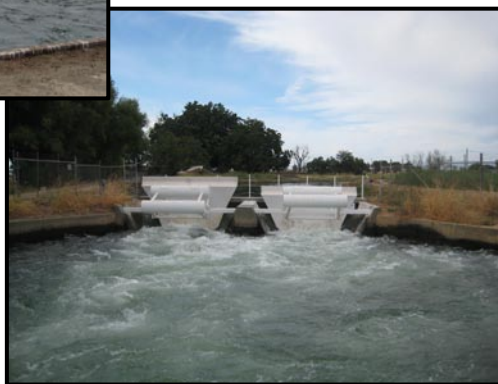


**FINAL
MUNICIPAL SERVICE REVIEW UPDATE
AND SPHERE OF INFLUENCE PLAN
FOR THE
BUTTE WATER DISTRICT**

ADOPTED SEPTEMBER 2, 2010



**PREPARED BY THE
BUTTE LOCAL AGENCY FORMATION COMMISSION**

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1.0 INTRODUCTION

1.1 LAFCO

Established in 1963, Local Agency Formation Commissions (LAFCO) are responsible for administering California Government Code Section 56000 *et. seq.*, which is known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). CKH charges LAFCOs with encouraging the orderly formation and development of all local governmental agencies in their respective counties in a manner that preserves agricultural and open-space lands, promotes the efficient extension of municipal services, and prevents urban sprawl. Principle duties include regulating boundary changes through annexations or detachments, approving or disapproving city incorporations; and forming, consolidating, or dissolving special districts. There is a LAFCO located in each of the 58 counties in California.

1.2 BUTTE LAFCO POLICIES AND CRITERIA FOR ANNEXATION

Under the CKH Act, LAFCOs are required to “develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote logical and orderly development of areas within the sphere” (Section 56425, CKH). A Sphere of Influence (SOI) is generally considered a 20-year, long-range planning tool, and is defined by Government Code Section 56425 as “. . . a plan for the probable physical boundary and service area of a local agency or municipality” According to the CKH Act, LAFCOs are required to review and update SOIs as necessary, but no less than once every five years.

Pursuant to Butte LAFCO’s Operations Manual Policies and Procedures (Revised May 6, 2010), the Sphere of Influence Plans for all government agencies within LAFCO’s jurisdiction shall contain the following:

1. A map defining the probable 20-year boundary of its service area delineated by near-term (<10 years) and long-term (>10 years) increments and coordinated with the Municipal Service Review.
2. Maps and explanatory text delineating the present land uses in the area, including, without limitation, improved and unimproved parcels; actual commercial, industrial, and residential uses; agricultural and open space lands; and the proposed future land uses in the area.
3. The present and probable need for public facilities and services in the sphere area. The discussion should include consideration of the need for all types of major facilities, not just those provided by the agency.
4. The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide.
5. Identification of any relevant social or economic communities of interest in the area.
6. Existing population and projected population at build-out of the near- and long-term spheres of the agency.
7. A Municipal Service Review.

1.3 MUNICIPAL SERVICE REVIEWS

The Cortese-Knox-Hertzberg Act requires that a Municipal Service Review (MSR) be conducted prior to, or in conjunction with, the update of an SOI. An MSR is a comprehensive analysis of service provision by each of the special districts, cities, and the unincorporated county service areas within the legislative authority of the LAFCO. It essentially evaluates the capability of a jurisdiction to serve its existing residents and future development in its SOI. The legislative authority for conducting MSRs is provided in Section 56430 of the CKH Act, which states “. . . in order to prepare and to update Spheres of Influence in accordance with Section 56425, LAFCOs are required to conduct a MSR of the municipal services provided in the County or other appropriate designated area”

To assist in conducting an MSR, the State Office of Planning and Research developed guidelines that advise on information gathering, analysis, and organization of the study. In order to update an SOI, the associated MSR must have written determinations that address the following legislative factors:

1. Growth and population projections for the affected area.
2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
3. Financial ability of agencies to provide services.
4. Status of, and opportunities for, shared facilities.
5. Accountability for community service needs, including governmental structure and operational efficiencies.
6. Any other matter related to effective or efficient service delivery, as required by commission policy.

These determinations, which range from infrastructure needs or deficiencies to government structure options, must be adopted by the Commission before, or concurrently with, the sphere review of the subject agency.

The Irrigation, Drainage, and Reclamation Service Providers Municipal Service Review was adopted by Butte LAFCo in 2007 (Resolution No. 20 2006/07), which included a review of the Butte Water District. That MSR examined the services provided by the District and the information in the MSR provides baseline information for the SOI study. However, some of the information in the 2007 MSR is already dated. Thus, additional information from the District has been collected and various other land planning documents have been reviewed, including land use zoning maps and the Draft Butte County General Plan 2030, in order to provide the most current and accurate information available. To provide for a more coordinated process, the MSR Chapter for the Butte Water District has been updated and included as Section 3.1 of this document, and will be re-adopted as a part of this SOI Plan process.

1.4 SPHERE OF INFLUENCE PLAN UPDATE PROCESS

Butte LAFCO is now in the process of updating the current SOI Plan for the Butte Water District (BWD or District). The original, and only, SOI study prepared for Butte County special districts was completed in 1985.¹ This document addresses the SOI update for the Butte Water District. BWD encompasses approximately 31,330 acres in Butte and Sutter Counties. The District is proposing to add seven parcels and adjacent road right-of-ways totaling approximately 688 acres to their Sphere of Influence and then annex those parcels into their district boundaries. Staff proposes to add two additional parcels to the District's SOI to provide for orderly and logical SOI boundaries. All of the territory proposed to be added to the District's SOI is located within Sutter County. Butte LAFCo, as the principal LAFCo, is responsible for all changes to the District's SOI in Sutter County.

There are numerous factors to consider in reviewing an SOI Plan, including current and anticipated land uses, facilities, and services, as well as any relevant communities of interest. Updates generally involve a comprehensive review of the entire SOI Plan, including boundary and SOI maps and the District's MSR. In reviewing an agency's sphere, the Commission is required to consider and prepare written statements addressing four factors enumerated under California Government Code Section 56425(e). These factors are identified below.

- The present and planned land uses in the area, including agricultural and open-space lands.
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

In addition, when reviewing a sphere for an existing special district, the Commission must also do the following:

- Require the existing district to file a written statement with the Commission specifying the functions or classes of services it provides.
- Establish the nature, location, and extent of any functions or classes of services provided by the existing district.

1.5 CALIFORNIA ENVIRONMENTAL QUALITY ACT

Sphere of Influence Studies are subject to environmental review under the California Environmental Quality Act (CEQA) and a Negative Declaration was prepared and adopted by the Butte Water District for the SOI amendment and annexation. As indicated above, an SOI is a long-range planning tool that analyzes the physical boundary of a local agency or jurisdiction, and the present and probable need for services within that area. As such, it does not give

¹ Gridley-Biggs Area Sphere of Influence Study – Butte County Local Agency Commission. March 1985

property inside the sphere boundary any more development rights than already exist. Ultimately, an SOI study assists LAFCO in making decisions about a jurisdiction's future boundary. The sphere indicates the logical area in which the District anticipates services will be utilized.

The MSR Update is categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." This MSR collects data for the purpose of evaluating municipal services provided by the agency. There is no land use change or environmental impact created by such a study.

2.0 DISTRICT DATA SHEET

DATA SHEET BUTTE WATER DISTRICT

Contact: Mark Orme
Address: 735 Virginia Street, Gridley, CA 95948

Title: General Manager
Phone: (530) 846-3100

GOVERNING BOARD

Butte Water District Board of Directors, consisting of five members elected at large who serve four year terms.

Board Meeting Location: 735 Virginia Street, Gridley, CA 95948

Normal Board Meeting Date: Second Wednesday of each month

FORMATION INFORMATION

Date of Formation: July 1956

MAPPING

GIS Date: August 1, 2010

PURPOSE

1. Enabling Legislation: California Water Code, Division 13, §20200 *et seq.*
2. Empowered Services: Agricultural irrigation water.
3. Provided Services: Agricultural irrigation water.

AREA SERVED (Butte & Sutter Counties)

1. Parcels: 3,028 (2,160 in Butte County, 868 in Sutter County)
2. Supervisorial Districts:
4 (Butte County)
1 (Sutter County)
3. Acreage: 31,330 acres (18,865 acres in Butte County, 12,465 acres in Sutter County)
4. Estimated Population: 6,120
5. Location Description: Southwest Butte County and Northeast Sutter County
6. Sphere of Influence: 33,092 acres

FINANCIAL INFORMATION

Annual (2010) Expenditures: \$587,635

Annual (2010) Revenues: \$540,650

Source of Revenues: Service fees, interest, standby charges, water transfers

Water Rates (2010): \$25.00 to \$36.00 per acre (varies by crop being irrigated)

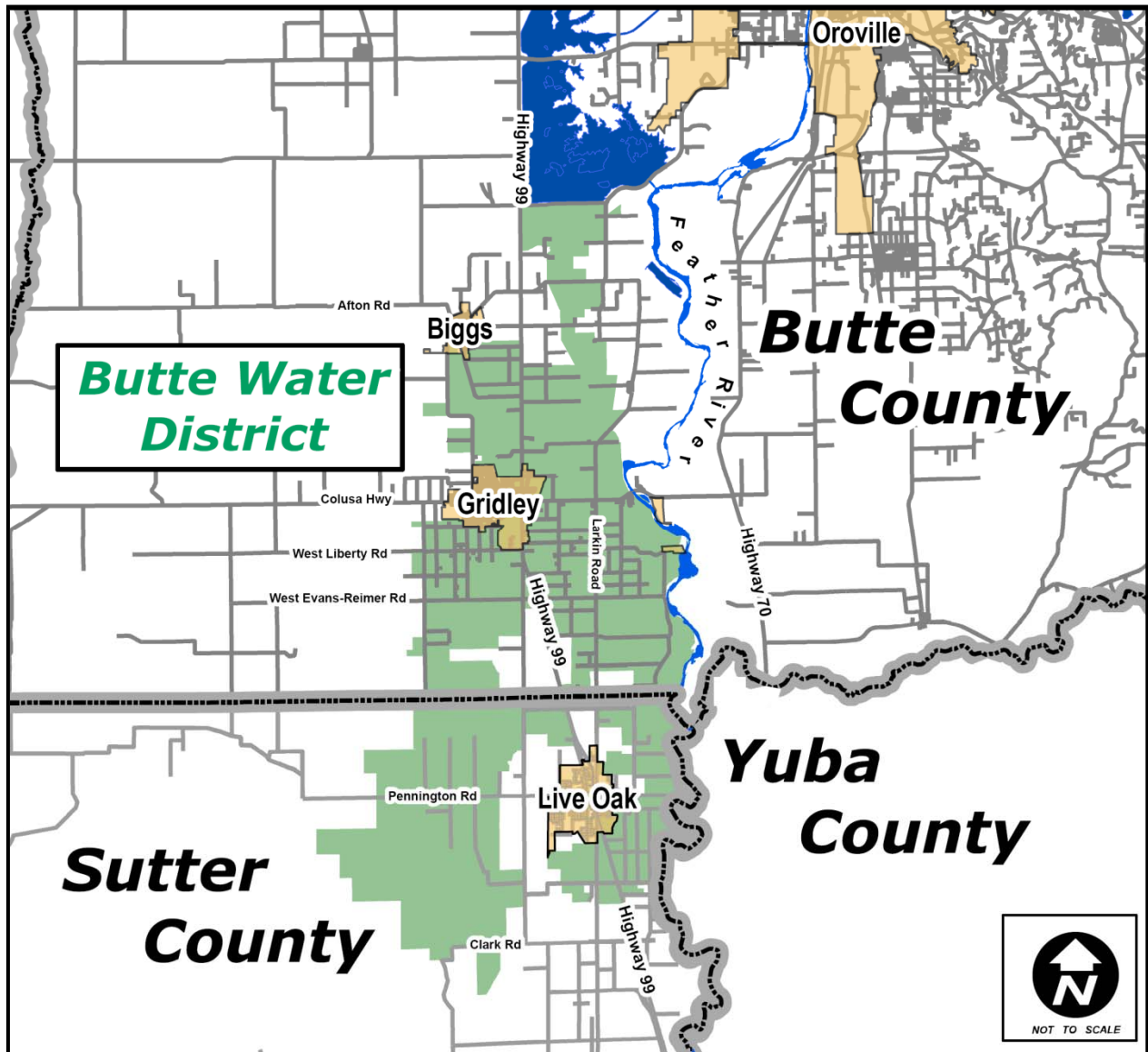
NOTES

Number of Customers: 650

Number of Irrigation Water Outlets: 1,400

Number of Employees: 8 full-time

Figure 2-1 Butte Water District Location Map



3.0 UPDATE TO THE 2007 MUNICIPAL SERVICE REVIEW OF IRRIGATION, DRAINAGE, AND RECLAMATION SERVICE PROVIDERS - BUTTE WATER DISTRICT CHAPTER

The Irrigation, Drainage, and Reclamation Service Providers Municipal Service Review, adopted by Butte LAFCO in 2007, and which included a review of the Butte Water District, provides the background and general analysis upon which this SOI Plan is based. Because a number of years have passed since the MSR was prepared, some of the information has become outdated. As part of the SOI study process, the MSR chapter for Butte Water District has been updated as follows in Section 3.1 to ensure that the Commission has the most current information for considerations regarding the appropriate SOI for the District. The MSR provided in this document supersedes the Butte Water District section found in the 2007 MSR.

BUTTE WATER DISTRICT

3.1 *Butte and Sutter Counties Irrigation Regional Setting*

The Butte County Agricultural Commissioner's Office estimated the County's agricultural production value in 2008 was \$579,928,000². The Sutter County Agricultural Commissioner's Office estimated the County's agricultural production value in 2009 was \$475,691,100³. Rice, almond, and walnut crops contributed significantly to the total value. The *Butte County Water Inventory and Analysis* (2001) characterizes current agricultural demand in the County in average and dry water years. The report estimates water demand using DWR's 1997 land-use data, Agricultural Commissioner Reports, and discussions with land owners and water purveyors regarding irrigated crop acreage and irrigation requirements.

The Butte County Department of Water and Resource Conservation prepared an *Agricultural Water Demand Forecast* (2003) as part of their *Integrated Watershed and Resource Conservation Plan* (2004). The report indicates that the total agricultural demand in the County is about 1 million acre-feet in a normal water year and 1.1 million acre-feet in a drought year, or about 70 percent and 73 percent of total County water demand, respectively. Butte County has about 230,500 acres of irrigated crop land in a fully cropped, normal year. Rice accounts for about 110,000 acres, or 48 percent of total irrigated acreage. Rice requires approximately 5.5 acre-feet applied water per acre. Other major crops in the County include grain, orchards, and pasture. Orchard crops require an average of 3.6 acre-feet applied water per acre. Butte County has an adequate supply of surface water and groundwater to meet current agricultural demands (*Agricultural Water Demand Forecast Technical Memorandum*, 2003).

Future agricultural water demand will vary from current demand because of changes in economic, land use, and hydrologic conditions. Recent trends show agricultural land conversion for urban and environmental uses, resulting in less irrigated crop land in production. Cities with potential agricultural land conversions in Butte County include Chico, Oroville, Gridley and Biggs, and in Sutter County the Cities of Yuba City and Live Oak. In addition to urban development, local governments and land trusts in Butte County are purchasing permanent agricultural conservation easements.

Within Butte County there are six special districts that provide agricultural irrigation water, which include:

- Biggs-West Gridley Water District
- Butte Water District
- Ramirez Water District
- Richvale Irrigation District
- South Feather Water and Power Agency
- Western Canal Water District

² County of Butte. Agricultural Commissioner's Office. 2008 Butte County Agricultural Crop Report

³ County of Sutter. Agricultural Commissioner's Office. 2009 Crop Report

The Ramirez Water District is a multi-county district that extends into Yuba County. Approximately 690 acres of the Ramirez Water District are located in Butte County and the majority of land value in this district is in Yuba County. The Yuba LAFCo is the principal LAFCo for any boundary changes to the Ramirez Water District.

In addition to the six special districts, the Durham Mutual Water Company, which is a private company that is not subject to LAFCo statutes, provides agricultural irrigation water to the Durham area.

Within Sutter County there are seventeen entities, six of which are special districts, that provide agricultural irrigation water. In the northern portion of Sutter County, the special districts that provide agricultural irrigation water include:

- Biggs-West Gridley Water District
- Butte Water District
- Sutter Extension Water District

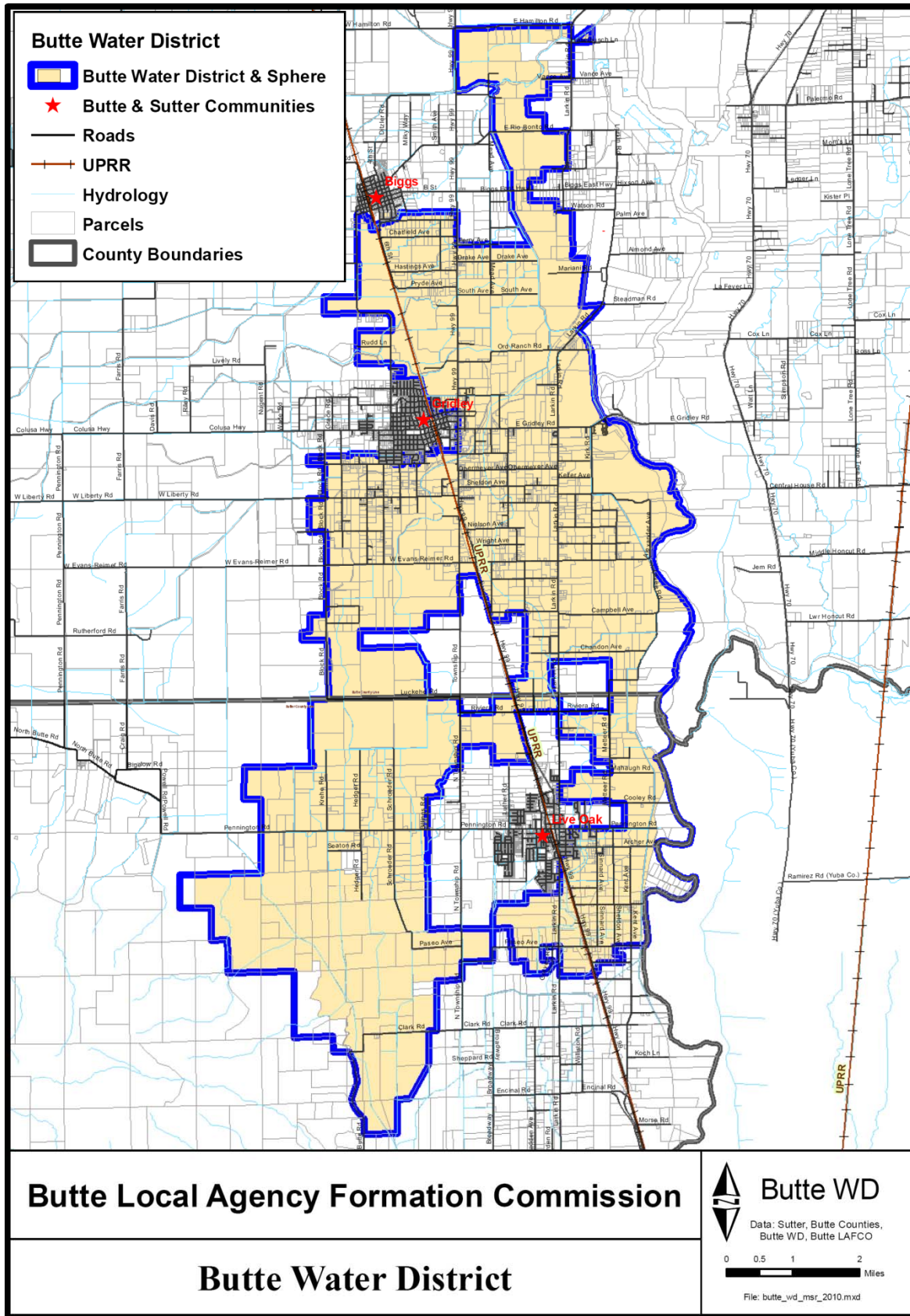
3.2 DISTRICT CHARACTERISTICS

The Butte Water District (BWD/District), which is an independent special district, is located directly south of the Thermalito Afterbay and borders the Feather River on the east side (Figure 3-1) and extends southward into Sutter County south of the Live Oak area. Established in 1956, the District was formed primarily to provide irrigation water for farms in the Gridley and East Biggs area. The District now consists of a total of approximately 31,300 acres - 18,865 acres in Butte County and approximately 12,465 acres in Sutter County. Parcels within the District are located in the unincorporated areas of both counties, and in the incorporated limits of the Cities of Biggs (9 parcels, totaling 41 acres), Gridley (453 parcels, totaling 517 acres), and Live Oak (216 parcels, totaling 141 acres). The District is comprised primarily of agricultural lands, such as rice fields and orchards. The District supplies water to approximately 650 customers for agricultural irrigation and has 1,400 water outlets. Past increases in development activity around the cities of Biggs, Gridley, and Live Oak indicate a potential conversion of agriculture to residential and commercial land uses. The District is located within the Feather River/Lower Honcut and Cherokee Watersheds.

The Butte Water District is a multi-county district, extending into the northern portion of Sutter County. Because the majority of the assessed land value within the District is located within Butte County, Butte LAFCo is the principal LAFCo for changes in organization involving the District, including boundary changes within Sutter County.

<p>District Size: 31,330 acres Parcels within District: 3,028 2010 Estimated District Population: 6,120 Contact Address: 735 Virginia Street, Gridley, CA 95948 Services: Agricultural irrigation water Employees: 8 full-time staff; one to two seasonal employees Date of Formation: 1956 Enabling Legislation: California Water Code, Division 13, §20200 <i>et seq</i></p>
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Figure 3-1 Butte Water District Jurisdictional Map



3.3 GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

A. Population: Existing and Projected

The Butte Water District provides agricultural irrigation services to approximately 3,028 mostly agricultural parcels. The District's service area is bordered by the Feather River on the east side and includes the "Area of Concern" between the cities of Biggs and Gridley, which is anticipated to be developed at urban densities at some point in the future. The District also includes numerous small, urban lots that are located either within or near the Cities of Biggs, Gridley, and Live Oak. The three cities within the District represent approximately 2 percent of the District area but 22 percent of the parcels within the District.

Butte County currently has a population of 221,768.⁴ Since 2000, Butte County as a whole has had an average annual population growth of 0.92 percent. The unincorporated area of Butte County has actually had a negative growth rate (-1.2 percent) over the same period of time, which is the result of numerous large city annexations, mostly to the City of Chico. From 2009 to 2010, when only a few small annexations to cities occurred, the unincorporated area of Butte County grew by approximately 0.5 percent. The Butte County Association of Governments (BCAG) projects that the unincorporated area of Butte County will have an annual growth rate of approximately 1.1 percent for the next twenty years.⁵

Since the 2000 Census count, the population of the City of Biggs has been reduced by six people, from 1,793 in 2000 to 1,787 in 2010. The population growth percentage for the City of Biggs from 2000 to 2010 was -0.3 percent, which is an annual growth rate of -.03 percent. Biggs did experience a 0.7 percent growth rate from 2009 to 2010. BCAG projects that the City of Biggs will have an annual growth rate of approximately 5.2% percent for the next twenty years. However, that growth rate is highly unlikely to occur during the five-year time frame of this MSR due to the recent downturn in the demand for new housing. The population of the City of Biggs is expected to grow at a rate of less than one percent per year over the five-year span of this MSR.

Since the 2000 Census count, the population of the City of Gridley has increased by 1,046 people, from 5,408 in 2000 to 6,454 in 2010. The population growth percentage for the City of Gridley from 2000 to 2010 is 19.0 percent, which is an annual growth rate of 1.9 percent. Some of this population growth is attributable to annexation of developed parcels to the city. BCAG projects that Gridley may have an annual growth rate of approximately 5.1% percent over the next twenty years. However, that growth rate may not occur during the five-year time frame of this MSR due to the downturn in the demand for new housing. The population of the City of Gridley is expected to grow at a rate of approximately 2.0 percent per year over the five-year span of this MSR.

⁴ *State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 Benchmark. Sacramento, California, May 2010.*

⁵ *Butte County Association of Governments, Butte Regional Growth Projections 2006 – 2030.*

Sutter County currently has a population of 99,154. Since 2000, Sutter County as a whole has had an average annual population growth of 2.5 percent.⁶ Like Butte County, the unincorporated area of Sutter County has had a negative growth rate (-3.0 percent) over the same period of time, which is the result of numerous large annexations of developed parcels to the Cities of Yuba City and Live Oak that occurred from 2000 to 2005. Since 2006, the unincorporated area of Sutter County has had an average annual population growth rate of approximately 1 percent. From 2009 to 2010, the unincorporated area of Sutter County grew by 2.7 percent.

Population projections for Sutter County prepared by the Sacramento Area Council of Governments show that Sutter County may have a total population of 125,597 by 2035, with the unincorporated area of the county having a population of 31,134.⁷ The projected annual growth rate for all of Sutter County to 2035 is 1.06 percent, while the projected annual growth rate for the unincorporated area of the county is 0.98 percent.

Since the 2000 Census count, the population of the City of Live Oak in Sutter County has grown from 6,229 in 2000 to 8,791 in 2010, which is an annual growth rate of 4.1 percent. This high growth rate reflects numerous annexations of developed parcels to the City of Live Oak. From 2009 to 2010, the Live Oak had a population growth rate of 2.5 percent. Population projections for Live Oak, prepared by the Sacramento Area Council of Governments, show that the City may have a total population of 12,841 by 2035, which is an annual growth rate of approximately 1.8 percent.

The existing population of the District can be determined by using the number of persons per household, which is estimated by the California Department of Finance to be 2.47 persons in Butte County and 3.04 in Sutter County.⁸ The number of households in the District, which is approximately 2,350, was calculated by utilizing County Assessor data, address data, and aerial photographs. With this approximate number of holdholds, the District has an estimated population of approximately 6,120 within its boundaries.

The majority of parcels within BWD are primarily agricultural in nature with associated rural residences, and no significant additional growth is anticipated for the District within the five-year timeframe of this MSR. Past increases in development activity around the Cities of Biggs, Gridley, and Live Oak indicate a potential conversion of agriculture to urban uses in the future. The District does not prepare any service demand projections for upcoming years.

For purposes of this analysis, the expected population growth in the District has been projected to the year 2030 (Table 3-1) assuming an annual growth rate of 1.3 percent, which is the average of the combined annual projected population growth for each city and county within the Butte Water District.

⁶ *State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 Benchmark. Sacramento, California, May 2010.*

⁷ Sutter County. General Plan Technical Background Report, Chapter 2, Tables 2.2-4 and 2.2-5.

⁸ *State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State, 2001-2010, with 2000 Benchmark. Sacramento, California, May 2010.*

Table 3-1: Population Projections for the Butte Water District

	2010	2015	2020	2025	2030
BWD Population	6,120	6,528	6,964	7,428	7,924

B. Land Use/Significant Growth Areas

The Butte Water District encompasses approximately 31,330 acres, of which 18,865 acres are within Butte County and 12,465 acres in Sutter County. There are approximately 650 customers within the District boundaries that purchase water for crop irrigation. The primary agricultural crop within the District is orchards, which comprises about 55 percent of the irrigable acres. Other crops and land uses in the District outside of the incorporated areas include rice, pasture, alfalfa, grains, kiwis, melons, and low-density residential use. It should be noted that less “permanent” crop acreages fluctuate annually in response to a number of factors, including changes in the commodity market, individual landowners, etc.

The Butte Water District includes the “Area of Concern” between the cities of Biggs and Gridley as well as areas south of Gridley. Until recently, development activity in the Biggs/Gridley area indicated a trend of agricultural land conversion for urban uses, resulting in less irrigated crop land in production. The recent slowdown in new home sales has resulted in a decrease in pressure to develop the Area of Concern. While BCAG projects that Biggs and Gridley will have an average annual growth rate of 5.2 and 5.1 percent, respectively, this growth rate is not expected to occur within the five-year time frame of this MSR due to the downturn in the demand for new housing.

It should be noted that Butte County and Sutter County are currently in the process of updating their existing General Plans. There are no significant changes in land use densities and designations within the existing District boundaries proposed in either of these jurisdictions draft General Plan land use maps.^{9 10}

The District must coordinate with general-purpose agencies in planning for future services. The District’s primary function, which is providing water for agricultural uses, is not affected by population growth. The only impact that growth would have on the District is the conversion of agricultural lands to urban uses. Such land use changes would likely reduce the need for agricultural water.

⁹ Public Review Draft Butte County General 2030, Figure LU-3

¹⁰ Sutter County Preferred Land Use Alternative – Countywide Map, February 12, 2010

MSR DETERMINATION 3-1: POPULATION GROWTH

It is anticipated that the population within the Butte Water District will increase at a rate of approximately 1.3 percent annually over the next 20 years.

The District's function, which is providing water for agricultural uses, is not significantly affected by population growth.

3.4 PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES.

A. Conveyors/Detention

The Butte Water District has rights to approximately 133,200 acre-feet of Feather River water, which is diverted through the Thermalito Afterbay. Water then enters the Butte Water District canal network through the Sutter-Butte Main Canal. Exit flows from the District enter the Sutter Bypass and Butte Creek reclamation drains.

The Butte Water District provides irrigation water to customers through an extensive system of canals and laterals. The majority of the laterals within the District are maintained by private landowners. Most of the primary laterals and canals are privately owned with maintenance easements held by the District. The following pictures show various Butte Water District irrigation water conveyance facilities in the East Biggs area.

Figure 3-2 Butte Water District Canal in the East Biggs Area



Photography: Joy Stover

Figure 3-3 BWD Float-Operated Constant Level Gate in the East Biggs Area



Photography: Joy Stover

Figure 3-4 BWD Float-Operated Constant Level Gate in the East Biggs Area



Photography: Joy Stover

Figure 3-5 Butte Water District Canal in the East Biggs Area



Photography: Joy Stover

MSR DETERMINATION 3-2: FACILITIES

The Butte Water District maintains the primary drain lateral and main canal through maintenance easements.

B. Capacity

On September 16, 1970, four water districts in Butte and Sutter Counties established the Joint Operating Agreement. This Agreement formed the basis of the relationship between the Biggs-West Gridley Water District, Richvale Irrigation District, Butte Water District, and the Sutter Extension Water District and created the Joint Water Districts Board. The Joint Water Districts Board is comprised of representatives from each of the districts listed above, all of which receive water from the Sutter Butte Canal (Figure 3-2). The Joint Water Districts Board has the powers to control, maintain, and operate the joint water distribution facilities of each district, and require the continued maintenance of rainfall, snowfall, weather, evaporation, hydrographic, engineering, and other data and records available and continuously accumulated relating to Feather River water flows, water diversion rights and the use of water within the districts.

The Butte Water District is allocated 24 percent of 555,000 acre-feet (AF) of water annually acquired by the Joint Water Districts pursuant to senior (pre-1914) water rights. The District's allocation amounts to approximately 133,200 AF. The Joint Water District's settlement agreement with the Department of Water Resources establishes their settlement agreement, which traded pre-1914 water rights to the Feather River for supplies to be diverted from the Thermalito Afterbay at no charge. The settlement agreement supplies are subject to reductions in water-short years of up to 50% in any one year and not to exceed a total of 100 percent in any 7-year period.

Annual demand for water from the District averages 100,000 acre-feet during the summer irrigation season and 10,000 acre-feet during the winter. The District currently utilizes approximately 70–80 percent of its allocation. Unallocated water can be transferred between districts within the Joint Water District, but cannot be transferred out of the district. Out-of-district transfers are only allowed by idling in-District crops to free up water and must be approved by the Board of Directors and Department of Water Resources. The system capacity is approximately 500 cubic feet per second (cfs) and is metered only at the point of diversion from the Joint Water Districts canals.

There are no proposed or planned changes in system capacity, and water supplies are determined to be adequate to serve projected demand within the District boundaries. Primary constraints to water delivery will be the limitations of District facilities and availability of water in drought years.

The District indicates that it has unallocated water to serve other agencies, districts, and service areas, in addition to members of the Joint Water Districts. Additionally, the District is looking into providing water service for municipal and industrial uses.

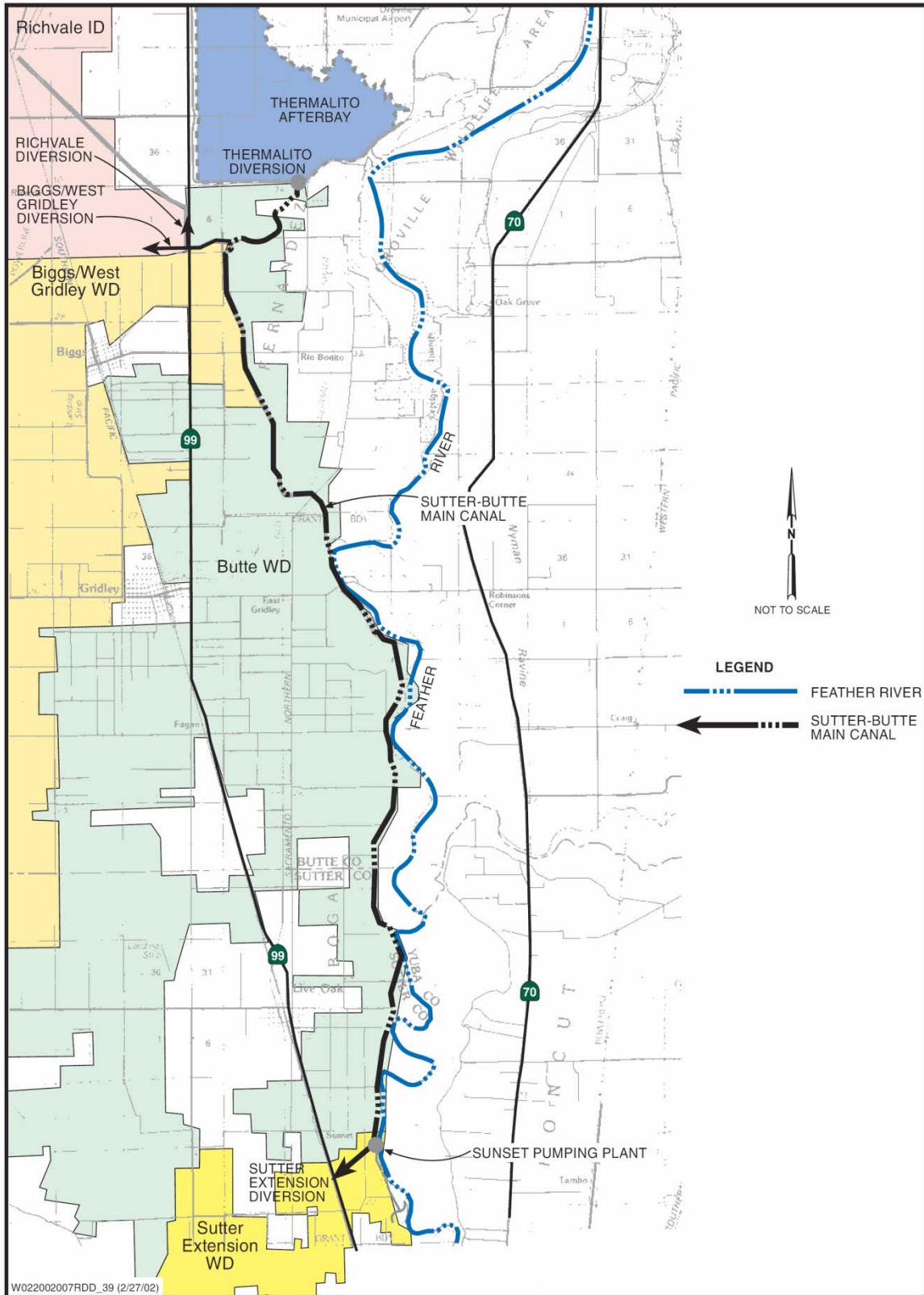
The District noted future challenges in water quality, and commercial and residential development encroachment onto the District's canals and ditches as concerns that will need to be addressed. Additionally, the District expressed concerns over safety where canals run through urbanized areas. As developers build housing projects, there is more development adjacent to canals, which can lead to safety concerns. The District would like to see developers made responsible for relocating canals underground as development occurs.

C. Groundwater Management Plans (AB 3030)

Assembly Bill AB 3030 (Groundwater Management Act) was passed in September 1992 and became law in January 1993. The law was enacted because of the lack of coordinated groundwater management in California. Participation in this voluntary program allows local public agencies greater management authority over local groundwater issues.

An AB 3030 plan is a groundwater management plan for local agencies whose service area includes all or part of a groundwater basin. The plan outlines the agency's management activities and encourages coordinated management of the groundwater basin. The Butte Water District prepared a groundwater management plan in accordance with AB 3030.

Figure 3-6 Sutter-Butte Main Canal Map



Map Source: Sutter Extension Water District Sutter-Butte Main Canal Lining Project, Sacramento Valley Water Management Agreement, March 1, 2002

MSR DETERMINATION 3-3: CAPACITY	
	<i>Due to the generally stable trend in agricultural land uses, the District does not anticipate the need for any potential increases in capacity.</i>

MSR DETERMINATION 3-4: CONFLICTS WITH NEW DEVELOPMENT	
	<i>It is recommended that the District work with local municipalities, the County of Butte, and LAFCO to address public safety concerns regarding increased development in the Biggs, Gridley, and Live Oak areas.</i>

D. Facilities

The District owns real property consisting of its water delivery system, including canals, weirs, flumes, and gates. In addition, the District owns four parcels on which its headquarters and maintenance facilities are located. The District also owns 30 parcels on which its canals are located. Equipment includes vehicles, pumps and maintenance equipment.

MSR DETERMINATION 3-5: FACILITIES	
	<i>The District owns a number of parcels on which their headquarters and maintenance facilities are located and on which their irrigation water canals are located. The District also indicates that it owns maintenance equipment.</i>

3.5 FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

The District operates as an Enterprise Fund. An Enterprise Fund is a form of fund accounting, which is financed primarily from charges to the users for the services provided by the District. The District does not receive any share of property taxes from either Butte or Sutter Counties. The District's Financial Statement and Independent Auditor's Report for FYs 2006 and 2007 and the 2009 and 2010 annual budgets were reviewed to determine fiscal viability, suitability of current funding practices, and potential fiscal impacts resulting from new legislation.

The 2006-07 audit noted no material weaknesses in financial reporting or operations. A material weakness is a condition in which one or more of the internal control components does not ensure accuracy in financial statements or provide adequate internal oversight.

District assets include cash in bank accounts, utility service receivables, stand-by charge receivables, other receivables, supplies inventory, and prepaid expenses. District liabilities include accounts payable, accrued expenses, accrued vacation pay, and long term debt. Revenue comes from various sources, including user fees (including stand-by charges), annexation fees, finance charges, machine hire income, rental income, and interest income. Additional revenue

for the District comes from out of District water transfers; however, the amount of this revenue can vary greatly from year-to-year and cannot be depended upon as a regular source of revenue.

Tables 3-2 and 3-3 below provide income and expense information and capital expenditures for the District for Fiscal Years 2009 and 2010.

Table 3-2 Butte Water District Income and Expenses, 2009-2010

	2009	2010
Revenue	\$522,000	\$540,650
Expenses	\$538,250	\$587,635
Net Income (loss)	(\$16,250)	(\$46,985)

Table 3-3 Butte Water District Capital Expenditures, 2009-2010

	2009	2010
Standby Charges (income)	\$91,000	\$91,561
Expenses	\$69,310	\$96,274
Net Income	\$14,713	\$21,690

As shown in Table 3-2 expenditures exceeded revenues for 2009 and 2010. However, rather than increasing water rates, the District elected to utilize funds from standby charges and from water transfers to make up for the shortfall. Standby charges are assessed and collected for the District by Butte and Sutter Counties. Standby charges are assessed at the rate of \$3.00 per acre or partial acre.

The District has does have long-term debt and has entered into the following notes payable:

Loan	Amount Owed (2007)
Sacramento Valley Farm Credit, secured by land, payable in semi-annual installments of \$3,589.70 beginning on May 1,2007, including interest at a variable rate beginning at 7.25% due in full May 1,2016	\$61,482
Municipal Finance Corporation, secured by two pickups, payable in annual payments of \$8,362 until paid in full, including interest of 4.5%	\$15,660
Municipal Finance Corporation, secured by equipment, payable in annual payments of \$8,380 until paid in full, including interest of 4.5%	\$36,790

BWD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. BWD provides property, comprehensive and collision, and worker's compensation insurance. The insurance coverage maintained by the District is summarized as follows:

Comprehensive General Liability, No deductible	\$50,000,000 Policy Limit
Comprehensive Automobile No deductible	\$50,000,000 Policy Limit
Workers' Compensation - Employer Liability \$1,000 self-insured retention level	\$5,000,000 Policy Limit
Property, Contents, and Equipment \$10,000 self-insured retention level	\$50,000,000 Policy Limit
Public Employee Fidelity \$1.000 Deductible	\$100,000 Policy Limit

The amount of insurance coverage carried by the District appears to be adequate.

District Service Charges

The District has approximately 650 customers, representing approximately 1,400 irrigation water outlets. The District's water rates are for the normal irrigation season (April through the end of October) and vary upon the type of crop that is being irrigated and the acreage of the crop. The District's 2010 water rates are:

<u>Crops Being Irrigated</u>	<u>Water Rate</u>
Orchards and Row Crops	\$25.00 per acre
Alfalfa	\$27.00 per acre
Pasture	\$30.00 per acre
Rice	\$36.00 per acre
Minimum Charge	\$80.00
Ponds	\$160.00
Single Flooding	50% rate
Drain Irrigation	50% rate

MSR DETERMINATION 3-6: FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES	
	<i>Rates are sufficient to cover the cost of providing related services. Any expansion or upgrades of District facilities will necessitate appropriate increases in rates to cover the costs of providing related services.</i>

3.6 STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

The District shares common boundaries with the Richvale Irrigation District and the Biggs-West Gridley Irrigation District in Butte County and with the Sutter Extension Water District in Sutter County. The location of these other irrigation districts adjacent to the Butte Water District can provide significant opportunities for shared facilities.

The District is a member of a Joint Powers Agreement known as the Joint Water Districts and is made up of Butte Water District, Biggs-West Gridley Water District, Richvale Irrigation District, and Sutter Extension Water District. The purpose of the Joint Water Districts Board is for protection of water rights and maintenance and improvements of joint conveyance system and facilities. As a member of the Joint Water Districts, Butte Water District shares common maintenance, facilities, and equipment with the other entities.

MSR DETERMINATION 3-7: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES	
	<i>The District participates in a Joint Powers Authority for sharing of costs associated with maintenance, facilities, and equipment. Opportunities for additional shared facilities and resources are significant given the District's location adjacent to several other irrigation districts.</i>

3.6 ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

A five-member Board of Directors is responsible for overseeing the operations of the District. The Board of Directors is responsible for appointing the District Manager. Directors are elected by the voters within the District according to the Uniform District Election Law and serve four-year terms.

Each Board member receives \$100 per month and \$50 per additional meeting. Regular meetings of the Board are held on the second Wednesday of each month at the District's office at 735 Virginia Street, Gridley.

The Board is responsible for compliance with the provisions of the Brown Act and obtains legal services from the Minasian law firm. Meeting announcements are posted at the District office and published in the local newspaper. Generally, very few members of the public attend Board meetings.

The District does not have a web page where District information, such as meeting agendas and meeting minutes could be placed. The District should consider creating and maintaining a web page so that District customers have access to District information, such as water rates, contact information, meeting agendas, and meeting minutes.

MSR DETERMINATION 3-8: GOVERNMENT STRUCTURE AND LOCAL ACCOUNTABILITY	
	<i>The District appears to have sufficient accountability and compliance in its governance, and public meetings appear to be held in compliance with Brown Act requirements. Information regarding the District appears to be available to members of the public.</i>

MSR DETERMINATION 3-9: WEB PAGE	
	<i>The District should develop a website that can be used to provide public information, which could include the posting of District Board meeting notices/agendas, meeting minutes, staff reports and memorandums, and water rates.</i>

3.8 MANAGEMENT EFFICIENCIES

The District Manager is responsible for the day-to-day operations of the District’s facilities and oversees a staff of seven other full-time employees and one or two seasonal workers. Full-time positions in the District include an Assistant Manager, Office Manager/Bookkeeper, maintenance workers, and ditch tenders.

The District is subject to audits and has adopted many of the recommendations from recent audits. With overall good financial and operational health, there does not appear to be any necessary structure changes necessary to ensure an efficient, long-term continuation of service provision by the District.

The management structure of the District is relatively simple and is well suited to the type of operations undertaken by the District; the linear management structure ensures reportability and accountability. Alternative structures or reorganization of the staff would not necessarily result in more efficient operations at this time. The existing structure is considered appropriate for the District.

Budgets can be used as an indicator of management efficiency. According to information contained in the 2006 and 2007 financial audit, the financial statements and accounting policies of the District conform with the generally accepted accounting principles applicable to governments. The Governmental Accounting Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

MSR DETERMINATION 3-10: MANAGEMENT EFFICIENCIES

The Butte Water District management structure appears to be sufficient and appropriate.

The District's latest financial audit stated that the financial statements and accounting policies of the District conform with the generally accepted accounting principles applicable to governments, indicating good management efficiencies.

3.9 SUMMARY OF MUNICIPAL SERVICE REVIEW DETERMINATIONS

MSR DETERMINATION 3-1: POPULATION GROWTH

It is anticipated that the population within the Butte Water District will increase at a rate of approximately 1.3 percent annually over the next 20 years.

The District's function, which is providing water for agricultural uses, is not significantly affected by population growth.

MSR DETERMINATION 3-2: FACILITIES

The Butte Water District maintains the primary drain lateral and main canal through maintenance easements.

MSR DETERMINATION 3-3: CAPACITY

Due to the generally stable trend in agricultural land uses, the District does not anticipate the need for any potential increases in capacity.

MSR DETERMINATION 3-4: CONFLICTS WITH NEW DEVELOPMENT

It is recommended that the District work with local municipalities, the County of Butte, and LAFCO to address public safety concerns regarding increased development in the Biggs, Gridley, and Live Oak areas.

MSR DETERMINATION 3-5: FACILITIES

The District owns a number of parcels on which their headquarters and maintenance facilities are located and on which their irrigation water canals are located. The District also indicates that it owns maintenance equipment.

MSR DETERMINATION 3-6: FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

Rates are sufficient to cover the cost of providing related services. Any expansion or upgrades of District facilities will necessitate appropriate increases in rates to cover the costs of providing related services.

MSR DETERMINATION 3-7: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

The District participates in a Joint Powers Authority for sharing of costs associated with maintenance, facilities, and equipment. Opportunities for additional shared facilities and resources are significant given the District's location adjacent to several other irrigation districts.

MSR DETERMINATION 3-8: GOVERNMENT STRUCTURE AND LOCAL ACCOUNTABILITY

The District appears to have sufficient accountability and compliance in its governance, and public meetings appear to be held in compliance with Brown Act requirements. Information regarding the District appears to be available to members of the public.

MSR DETERMINATION 3-9: WEB PAGE

The District should develop a website that can be used to provide public information, which could include the posting of District Board meeting notices/agendas, meeting minutes, staff reports and memorandums, and water rates.

MSR DETERMINATION 3-10: MANAGEMENT EFFICIENCIES

The Butte Water District management structure appears to be sufficient and appropriate.

The District's latest financial audit stated that the financial statements and accounting policies of the District conform with the generally accepted accounting principles applicable to governments, indicating good management efficiencies.

4.0 SPHERE OF INFLUENCE ANALYSIS

The Butte Water District encompasses approximately 31,330 acres of mostly unincorporated area in Butte and Sutter Counties. The District does include small portions of the Cities of Biggs and Gridley in Butte County and the City of Live Oak in Sutter County. BWD's SOI is not coterminous with its District boundaries, with approximately 1,763 acres, consisting of 64 parcels, inside the District's SOI but not within the District jurisdictional boundaries. The only SOI Study prepared for the District was the 1985 SOI Study for Butte County special districts¹¹.

The District is proposing to add seven parcels and adjacent road right of-ways, totaling approximately 688 acres, to their SOI (see Figures 4-10, 4-11, and 4-12). The seven parcels proposed to be added to the District's SOI are all located in Sutter County and include the following parcels:

APN	Size (acres)	Owner	General Plan Land Use Designation	Existing Land Use
08-260-030	65.3	Half-Moon Fruit & Produce Co	Agriculture - 80 Acre Minimum Parcel Size	Agricultural
08-260-075	153.59	Half-Moon Fruit & Produce Co.	Agriculture - 80 Acre Minimum Parcel Size	Agricultural
08-260-076	156.71	Half-Moon Fruit & Produce Co.	Agriculture - 80 Acre Minimum Parcel Size	Agricultural
08-280-049	53.43	Half-Moon Fruit & Produce Co.	Agriculture - 80 Acre Minimum Parcel Size	Agricultural
08-280-059	28.82	Half-Moon Fruit & Produce Co.	Agriculture - 80 Acre Minimum Parcel Size	Agricultural
08-280-058	67.75	Carter, Steve & Debra	Agriculture - 80 Acre Minimum Parcel Size	Agricultural
09-260-001	143.9	Carter, Steve & Debra	Agriculture - 80 Acre Minimum Parcel Size	Dwelling/Agricultural

All parcels except 009-260-001 are currently within the Sphere of Influence and district boundaries of the Sutter Extension Water District (SEWD). Following Butte LAFCo's updating of BWD's SOI, Sutter LAFCo will remove the parcels from SEWD's SOI. Butte LAFCo will subsequently annex the parcels to BWD and detach the parcels from SEWD.

All of the subject parcels are located within the unincorporated area of Sutter County. APN 09-260-001 is located within the City of Live Oak's Planning Area and the City's Sphere of Influence.¹² The City's 2030 General Plan designates this parcel as Low-Density Residential.¹³

¹¹Gridley-Biggs Area Sphere of Influence Study. Butte County Local Agency Formation Commission. March 1985. Prepared by J.L. Mintier and David Wade.

¹²City of Live Oak 2030 General Plan, Figure IN-2

¹³City of Live Oak 2030 General Plan, Figure LU-5

To provide for orderly and logical boundaries, two additional parcels should be added to the District’s SOI. These two parcels are adjacent to several of the parcels proposed by the District to be added to the District’s SOI. The two parcels, which are 1 and 1.5 acres in size, are developed with a residential use and an agricultural processing facility. The two parcels are:

APN	Size (acres)	Owner	General Plan Land Use Designation	Existing Land Use
08-260-074	1.5	Joyce Danisan & Walter Zigenmeyer	Agriculture - 80 Acre Minimum Parcel Size	Residential
08-260-095	1.0	Half-Moon Fruit & Produce Co.	Agriculture - 80 Acre Minimum Parcel Size	Agricultural Processing Facility

These two parcels are not proposed to be annexed into the District because they are developed and do not require agricultural irrigation water services.

The BWD has historically provided water to all of the Half-Moon Fruit & Produce Co. parcels and to the 67.75-acre Carter parcel under annual surplus water contracts. The 143.9-acre Carter parcel has historically been served via well water. The 143.9-acre Carter parcel will have interruptible service from BWD and be required to maintain an adequate well to ensure that any reductions in conduit capacity or water availability do not impact that parcel or other parcels served by BWD.

As described in Section 1.4, LAFCO is required to consider and prepare written statements addressing the four factors enumerated under California Government Code Section 56425(e), including present and probable land uses in the area, present and probable need for public facilities and services, the present capacity of facilities and adequacy of services, and the existence of social or economic communities of interest. An analysis of each of these factors is provided in the following sections.

4.1 PRESENT AND PLANNED LAND USE

In order to achieve an accurate overview of the growth and development potential within the District, a number of factors need to be considered. The following factors, when considered together, reflect the existing development within the District, as well as provide a picture of existing development potential:

- Land use designations, including existing and any proposed changes
- Special land use limitations, including Williamson Act and designated open spaces
- Improved and unimproved parcels

State law requires every city and county in California to adopt and maintain a comprehensive and long-term General Plan that is to serve as a “blueprint” for land use and development. The District’s lands fall within the unincorporated areas of Butte and Sutter Counties, and portions of the cities of Biggs and Gridley in Butte County and the City of Live Oak in Sutter County. Therefore, land use development within the District is guided by the Butte County General Plan, the Sutter County General Plan, the City of Biggs General Plan, the City of Gridley General

Plan, and the City of Live Oak General Plan, all of which establishes the growth patterns and guides the future development of the area. More specifically, the zoning codes of these jurisdictions provide regulatory oversight and establish future land uses.

Land Use Designations

The predominate land use within the District in both Butte and Sutter Counties is agricultural, consisting primarily of rice fields and orchards on large parcels. The majority of the parcels within the District in Butte County are designated Orchard and Field Crops by the Butte County General Plan. Table 4-1 and Figures 4-1, 4-2, and 4-3 show the General Plan land use designations found within the Butte County unincorporated areas of the District. The areas of the District within or near the Cities of Biggs and Gridley are designated primarily for urban-type uses, including agricultural residential, low density residential, medium density residential, high density residential, commercial, industrial, or public uses. Tables 4-2 and 4-3 and Figures 4-4 and 4-5 show the General Plan land use designations found within the Cities of Biggs and Gridley portions of the District.

In Sutter County, the majority of the parcels within the District are designated Agriculture-20 Acre Minimum Parcel Size and Agriculture-80 Acre Minimum Parcel Size (Table 4-4 and Figure 4-6). The areas of the District within or near the City of Live Oak are designated primarily for urban-type uses, including low and high density residential, commercial, industrial, or public uses. Figure 4-7 shows the City of Live Oak's General Plan designations for those portions of the Butte Water District that are within the city.

Both Butte County and Sutter County are currently in the process of updating their existing General Plans. Butte County's *Draft General Plan 2030* has been released for public review. The land use map in the draft General Plan shows that there are no significant changes in the land use densities and designations within the District boundaries.¹⁴ Sutter County has not released its draft General Plan, but the *Sutter County Preferred Land Use Alternative – Countywide Map* shows that the land use designations for the areas within the District will remain basically unchanged.¹⁵

¹⁴Draft Butte County General 2030, Figure LU-3

¹⁵Sutter County Preferred Land Use Alternative – Countywide Map, February 12, 2010

Table 4-1 Butte County General Plan Land Use Designations within BWD

General Plan Land Use Designation	Acreage
Orchard and Field Crops	16,853
Agricultural Residential	1,550
Public	46
Low Density Residential	31
Medium Density Residential	19
Commercial	13
Industrial	10
Total	18,522

Source: Butte County GIS

Figure 4-1 Butte County General Plan Designations in BWD

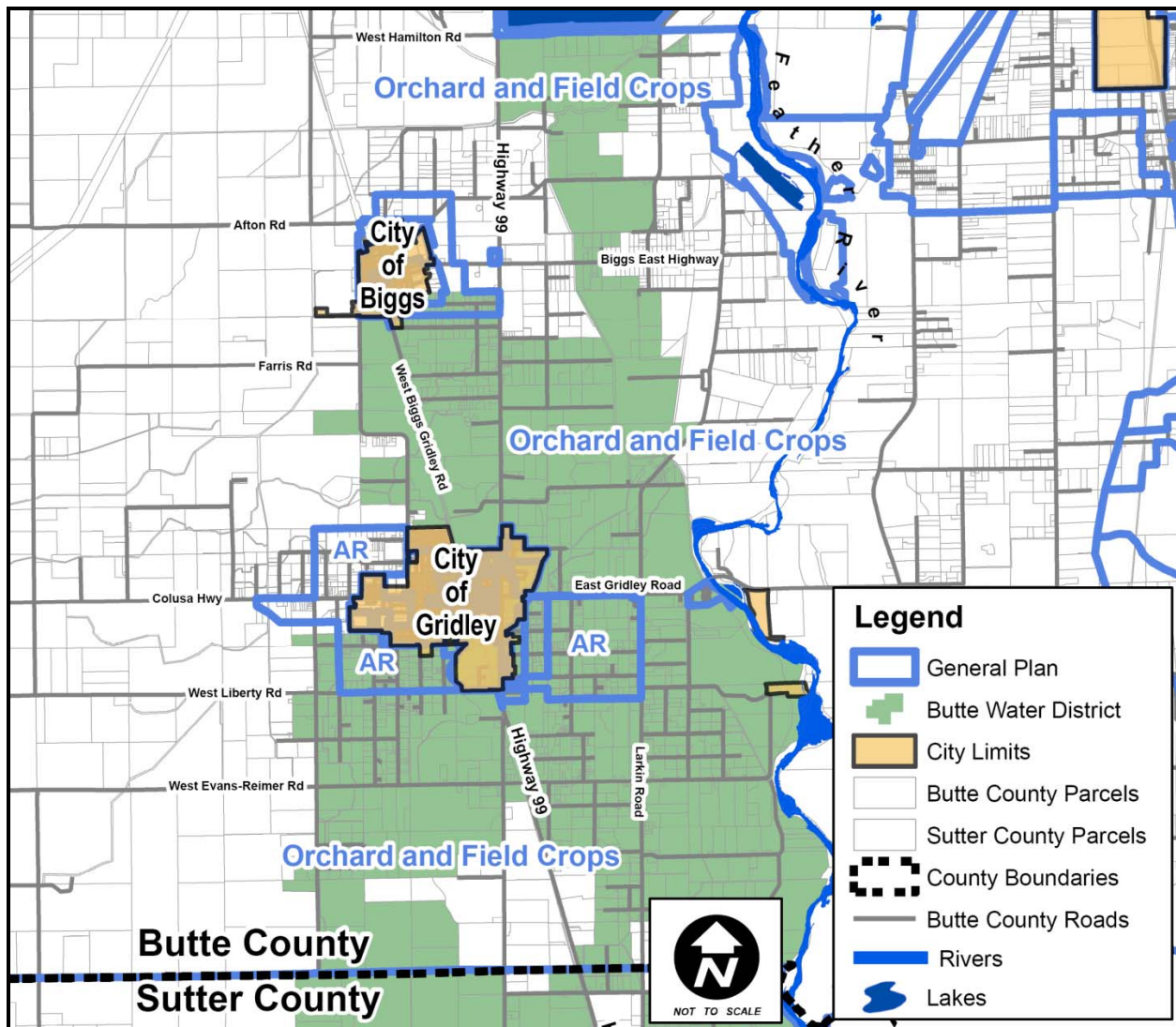


Figure 4-2 Butte County General Plan Designations – Biggs Area

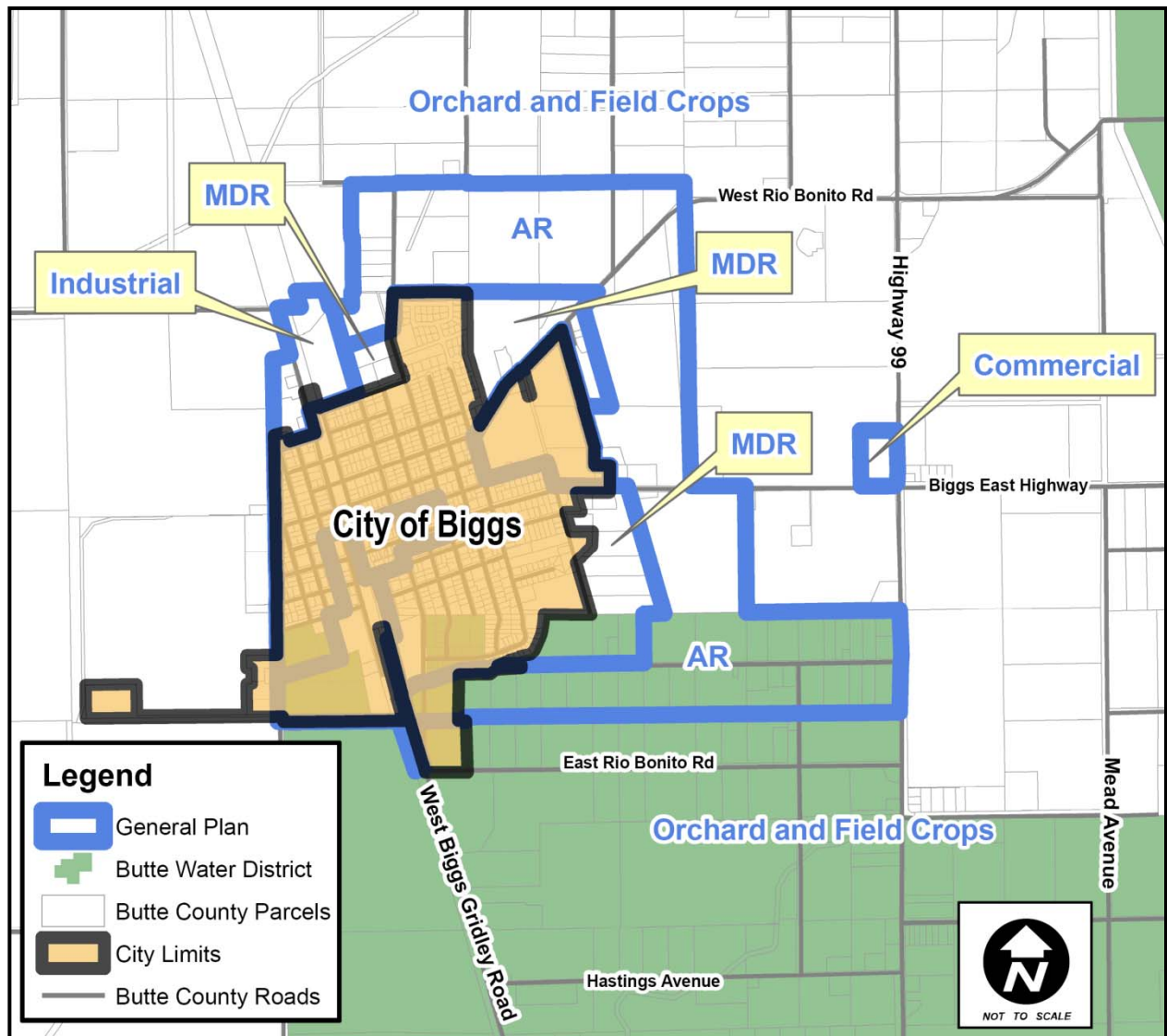


Figure 4-3 Butte County General Plan Designations – Gridley Area

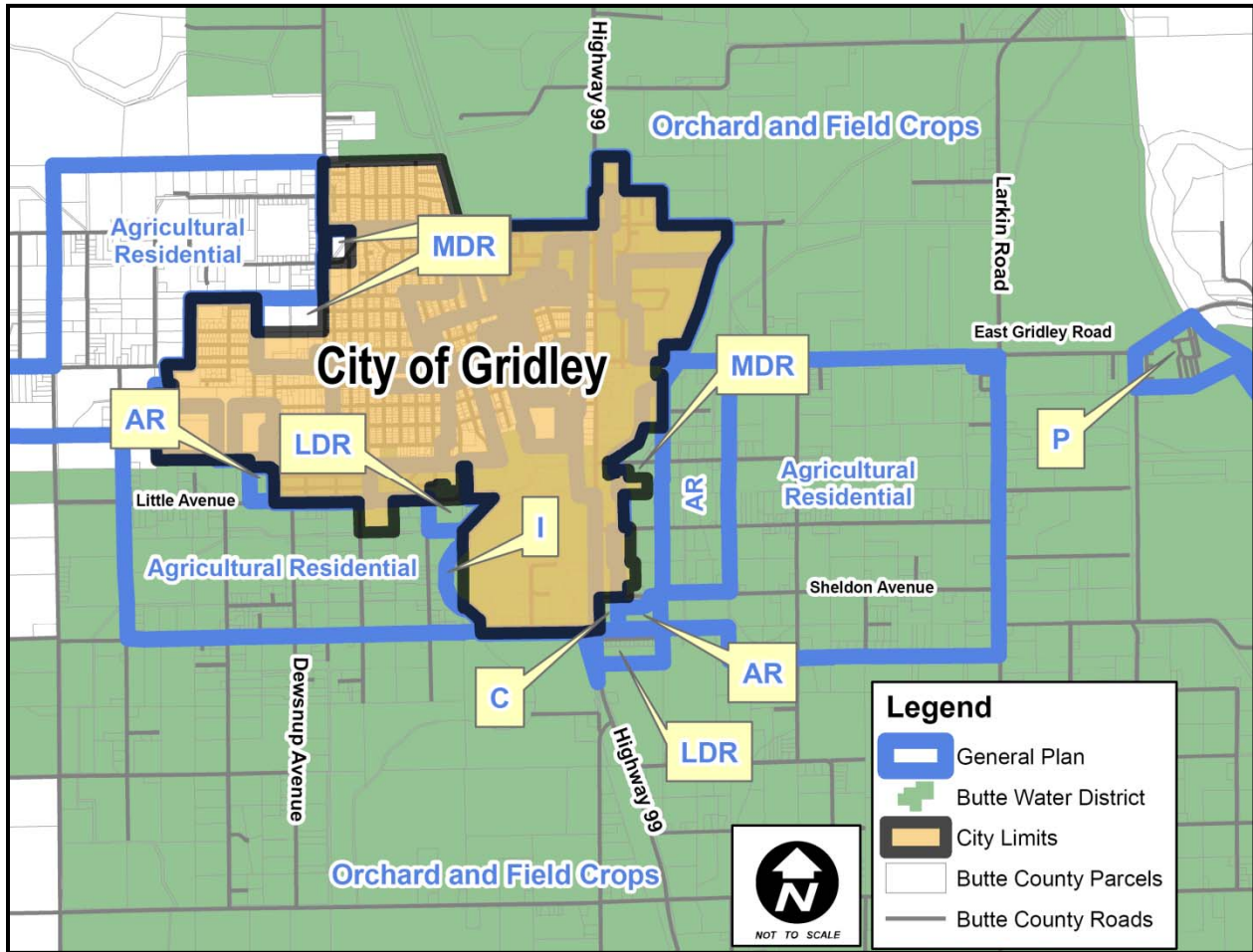


Table 4-2 City of Biggs General Plan Land Use Designations within BWD

General Plan Land Use Designation	Acreage
Heavy Industrial	32
Low Density Residential	17
Light Industrial	1
Total	50

Figure 4-4 City of Biggs General Plan Designations

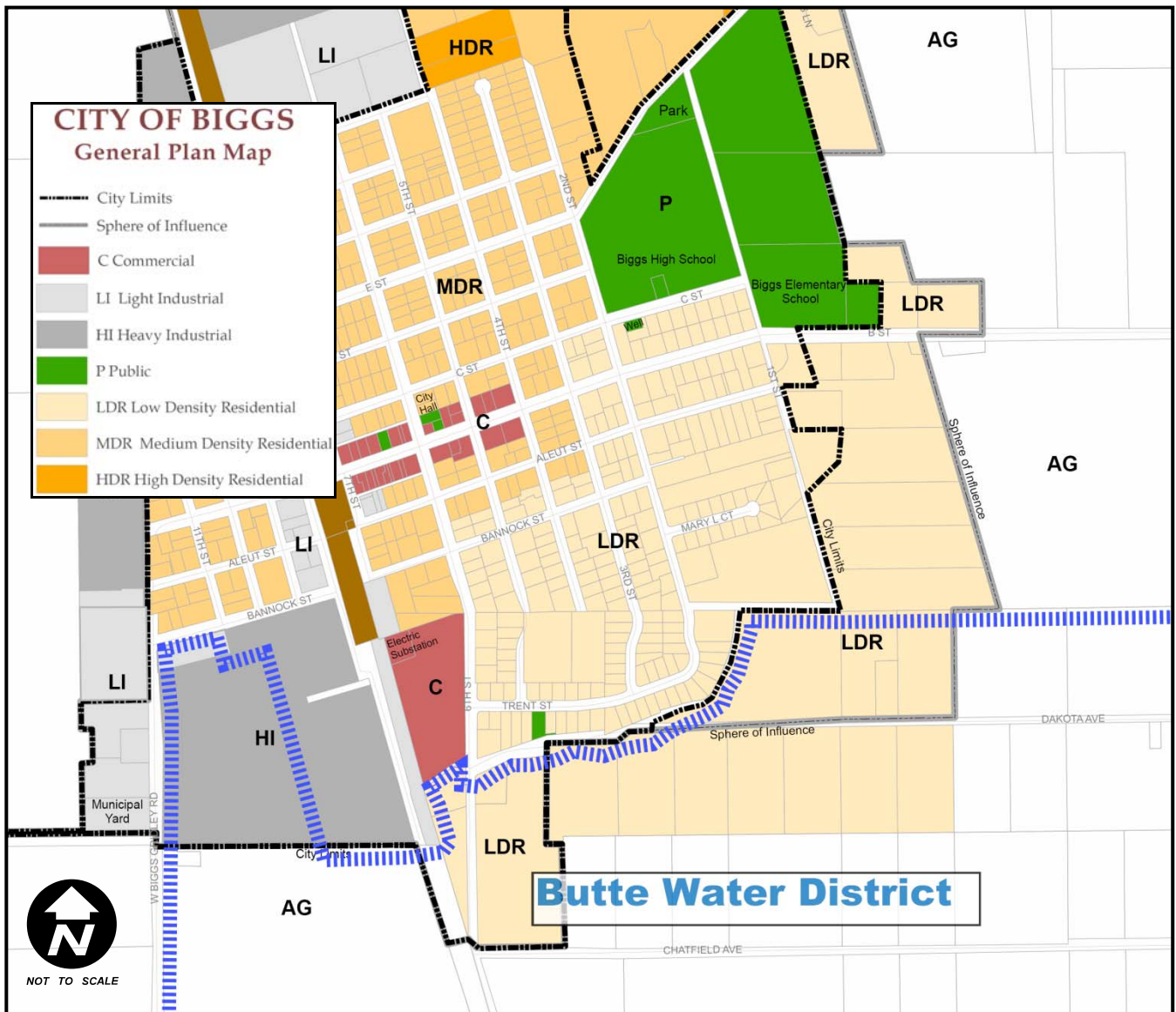


Table 4-3 City of Gridley General Plan Land Use Designations within BWD

General Plan Land Use Designation	Acreage
Industrial	136
Public	63
Neighborhood Center Mixed Use	25
Commercial	17
Residential, Medium Density	17
Residential, Very Low Density	16
Downtown Mixed Use	8
Residential, Low Density	9
Residential, High Density	2
Total	293

Source: City of Gridley General Plan Map

Figure 4-5 City of Gridley General Plan Designations

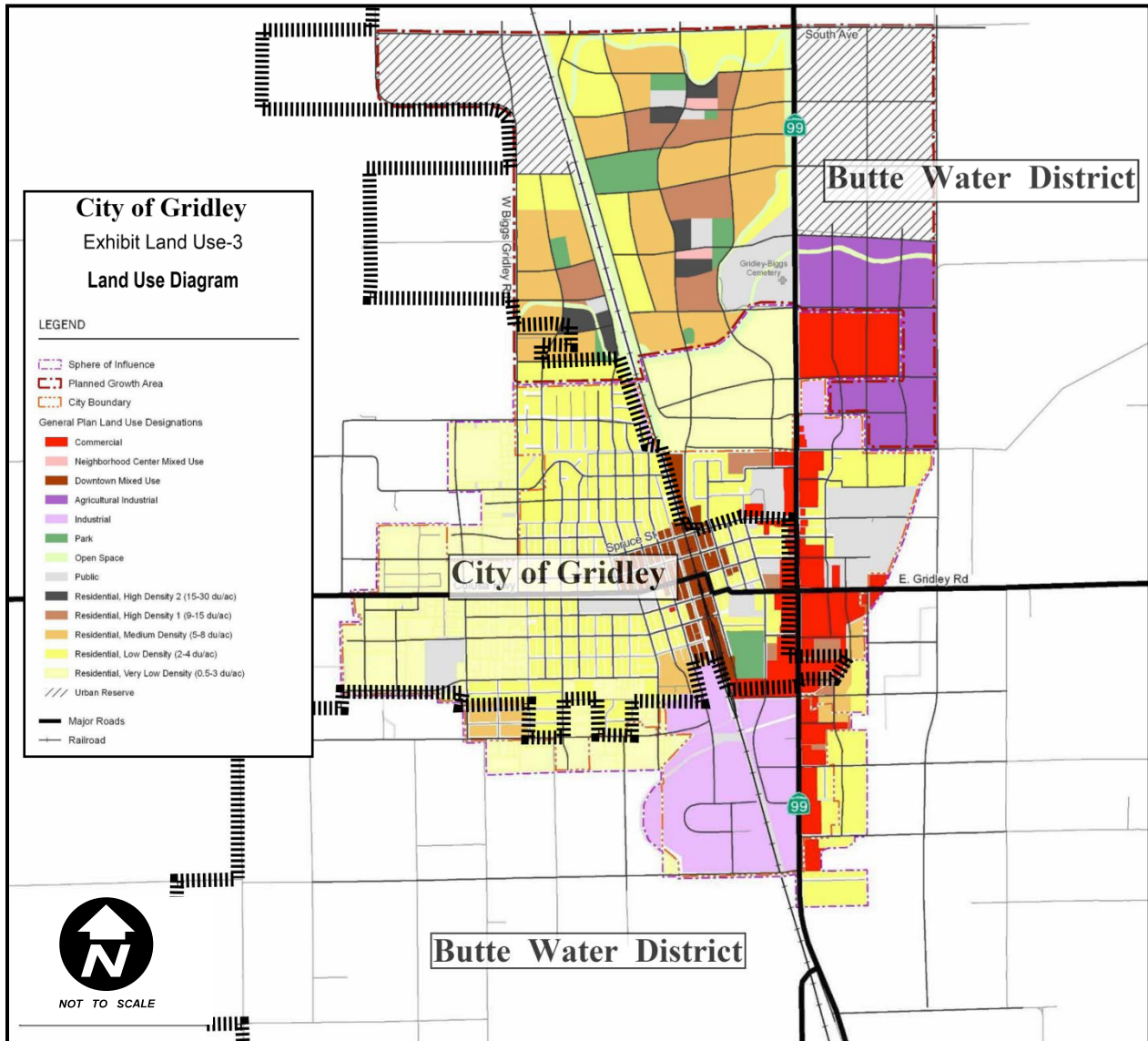


Table 4-4 Sutter County/City of Live Oak General Plan Land Use Designations within BWD

General Plan Land Use Designation	Acreage
Agriculture - 20 Acre Minimum Parcel Size	6,102
Agriculture - 80 Acre Minimum Parcel Size	5,095
Open Space	703
Industrial	188
Low Density Residential	136
Smaller Lot Residential (City of Live Oak)	71
Commercial Mixed Use (City of Live Oak)	64
Ranchette	35
Commercial	25
Park and Recreation	19
Civic (City of Live Oak)	12
Low Density Residential (City of Live Oak)	12
Medium Density Residential	3
Total	12,465

Source: County of Sutter and City of Live Oak General Plan Maps

Figure 4-6 Sutter County General Plan Designations

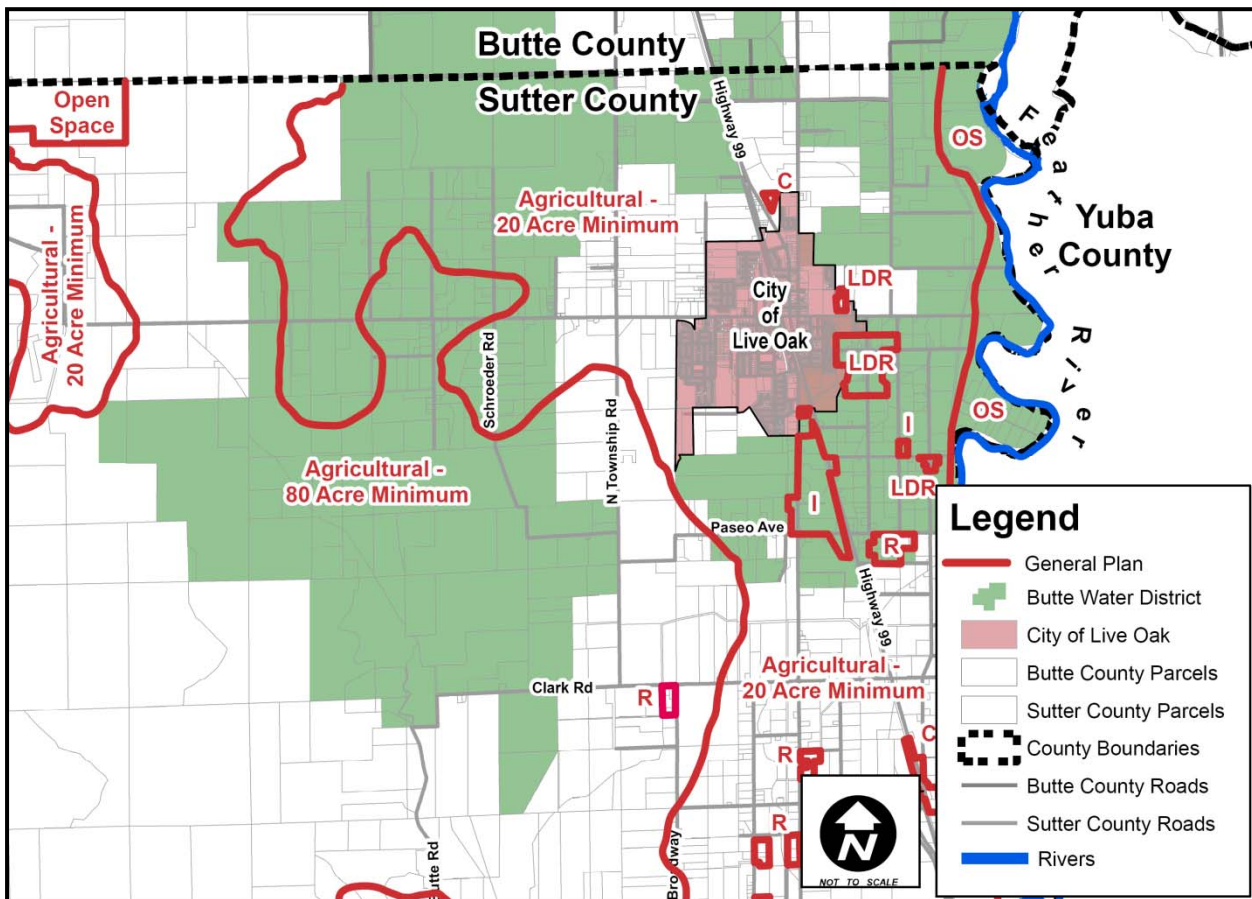
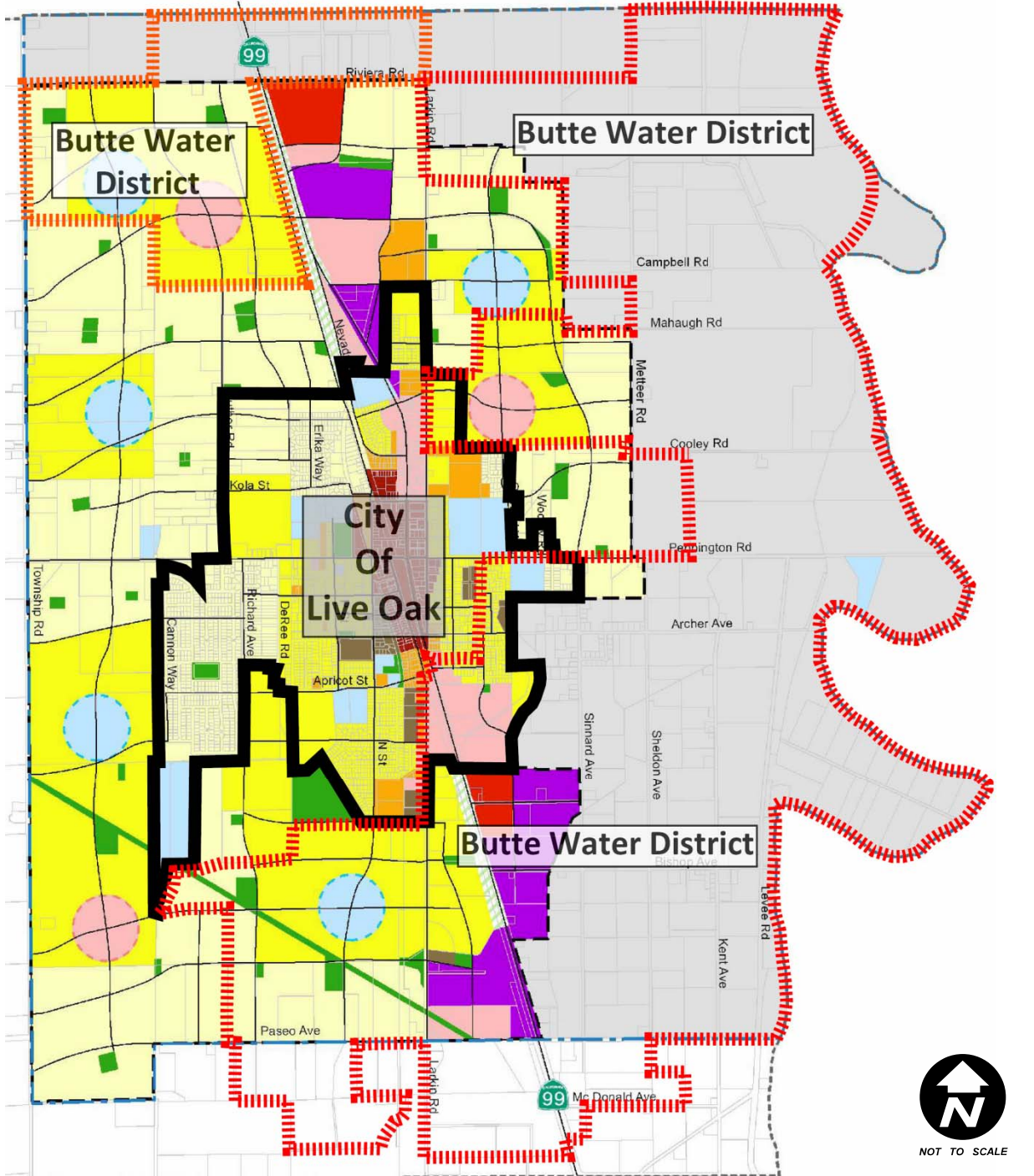


Figure 4-7 City of Live Oak General Plan Designations



LEGEND

Boundaries

- Study Area
- Planning Area
- Sphere of Influence
- Parcels
- Roads

Land Use Designations

- Low-Density Residential
- Smaller-Lot Residential
- Medium-Density Residential
- Higher-Density Residential
- Commercial Mixed Use
- Downtown Mixed Use

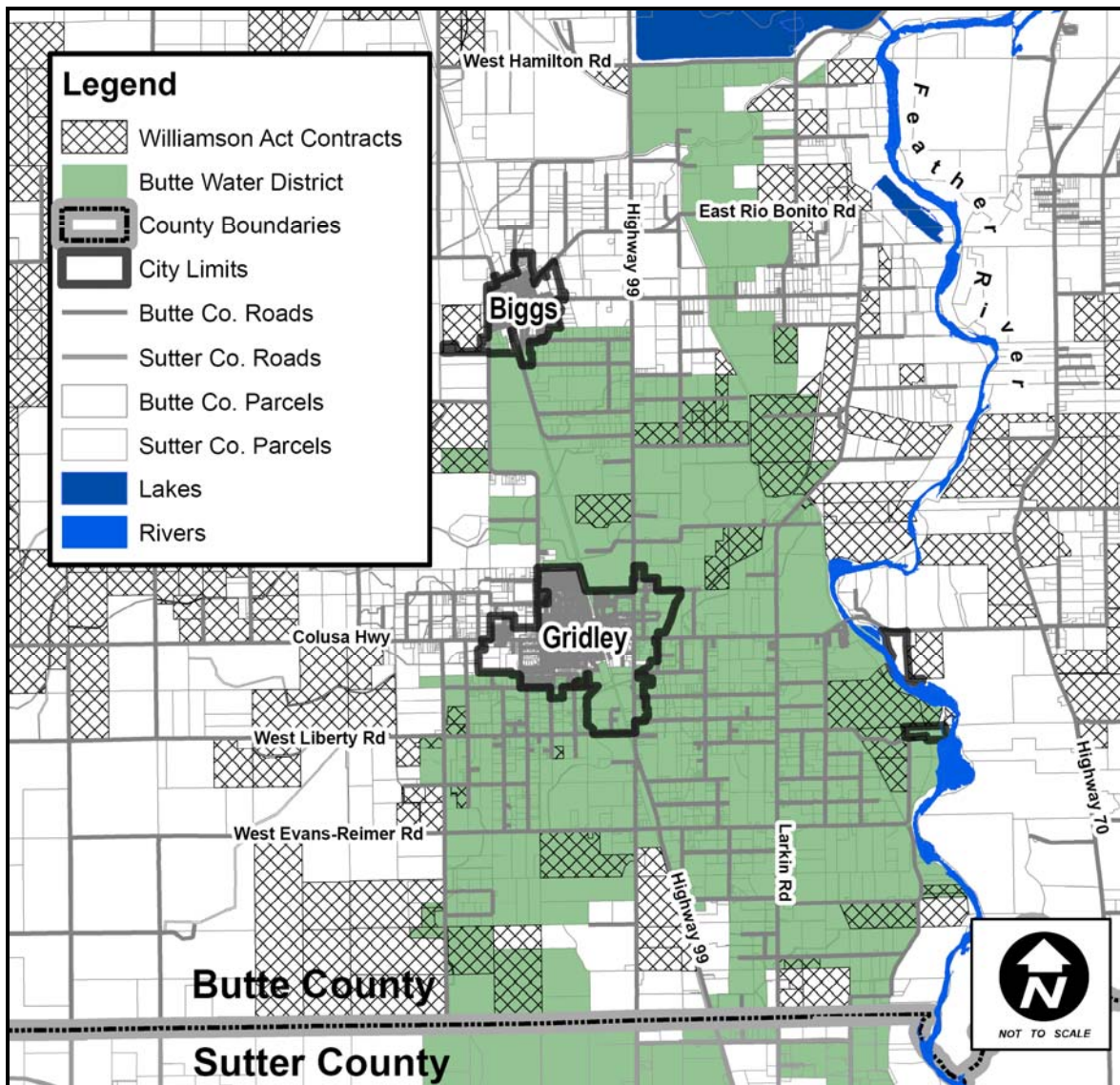
- Community Commercial
- Park
- Civic
- Employment
- Urban Reserve
- Buffer

- Neighborhood Center
- Civic Center

Williamson Act

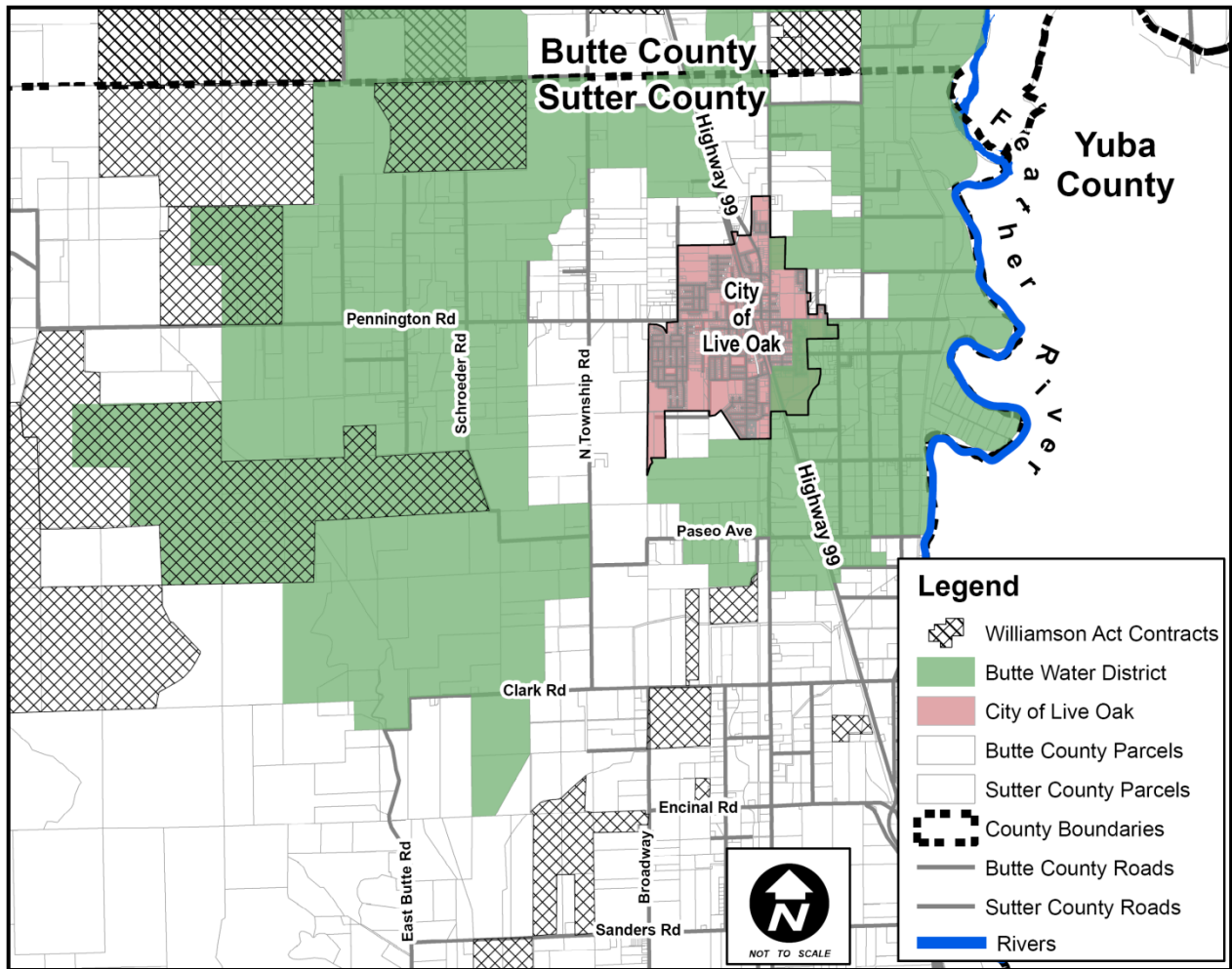
The Williamson Act, or the California Land Conservation Act of 1965, enables local governments, in this case Butte and Sutter Counties, to enter into contracts with private landowners to preserve specific parcels of land for agricultural or related open space use. As shown in Figure 4-8, there are 42 parcels, totaling approximately 2,611 acres, within the District in Butte County that are currently under Williamson Act contracts. As shown in Figure 4-9, there are 23 parcels, totaling approximately 2,700 acres, within the District in Sutter County that are currently under Williamson Act contracts. None of the nine parcels proposed to be added to the District's Sphere of Influence in Sutter County is subject to a Williamson Act contract.¹⁶

Figure 4-8 Williamson Act Contracts in BWD – Butte County Areas



¹⁶ Sutter County General Plan Update, Technical Background Report, Figure 4.2-3, February 2008

Figure 4-9 Williamson Act Contracts in BWD – Sutter County Areas



Butte LAFCO Policy 3.1.11 provides guidance relative to the inclusion of lands that are subject to Williamson Act contract in SOIs. The Policy states that LAFCO shall not approve changes to SOIs to include Williamson Act lands if the annexing agency has the ability to provide infrastructure sufficient to promote development of those properties. However, as an agricultural irrigation water service provider, the District services do not influence new growth.

Improved and Unimproved Parcels

The vast majority of the District’s parcels are utilized primarily for agricultural operations, including agricultural processing facilities. Many of the agricultural parcels are developed with a residential use. Most of the parcels within the District that are in or near the Cities of Biggs, Gridley, and Live Oak are developed with residential, commercial, and industrial uses, and which constitute approximately 2 percent of the District area.

SOI DETERMINATION 4-1: PRESENT AND PLANNED LAND USE

Little change in land uses within the District is anticipated over the next 20 years. There are 65 parcels within the District that are subject to a Williamson Act contract. The District's primary service, which is to provide agricultural irrigation water, is consistent with Williamson Act contracts.

4.2 PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES

The District proposes to amend their Sphere of Influence by adding seven parcels to their sphere, which would facilitate future annexation of these parcels to the District. Staff is proposing to add two additional parcels to the District's SOI to provide for logical and efficient boundaries. Figures 4-10, 4-11, and 4-12 shows the location of the nine parcels proposed to be added to the District's Sphere of Influence. Six of the subject parcels are within the Sutter Extension Water District, which provides agricultural irrigation water. However, none of these six parcels have been receiving service from the Sutter Extension Water District and have been receiving water from Butte Water District on a surplus water basis. This situation will be corrected by the proposed annexation of the six parcels to the Butte Water District.

All of the parcels proposed to be added to BWD's SOI are developed with agricultural uses, one of which is also developed with a residential use. The District has adequate water rights and infrastructure to provide agricultural irrigation water services to the seven parcels.

As previously noted, portions of the District are within the incorporated limits of the Cities of Biggs, Gridley, and Live Oak. These areas constitute approximately 2 percent of the District area, but represent approximately 22 percent of the parcels within the District. These mostly small, urban parcels were once a part of much larger, agricultural parcels that were subdivided. These small parcels, which are developed with urban uses, do not require agricultural water. To provide for logical boundaries, the District should consider removing these urban parcels from their Sphere of Influence and detaching them from their District.

Figure 4-10 Butte Water District SOI Amendment Area 1

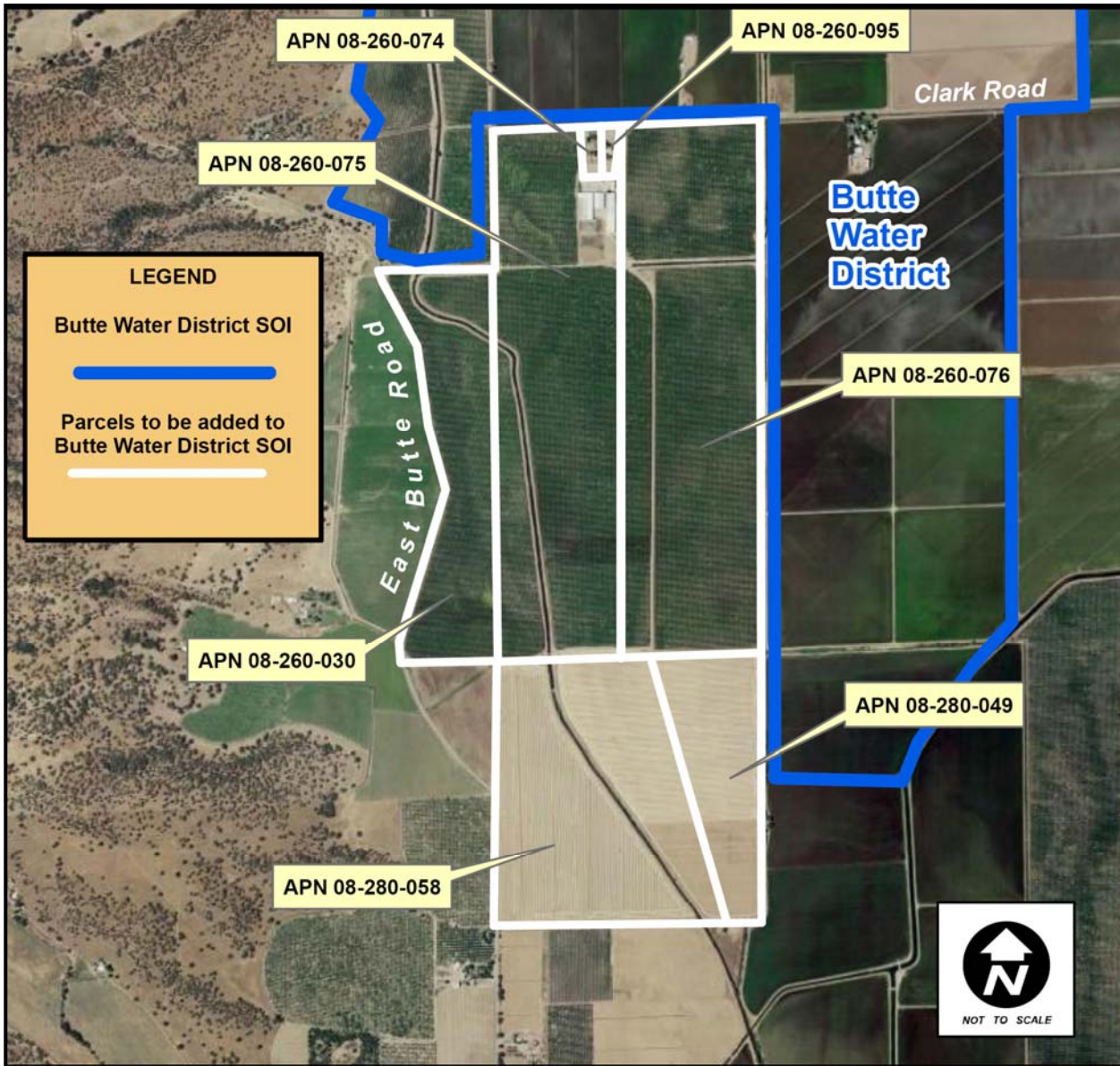


Image U.S. Geological Survey. ©2010 Google. ©Europa Technologies.

Figure 4-11 Butte Water District SOI Amendment Area 2



Image U.S. Geological Survey. ©2010 Google. ©Europa Technologies.

SOI DETERMINATION 4-2: PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES	
	<i>The District has adequate water rights and adequate water conveyance infrastructure to provide service to existing customers and to the seven parcels proposed to be added to the District's Sphere of Influence.</i>

SOI DETERMINATION 4-3: SOI DETACHMENTS OF URBAN AREAS

The District should consider amending their Sphere of Influence, and undertake detachment proceedings, to remove from their boundaries those parcels that are within and near the incorporated limits of the Cities of Biggs, Gridley, and Live Oak that are developed with uses that do not require agricultural irrigation water services.

4.3 PRESENT CAPACITY OF FACILITIES

The Butte Water District has rights to approximately 133,200 acre-feet of Feather River water, which is diverted through the Thermalito Afterbay. Water then enters the Butte Water District canal network through the Sutter-Butte Main Canal. Exit flows from the District enter the Sutter Bypass and Butte Creek reclamation drains. The Butte Water District provides irrigation water to customers through an extensive system of canals and laterals.

Annual demand for water from the District averages 100,000 acre-feet during the summer irrigation season and 10,000 acre-feet during the winter. The District currently utilizes approximately 70–80 percent of its allocation. The system capacity is approximately 500 cubic feet per second (cfs) and is metered only at the point of diversion from the Joint Water Districts canals.

There are no proposed or planned changes in system capacity, and water supplies are determined to be adequate to serve projected demand within the District boundaries. Primary constraints to water delivery will be the limitations of District facilities and availability of water in drought years.

The District indicates that it has unallocated water to serve other agencies, districts, and service areas, in addition to members of the Joint Water Districts. Additionally, the District is looking into providing water service for municipal and industrial uses.

The District is already providing irrigation water to six of the parcels proposed to be added to the District’s Sphere of Influence. The District has adequate water supplies and water conveyance facilities to continue to service these parcels.

SOI DETERMINATION 4-4: PRESENT AND FUTURE CAPACITY OF FACILITIES

The District has adequate water supplies and water conveyance infrastructure to provide service to existing customers and to the parcels proposed to be added to the District’s Sphere of Influence.

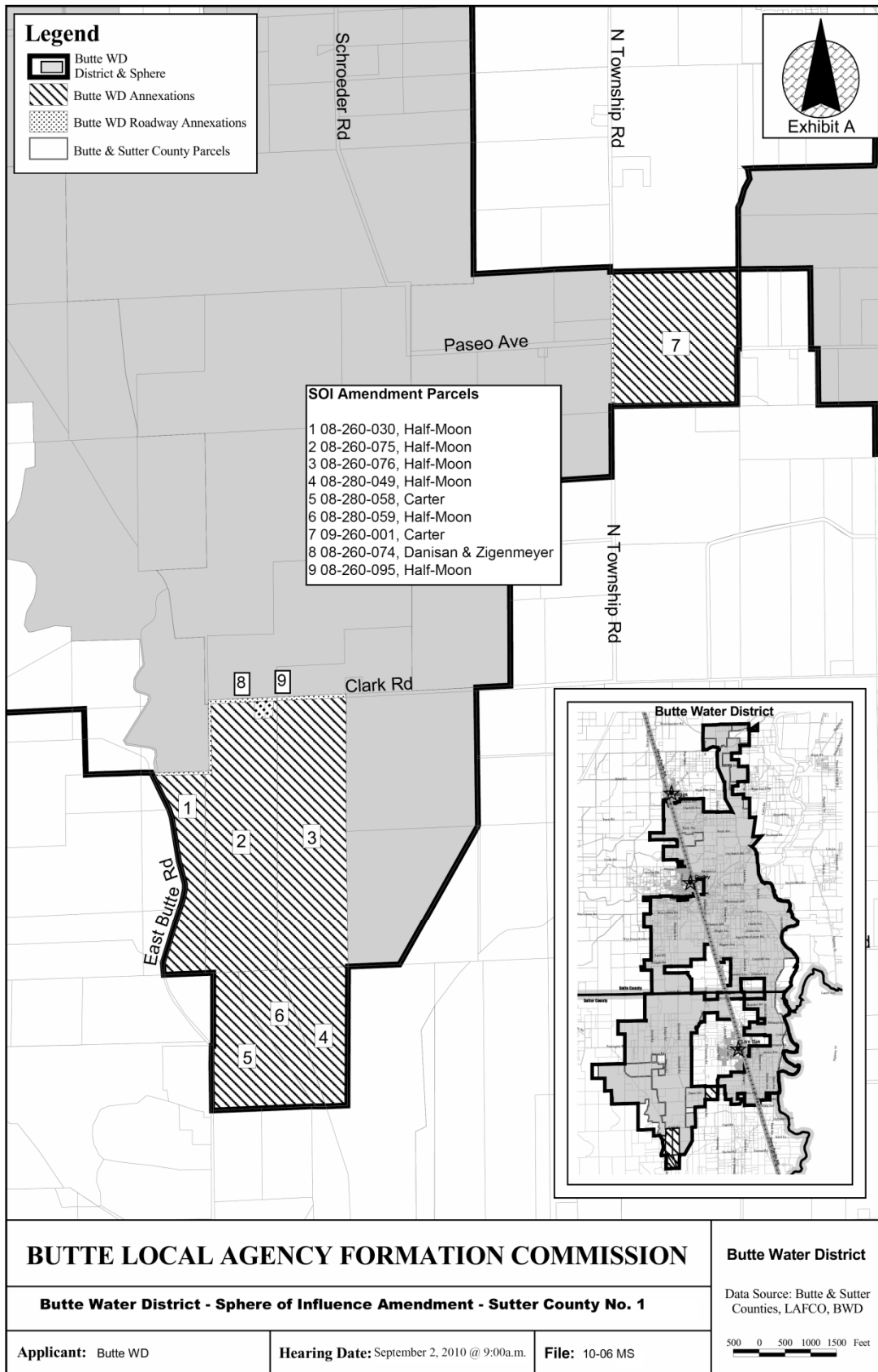
4.4 SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST

The majority of the Butte Water District is located in the rural, agricultural areas of Butte and Sutter Counties. The District includes portions of three communities - the City of Gridley and the City of Biggs in Butte County and the City of Live Oak in Sutter County. The City of Gridley is one of the fastest growing communities in Butte County, while the City of Biggs has had a negative growth rate over the last ten years. The City of Live Oak has experienced a large population growth over the last ten years, mostly as a result of annexations.

The majority of new development within the District is expected to occur within and immediately surrounding the City of Gridley and the City of Live Oak. The remainder of the areas within the District is agricultural with a very low density residential component. There are no other social or economic communities of interest within the District.

SOI DETERMINATION 4-5: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST	
	<i>The only social and economic communities within the District are the Cities of Biggs and Gridley in Butte County and the City of Live Oak in Sutter County. The majority of new development within the District is expected to occur within and immediately surrounding the City of Gridley and the City of Live Oak.</i>

Figure 4-12 Proposed Sphere of Influence Amendment for Butte Water District



4.5 SUMMARY OF SPHERE OF INFLUENCE DETERMINATIONS

SOI DETERMINATION 4-1: PRESENT AND PLANNED LAND USE	
	<i>Little change in land uses within the District is anticipated over the next 20 years. There are 65 parcels within the District that are subject to a Williamson Act contract. The District's primary service, which is to provide agricultural irrigation water, is consistent with Williamson Act contracts.</i>

SOI DETERMINATION 4-2: PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES	
	<i>The District has adequate water rights and adequate water conveyance infrastructure to provide service to existing customers and to the seven parcels proposed to be added to the District's Sphere of Influence.</i>

SOI DETERMINATION 4-3: SOI DETACHMENTS OF URBAN AREAS	
	<i>The District should consider amending their Sphere of Influence, and undertake detachment proceedings, to remove from their boundaries those parcels that are within and near the incorporated limits of the Cities of Biggs, Gridley, and Live Oak that are developed with uses that do not require agricultural irrigation water services.</i>

SOI DETERMINATION 4-4: PRESENT AND FUTURE CAPACITY OF FACILITIES	
	<i>The District has adequate water supplies and water conveyance infrastructure to provide service to existing customers and to the parcels proposed to be added to the District's Sphere of Influence.</i>

SOI DETERMINATION 4-5: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST	
	<i>The only social and economic communities within the District are the Cities of Biggs and Gridley in Butte County and the City of Live Oak in Sutter County. The majority of new development within the District is expected to occur within and immediately surrounding the City of Gridley and the City of Live Oak.</i>

5.0 FINAL SPHERE OF INFLUENCE PLAN ACTIONS

This Section includes the results of Butte LAFCO's final actions on this SOI Plan for the Butte Water District.

Section 5.1 - Butte LAFC Resolution of Adoption

RESOLUTION NO. 01 2010/11

ADOPTION OF MUNICIPAL SERVICE REVIEW UPDATE AND WRITTEN DETERMINATIONS, AND ADOPTION OF A SPHERE OF INFLUENCE PLAN/UPDATE FOR THE BUTTE WATER DISTRICT

WHEREAS, a service review mandated by Government Code Section 56430 and a sphere of influence update mandated by Government Code Section 56425 have been conducted by the Local Agency Formation Commission of the County of Butte (hereinafter referred to as "the Commission") for the Butte Water District in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and,

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including his recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, a public hearing by this Commission was called for September 2, 2010, and at the time and place specified in the notice of public hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes of organization, objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the proposal, in evidence presented at the hearing; and

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that the Municipal Service Review Update for the Butte Water District is statutorily exempt from CEQA and such exemption was adopted by this Commission on September 2, 2010; and.

WHEREAS, pursuant to the provisions of the California Environmental Quality Act (CEQA), an initial study/negative declaration was prepared and adopted by the Butte Water District for the Sphere of Influence update for the District. The initial study/negative declaration shows that there is no substantial evidence, in light of the whole record before the agency, that the proposed amendment to the District's Sphere of Influence may have a significant effect on the environment. The negative declaration/initial study is the appropriate level of environmental review pursuant to the California Environmental Quality Act, Article 6, Section 15070 of the CEQA Guidelines.

WHEREAS, the following Municipal Service Review determinations are made in conformance with Government Code Section 56430 and local Commission policy:

MSR Determination 3-1: Population Growth

It is anticipated that the population within the Butte Water District will increase at a rate of approximately 1.3 percent annually over the next 20 years.

The District's function, which is providing water for agricultural uses, is not significantly affected by population growth.

MSR Determination 3-2: Facilities

The Butte Water District maintains the primary drain lateral and main canal through maintenance easements.

MSR Determination 3-3: Capacity

Due to the generally stable trend in agricultural land uses, the District does not anticipate the need for any potential increases in capacity.

MSR Determination 3-4: Conflicts with New Development

It is recommended that the District work with local municipalities, the County of Butte, and LAFCO to address public safety concerns regarding increased development in the Biggs, Gridley, and Live Oak areas.

MSR Determination 3-5: Facilities

The District owns a number of parcels on which their headquarters and maintenance facilities are located and on which their irrigation water canals are located. The District also indicates that it owns maintenance equipment.

MSR Determination 3-6: Financial Ability of Agency to Provide Services

Rates are sufficient to cover the cost of providing related services. Any expansion or upgrades of District facilities will necessitate appropriate increases in rates to cover the costs of providing related services.

MSR Determination 3-7: Status of, and Opportunities for, Shared Facilities

The District participates in a Joint Powers Authority for sharing of costs associated with maintenance, facilities, and equipment. Opportunities for additional shared facilities and resources are significant given the District's location adjacent to several other irrigation districts.

MSR Determination 3-8: Government Structure and Local Accountability

The District appears to have sufficient accountability and compliance in its governance, and public meetings appear to be held in compliance with Brown Act requirements. Information regarding the District appears to be available to members of the public.

MSR Determination 3-9: Web Page

The District should develop a website that can be used to provide public information, which could include the posting of District Board meeting notices/agendas, meeting minutes, staff reports and memorandums, and water rates.

MSR Determination 3-10: Management Efficiencies

The Butte Water District management structure appears to be sufficient and appropriate.

The District's latest financial audit stated that the financial statements and accounting policies of the District conform with the generally accepted accounting principles applicable to governments, indicating good management efficiencies.

WHEREAS, the following Sphere of Influence Plan determinations are made in conformance with Government Code Section 56425 and local Commission policy:

SOI Determination 4-1: Present and Planned Land Use

Little change in land uses within the District is anticipated over the next 20 years. There are 65 parcels within the District that are subject to a Williamson Act contract. The District's primary service, which is to provide agricultural irrigation water, is consistent with Williamson Act contracts.

SOI Determination 4-2: Present and Probable Need for Public Services and Facilities

The District has adequate water rights and adequate water conveyance infrastructure to provide service to existing customers and to the seven parcels proposed to be added to the District's Sphere of Influence.

SOI Determination 4-3: SOI Detachments of Urban Areas

The District should consider amending their Sphere of Influence, and undertake detachment proceedings, to remove from their boundaries those parcels that are within and near the incorporated limits of the Cities of Biggs, Gridley, and Live Oak that are developed with uses that do not require agricultural irrigation water services.

SOI Determination 4-4: Present and Future Capacity of Facilities

The District has adequate water supplies and water conveyance infrastructure to provide service to existing customers and to the parcels proposed to be added to the District's Sphere of Influence.

SOI Determination 4-5: Social and Economic Communities of Interest

The only social and economic communities within the District are the Cities of Biggs and Gridley in Butte County and the City of Live Oak in Sutter County. The majority of new development within the District is expected to occur within and immediately surrounding the City of Gridley and the City of Live Oak.

WHEREAS, based on presently existing evidence, facts, and circumstances considered by this Commission, including the findings as outlined above, the Commission adopts written determinations as set forth. The Commission updates the existing sphere of influence for the Butte Water District by adding nine parcels totaling approximately 690 acres, as depicted on Figure 5-1 of the Municipal Service Review Update/SOI Plan for the Butte Water District, adopted by the Commission on September 2, 2010; and,

NOW, THEREFORE, BE IT RESOLVED, that pursuant to powers provided in §56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Local Agency Formation Commission of the County of Butte adopts written determinations as set forth in the Municipal Service Review Update for the Butte Water District, dated September 2, 2010, and adopts the Municipal Service Review Update for the Butte Water District. Furthermore, pursuant to powers provided in §56425, the Commission updates the existing sphere of influence for the Butte Water District by adding nine parcels totaling approximately 690 acres,

RESOLUTION NO. 01 2010/11

as depicted on Figure 5-1 of the Municipal Service Review Update/SOI Plan for the Butte Water District, adopted by the Commission on September 2, 2010.

PASSED AND ADOPTED by this Local Agency Formation Commission of the County of Butte, on the 2nd day of September 2010 by the following vote:

AYES: Commissioners Lotter, Duncan, Connelly, Sweany, Fichter and Chair Leverenz

NOES: None

ABSENT: Commissioner Dolan

ABSTAINS:None

ATTEST:


Clerk of the Commission



CARL LEVERENZ, Chair
Butte Local Agency Formation Commission

Section 5.2 - Summary of Adopted MSR Determinations for the Butte Water District

MSR DETERMINATION 3-1: POPULATION GROWTH	
	<p><i>It is anticipated that the population within the Butte Water District will increase at a rate of approximately 1.3 percent annually over the next 20 years.</i></p> <p><i>The District's function, which is providing water for agricultural uses, is not significantly affected by population growth.</i></p>

MSR DETERMINATION 3-2: FACILITIES	
	<p><i>The Butte Water District maintains the primary drain lateral and main canal through maintenance easements.</i></p>

MSR DETERMINATION 3-3: CAPACITY	
	<p><i>Due to the generally stable trend in agricultural land uses, the District does not anticipate the need for any potential increases in capacity.</i></p>

MSR DETERMINATION 3-4: CONFLICTS WITH NEW DEVELOPMENT	
	<p><i>It is recommended that the District work with local municipalities, the County of Butte, and LAFCO to address public safety concerns regarding increased development in the Biggs, Gridley, and Live Oak areas.</i></p>

MSR DETERMINATION 3-5: FACILITIES	
	<p><i>The District owns a number of parcels on which their headquarters and maintenance facilities are located and on which their irrigation water canals are located. The District also indicates that it owns maintenance equipment.</i></p>

MSR DETERMINATION 3-6: FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES	
	<p><i>Rates are sufficient to cover the cost of providing related services. Any expansion or upgrades of District facilities will necessitate appropriate increases in rates to cover the costs of providing related services.</i></p>

MSR DETERMINATION 3-7: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

The District participates in a Joint Powers Authority for sharing of costs associated with maintenance, facilities, and equipment. Opportunities for additional shared facilities and resources are significant given the District's location adjacent to several other irrigation districts.

MSR DETERMINATION 3-8: GOVERNMENT STRUCTURE AND LOCAL ACCOUNTABILITY

The District appears to have sufficient accountability and compliance in its governance, and public meetings appear to be held in compliance with Brown Act requirements. Information regarding the District appears to be available to members of the public.

MSR DETERMINATION 3-9: WEB PAGE

The District should develop a website that can be used to provide public information, which could include the posting of District Board meeting notices/agendas, meeting minutes, staff reports and memorandums, and water rates.

MSR DETERMINATION 3-10: MANAGEMENT EFFICIENCIES

The Butte Water District management structure appears to be sufficient and appropriate.

The District's latest financial audit stated that the financial statements and accounting policies of the District conform with the generally accepted accounting principles applicable to governments, indicating good management efficiencies.

Section 5.3 - Summary of Adopted SOI Determinations for the Butte Water District

SOI DETERMINATION 4-1: PRESENT AND PLANNED LAND USE	
	<i>Little change in land uses within the District is anticipated over the next 20 years. There are 65 parcels within the District that are subject to a Williamson Act contract. The District's primary service, which is to provide agricultural irrigation water, is consistent with Williamson Act contracts.</i>

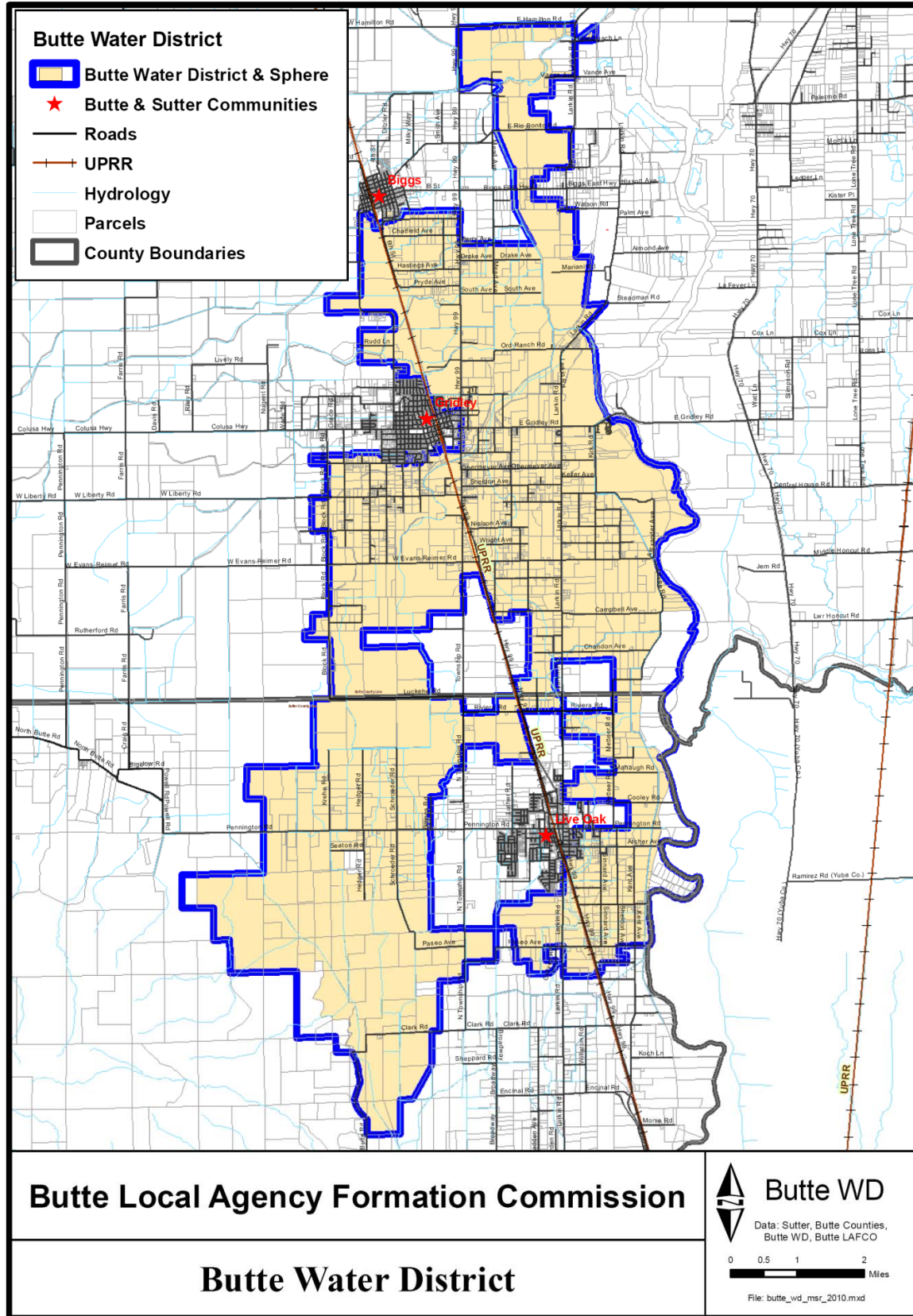
SOI DETERMINATION 4-2: PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES	
	<i>The District has adequate water rights and adequate water conveyance infrastructure to provide service to existing customers and to the seven parcels proposed to be added to the District's Sphere of Influence.</i>

SOI DETERMINATION 4-3: SOI DETACHMENTS OF URBAN AREAS	
	<i>The District should consider amending their Sphere of Influence, and undertake detachment proceedings, to remove from their boundaries those parcels that are within and near the incorporated limits of the Cities of Biggs, Gridley, and Live Oak that are developed with uses that do not require agricultural irrigation water services.</i>

SOI DETERMINATION 4-4: PRESENT AND FUTURE CAPACITY OF FACILITIES	
	<i>The District has adequate water supplies and water conveyance infrastructure to provide service to existing customers and to the parcels proposed to be added to the District's Sphere of Influence.</i>

SOI DETERMINATION 4-5: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST	
	<i>The only social and economic communities within the District are the Cities of Biggs and Gridley in Butte County and the City of Live Oak in Sutter County. The majority of new development within the District is expected to occur within and immediately surrounding the City of Gridley and the City of Live Oak.</i>

Section 5.4 - Figure 5-1: Adopted SOI Boundary for BWD



6.0 ACRONYMS AND DEFINITIONS

BCAG	Butte County Association of Governments
BWD	Butte Water District
CEQA	California Environmental Quality Act
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
JWD	Joint Water Districts
LAFCO	Local Agency Formation Commission
MSR	Municipal Service Review
SEWD	Sutter Extension Water District
SOI	Sphere of Influence

ANNEXATION The inclusion, attachment, or addition of a territory to a city or district.

BOARD OF DIRECTORS The legislative body or governing board of a district.

CEQA The California Environmental Quality Act (CEQA) is intended to inform governmental decision-makers and the public about potential environmental effects of a project, identify ways to reduce adverse impacts, offer alternatives to the project, and disclose to the public why a project was approved. CEQA applied to projects undertaken, funded, or requiring issuance of a permit by a public agency.

GENERAL PLAN A document containing a statement of development policies including a diagram and text setting forth the objectives of the plan. The general plan must include certain state mandated elements related to land use, circulation, housing, conservation, open-space, noise, and safety.

INDEPENDENT SPECIAL DISTRICT: A special district that has a directly elected board of directors. Also see special district.

LAFCO	A state mandated local agency that oversees boundary changes to cities and special districts, the formation of new agencies including incorporation of new cities, and the consolidation of existing agencies. The broad goals of the agency are to ensure the orderly formation of local government agencies, to preserve agricultural and open space lands, and to discourage urban sprawl.
MUNICIPAL SERVICE REVIEW (MSR)	A study designed to determine the adequacy of governmental services being provided in the region or sub-region. Performing service reviews for each city and special district within the county may be used by LAFCO, other governmental agencies, and the public to better understand and improve service conditions.
PRIME AGRICULTURAL LAND	An area of land that has not been developed for a use other than agriculture and meets certain criteria related to soil classification or crop and livestock carrying capacity.
PRINCIPAL ACT	The sections of state law under which authority a district was formed and now operates. The Cortese-Knox-Hertzberg Local Government Reorganization Act provides for formation process, but is not the principal act under which districts operate. An example of a principal act is the Recreation and Park District Law, commencing with Section 5780 of the Public Resources Code.
PRINCIPAL COUNTY	For districts located in more than one county, the county in which all boundary change applications are filed at LAFCO. The principal county is determined to be the county with the largest share of assessed value of taxable property within the district.
SPECIAL DISTRICT	A local governmental agency formed pursuant to general law of the state or special act of the Legislature.
SPHERE OF INFLUENCE (SOI)	A plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO.
SPHERE OF INFLUENCE DETERMINATIONS	In establishing a sphere of influence, the Commission must consider and prepare written determinations related to present and planned land uses, need and capacity of public facilities, and existence of social and economic communities of interest.
ZONING	The primary instrument for implementing the general plan. Zoning divides a community into districts or “zones” that specify the permitted/prohibited land uses.

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