

**MEMORANDUM
LOCAL AGENCY FORMATION COMMISSION**

TO: Local Agency Formation Commission

FROM: Stephen Lucas, Executive Officer

SUBJECT: **Agenda Item 4.6 - Paradise Water Planning Issues Discussion**

DATE: January 29, 2020 for the meeting of February 6, 2020

At its December 5, 2019 meeting, the Commission discussed the issues of water service and planning on the Paradise Ridge. This discussion included the topic of the proposed Paradise Irrigation District-California Water Service Company Intertie project feasibility study as well as the Feasibility Study to be conducted by the State Water Resources Control Board at the direction of the Department of Finance. There was considerable public comment that was very supportive of the Commission taking a role in encouraging a transparent and inclusive process.

The Commission indicated a clear interest in this issue and acknowledged it has a significant role to play in developing future growth and planning documents and the boundaries and services of local agencies on the Paradise Ridge. The Commission also acknowledged it has a public interest role in seeking information on behalf of the public, providing a forum for useful conversations and developing its neutral, independent views on local issues.

The Commission further directed its staff to prepare a letter for the Chair's signature to be sent to the *State Department of Finance*, the *State Water Resources Control Board* and the *Paradise Irrigation District* strongly encouraging them to reach out to all affected local agencies and stakeholders when developing scopes of work, requesting comments or holding public meetings related to the water issues discussed herein.

ACTION REQUESTED: Consider the attached draft letter to identified agencies, accept public comment and provide any additional direction to staff.

Attachment: 1. Draft Letter to the Department of Finance



BUTTE LOCAL AGENCY FORMATION COMMISSION

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February 6, 2020

DRAFT

Erika Li, Program Budget Manager
Department of Finance
915 L Street
Sacramento, CA 95814

Re: Paradise Irrigation District – Feasibility Study

Dear Ms. Li:

The Butte Local Agency Formation Commission (LAFCo) has reviewed your August 19, 2019 letter (Attachment 1) to the Paradise Irrigation District (PID) which discusses the allocation of state funds to the PID to offset its revenue losses related to the Camp Fire.

LAFCO Interest

As provided for in state law (GC56000), the Butte LAFCo functions as a regional regulatory and planning agency empowered by the legislature. Government Code Section 56301 states that:

*“Among the purposes of a commission are...encouraging the **efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.** One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities...a commission shall make a determination as to whether **existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner.**”*

Multi-Agency Aspects

Recognizing that the recovery from the Camp Fire is a multi-issue effort that not only involves the most affected local agencies, the Town of Paradise (Town), the Paradise Irrigation District (PID), and the County of Butte, but also LAFCo and the dozen other local agencies that provide government services to the same populations. To a lesser but necessary extent, long term land use planning and service infrastructure issues on the ridge may also influence decisions and have reverberations in the cities of Chico and Oroville where many Camp Fire victims relocated.

While there are many important issues surrounding the rebuilding of the Paradise Ridge (Town of Paradise, Magalia, Paradise Pines), the single biggest issue depending on perspective, may be the restoration, maintenance and long term efficacy of the domestic water supplies provided currently by the Paradise Irrigation District (PID) and the Del Oro Water Company (DOWC). **As the issue of water services has the potential to cast a very wide net of issues, impacts and implications, it is all the more critical that every effort is made to cast an equally wide net in search of new ideas or innovative solutions from the many agencies and individuals affected.**

Land Use Planning

As the Town of Paradise rebuilds its administrative/service capacity, it will transition into long term planning discussions and the initiation of a comprehensive update to its 1994 General Plan, which will become the Town's guiding planning document into the future. It is this long term plan that will inform most if not all, critical service issues such as the demand for domestic water, potential new sewer service, and ultimately, what growth levels will materialize over time. The Town's new General Plan will also greatly inform the corresponding required LAFCo growth planning documents, the Municipal Service Review and Sphere of Influence Plan. The Town's General Plan will also have a substantial relationship with the development of master plans for the PID which would ideally be developed to support the growth objectives outlined by the Town Council in the General Plan. And like with the Town, LAFCo will also be required to prepare a Municipal Service Review and Sphere of Influence Plan for the PID and it will be fundamentally important that these various growth and planning documents be consistent and mutually supporting.

Proposed Feasibility Study

The August 19, 2019 letter further states that disbursement of these funds [\$14,748,660] to the District is contingent on the District agreeing to participate in a *feasibility study*, to be arranged by the State Water Resources Control Board that will examine the possibility of consolidating the District's operations with one or more neighboring water districts. It is reasonable to understand that this much generalized direction has caused concern as to just what is intended by the word "*consolidating*" and who exactly are the "*neighboring water districts*" referenced?

As described above in its authorizing statute, the LAFCo has much interest in the preparation of a feasibility study and *how it is to be conducted* and *what intended outcomes are expected*. The LAFCo not only has an oversight role of the PID, but has an equally important obligation to the larger community to ensure vital services are provided effectively and logically throughout the County. To this end, the LAFCo sees clearly that the required feasibility study has the potential to affect the Town of Paradise, the City of Chico and the County of Butte among others, including the communities affected by devastating impacts to the Miocene Canal which has been effectively dewatered. Furthermore, the LAFCo has a clear mandate to consider how the actions of any one local agency may impact the goals and services of another local agency. This is one of our primary functions.

It is the LAFCo's goal to provide a neutral and transparent forum to discuss and consider local issues that are directly related to growth and development and how that development will be served best by our myriad of local agencies. To this end and with respect to the feasibility study, it is the purpose and goal of the Commission to:

1. Encourage the broadest participation of affected local agencies as possible in the preparation of a feasibility study in order to maximize the range of options available for our elected bodies to consider.
2. Encourage all affected agencies to collaborate in order to maximize the effectiveness of each agency's respective long range planning documents.
3. Encourage all affected agencies to consider their actions in an open and transparent manner so that their constituents have an abundant opportunity to understand and participate in the decision making process.

Conclusion

The Commission has a clear and legislated interest in this issue and also has a significant role to play in developing future growth and planning documents and the boundaries and services of local agencies on the Paradise Ridge. The Commission also performs a public interest role in seeking information on behalf of the public, providing a forum for useful conversations and developing its neutral, independent views on local issues. In this public interest role, the LAFCo encourages the

Department of Finance, the State Water Resources Control Board and the Paradise Irrigation District to consider the following points:

- The issue of water availability *on the Paradise Ridge* long term is perhaps the most critical issue to be addressed.
- The Town's recovery efforts are intertwined with the water issue and that the elected Town Council is solely vested with land use authority that will guide the rebuild.
- While the public water resources available are owned, managed and operated by the PID, the PID is not the only local agency that will be affected by any decisions related to water use on the Ridge and beyond.
- Water resource issues in Butte County are a very serious and controversial topic and the dominant local sentiment is that our water resources remain a local, publicly managed resource for the benefit of the public and local users.
- Good government demands that all future discussions concerning regionally inter-connected water issues regardless of locality, should be transparent and seek the collaboration of all directly and indirectly affected local agencies.

The LAFCo respectfully requests the Department of Finance and the State Water Resources Control Board to:

1. Actively encourage all affected local agencies to fully participate in the preparation of the feasibility study; and
2. Ensure the timely and complete dissemination of information as it is developed so that all affected local agencies and the public can have confidence that the development of the feasibility study is transparent and can be trusted to address the concerns of all affected parties.

The LAFCo will fully cooperate and contribute to the development of the feasibility study as it relates to its core, legislatively authorized functions of *encouraging the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.*” Perhaps the most important construct of the proposed feasibility study is the acknowledgement that the process be transparent, all inclusive of affected agencies and ultimately, allowed to be locally debated and any outcome should be approved by our locally elected leaders. Please direct all questions and any documents to the Commission’s attention to Executive Officer, Stephen Lucas at slucas@buttecounty.net.

Sincerely,

Carl Leverenz
Commission Chair

cc: State Water Resources Control Board – Michelle Frederick
Department of Finance – Chris Hill
Paradise Irrigation District – Kevin Phillips
County of Butte – Shari McCracken
Town of Paradise – Lauren Gill
City of Chico – Mark Orme



DEPARTMENT OF FINANCE

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RECEIVED
BY: CA: KEVIN

ROSS
Dustin Cooper / Emily LaMice

August 14, 2019

Mr. Kevin M. Phillips, District Manager
Paradise Irrigation District
6332 Clark Road
Paradise, CA 95969

Dear Mr. Phillips:

As part of the 2019 Budget Act allocation for fire relief efforts, there is \$14,748,660 allocated to offset revenue the Paradise Irrigation District (District) is projected to lose in the 2019-20 and 2020-21 fiscal years because of damage caused by the October 2018 Camp Fire. The authorized backfill for each fiscal year is \$7,374,330, subject to the conditions described below.

The disbursement of these funds to the District is contingent on certain metrics. The first year's disbursement is contingent on the District agreeing to participate in a feasibility study, to be arranged by the State Water Resources Control Board and funded by the state, that will examine the possibility of consolidating the District's operations with one or more neighboring water districts. The second year's disbursement is contingent upon the District's continued participation in the feasibility study.

If this is satisfactory to the District, please send a letter on official letterhead (an emailed .pdf is sufficient) agreeing to participate in the feasibility study and requesting disbursement of the funds. Please use the following address information for the letter:

California Department of Finance
Attn: Chris Hill, ETHLL Unit
915 L Street, 10th Floor
Sacramento, CA 95814

The email address for the .pdf document is: chris.hill@dof.ca.gov

In the letter, please also state to whom the payment should be remitted, and include any necessary bank account and/or routing information. Upon our receipt of the letter, we will instruct the State Controller's Office to remit the first fiscal year's relief payment to the District. The second fiscal year's relief payment will be provided after June 30, 2020.

If you have any questions regarding the feasibility study, please contact Sergio Aguilar, Principal Program Budget Analyst, at (916) 324-0043. If you have any questions concerning the relief funding or the distribution process, please contact Chris Hill, Principal Program Budget Analyst, at (916) 445-3274.

Sincerely

ERIKA LI
Program Budget Manager