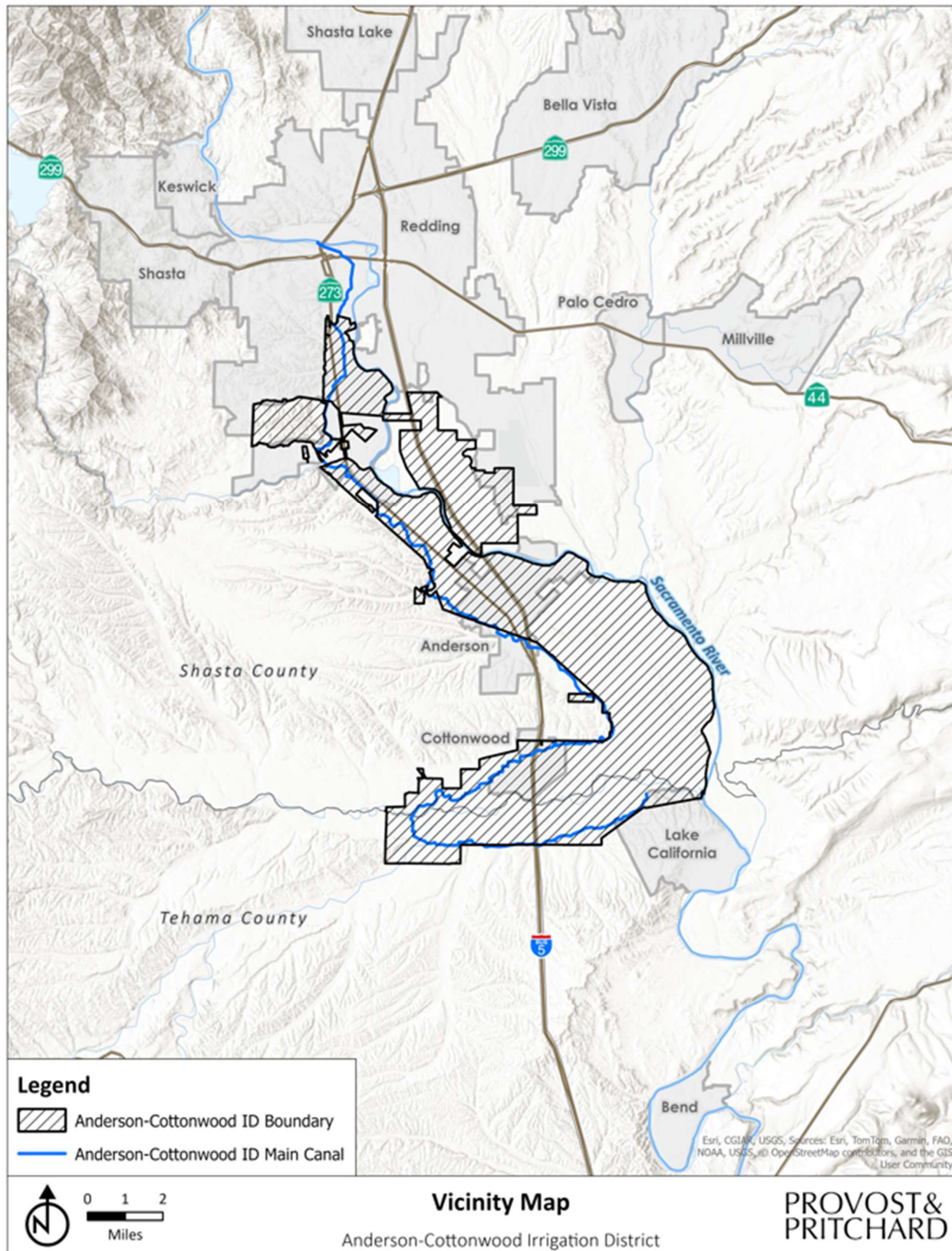


Figure 2-1: District Location Map

3. DISTRICT FINANCIAL INFORMATION

This section provides an analysis of revenues and expenses to determine the total fixed costs for the District which would be recovered, in part, via assessments.

3.1. Annual District Revenues and Expenses

Below is a description of the District's major categories of revenue and expenses. This information provides the context within which the charges to landowners currently exist and the way in which the assessment would fit within the existing budget structure. The categories of revenue and expense that are presented below are the same as those in the District's approved budgets.

3.1.1. District Revenue

Table 2 provides a summary and description of the District's significant revenue sources according to the District's 2024 approved budget.⁵

Table 2: Description of District Revenue Sources

Revenue Source Category	Description	Approximate Annual Revenue	Approximate % of total District Revenue
Water Transfers	A water transfer is a change in the way water is usually allocated among water users. The District transfers water from its settlement contract to others when the District deems it is in its best interest. ACID transfers up to 4,000 AF of its project water supply per year to purchasers, including the City of Shasta Lake, Bella Vista Water District, and the City of Redding as a supplemental water supply, if needed.	\$682,000	≈35%
Water Service Charges	Landowners and growers pay water service charges to the District for the delivery of irrigation water to farmland. Water service charges are considered a 'property-related fee' and as such, the authority to establish them is subject to the requirements of Article XIII D, Sec. 6 of the California Constitution.	\$751,500	≈29%
Interest Income	Investment income earned from the District's funds.	\$350,000	≈13%
Property Tax Revenue	The District receives property tax revenue through the Shasta County and Tehama County property taxes. This revenue is consistent year-to-year and is not impacted by whether it is a wet or dry year.	\$604,500	≈23%
2024 Estimated Total Annual Revenue		\$2.458 million	100%

As shown in **Table 2**, the District heavily depends upon its water service charges and water transfer revenues. As a result, dry years have a significant impact on the District's ability to operate as the water service revenues are reduced significantly. In 2022, a historically dry year in which the District was unable to deliver water to its customers,

⁵ The District's 2024 budget also included a \$60,000 FEMA reimbursement as revenue. This was excluded from the table as it will not be a continual source of revenue.

water service charges accounted for just \$2,452 according to the District's financial audit for the year. Also, while water transfers have been consistent in the past, they are not a guaranteed source of income for the District into the future. To ensure that the District can still operate despite future dry years and to begin to make progress on balancing the operating budget to pay the District's fixed costs, the District has elected to propose an assessment.

Since 2019, the District's projected revenue distribution has remained relatively consistent with the exception of 2023, which was in response to the historically dry year in 2022 (see [Figure 3-1](#)). While water transfers made up for the drop in water sales in 2023, this is not a reliable source of revenue as, again, 2022's water reduction was historically dramatic. Moreover, water sales and water transfers routinely account for the overwhelming majority of revenue for the District. During a future dry or critical year if water transfers were not to occur, the District would be impacted and forced to operate in a significant deficit.

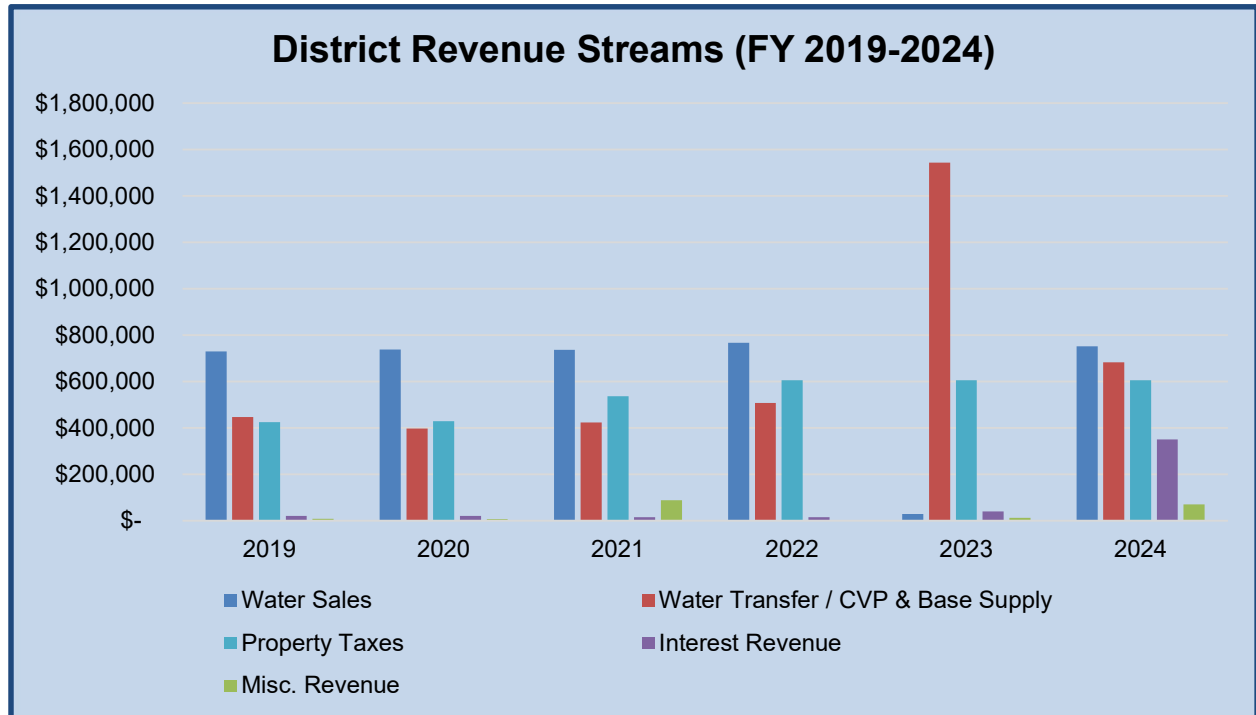


Figure 3-1: District Revenue Streams (2019-2024)

3.1.2. District Expenses

Major expenses include staffing, operations and maintenance, utilities, administration, water purchases through the CVP, property/liability insurance, and legal expenses. Costs associated with staffing for 2024 were budgeted to total about \$1.46 million, including salaries, benefits (i.e., health insurance and pension/retirement), and worker's compensation insurance. Operating expenses, or general maintenance, include supplies, chemicals (herbicides), fuel, equipment, and other items for a total of \$206,500. Canal maintenance and operations expenses comprised \$1.29 million for 2024, with CVP water purchases accounting for \$365,343 of the total. District administration costs totaled about

\$397,350. The District also budgeted \$7,600 in Sustainable Groundwater Management Act (SGMA) expenses. The total operating cost in the 2024 budget is approximately \$3.35 million (excluding capital improvements).

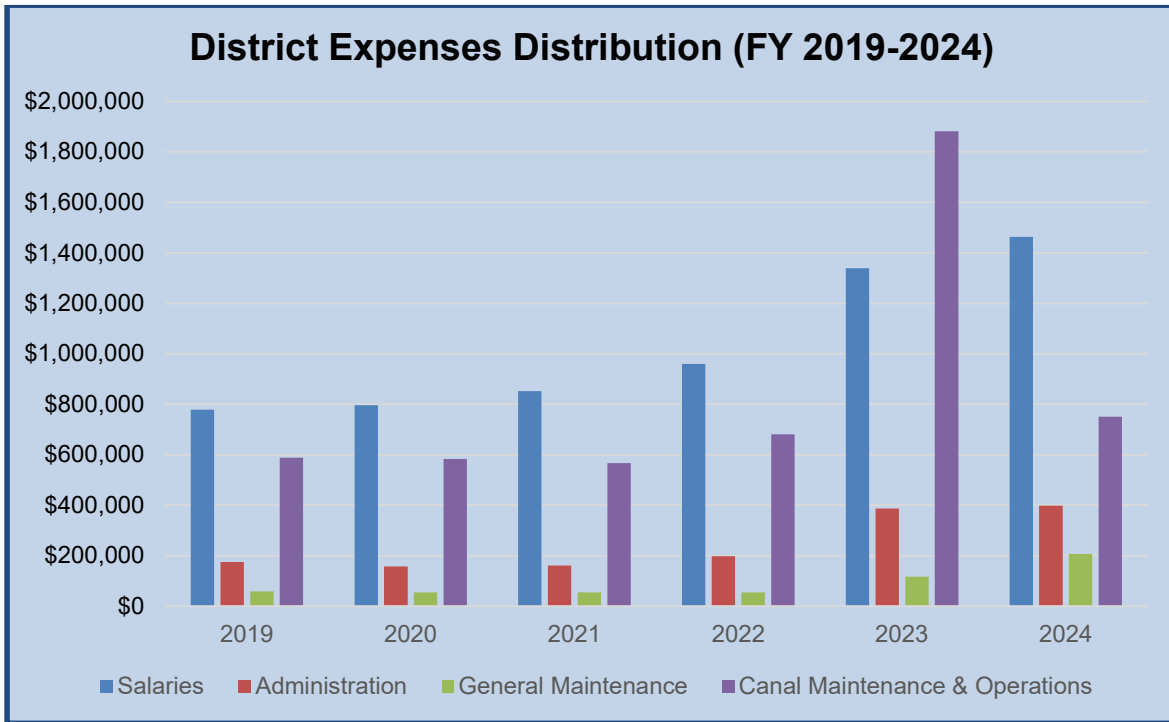


Figure 3-2: District Expenses Distribution (FY 2019-2024)

The proposed assessment, discussed in more detail in Section 5.2, has been calculated based upon the District’s fixed costs. ACID has identified its fixed costs to be \$2,174,750, which includes \$1,435,900 in salaries and benefits, \$397,350 in administration expenses, \$116,500 for general maintenance, and \$225,000 in canal maintenance and operations. As such, fixed expenses account for approximately 65% of the District’s total costs.

3.1.3. Revenue and Expense Summary

Table 3 displays the District’s total revenues and expenses from 2019 to 2024 District budgets. The chart below provides a summary of Figure 3-3. The information is derived from the District’s annual approved budgets.

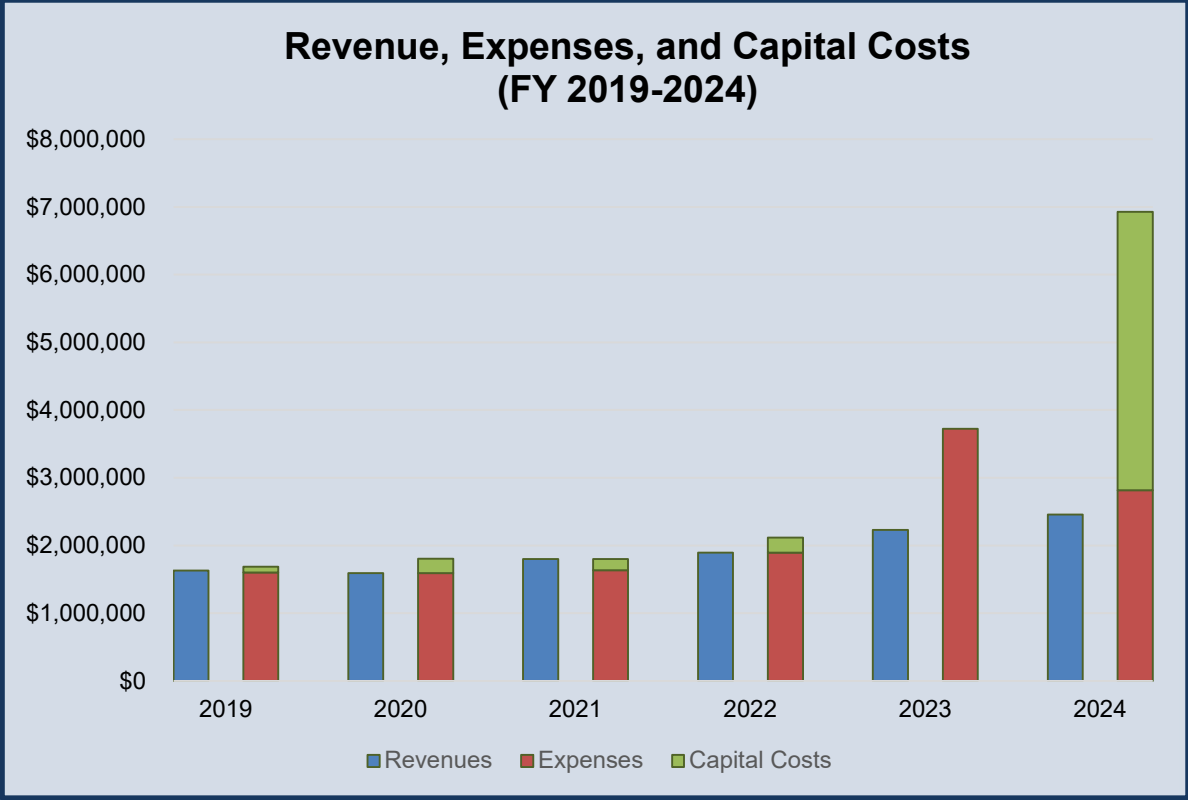


Figure 3-3: Revenue, Expenses, and Capital Costs (FY 2019-2024)

Approved District Budgets						
	2019	2020	2021	2022	2023	2024
Revenues						
General						
Water Sales / Prior Year	\$ 500	\$ 500	\$ -	\$ -	\$ -	\$ -
Water Sales / Business	\$ 10,000	\$ 10,000	\$ 8,500	\$ 77,353	\$ 8,500	\$ 8,500
Water Sales / Irrigation	\$ 718,900	\$ 726,670	\$ 728,000	\$ 688,569	\$ 20,000	\$ 743,000
Water Transfer / CVP	\$ 446,000	\$ 397,413	\$ 423,220	\$ 506,924	\$ 1,543,000	\$ 681,791
Penalty Revenue	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Surplus Equipment Sales	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Misc. Revenue	\$ 5,500	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
Drainage Revenue	\$ -	\$ -	\$ 86,078	\$ -	\$ -	\$ -
Contract/Project Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FEMA Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Sub-Total	\$ 1,182,900	\$ 1,141,583	\$ 1,247,798	\$ 1,274,846	\$ 1,583,500	\$ 1,503,291
Property Tax & Interest						
Interest Revenue	\$ 20,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ 40,000	\$ 350,000
Prop. Taxes/Shasta	\$ 399,000	\$ 399,000	\$ 494,000	\$ 558,000	\$ 558,000	\$ 558,000
Prop. Taxes/Tehama	\$ 26,000	\$ 30,000	\$ 42,500	\$ 46,500	\$ 46,500	\$ 46,500
Sub-Total	\$ 445,000	\$ 449,000	\$ 551,500	\$ 619,500	\$ 644,500	\$ 954,500
Total Revenue	\$ 1,627,900	\$ 1,590,583	\$ 1,799,298	\$ 1,894,346	\$ 2,228,000	\$ 2,457,791

Expenditures

Salaries & Benefits

Reg. Salaries (Admin)	\$ 189,330	\$ 183,500	\$ 198,350	\$ 195,311	\$ 311,750	\$ 361,500
Overtime (Admin)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirement (Admin)	\$ 13,500	\$ 10,200	\$ 6,906	\$ 14,103	\$ 17,700	\$ 16,900
Social Security (Admin)	\$ 11,620	\$ 11,400	\$ 12,120	\$ 12,109	\$ -	\$ 22,410
Workers Comp. (Admin)	\$ 670	\$ 730	\$ 760	\$ 674	\$ 1,850	\$ 1,210
U.I. Insure. (Admin)	\$ 1,390	\$ 1,350	\$ 1,302	\$ 1,302	\$ 2,000	\$ 1,750

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Medicare (Admin)	\$ 2,700	\$ 2,662	\$ 2,836	\$ 2,833	\$ 4,550	\$ 5,300
Health Insurance (Admin)	\$ 22,230	\$ 46,356	\$ 47,076	\$ 37,476	\$ 61,500	\$ 50,000
Reg. Salaries (T&D)	\$ 297,400	\$ 292,300	\$ 307,800	\$ 397,030	\$ 512,000	\$ 604,310
Dam Time	\$ -	\$ -	\$ -	\$ 6,060	\$ -	\$ -
Vehicle Allowance as Wages (T&D)	\$ -	\$ -	\$ 28,580	\$ -	\$ 36,000	\$ -
Overtime (T&D)	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 27,000
Retirement (T&D)	\$ 26,000	\$ 26,960	\$ 27,623	\$ 34,528	\$ 40,000	\$ 43,710
Social Security (T&D)	\$ 18,620	\$ 18,150	\$ 20,857	\$ 24,616	\$ 31,500	\$ 36,500
Workers Comp. (T&D)	\$ 58,300	\$ 55,000	\$ 52,181	\$ 59,519	\$ 82,000	\$ 96,000
Unemployment Ins. (T&D)	\$ 3,500	\$ 3,600	\$ 3,472	\$ 4,340	\$ 5,000	\$ 4,800
Medicare (T&D)	\$ 4,340	\$ 4,300	\$ 4,877	\$ 5,757	\$ 7,500	\$ 8,510
Health Ins. (T&D)	\$ 122,660	\$ 134,175	\$ 130,668	\$ 158,040	\$ 219,000	\$ 183,000
Sub-Total	\$ 778,260	\$ 796,683	\$ 851,408	\$ 959,698	\$ 1,338,350	\$ 1,462,900
Administration						
Vehicle Mileage	\$ -	\$ -	\$ -	\$ 28,580	\$ -	\$ -
Medical Exp./Supplies	\$ 750	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Travel / Training Expense	\$ 5,000	\$ 2,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000
Office Supplies/Expense	\$ 7,000	\$ 7,000	\$ 8,200	\$ 8,200	\$ 11,500	\$ 11,500
Office Equip. & Maintenance	\$ 2,000	\$ 1,000	\$ 2,600	\$ 2,600	\$ 2,600	\$ 1,500
Association Dues	\$ 23,000	\$ 16,500	\$ 14,200	\$ 14,200	\$ 25,000	\$ 25,000
Public Notices	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Election Expense	\$ -	\$ 2,400	\$ -	\$ 2,500	\$ -	\$ -
Legal Fees / Expense	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 50,000	\$ 80,000
SRSC Corporation	\$ 22,000	\$ 22,000	\$ 21,275	\$ 21,275	\$ 22,000	\$ 27,500
Maintenance Agreements	\$ 8,000	\$ 10,300	\$ 12,000	\$ 12,000	\$ 15,000	\$ 15,000
CV Strategies	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -
Vehicle Insurance	\$ 4,000	\$ 3,500	\$ 3,500	\$ 3,650	\$ 5,000	\$ 15,000
Management Expense Acct.	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Liability Claims	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Property/Liability Insurance	\$ 24,000	\$ 22,500	\$ 22,000	\$ 24,600	\$ 30,100	\$ 100,000
Permit Fees	\$ 10,000	\$ 10,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000

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County Taxes/Assessments	\$ 9,750	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 6,000
Consultant Services	\$ 10,000	\$ 2,500	\$ 10,000	\$ 10,000	\$ 75,000	\$ 25,000
Audit/Accounting Services	\$ 8,250	\$ 8,000	\$ 8,250	\$ 9,000	\$ 11,000	\$ 8,000
Web Site Revamp	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 1,000
EE Safety/Incentive Awards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ 16,000	\$ 15,000	\$ 15,000	\$ 18,000	\$ 20,000	\$ 25,000
Misc. Expense	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 20,000
Filing Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GIS	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 5,000	\$ 3,550
Sustainable Groundwater Management Act (SGMA)	\$ 5,000	\$ 2,500	\$ -	\$ -	\$ 7,600	\$ 7,600
Sub-Total	\$ 174,750	\$ 156,400	\$ 160,225	\$ 197,805	\$ 386,500	\$ 397,350
General Maintenance						
Fuels	\$ 26,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 40,000	\$ 80,000
Equipment Rents & Leases	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 5,000
Light Vehicles	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 10,000	\$ 15,000
Heavy Vehicles	\$ 4,000	\$ 4,000	\$ 4,000	\$ 3,000	\$ 10,000	\$ 10,000
Light Equipment	\$ 4,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 5,000	\$ 5,000
Heavy Equipment	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 10,000	\$ 10,000
Hand Tools	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal Supplies & Equipment	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500
Maintenance Supplies	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 25,000	\$ 25,000
Building Maintenance	\$ 1,500	\$ 1,500	\$ 1,500	\$ 2,500	\$ 2,000	\$ 4,000
Small Tools & Equipment	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 4,000	\$ 2,000
Engineering Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Sub-Total	\$ 58,500	\$ 54,500	\$ 54,500	\$ 54,500	\$ 116,500	\$ 206,500
Canal Maintenance & Operations						
SCADA Maintenance	\$ 5,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 10,000
Diversion Facilities Maint.	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 20,000
Contracted Services	\$ 28,800	\$ 19,000	\$ 19,000	\$ 22,000	\$ 35,000	\$ 20,000
Chemicals	\$ 24,000	\$ 13,000	\$ 13,000	\$ 2,000	\$ 15,000	\$ 30,000

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Canal Maintenance & Exp.	\$ 26,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 450,000	\$ 75,000
Pump Maintenance	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Utilities / Pumping	\$ 150,000	\$ 134,000	\$ 134,000	\$ 155,000	\$ 135,000	\$ 135,000
Water Purchases / CVP	\$ 240,000	\$ 240,000	\$ 223,000	\$ 324,984	\$ 1,120,000	\$ 365,343
Water Rights Protection	\$ 70,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 50,000
Trans/Ground Wtr. Substitution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WaterFix CEQA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
High Groundwater Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Sub-Total	\$ 587,800	\$ 583,000	\$ 566,000	\$ 680,984	\$ 1,882,000	\$ 750,343
Total Expenditures	\$ 1,599,310	\$ 1,590,583	\$ 1,632,133	\$ 1,892,987	\$ 3,723,350	\$ 2,817,093

Capital Improvement

Pumps	\$ 2,500	\$ 100,000	\$ 65,000	\$ 85,000	\$ 150,000	\$ 150,000
Trans & Distribution Plant	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ -
Equipment (Machinery)	\$ -	\$ -	\$ -	\$ -	\$ 325,000	\$ -
Auto & Trucks	\$ -	\$ -	\$ -	\$ -	\$ 175,000	\$ -
Buildings	\$ 2,500	\$ -	\$ -	\$ -	\$ 10,000	\$ 24,000
Office Furniture & Equipment	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 10,000
Yard Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Canal Lining & Pipe	\$ 80,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 350,000	\$ 3,875,000
Main Dam Improvement	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ -
SCADA Equipment	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ 50,000
Groundwater Program	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -
Total Capital Improvement Costs	\$ 85,000	\$ 215,000	\$ 165,000	\$ 225,000	\$ 1,035,000	\$ 4,110,500

Summary

Total Revenue	\$ 1,627,900	\$ 1,590,583	\$ 1,799,298	\$ 1,894,346	\$ 2,228,000	\$ 2,457,791
Total Expenditures	\$ 1,599,310	\$ 1,590,583	\$ 1,632,133	\$ 1,892,987	\$ 3,723,350	\$ 3,351,750
Capital Improvement Costs	\$ 85,000	\$ 215,000	\$ 165,000	\$ 225,000	\$ 1,035,000	\$ 4,110,500

Balance	\$ (56,410)	\$ (215,000)	\$ 2,165	\$ (223,641)	\$ (2,530,350)	\$ (4,469,802)
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Table 3: District Budgets 2019-2024

3.1.4. District 2024 Budget

The District's total costs for 2024 were budgeted at \$3.35 million. Of that total, the District's fixed costs accounted for more than \$2.17 million. Funding these costs by an assessment would allow the District to continue to operate, to preserve the valuable pre-1914 water right and associated water distribution facilities even if it did not deliver any water. At present, the District would not be able to fund a single month of fixed costs through its fixed revenues. The fixed revenue generated from the Shasta County and Tehama County property taxes in 2024 of approximately \$604,500 would be short approximately \$1.57 million of the \$2.17 million in fixed costs. A simplified version of ACID's 2024 budget is presented in **Table 4** below.

2024 Budget	
Revenues	
<i>General</i>	
Water Sales / Business	\$ 8,500
Water Sales / Irrigation	\$ 743,000
Water Transfer / CVP & Base Supply	\$ 681,791
Misc. Revenue	\$ 10,000
Sub-Total	\$ 1,443,291
<i>Property Tax & Interest</i>	
Interest Revenue	\$ 350,000
Prop. Taxes/Shasta	\$ 558,000
Prop. Taxes/Tehama	\$ 46,500
Sub-Total	\$ 954,500
Total Revenue	\$ 2,457,791
Expenditures	
Salaries & Benefits	\$ 1,462,900
Administration	\$ 397,350
General Maintenance	\$ 206,500
Canal Maintenance & Operations	\$ 750,343
Total Expenditures	\$ 2,817,093
Summary	
Total Revenue	\$ 2,457,791
Total Expenditures	\$ 2,817,093
Balance	\$ (359,302)

Table 4: 2024 Budget

The District identified its fixed costs as approximately \$2.17 million (see [Table 3](#) for the detailed budget item breakdown). This includes the entirety of its salaries and benefits subsection excluding overtime and its administration subsection. The general maintenance subsection decreased fuel costs by half and removed engineering services. This is a result of the District requiring less fuel due to the anticipation of fewer maintenance trips during a dry year as well as the likelihood of any engineering services for projects being put on hold barring emergency project needs. Finally, the canal maintenance and operations subsection does not include SCADA, utility/pumping, CVP purchases, or high groundwater expenses. The District's property tax revenues were then subtracted from the total fixed costs as ACID would still receive property tax income on a consistent, year-to-year basis. This left the balance to be approximately \$1.57 million ([Table 5](#)), which served as the basis for identifying the assessment charge.

2024 Projected Fixed Costs	
Expenditures	
Salaries & Benefits	\$ 1,435,900
Administration	\$ 397,350
General Maintenance	\$ 116,500
Canal Maintenance & Operations	\$ 225,000
Total Expenditures	\$ 2,174,750
Consistent, Non-Water Related Revenues	
Prop. Taxes/Shasta	\$ 558,000
Prop. Taxes/Tehama	\$ 46,500
Total Revenue	\$ 604,500
Summary	
Total Expenditures	\$ 2,174,750
Total Revenue	\$ 604,500
Balance (Assessment Total)	\$ (1,570,250)

[Table 5: 2024 Projected Fixed Costs](#)

3.1.5. Drought Protection Program Agreement

In January 2025, ACID entered into the Drought Protection Program Agreement (Agreement) between the Sacramento River Settlement Contractors Nonprofit Mutual Benefit Corporation, Individual Sacramento River Settlement Contractors (SRSCs), and the U.S. Bureau of Reclamation. The Agreement is a series of actions and investments that will lead to improved surface water reliability in future years to benefit ACID's landowners and avoid a repeat of the economic and environmental devastation of 2022. The term of the Agreement is 20 years, broken into two separate ten-year phases. For phase 1, in certain extreme dry years, the SRSCs, including ACID, would reduce river diversions an additional up to 25%, resulting in an allocation of approximately 50% of normal supplies. In phase 2, the additional reduction in the same extreme dry years would be approximately 5%, resulting in an allocation of 70% of normal supplies. In exchange, the SRSCs received a total of \$250 million. ACID's share is approximately \$14,214,345.

The Agreement stipulates that over 50% of the funding must be used for “drought resiliency projects” while the remainder of the funds may be utilized for any lawful SRSCs purpose.

ACID's execution of the Agreement, and receipt of over \$14 million, does not alter the special benefits analysis contained in this Engineer's Report. However, ACID notes, if the proposed assessment is approved by voters, then the availability and use of these funds would be considered at least once annually by the ACID Board of Directors when deciding whether to assess in an amount potentially lower than the maximum amounts permitted.

4. BENEFITS DETERMINATION

4.1. General

Proposition 218 makes a distinction between general and special benefits provided by a project or service. A general benefit is defined as something that benefits the general public, such as public libraries or emergency service. A special benefit is defined as a particular benefit to land and buildings that is different than the general benefits received by those not charged the assessment. ***ACID provides certain special benefits to every parcel within the District, including the District's organization and its water rights and contracts, as well as the right of all lands within the District to water service. The District's senior water right affords all landowners within the District with a right to service and delivery of surface water and enables landowners and their tenants to irrigate their lands. Additionally, District surface water supplies recharge groundwater underlying the District service area directly through seepage in District conveyance facilities and indirectly through on-farm deliveries, which specially benefits all landowners within the District by maintaining sustainable groundwater supplies for pumping and use in all hydrologic year types. These services do not accrue to the public at large and are not considered general benefits.***

This Engineer's Report proposes the implementation of annual special benefit assessments. Therefore, this Report must identify all parcels that will have a special benefit conferred upon them and upon which the recommended assessment will be imposed, if adopted.

The new assessment proposed by the Board is designed to achieve and maintain equity between all landowners and residents within the District who actively use or have a right to use the District's surface water deliveries and who enjoy, in whole or in part, the benefits and availability of groundwater replenishment made possible by District surface water service. The District's objective, which is paramount in making water supplies available to landowners in its service area, is to preserve its valuable senior water right and to maintain and operate the water distribution system in an equitable manner and at a reasonable cost to its landowners.

4.2. Determination of Benefits

The purpose of this section is to identify the benefits each parcel receives within the District in relation to each other. Proposition 218 at Article XIID, section 4, of the California Constitution specifies that assessments may not "exceed the reasonable cost of the proportional special benefit conferred on that parcel". Where appropriate, the District is entitled to levy assessments of different values on different classes of land to better reflect the proportional special benefits those classes of land receive from the assessments pursuant to Proposition 218. For the activities covered in this Engineer's Report, however, the special benefits accrue equally to all assessable parcels because they are entitled to a right to District water service for beneficial use and benefit from sustainable groundwater conditions and groundwater recharge due to the District's senior surface water rights and water delivery and use. Thus, all assessable acres share in the

same special benefits in proportion to the acreage of each parcel proposed to be assessed.

This section details the special benefits that are to be attributed to parcels throughout the District if the proposed assessments are approved. In total, the District includes 32,070 assessable acres.

Benefit of District's Existence – Senior Water Rights

There is a special benefit that is conferred upon all of the parcels that fall within the District's boundary. The District was formed to acquire and maintain its senior pre-1914 water right and to hold that right in trust for the benefit of all District landowners and residents. The current allowed place of use for delivery of water under the District's water right includes all lands within the jurisdictional boundaries of the District and exists regardless of whether the lands are a current active customer or not. This benefit includes the value of the District's operations to reasonably and beneficially utilize the water right and distribute it to lands within the District. The benefit of providing a water supply to properties within the District ties to the original water right secured along the Sacramento River acquired by the District shortly after it was formed. ACID holds in trust for all District landowners' and residents' senior, pre-1914 appropriative water rights and potential claims for riparian water rights. Water rights are based on a priority system where seniority is determined by the type and age of right. When there is only enough water for some water users, the State Water Resources Control Board curtails junior right holders before more senior right holders.⁶

If the District had not been organized, and if the District had not continued to utilize those rights through the continuous operation and maintenance of its facilities, then these rights today would not be capable of being utilized by landowners and residents within the District boundaries. If the District did not exist, landowners who now receive surface water supplies may not be farming in this area and other landowners that have the right of use to the District's water may not have the potential for water service.

Benefit of the District's Surface Water Supplies

There is a special benefit that is conferred upon all the parcels that fall within the District's boundary related to the District's surface water supplies. This benefit includes the value of the District's distribution system and infrastructure, ability of the District to convey and deliver surface water throughout the District's service area, and the positive impact of ACID surface water supplies on regional groundwater sustainability. Landowners within the District have a right of use to ACID's surface supplies, but there is also significant groundwater use within the District boundary for municipal, industrial, agricultural, and small domestic users. In addition to the irrigation of agricultural crops, ACID's surface water supplies also contribute significantly to maintaining sustainable groundwater levels in the Anderson and Enterprise subbasins. It is estimated that, in a normal water year, ACID contributes up to 89,000 acre-feet of groundwater recharge through leakage from earthen canals and from irrigation deliveries to landowners. Without the District's surface supplies, groundwater use would continue and likely increase leading to declining

⁶ (California State Water Resources Control Board, 2022)

groundwater levels and possibly resulting in a State mandated reduction in groundwater pumping. While a particular parcel may not be irrigated by surface water in a given year or may not directly pump groundwater, groundwater is potentially available to all land within the District, and the groundwater resources are shared by all. All landowners are affected if the groundwater resources in the area are not sustainable and decline. For instance, the City of Redding, the City of Anderson, the community of Cottonwood, and hundreds of domestic wells within ACID's boundary all rely on groundwater for their water supply.⁷ These domestic and municipal groundwater users benefit significantly from ACID's surface water supplies which recharge the Anderson and Enterprise aquifers.

⁷ The City of Anderson's water supply is provided via ten groundwater wells that draw water from the Anderson Subbasin (City of Anderson, 2024). The City of Redding relies on 16 wells located in the southeast and southwest areas of Redding (City of Redding, 2024). Finally, the community of Cottonwood depends on five wells in its system as their only water supply (State Water Resources Control Board).

5. PROPOSAL TO INCREASE ASSESSMENTS

Due to the budget shortfalls and the need for a reliable revenue source to cover a portion of the District's fixed costs, the Board has determined the best course of action to stabilize and sustain District finances is to propose an assessment as set forth in this Engineer's Report. This is particularly important given impacts associated with climate change and the likelihood for more dry years in the future, a highly volatile regulatory and legal environment associated with Sacramento River water operations, and the State of California's continued emphasis on water conservation. ***Therefore, the District proposes and assuming landowner approval intends on implementing a land-based assessment.*** This section lays out the District's proposed plans for addressing the necessary assessment associated with this effort.

5.1. General

Based on the special benefits provided by the District, the District proposes to implement an assessment on all lands within the District. Unlike many other water districts throughout California, the District has not had an assessment charge and, as a result, has not collected any revenue from assessments. This is despite the fact the District's fixed expenses were budgeted to surpass \$1.57 million, after subtracting \$604,500 in revenue from property taxes for both Shasta and Tehama Counties, in 2024.⁸

5.2. Assessment Structure

To fund a portion of fixed costs, the District is proposing to impose land-based assessments on owners of land within the District. The proposed maximum assessment charge is dedicated to paying a portion of fixed costs. In 2026, if approved, the assessment would collect an additional \$646,943 to be used to recover fixed expenses. The assessment would include an inflation factor of 3% per year for the following four years through 2030. Whether the assessment is raised to match the annual maximum rate would be determined annually at least one public meeting and at the discretion of the Board. The following table shows the maximum proposed assessment rate equal to 40% of the District's fixed costs over the next five years.

⁸ The amount of \$1.57 million includes the subtraction of \$604,500 in property tax revenue.

Assessment Estimate (40%)				
Year	Fixed Expenses	40% of Admin Expenses	Assessable Acres	Assessment Rate
2024 Budget	\$ 1,570,250	\$ 628,100.00	32,070	\$ 19.59
2026	\$ 1,617,358	\$ 646,943.00	32,070	\$ 20.17
2027	\$ 1,665,878	\$ 666,351.29	32,070	\$ 20.78
2028	\$ 1,715,855	\$ 686,341.83	32,070	\$ 21.40
2029	\$ 1,767,330	\$ 706,932.08	32,070	\$ 22.04
2030	\$ 1,820,350	\$ 728,140.05	32,070	\$ 22.70

Table 6: Maximum Assessment Rate Schedule (with 3% Annual Inflation Increase)

5.3. Proposed Assessment Roll

Appendix A shows the proposed ACID Assessment Roll (Roll), which would serve as the basis for providing notice to each landowner in the District. The notice of assessment will identify each landowner, the parcels they own as reflected in District records, the assessable acreage, and the proposed assessment for each parcel. The parcels subject to assessment are shown in Figure 5-1.

The Roll also documents the weighted voting for the proposed assessment. Voting is directly related to the maximum annual assessment rate per acre multiplied by the acreage of each parcel as determined by the Shasta County and Tehama County Assessors; the votes (maximum annual assessment) are shown for each parcel. Thus, the voting is based on the proposed assessment for each parcel as a proportionate share of the total. For this proposed special benefit assessment to pass, a majority vote of ballots received from landowners (50% plus one or better) is required. The votes are weighted by the proposed assessment, meaning properties that are proposed to pay more because of a larger acreage size would have a greater weighted vote compared to smaller parcels.

5.4. Proportionality of Special Benefit

Section 4(a) of Article XIII D of the California Constitution specifies that assessments may not “exceed the reasonable cost of the proportional special benefit conferred on that parcel.” Without the water supplies, facilities, and operations of the District, it is likely that the benefitted parcels would not be able to be used for commercial-scale agriculture or any agricultural operations would be constrained by water availability problems and significantly increased water costs, making the land less valuable. In addition, without the District’s retention and utilization of its senior water right, groundwater conditions within the District and the recharge attributable to District operations would not exist. Since these special benefits accrue equally across all parcels within the District’s boundaries, it has been determined by this Report that there is no varying special benefit among assessable parcels within the District.

5.5. Conclusion

The primary objectives of the Board are to ensure that the District's necessary expenditures can be covered by a stable revenue stream and that costs are recovered in a fair and equitable manner among the benefitted landowners in the District. Based on those objectives, the District proposes to implement assessments to assist in covering projected expenses in 2026 and future years. Additionally, it is the goal of the Board to recover at least a portion of the fixed costs of operating the District without relying on revenues generated by intermittent and unreliable outside water sales. Approval of the proposed assessment will contribute to the District sustainably maintaining its senior water rights as well as delivering surface water supplies to District landowners and water users. As such, the Engineer's Report concludes that this assessment provides an equitable and special benefit to the affected properties.

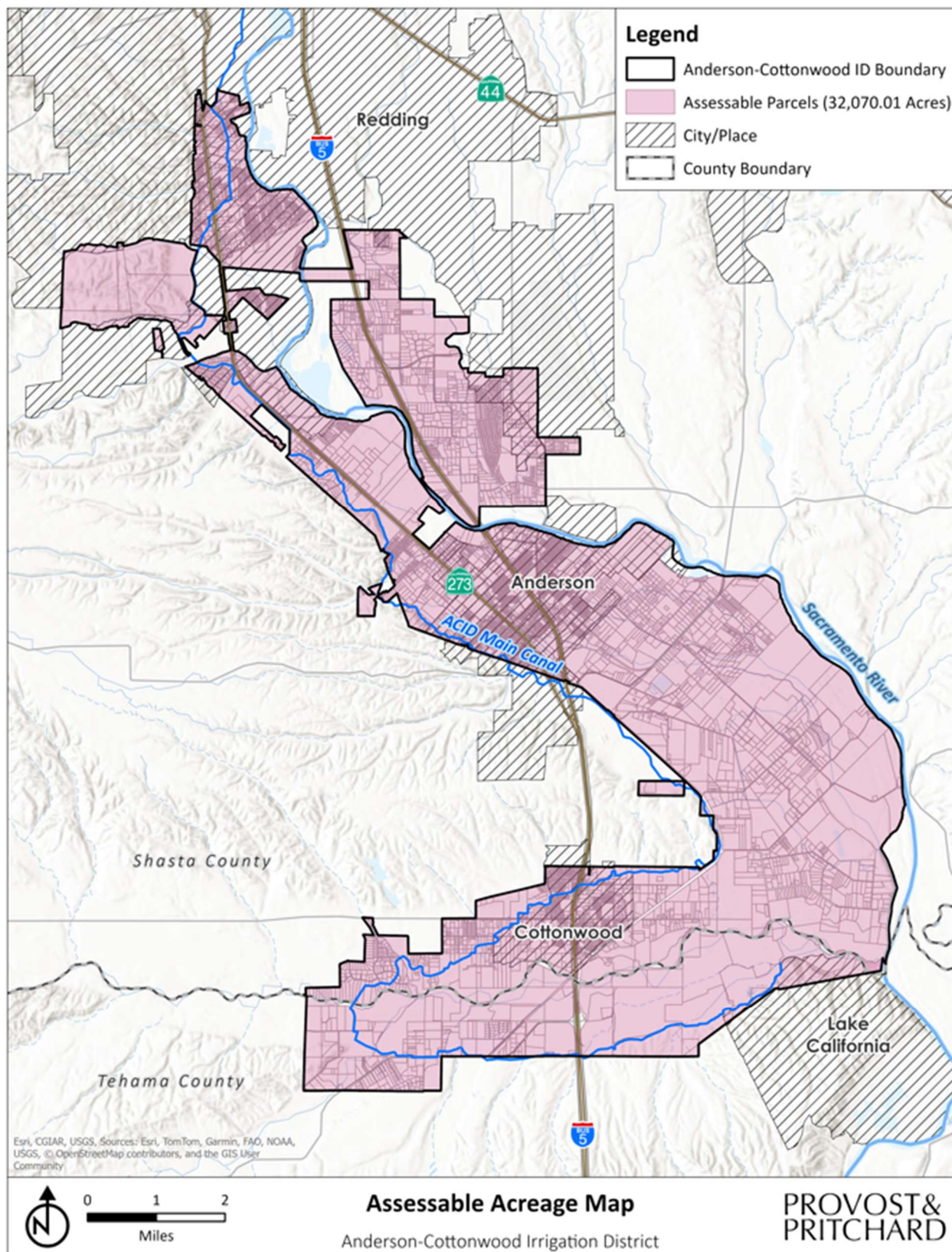


Figure 5-1: District Assessable Acreage Map

6. IMPLEMENTATION PROCEDURES

It is the Engineer's professional opinion that the proposed assessment structure offers an equitable procedure for ACID to generate revenues for its continued operations. The District intends to proceed with an election process complying with the applicable provisions of Article XIII D, section 4, of the California Constitution to allow for the levy and collection of a land-based assessment.

The Board will be asked to approve and accept the Engineer's Report and initiate the Proposition 218 assessment process by mailing notices and ballots to all affected landowners and setting a public hearing to be scheduled not less than 45 days after mailing the notice and ballot to receive landowner feedback and tabulate ballots. While not required by Proposition 218, the Board may elect to conduct public workshops to discuss the proposed assessment and answer questions from landowners and stakeholders prior to the public hearing.

At the public hearing, the District Board will hear all landowner comments and questions, take into consideration any objections to the proposed assessment. Ballots may be cast or withdrawn at any time prior to the close of the public hearing. Once the public hearing is closed all ballots will be opened and counted in public. ***A majority vote approval of the weighted ballots received is necessary for the District to approve and implement the assessments in accordance with the Maximum Assessment Rate Schedule for all assessable parcels within the boundaries of the District.*** If a majority vote supports the proposal, the District Board will have the authority to determine and implement the amount of each annual assessment at its discretion, not to exceed the annual Maximum Assessment Rate.

7. REFERENCES

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Appendix

Appendix A
Assessment Roll for ACID