

FINAL

**MADERA LOCAL AGENCY FORMATION
COMMISSION**

**MADERA IRRIGATION DISTRICT
MUNICIPAL SERVICE REVIEW**



MADERA
IRRIGATION DISTRICT

SEPTEMBER 2020



ADMIN DRAFT

**MADERA IRRIGATION DISTRICT
MUNICIPAL SERVICE REVIEW FOR SPHERE OF
INFLUENCE AMENDMENT AND
REORGANIZATION OF PROPERTY IN THE
GRAVELLY FORD WATER DISTRICT**

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TABLE OF CONTENTS

<i>Acronyms and Abbreviations</i>	<i>iii</i>
<i>SECTION 1 - Introduction</i>	<i>1-1</i>
1.1 - Municipal Service Review Purpose	1-1
1.2 - Summary of Issues.....	1-1
1.3 - Scope of this MSR	1-5
1.4 - MSR Preparation, Review and Adoption Process	1-5
1.5 - Required Topic Areas of Analysis.....	1-5
1.6 - Assumptions Regarding Local Agency Structure.....	1-7
1.7 - LAFCo Powers	1-8
1.8 - Key Considerations and Goals.....	1-9
1.9 - Services Comparison	1-9
<i>SECTION 2 - Growth and Population Projections</i>	<i>2-1</i>
2.1 - Introduction	2-1
2.2 - History of Madera Irrigation District	2-1
2.2.1 - Madera-Chowchilla Water & Power Authority.....	2-2
2.3 - History of Gravelly Ford Water District	2-2
2.4 - Groundwater Sustainability Plan.....	2-2
2.5 - Planning and Growth Projections.....	2-3
2.6 - Determinations	2-6
<i>SECTION 3 - Disadvantaged Unincorporated Communities</i>	<i>3-1</i>
3.1 - Overview	3-1
3.2 - Determinations	3-3
<i>SECTION 4 - Madera Irrigation District Service Review</i>	<i>4-1</i>
4.1 - Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies.....	4-1
4.1.1 - Summary of Prior MSR.....	4-1
4.1.2 - Madera Irrigation District Capital Improvement Plan (CIP).....	4-1
4.1.3 - Irrigation Water Service	4-4
4.1.4 - Plans for Future Services	4-5
4.1.5 - Determinations	4-5
4.2 - Financial Ability to Provide Services.....	4-8
4.2.1 - Summary of Prior MSR.....	4-8
4.2.2 - Budget.....	4-8
4.2.3 - Opportunities for Rate Restructuring	4-11
4.2.4 - Determination	4-11
4.3 - Status of, and Opportunities for, Cost Avoidance, and Shared Facilities.....	4-11

4.3.1 - Summary of Prior MSR..... 4-11

4.3.2 - Cost Avoidance Opportunities 4-12

4.3.3 - Opportunities for Shared Facilities 4-12

4.3.4 - Determinations 4-12

4.4 - Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies..... 4-12

4.4.1 - Organizational Structure/Governance 4-13

4.4.2 - Determinations 4-14

SECTION 5 - Sphere of Influence Review..... 5-1

5.1 - Sphere of Influence Overview 5-1

5.1.1 - Present and Planned Land Uses 5-1

5.1.2 - Present and Probable Need for Public Facilities and Services 5-1

5.1.3 - Present Capacity of Public Facilities and Adequacy of Public Services..... 5-2

5.1.4 - Existence of Any Social or Economic Communities of Interest..... 5-2

5.1.5 - Sphere of Influence Recommendations..... 5-2

SECTION 6 - Bibliography 6-1

LIST OF FIGURES

Figure 1-1 Regional Location 1-3

Figure 1-2 District Map..... 1-4

Figure 2-1 Planned Land Use Designations (General Plan) 2-5

Figure 3-1 Median Household Income (2018) 3-2

Figure 4-1 Capital Improvement Plan Project List 4-2

Figure 4-2 Capital Improvement Plan Cost Schedule 4-3

Figure 4-3 Existing Facilities in the Vicinity of the Subject Parcel..... 4-6

Figure 5-1 Proposed Sphere of Influence Madera Irrigation District..... 5-4

LIST OF TABLES

Table 1-1 Current, Authorized and Latent Powers Matrix 1-10

Table 2-1 Madera County Growth Estimates 2-4

Table 4-1 District Operating Revenues, Operating Expenses, and Nonoperating Revenues 4-8

ACRONYMS AND ABBREVIATIONS

ACO	Non-routine Operating Expenditures
ADA	Americans with Disabilities Act
AF	Acre-Feet
CAL FIRE	California Department of Forestry and Fire Protection
CalPERS	California Public Employees Retirement System
CIP	Capital Improvement Program
CKH Act	Cortese-Knox-Hertzberg Local Government Reorganization Act
CPUC	California Public Utilities Commission
CSA	County Service Area
CWRCB	California Water Resources Control Board
DAR	Dial-A-Ride
DIF	Development Impact Fee
DUCs	Disadvantaged Unincorporated Communities
EMS	Emergency Medical Services
FTE	Full-time Equivalent
FY	Fiscal Year
GPM	Gallons per Minute
IS	Information Systems
ISO	Insurance Services Organization
LAFCo	Local Agency Formation Commission
LMZ	Landscape Maintenance Zone
LOS	Level of Service
LTF	Local Transportation Fund
MAX	Madera Area Express
MCC	Madera County Connection
MCCC	Madera Community College Center
MCTC	Madera County Transportation Commission
MD	Maintenance District
MFD	Madera Fire Department
MGD	Million Gallons per Day
MID	Madera Irrigation District
MPD	Madera Police Department
MSR	Municipal Service Review
MVWC	Madera Valley Water Company
PCS	Parks and Community Services
PVC	Polyvinyl Chloride
SMD	Southeast Madera Development Project
SOI	Sphere of Influence
WWTP	Wastewater Treatment Plant

SECTION 1 - INTRODUCTION

1.1 - Municipal Service Review Purpose

California Government Code Section 56430 requires the Madera County Local Agency Formation Commission (LAFCO) to conduct comprehensive service review of the municipal services provided in the county or other appropriate area designated by the commission. A Municipal Service Review (MSR) is a comprehensive assessment of the ability of existing local government agencies to effectively and efficiently provide municipal services to residents and users. The form and content of an MSR is specified by requirements in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and in the State of California's LAFCO MSR Guidelines, published in August 2003.

The CKH Act requires all LAFCOs, including Madera LAFCO, to prepare an MSR for each of its incorporated cities and its special districts. The fundamental role of LAFCO is to implement the CKH Act, which was adopted into State law to encourage the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. MSRs are to be completed every five years, and must be completed prior to, or in conjunction with, an update of a city or special district Sphere of Influence (SOI) or before LAFCO initiates any reorganization of the boundaries of a special district.

This MSR was initiated by Madera LAFCo in the Winter of 2020 and is intended to provide Madera LAFCo with the necessary and relevant information related to the operations and management of the municipal service providers within the Madera Irrigation District's proposed updated SOI in western Madera County. Madera LAFCO intends to review the local governing landscape for service delivery and make recommendations for each agency that promote orderly growth and development while preserving surrounding agricultural and open space lands as well.

1.2 - Summary of Issues

The Madera Irrigation District (District) spans across a large portion of western Madera County and the majority of the City of Madera. Madera County is located within the San Joaquin valley adjacent to the north of Fresno County and south of Merced County. Major highways in the area consist of State Route (SR) 41, 99, 145, and 152 (See Figure 1-1 and Figure 1-2). The 2018 American Community Survey estimated approximately 155,013 residents in Madera County¹. Developed areas within the County includes the City of Chowchilla, City of Madera, and several Census-designated places and Unincorporated Communities (U.S. Census Bureau ACS, 2020). The District offers irrigation water services to supply farmers within its District boundary.

¹ Table DP05, ACS Demographic and Housing Estimates

This report focuses on to facilitate a reorganization of a property owned by the District that currently is within the legal boundaries of the Gravelly Ford Water District (GFWD). The subject parcel is a 411-acre parcel (APN: 044-192-009) is subject to a Proposition 218 assessment for implementation of the GFWD Groundwater Sustainability Plan (GSP). The assessment was approved and the subject property, due to the fact that while owned by the District it is not within the District's boundary, would be subject to pay the assessment pursuant to State law. Since the property is maintained by the District and does not actually receive service from GFWD, the District has consulted with GFWD and concluded that a reorganization of the property would be appropriate.

The reorganization will be subject to LAFCo approval, which would require an MSR and SOI. The reorganization would entail detaching the subject property from GFWD, amending the Spheres of Influence of both GFWD and the District and subsequently annexing the property to the District. The overall District operations or the existing Sphere of Influence beyond the boundaries of the subject property is not part of review.

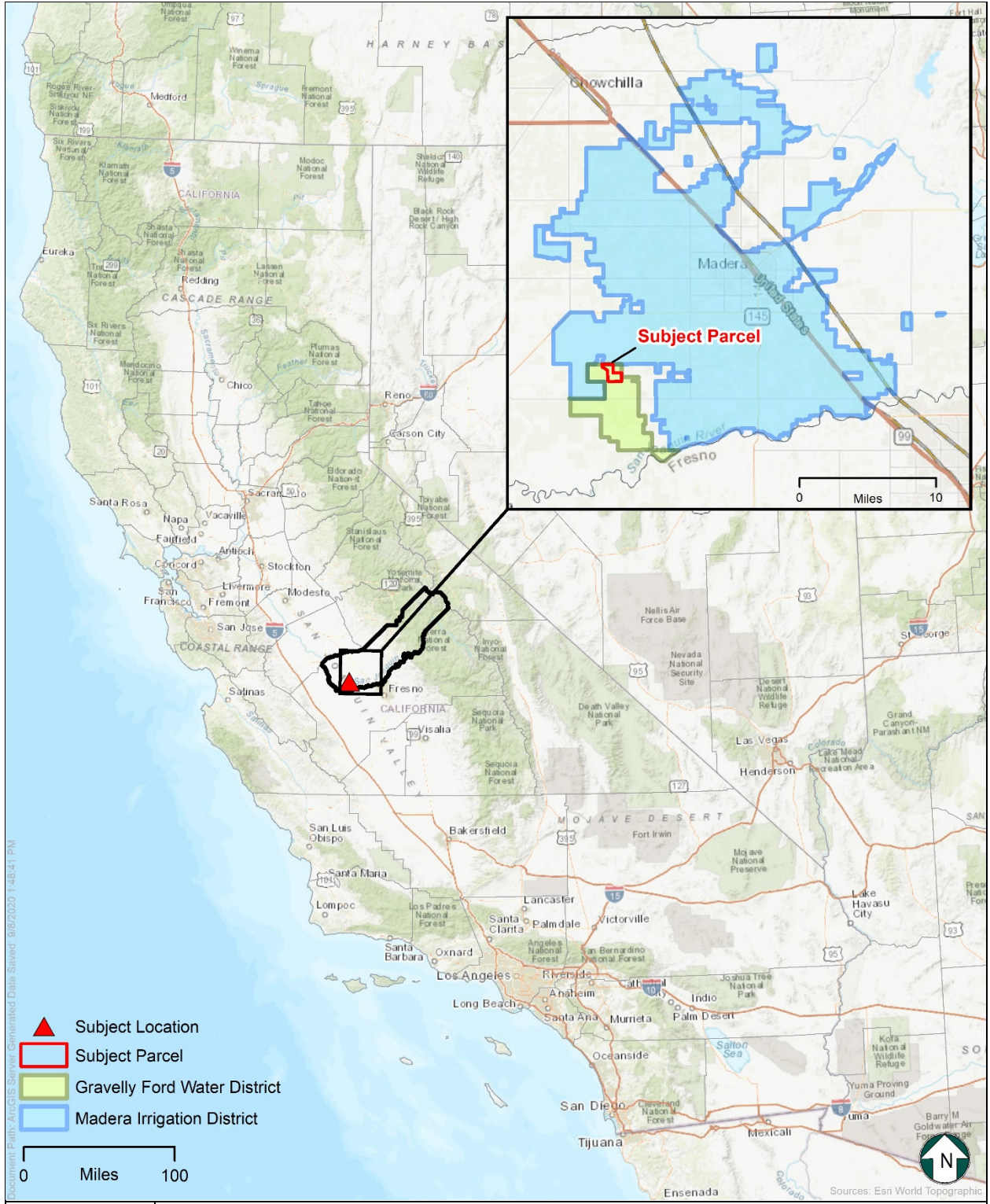


Figure 1-1
Regional Location

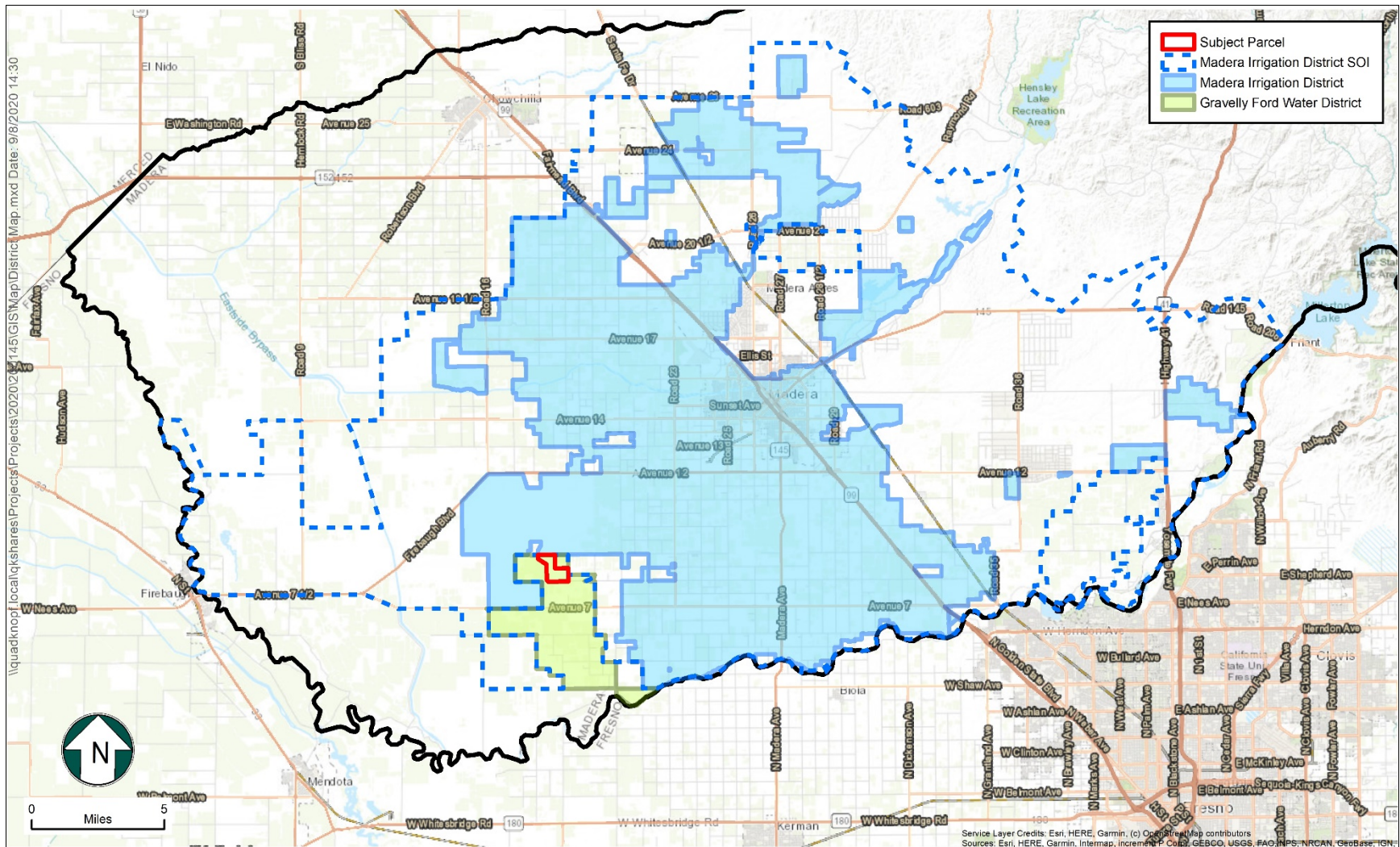


Figure 1-2
District Map



1.3 - Scope of this MSR

Madera Irrigation District does not consider a comprehensive SOI as necessary and is satisfied with its current proposed service area as defined by the existing SOI. Therefore, the MSR and SOI recommendations will not be a comprehensive of the entirety of the District. The reorganization will only pertain to the review and discussion of the detachment from GFWD and annexation of the subject parcel to the District's SOI, in accordance with CKH and Madera LAFCo policies. The subject parcel and associated District boundaries are shown in Figure 1-2.

The objective of the MSR and SOI review would be to provide a summary of any past findings as well as conduct a new, independent review as it relates to the current state of operations and service delivery to the subject property.

1.4 - MSR Preparation, Review and Adoption Process

The process of developing the MSR began with the collection of planning and budgetary documents and other records related to the provision of municipal services of each service provider.

The Draft MSR was prepared utilizing the gathered data from the District and LAFCO sources. A public meeting was held at the Madera County Government Center on XXXXXXXXXX, to receive feedback regarding the Draft MSR. No comment letters were received by staff prior to the workshop, therefore only verbal comments received at the meeting were incorporated in the Final MSR.

A noticed hearing was scheduled at the Madera County Government Center on XXXXXXXXXX, where comments from the public and adoption of the Final MSR, including its Determinations and Recommendations, could be considered. After input and comment from the public, the Commission approved the Final MSR.

1.5 - Required Topic Areas of Analysis

This MSR contains analysis and conclusions, referred to as determinations, regarding six topic areas as set forth in the CKH Act. These areas of analysis focus on the essential operational and management aspects of each service provider, and together constitute a complete review of the ability of the providers to meet the service demands of the residents and businesses within the Madera area. The six topic areas used for analysis in this MSR are as follows:

1. Growth and Population Projections

Service efficiency is linked to a service provider's ability to plan for the future needs of an agency while also meeting existing service demands. This section reviews projected service demands and needs based upon existing and anticipated growth patterns and population projections. This is found in Section 2 -

Growth and Population Projections.

2. *The Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence*

Unincorporated disadvantaged communities, as defined by Water Code Section 79505.5, may lack basic infrastructure, such as water, sewer, or fire protection, because they may have been overlooked during the comprehensive land use planning process due to their socioeconomic status. To promote equality and environmental justice in accordance with adopted local policy and Senate Bill 244, which was adopted in 2011, the proximity of any disadvantaged community to existing service providers is analyzed and discussed in order to determine if the community should be included in the SOI of the District. This is found in Section 3 - Disadvantaged Unincorporated Communities

3. *Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies*

Infrastructure can be evaluated in terms of condition, capacity, availability, quality and relationship to operational, capital improvement and finance planning. This section assesses the adequacy and quality of the service providers' physical infrastructure, and analyzes whether or not sufficient infrastructure and capital are in place (or planned for) to accommodate planned future growth and expansions. This information is found within each agency's section of the report.

4. *Financial Ability to Provide Services*

This section analyzes the financial structure and health of the district with respect to the provision of services. Included in this analysis is the consideration of rates, service operations, and the like, as well as other factors affecting the District's financial health and stability, including factors affecting the financing of needed infrastructure improvements and services. Compliance with existing State requirements relative to financial reporting and management is also discussed. This information is found within each agency's section of the report.

5. *Status of, and Opportunities for, Shared Facilities*

Practices and opportunities that may help to reduce or eliminate unnecessary costs are examined in this section. Occurrences of facility sharing are listed and assessed for efficiency, and potential sharing opportunities that would serve to better deliver services are discussed. This information is found within each agency's section of the report.

6. *Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies*

This section addresses the adequacy and appropriateness of the agency's existing boundaries and sphere of influence, and evaluates the ability of the district to meet their service demands under their existing government structure. Also included in this section is an evaluation of compliance by the agency with public meeting and records laws. This information is found within each agency's section of the report.

Furthermore, according to Madera LAFCo policy 4.19, prior to annexation to a city or special district, the petitioners shall demonstrate:

- That the need for governmental services exists;
- That the annexing agency is capable of providing service;
- That a plan for service exists; and
- That the annexation is the best alternative to provide service.

Growth and Population Projections are covered in Section 2 and Disadvantaged Unincorporated Communities are covered in Section 3. The other three topic areas are covered within Section 4. Final determinations and recommendations are made in Section 5.

1.6 - Assumptions Regarding Local Agency Structure

Every agency provides municipal services a little differently. There are different types of agencies that are each allowed to provide a different mix of services (See Table 1-1 for District provided services). Some communities have only one city or special district and others have many. Sometimes the areas may overlap or receive services from multiple agencies. Madera LAFCo begins this analysis with a number of assumptions that are based on the preamble of the CKH Act.

The preamble of the CKH Act contains a number of legislative findings and declarations that serve as a general guide for LAFCOs and their purpose for being. The first and main declaration is that:

It is the policy of the state to encourage orderly growth and development, which are essential to the social and economic well-being of the state.

The legislature goes on to make further declarations in CKH Section 56001 about how the determination of orderly local government boundaries is important to orderly growth and development. The legislature also makes the following declarations in Section 56001. This is an appropriate place to begin the discussion of service provision in the Madera area:

The legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and

financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas.

Nonetheless, the legislature recognizes the critical role of many limited purpose agencies, especially in rural communities.

The legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

The main issue to be addressed in this MSR is to determine what organization of local government structures and service providers can best provide adequate services as it relates to the subject parcel. Once that is determined by LAFCo, then questions of SOI and boundary change recommendations can be answered.

1.7 - LAFCo Powers

LAFCo has the power to determine the SOI for the Madera Irrigation District. An SOI is a plan for the probable physical boundaries and service area of a local agency. It is represented by a boundary line on a map. This boundary line shows the territory that is expected to eventually be within the agency's boundary, as determined by LAFCo. It is by this method that LAFCo makes policy statements about its intent for the future probable boundaries of a District. If LAFCo chooses to not adopt an SOI for a city or district, meaning that it chooses to adopt a "zero" sphere, then it is making the policy statement that its plan is for that agency to eventually be consolidated into another district. The preparation of an MSR is required prior to the amendment of a city or district's SOI.

After the MSR is complete, and any SOIs have been modified, Madera LAFCo has the power to initiate changes of organization to reorganize and/or consolidate the districts. However, final approval of any change to district boundaries rests with the registered voters within the affected area being reorganized. If 50 percent or more of the registered voters provide LAFCo with a written protest of the reorganization, then it fails to be adopted. If 25 percent to 50 percent of registered voters provide a written protest, then the question of the reorganization is placed on the ballot of the next regularly scheduled election for voter approval. If less than 25 percent of registered voters provide a written protest to LAFCo, then LAFCo's approval of the reorganization would stand. Since the final determination of a reorganization of district boundaries rests with the people in the district being reorganized, LAFCo will likely want to see evidence that the people support the change before LAFCo approves it, and may want the citizens living within the districts to take the lead in proposing specific changes.

1.8 - Key Considerations and Goals

The MSR will use the following goals to evaluate the potential government structure options for the Madera area:

- 1. Efficient provision of municipal services.** The ultimate goal of the preferred governance structure should be an efficient operating structure and stable fiscal basis required to effectively provide municipal services to the Madera area.
- 2. Adequate revenue sources.** The ability to provide municipal services at adequate levels hinges upon stable revenue streams linked to the services for which the revenues are being collected.
- 3. Proactive approach to governance structure.** Government agency reorganization proposals (e.g., municipal incorporations, major annexations, etc.) are necessarily complex procedures requiring substantial effort on the part of proponents, LAFCo and the affected agencies. These reorganizations are often more complex when contemplated on a reactive basis rather than a proactive basis. An understanding of a long-range approach to reorganization will assist in evaluating specific proposals to determine if they will bring the community closer to the desired end result.
- 4. Avoidance of intergovernmental conflicts, competition, or issues.** Conflicts between local jurisdictions over control and other impacts across jurisdictions and competition for resources (e.g., fiscal revenue generators) often consume resources and weaken incentives to cooperate on important regional issues like transit service, water quantity and quality, air quality, and habitat conservation.
- 5. Local preference.** There is often more than one feasible government structure that can potentially provide local municipal services. The residents and businesses of the community must have the opportunity to participate in choosing the method, especially since a governmental structure change will likely require some sort of election process for it to be implemented.

Local preference also may include agreements made between local agencies regarding where and how growth and development may occur within a region. These agreements have been identified within CKH as important for consideration during the MSR and SOI update process. The Commission “shall give great weight to the agreement to the extent that *it is consistent with [LAFCO] commission policies...* (emphasis added)” (Government Code §56425(b)).

1.9 - Services Comparison

The services that State law allow of a special district to provide vary. Some Districts are only allowed to provide a very narrow range of services, while others can provide a wide range of services. Table 1-1 illustrates the services that the District can provide.

The matrix in Table 1-1 specifies whether the services that can be provided are being provided now, are authorized but not being provided, or are latent.

Provides - means that the agency is authorized by LAFCo and State law to provide the service and that the service is currently being provided. These services may continue to be provided by the district at their discretion.

Authorized - means that the agency is authorized by LAFCo and State law to provide the service, but this service is not currently being provided by the district. The district has the authorization it needs from the State and LAFCo to begin providing these services at their discretion.

Latent - means that the agency is authorized by State law to provide the service, but districts are first required to gain LAFCo approval before it may begin providing the service. The process to gain LAFCo approval is described in CKH Section 56824.10 et seq. It is similar to an annexation process, requiring an initiating resolution from the district, followed by LAFCo approval after a public hearing.

A blank box - this means that State law does not allow that agency to provide that service. These services, if needed, would have to be provided directly by Madera County or by another agency that is authorized to provide the service.

**Table 1-1
Current, Authorized and Latent Powers Matrix**

Municipal Service Provided	Madera Irrigation District	Gravelly Ford Water District
Irrigation Water Supply	Provides	Provides
Irrigation Water Distribution	Provides	Provides
Groundwater Management	Provides	Provides

SECTION 2 - GROWTH AND POPULATION PROJECTIONS

2.1 - Introduction

The purpose of this section is to evaluate service demand based on existing and anticipated growth patterns and population projections. Since the District does not provide service to the overall populace, the growth of the population would not directly impact the District. Therefore, statistics and projections from the County of Madera will be used in order to derive the population that could be within the District. The MSR Guidelines call for LAFCo to determine historic and projected growth and absorption patterns in relationship to a service provider's boundaries and SOI. In addition, LAFCo is tasked with evaluating the impact and compatibility of such growth on and with land use plans, services, local government structures and growth patterns.

2.2 - History of Madera Irrigation District

The Madera Irrigation District (District) is a public agency, established by the State legislature as a Special Act District. District was formed in 1920 and originally consisted of approximately 350,000 acres. The formation was the effort of a 40-member committee organized to bring water to the Madera area. It is governed by a five-member Board of Directors who are elected at large but who must reside within the division they serve. The District purchased a site for Friant Dam and filed for water rights with the State Water Authority. This effort was not successful and the District contracted with the United States Bureau of Reclamation (USBR). This contract granted the District a guaranteed water supply of a maximum of 270,000-acre feet per year, for an area of 172,000 acres (Madera Irrigation District, 2020).

Since the formation of the District, the boundaries have been changed a number of times. In 1950, approximately 46,000 acres were detached from the District to permit the formation of the Chowchilla Water District reducing the gross area to 112,500 acres, of which 94,500 acres was irrigable area. In 1975, the District added 15,000 acres as required by a contract with the Bureau that provided 24,800-acre feet on average from Hidden Dam. In 1983, the District joined the Mid Valley Water Authority in an effort to obtain additional water supplies for the District.

Currently, the District distributes water in a 140,000 acres District boundary of prime agricultural lands. The District primarily operates a gravity irrigation distribution system with approximately 300 miles of open flow canal systems as well as 150 miles of large diameter pipelines (Madera Irrigation District, 2019). The District has a Central Valley Project repayment contract with the United States Bureau of Reclamation (USBR) providing up to 85,000 acres fee of Class 1- and 186,000-acres feet (AF) of Class 2 water per year from the Friant Division (Millerton Lake). Under the Hidden Unit contract, the average annual supply available to the District is approximately 24,000 AF per year (Madera Irrigation District, 2020).

The District's water supply derives from multiple sources including water rights on the Fresno River and water service contracts for water from the Friant Division and the Hidden Unit of the Central Valley Project.

2.2.1 - MADERA-CHOWCHILLA WATER & POWER AUTHORITY

The District entered into a joint powers agreement with the Chowchilla Water District to form the Madera-Chowchilla Water & Power Authority (MCWPA). The Authority is administered by the Board of Directors of each District. The Authority handles electrical generation projects that are to be shared between the two districts equally and the operations and maintenance of the Madera Canal (Madera Irrigation District, 2017-2019).

2.3 - History of Gravelly Ford Water District

The Gravelly Ford Water District (GFWD) was formed in 1962 pursuant to the California Water Code (Section 20000 et. seq.). The District serves approximately 8,400 acres (26 farms) of unincorporated Madera County territory generally situated between Avenue 4 and Road 20. Of the 8,400 acres, 7,500 acres are irrigated agriculture. In 1981 a Class II water contract was executed with the United States Bureau of Reclamation. This contract provides the District with an allotment of 14,000 ac. ft per year.

Water is also purchased from the Madera Irrigation District in certain years. In 1982, GFWD purchased bonds issued for the construction of a distribution system and the first water deliveries were made. A water delivery system was constructed in 1984, allowing surface water to supplement its use of groundwater and water from Cottonwood Creek. Land was purchased and a percolation pond was constructed in 2004.

GFWD also contracts for surface water for agricultural uses with MID in certain years and distributes it to customers throughout its territory. GFWD's distribution system consists primarily of the Gravelly Ford Canal, which extends from the San Joaquin River to Cottonwood Creek. The District receives only Class 2 water. Small connecting pipelines are used to deliver water to metered turnouts. The unlined canal allows for groundwater recharge by percolation of water into the underlying sandy soils.

GFWD operates under Bureau of Reclamation requirements, which provides management parameters including policies, directives and standards, and delegations of authority. Collectively, these management parameters assign program responsibility and authority, and document Reclamation-wide methods of doing business. The Bureau of Reclamation has changed billing practices over the past few years and now charges for the actual amount of water used rather than the total water allotment (Gravelly Ford Water District, 2008).

2.4 - Groundwater Sustainability Plan

In September 2014, the California legislature passed the Sustainable Groundwater Management Act (SGMA), establishing new measures for groundwater management and

regulation statewide. SGMA provides for local control of groundwater resources while requiring sustainable management of the state's groundwater basins. Under the provisions of SGMA, local agencies must establish governance of their subbasins by forming Groundwater Sustainability Agencies (GSAs) with the authority to develop, adopt, and implement a Groundwater Sustainability Plan (GSP, or Plan) for the subbasin. Under the GSP, GSAs must adequately define and monitor groundwater conditions in the subbasin and establish criteria to maintain or achieve sustainable groundwater management within 20 years of GSP adoption.

The Madera Subbasin is identified by California Department of Water Resources (DWR) as a critically overdrafted basin. Therefore, the Madera Subbasin GSAs must develop, adopt, and submit a GSP (or GSPs) to DWR for the entire Madera Subbasin by January 31, 2020. The Madera Subbasin is managed by seven GSAs, of which four have developed a joint GSP and three have developed individual GSPs. This Madera Subbasin Joint GSP, together with the three individual GSPs, satisfies the requirements established by SGMA and DWR, and outlines the strategy by which the Madera Subbasin GSAs will achieve sustainable groundwater management by 2040.

The District's GSA was formed on March 31, 2016 and manages approximately 133,850 acres of the Madera Subbasin. As of 2015, the majority of this area is comprised of agricultural land (80 percent). Much of the remaining area consists of native vegetation (12 percent) or developed land (7 percent), including urban, semi-agricultural, and industrial land. A small portion of the GSA is also covered by water surfaces (1 percent) (Madera Subbasin, 2020).

2.5 - Planning and Growth Projections

The Madera County General Plan was adopted in 1995 by the Madera County Board of Supervisors to provide land use development decision-making guidance and to provide a planning framework for the development of more detailed implementation plans and measures. A map depicting these planned land use patterns is shown in Figure 2-1.

Furthermore, the area outside of the incorporated Cities of Madera and Chowchilla is governed by the County of Madera. The vast majority of the area within the boundary of the District falls within the County's jurisdiction. Thus, the majority of land and their respective land uses are governed by the County of Madera and the General Plan which was adopted in 1994. Since the District does not provide municipal services such as potable water or wastewater collection/disposal, then it is not abnormal that the District has not determined the estimated current or projected populations. For the purpose of the MSR, Madera County was used in order to determine a population estimate.

The Demographic Research Unit is an arm of the Department of Financing and its purposes is to serve as the single official source of demographic data for state planning and budgeting. The data produced is integral due to it being used to establish appropriation limitations; distribute subvention funds, various federal program funds, wastewater treatment funds, and other state funds; allocate capital outlay funds; and aid in the planning and evaluation of

programs. State agencies and departments, local governments, the federal government, school districts, public utilities, the private sector, and the public use the Unit's demographic data (Department of Financing , 2018). In Table 2-1, the population estimates have been updated to account for the most recent population information available. However, anomalies or unforeseen events may occur over time that may spike growth in the County.

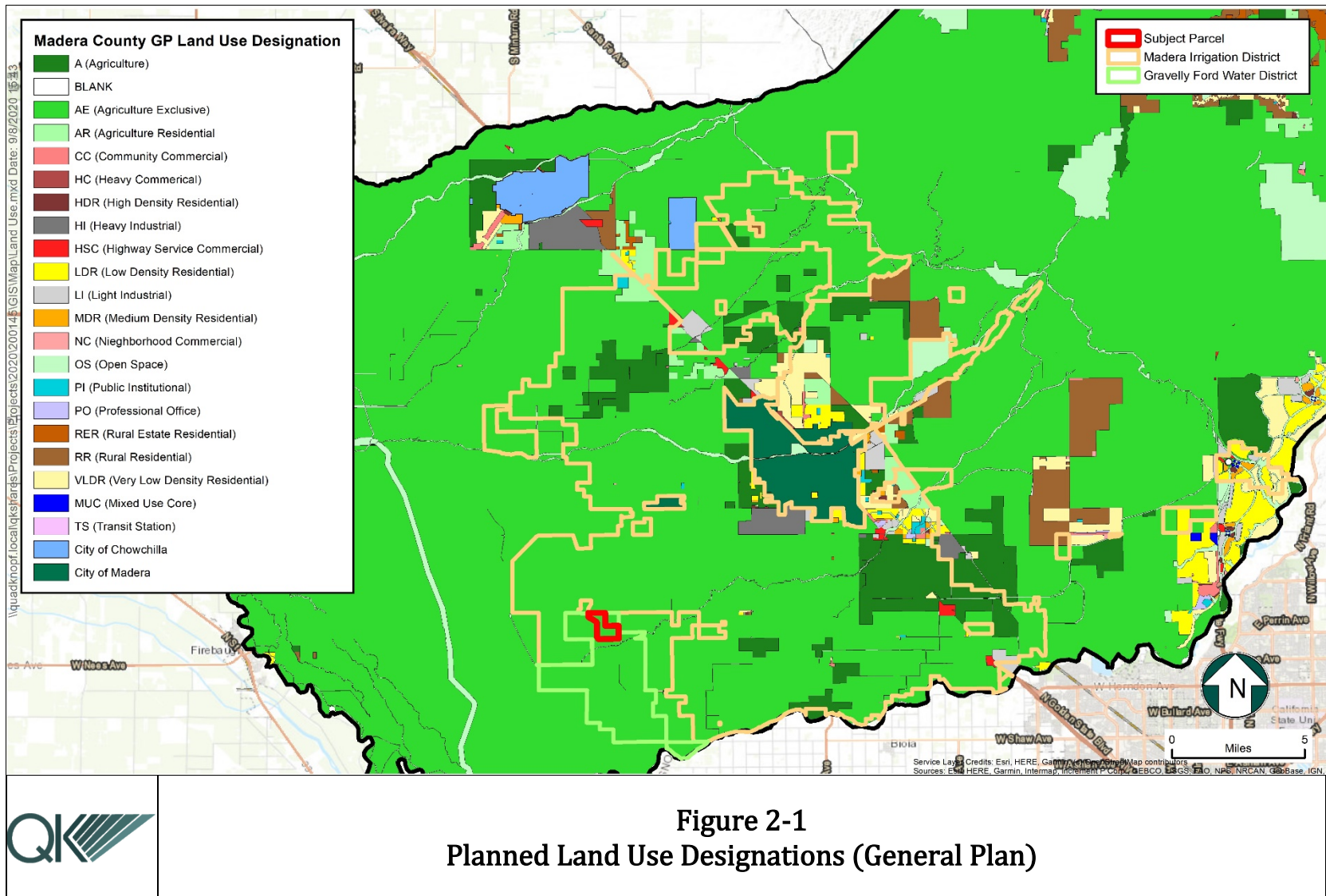
Table 2-1
Madera County Growth Estimates

Forecast Year	Population Estimate (Madera County)	Growth %	Population Estimate (California)	Growth %	Population Estimate (Madera County Housing Element)	Population Estimate (California)
2010	150,175	---	37,367,579	---	151,328	--
2015	154,548	2.91%	39,055,383	4.52%	161,556	6.76%
2020	160,089	3.59%	40,129,160	2.75%	185,056	14.54%
2025	165,308	3.26%	41,176,614	2.61%	208,914	12.89%
2030	169,756	2.69%	42,263,654	2.64%	229,277	9.74%
2035	173,670	2.31%	43,195,083	2.20%	254,408	10.96%
2040	176,604	1.69%	43,946,643	1.74%	278,011	9.28%
2045	178,340	0.98%	44,497,568	1.25%	299,681	7.78%
2050	179,367	0.58%	44,856,461	0.81%	323,469	7.94%

Notes: The Population estimate for the Housing Element uses the same source data

Source: 2010-2060 Department of Finance County Population Projections

The Department of Finance (DOF) has extrapolated population projects for Madera County from 2010-2060. For the purpose of the MSR population for the next 30 years were utilized. The DOF estimates that the current population for Madera County is 160,089. The DOF has calculated the population to be Countywide, meaning that it includes both municipalities (Chowchilla and Madera). The population estimates for Madera County approximate an average growth rate of 2.25 percent every five years. Furthermore, the growth of Madera County has a similar growth rate compared to the State of California, which was also estimated by the DOF (2.32 percent). The DOF estimates that the population would be 179,367 residents by the year 2050. The average Madera County growth rate is lower than what it has been historically. From 1930 to 1990, the annual average growth rate was 2.76 percent (Madera County, 1995). Madera County's Housing Element includes a similar population projection, which provides a much more aggressive rate of growth and likely take into account development occurring in Eastern Madera county, which the state may have not been aware of when doing their population modeling The population data is sourced from the Department of Finance, however it far exceeds these population projections, as shown in Table 2-1 (Madera County, 2015).



Alluded to previously, District's primary function is to provide irrigation water services to agricultural land uses and does not directly or indirectly effect population growth. However, population growth can indirectly affect the District. As population increases, then agricultural land will be converted in order to sustain the new populace. Thus, the demand for irrigation water and supply will diminish as agricultural land conversions increase.

2.6 - Determinations

Determination 2-1 – The primary land use authority for the Madera Irrigation District is Madera County.

Determination 2-2 – The District should coordinate with local/regional agencies that have land use authority in order to best preserve prime farmland and the current services they receive.

Determination 2-3 – Department of Finance data indicates that the County/District had an approximate 2010 population of 150,175, a 2020 population of 160,089, the current population is estimated at 160,089 and a population projection of 179,367 by 2050. The population projections depicted in the Housing Element far exceed the estimates projected by the Department of Finance, so determinations regarding population estimates should take into account multiple sources.

Determination 2-4 –Present needs for public facilities and services are currently being met. Probable needs for public facilities and services are not currently anticipated to vary from present needs, as future demands are expected to remain relatively the same. Population increases are not currently anticipated to affect the District's ability to provide services.

SECTION 3 - DISADVANTAGED UNINCORPORATED COMMUNITIES

3.1 - Overview

Disadvantaged Unincorporated Communities (DUCs) are defined as inhabited territory (12 or more registered voters) that constitutes all or a portion of a community with an annual median household income of \$60,181 which is less than 80 percent of the statewide annual median household income of \$75,277 in 2018 (Department of Finance , 2018). These communities were identified as an area of concern by Senate Bill 244 that was adopted into State law in 2011. As defined by Water Code Section 79505.5, DUCs, may lack basic infrastructure, such as water or sewer as they may have been developed prior to infrastructure being installed in proximity to them. Fire protection is another service which needs to be reviewed in order to determine if these areas have adequate protection from the local service providers (California Legislative Information , 2002). Pursuant to State law, LAFCo is required to identify any adjacent DUCs and determine if they should be included within any SOI amendment of an existing city or special district or potentially included during the consideration of any special district formation in the future. Lastly, Madera LAFCo has not adopted a policy or more specific definition of DUCs, therefore, the criteria within State law will be utilized.

As mentioned previously, the only service the District provides is irrigation water supply and distribution. Therefore, the District has no bearing on the services that play a role in the determination of a DUC. Thus, the alteration of the District's boundary does not need to include any identified DUCs due to the fact that they will remain a DUC once incorporated. For reference, Figure 3-1, shows the approximate median household income per block group within Madera County. As illustrated in the map, the majority of households identified in within the District's boundary are below the 80 percent of the state median household income.

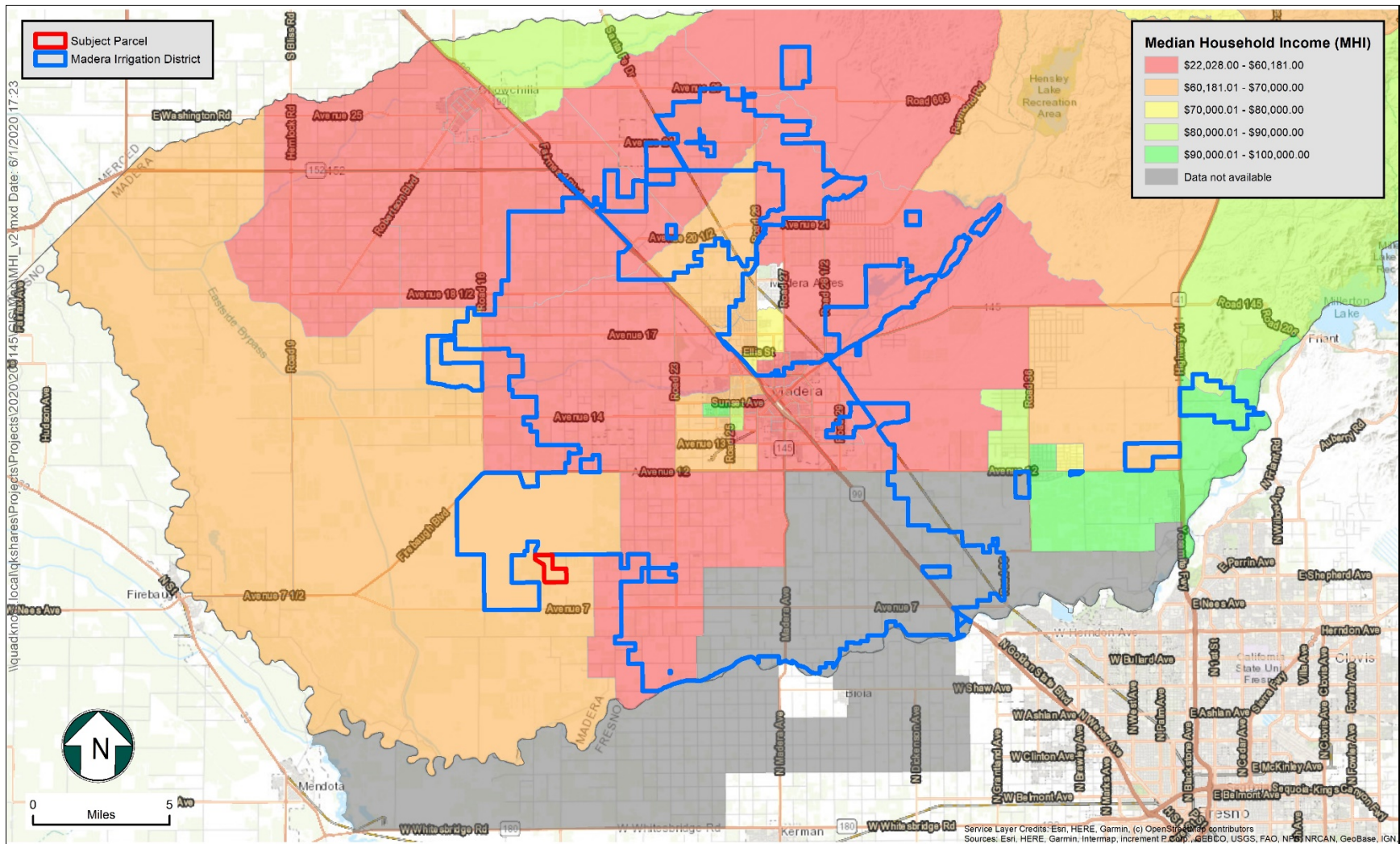


Figure 3-1
Median Household Income (2018)



3.2 - Determinations

Determination 3-1 - There are Census Block Groups within the Madera Irrigation District area that have a median household income below \$60,181 (80 percent of the statewide median household income).

Determination 3-2 - Madera Irrigation District does not provide domestic water, wastewater, or fire protection.

Determination 3-3 - The majority of land within the District's boundary falls below the 80 percentile of the State's median household income.

Determination 3-4 - The District does not provide any service that a DUC may be lacking, so therefore, although there are DUCs present within the district as well as within and adjacent to the SOI, no action is needed as the District does not provide domestic water, wastewater or fire protection services.

SECTION 4 - MADERA IRRIGATION DISTRICT SERVICE REVIEW

4.1 - Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies.

4.1.1 - SUMMARY OF PRIOR MSR

The District's had determined that the water infrastructure appeared to provide efficient service. The infrastructure was appropriately sized for current, seasonal, and emergency water needs. The District has determined that the overall planning for future infrastructure appears adequate. The District also had been engaging in strategic planning for five-year horizons through capital improvement plans.

4.1.2 - MADERA IRRIGATION DISTRICT CAPITAL IMPROVEMENT PLAN (CIP)

The District's CIP includes projects that target the high and medium-high risk pipelines that have been identified by the risk model and projects that were included in the District's capital plan prior to the asset risk assessment. The process used to develop to the CIP plan included the following:

- Prioritize projects using risk model results and existing District capital projects;
- Develop construction costs for different types of projects, depending on delivery method;
- Quantify high and medium-high risk pipelines length and structure replacement;
- Develop cost estimates and construction duration for each project; and
- Schedule CIP projects by prioritization.

Project prioritization depicts a list of projects that were developed and prioritized by District staff prior to development of the risk model. Construction costs were developed for two different types of projects, depending on location and delivery method. These types are: gravity pipe projects outside the city limits will be designed and constructed in-house by District staff and Projects within the City of Madera limits or that require specialty construction and engineering design were assumed to be delivered using a design-bid-build (DBB) delivery method with construction documents stamped by a registered Civil Engineer and approved by the City of Madera (Madera Irrigation District, 2019).

Addressing the high and medium-high risk pipelines is anticipated to take approximately 10 years to complete. Figure 4-1 which illustrates Table 31 of the District's CIP is the overall capital plan. Figure 4-2, that depicts Table 32 of the District CIP is showing the annual budget required to complete said projects.

Table 31 CIP Project Summary Table

Project No.	Project Name	Addressed Facility	Priority	Baseline Construction Cost	Total Project Cost	Total Duration (Weeks)	Start Year	Finish Year	Start Week	Finish Week	Addressed Facility IDs
1	Westberry Pipeline / Founded (DBB)	Westberry Pipeline	1	\$1,750,000	\$2,537,500	31.0	2019	2019	3-Jun	30-Dec	
2	Lateral 24.2-13.2 Pipeline replacement near Fresno River and Road 20	Lateral 24.2-13.2	1	\$689,275	\$792,700	17.0	2020	2020	17-Feb	8-Jun	432, 1154
3	Lateral 6.2-14.5-0.5 Pipeline Replacement	Lateral 6.2-14.5-0.5	1	\$275,084	\$316,400	7.0	2020	2020	29-Jun	10-Aug	861
4	Desmond 36-in Pipe Replacement	Desmond Canal	1	\$671,885	\$772,800	16.0	2022	2022	3-Jan	18-Apr	66
5	Burgess Canal to Pipeline Replacement	Burgess Canal	1	\$59,533	\$68,600	2.0	2020	2020	31-Aug	7-Sep	92
6	Hospital Lateral Replacement Near SR 99	Hospital Lateral	1	\$316,072	\$363,600	8.0	2020	2020	5-Oct	23-Nov	72
7	6.2-Orange Line 18-in pipe replacement	6.2 Orange	1	\$30,000	\$34,500	2.0	2020	2020	20-Jan	27-Jan	
8	Madera Lake Inlet Diversion Dam (DBB)	Madera Lake	1	\$4,000,000	\$5,800,000	77.0	2020	2022	5-Oct	28-Dec	
9	Island Tract Pumping Station Pipe from Madera Lake (DBB)	Madera Lake	1	\$2,000,000	\$2,900,000	13.0	2022	2022	3-Jan	28-Mar	
10	Main II Private Crossing Replacement	Main II Canal	2	\$34,633	\$40,000	2.0	2021	2021	2-Jan	9-Jan	1032
11	Main I and Desmond 36-in Pipe Replacement (DBB)	Desmond Canal	2	\$3,173,554	\$5,363,500	20.0	2022	2022	25-Apr	5-Sep	359, 876, 877, 878, 879
12	Airport 1.0W 30-in Pipeline Replacement	Airport 1.0W	2	\$316,669	\$364,300	9.0	2021	2021	1-Feb	29-Mar	916
13	Lateral 32.2 TO #28, 29, 30 15-in Pipeline Replacement	Lateral 32.2 TO#8	2	\$171,233	\$197,000	6.0	2021	2021	19-Apr	24-May	788
14	36-in Pipeline replacement along Hargrove Laterals	Hargrove	2	\$642,660	\$739,200	16.0	2021	2021	14-Jun	27-Sep	409, 935, 934
15	36-in Pipeline Replacement along Bordenave Laterals	Bordenave Laterals	2	\$565,525	\$650,400	14.0	2024	2024	2-Jan	2-Apr	410, 896, 897
16	30-in and 42-in Pipeline replacement along Ripperdan and Mordecai Laterals	Ripperdan and Mordecai	2	\$1,818,759	\$2,091,600	37.0	2023	2023	2-Jan	11-Sep	141, 398, 1022
17	Lateral 6.2-15.9 Pipeline Replacement	Lateral 6.2-15.9	2	\$390,153	\$448,800	11.0	2021	2021	18-Oct	27-Dec	415
18	Schubert Pipeline Replacement	Schubert	2	\$486,954	\$560,100	14.0	2024	2024	23-Apr	23-Jul	149, 412
19	Main I-6.2 36-in Pipeline replacement	Main I-6.2	2	\$192,708	\$221,700	5.0	2024	2024	13-Aug	10-Sep	106
20	Butin 24-in Pipeline Replacement	Butin	2	\$298,230	\$343,100	9.0	2024	2024	1-Oct	26-Nov	389
21	Cody Pipeline Replacement	Cody	2	\$347,675	\$400,000	11.0	2025	2025	6-Jan	17-Mar	385
22	Lateral 6.2-18.4 Pipeline Replacement	Lateral 6.2-18.4	2	\$1,575,643	\$1,812,100	39.0	2025	2025	7-Apr	29-Dec	341, 175
23	Lateral 6.2 Extension Pipeline Replacement	Lateral 6.2 Extension	2	\$766,062	\$881,100	14.0	2027	2027	4-Jan	5-Apr	513
24	Lateral 6.2 Extension Pipeline Replacement - Pt. 2	Lateral 6.2 Extension	2	\$1,906,345	\$2,192,400	41.0	2026	2026	5-Jan	12-Oct	515, 518, 179
25	Madera Lake Dam Repair for Additional Storage	Madera Lake	3	\$2,000,000	\$2,860,000	14.0	2021	2021	1-Oct	31-Dec	
26	Lateral 24.2 Madera River Crossing (DBB)	Lateral 24.2 Madera	3	\$821,581	\$1,709,200	2.0	2028	2028	3-Jan	10-Jan	418
27	6.2-14.5-0.5 TO #8 Pipeline Replacement	Lateral 6.2-14.5-0.5	3	\$186,712	\$214,800	6.0	2027	2027	26-Apr	31-May	167
28	Colony Head 42-in Techite Replacement (DBB)	Colony Head	3	\$238,650	\$403,600	4.0	2027	2027	21-Jun	12-Jul	905
29	Jantzen-Schroeder N. 20-in Pipe replacement	Jantzen-Schroeder N.	4	\$243,884	\$280,600	9.0	2027	2027	2-Aug	27-Sep	22, 854
30	Jantzen-Schroeder S. 16-in Pipe replacement	Jantzen-Schroeder S.	4	\$156,039	\$179,600	6.0	2027	2027	18-Oct	22-Nov	23, 1133
31	Hospital Open Canal to Pipe	Hospital Canal	5	\$440,026	\$506,100	12.0	2028	2028	31-Jan	17-Apr	73, 74, 937
32	Desmond Canal to Pipe	Desmond Canal	5	\$156,929	\$180,600	5	2022	2022	12-Sep	10-Oct	68, 69, 70



Figure 4-1
Capital Improvement Plan Project List

Table 32 CIP Planning Period Annual Cost

Project No.	Project Name	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Grant Total
1	Westberry Pipeline / Founded (DBB)	\$2,537,500										\$2,537,500
2	Lateral 24.2-13.2 Pipeline replacement near Fresno River and Road 20		\$792,700									\$792,700
3	Lateral 6.2-14.5-0.5 Pipeline Replacement		\$316,400									\$316,400
4	Desmond 36-in Pipe Replacement				\$772,800							\$772,800
5	Burgess Canal to Pipeline Replacement		\$68,600									\$68,600
6	Hospital Lateral Replacement Near SR 99		\$363,600									\$363,600
7	6.2-Orange Line 18-in pipe replacement		\$34,500									\$34,500
8	Madera Lake Inlet Diversion Dam (DBB)		\$5,800,000									\$5,800,000
9	Island Tract Pumping Station Pipe from Madera Lake (DBB)				\$2,900,000							\$2,900,000
10	Main II Private Crossing Replacement			\$40,000								\$40,000
11	Main I and Desmond 36-in Pipe Replacement (DBB)				\$5,363,500							\$5,363,500
12	Airport 1.0W 30-in Pipeline Replacement			\$364,300								\$364,300
13	Lateral 32.2 TO #28, 29, 30 15-in Pipeline Replacement			\$197,000								\$197,000
14	36-in Pipeline Replacement along Hargrove Laterals			\$739,200								\$739,200
15	36-in Pipeline Replacement along Bordenave Laterals						\$650,400					\$650,400
16	30-in and 42-in Pipeline replacement along Ripperdan and Mordecai Laterals					\$2,091,600						\$2,091,600
17	Lateral 6.2-15.9 Pipeline Replacement			\$448,800								\$448,800
18	Schubert Pipeline Replacement						\$560,100					\$560,100
19	Main I-6.2 36-in Pipeline Replacement						\$55,500					\$55,500
20	Butin 24-in Pipeline Replacement						\$343,100					\$343,100
21	Cody Pipeline Replacement							\$400,000				\$400,000
22	Lateral 6.2-18.4 Pipeline Replacement							\$1,812,100				\$1,812,100
23	Lateral 6.2 Extension Pipeline Replacement								\$881,100			\$881,100
24	Lateral 6.2 Extension Pipeline Replacement - Pt. 2								\$2,192,400			\$2,192,400
25	Madera Lake Dam Repair for Additional Storage			\$2,860,000								\$2,860,000
26	Lateral 24.2 Madera River Crossing (DBB)									\$1,709,200		\$1,709,200
27	6.2-14.5-0.5 TO #8 Pipeline Replacement								\$214,800			\$214,800
28	Colony Head 42-in Techite Replacement (DBB)								\$403,600			\$403,600
29	Jantzen-Schroeder N. 20-in Pipe replacement								\$280,600			\$280,600
30	Jantzen-Schroeder S. 16-in Pipe replacement								\$179,600			\$179,600
31	Hospital Open Canal to Pipe									\$506,100		\$506,100
32	Desmond Canal to Pipe				\$180,600							\$180,600
Grand Total		\$2,537,500	\$7,375,800	\$4,649,300	\$9,226,100	\$2,091,600	\$1,609,100	\$2,212,100	\$2,192,400	\$1,959,700	\$2,215,300	\$36,068,900



Figure 4-2
Capital Improvement Plan Cost Schedule

Types of Projects

Since the CIP primarily categorizes projects with a risk assessment model, the majority of the projects identified within the District's CIP are one of two types of projects, which are, pipeline removal or replacement of infrastructure. The District has been making pipeline repairs on an as needed basis using in-house crews and any rehabilitation and replacement projects are paid for by the annual operations and maintenance (O&M) budget.

Pipeline Removal

Existing native material removed from the trench will be stockpiled on site and reused to the greatest extent possible. Existing non-reinforced concrete pipe will either be recycled or used as canal rip-rap. Techite pipe will be hauled offsite and disposed of (Madera Irrigation District, 2019).

Pipeline Replacement

At-risk pipes are typically replaced with high density polyethylene (HDPE) or reinforced concrete pipe. HDPE pipe is flexible, so it requires the overall trench section for strength, and it is important that the backfill is compacted properly to minimize the risk of pipeline structural failure. Per manufacturing recommendations, well-graded sand, gravels and gravel sand mixtures with little or no fines are to be used as imported bedding material for installed HDPE pipe. Backfill material above the pipe bedding zone is assumed to be native soil (Madera Irrigation District, 2019).

4.1.3 - IRRIGATION WATER SERVICE

The District's water and distribution system is a combination of open flow primary and secondary canals, enclosed conduit, and natural streams. There are approximately 300 miles of open flow canals and laterals, 150 miles of large diameter pipelines, and 102 miles of natural streams used for District conveyance and distribution. The District has a Central Valley Project (CVP) repayment contract with United State Bureau of Reclamation providing up to 85,000 AF of Class 1 and 186,000 AF of Class 2 water per year from the Friant Division (Millerton Lake). The CVP water is released from Millerton Lake through the Friant Dam and then conveyed through the Madera Canal for delivery into the District's service area.

The District also entered into a CVP repayment contract with the USBR for the yield from the Hidden Unit (Hensley Lake). From this contract, the average annual supply available to the District is approximately 24,000 AF per year. Furthermore, the District has Pre-1914 rights to divert from Big Creek (Big Creek Diversion) and the North Fork of Willow Creek (Soquel Diversion). The District also has Pre-1914 water rights on the Fresno River (Madera Irrigation District, 2020).

The pipeline sizes range from 12 inches to 84 inches. The open flow laterals range in capacity from 5 cfs to 340 cfs. Many of the non-piped laterals have been in use for over 100 years. The majority of the distribution system is a gravity system. However, there are approximately

1,600 turnouts, and about one-third are equipped with grower lift pumps in order to obtain adequate flow. There are no reservoirs or regulating reservoirs located within the District (Madera Subbasin, 2020).

Service Availability

Currently, there are no water conveyance facilities adjacent to the subject parcel. There is a GFWD owned structure onsite on the southwestern corner of the parcel and several GFWD canals along the perimeter of the parcel according to District GIS data. Also, Madera Irrigation District utilizes Cottonwood Creek Canal, which runs approximately 1,160 feet south of the parcel, shown in Figure 4-3.

4.1.4 - PLANS FOR FUTURE SERVICES

The majority of the District's conveyance infrastructure was constructed over 50 years ago and is likely reaching the end of its design life. The District has been making pipeline repairs on an as-needed basis using in-house crews and any rehabilitation and replacements projects are paid for by the annual operations and maintenance budget (Madera Irrigation District, 2019). As mentioned in Section 4.1.2, with the use of a risk assessment model, the CIP has determined the facilities with the highest risk of failing and has scheduled allocated the necessary funds to construct these projects over the next 10 years (Figure 4-2). Furthermore, as depicted in Figure 4-3, none of the identified CIP projects are within the vicinity of the subject parcel. The parcel is already owned by the District.

4.1.5 - DETERMINATIONS

Determination 4.1-1 - The District annually reviews its CIP during the budget preparation

Determination 4.1-2 - The District's water infrastructure appears adequate to provide efficient service. The infrastructure is appropriately sized for current, seasonal, and emergency water needs. Overall planning for future infrastructure appears adequate. The District engages in strategic planning through capital improvement plans.

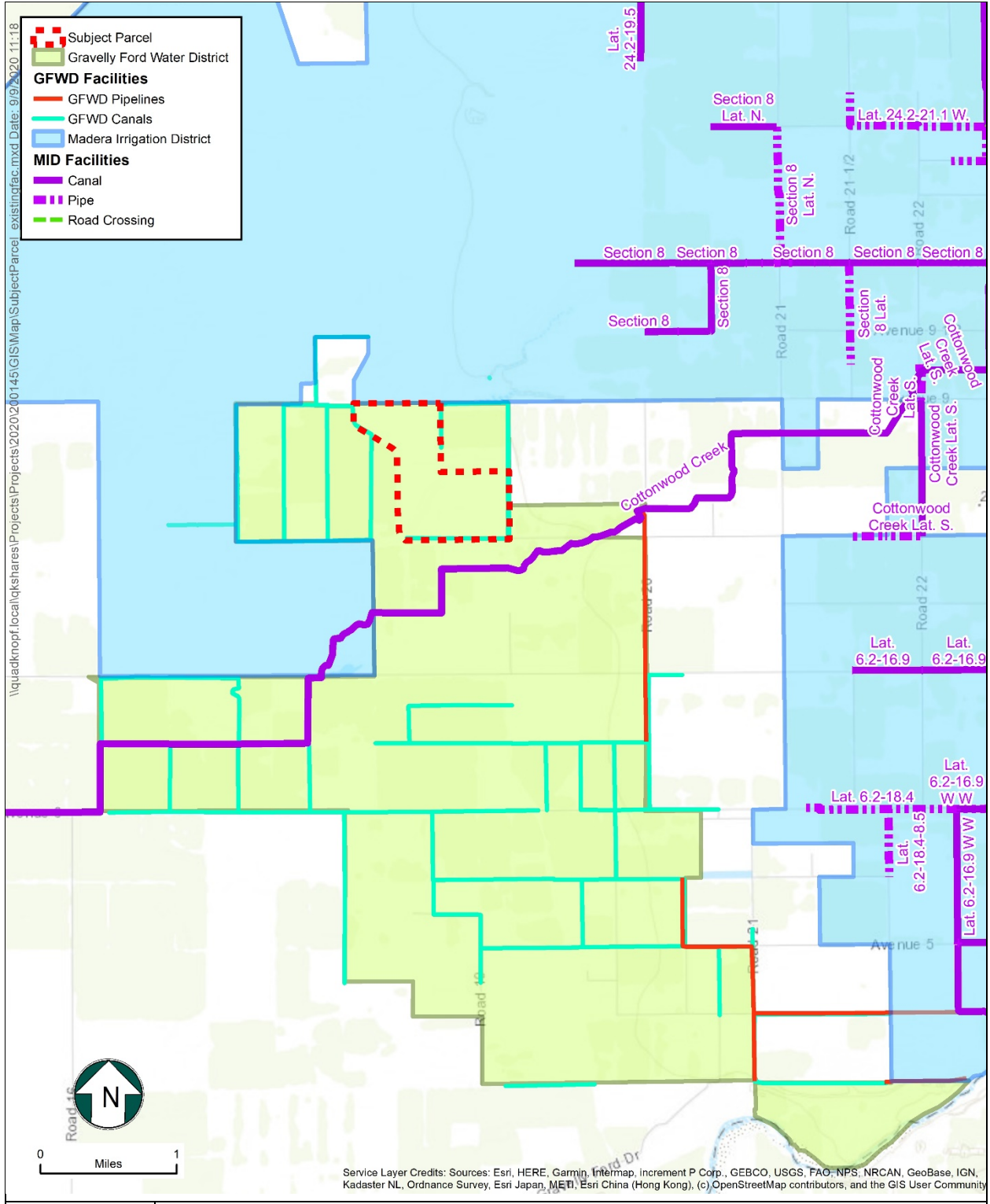


Figure 4-3
Existing Facilities in the Vicinity of the Subject Parcel



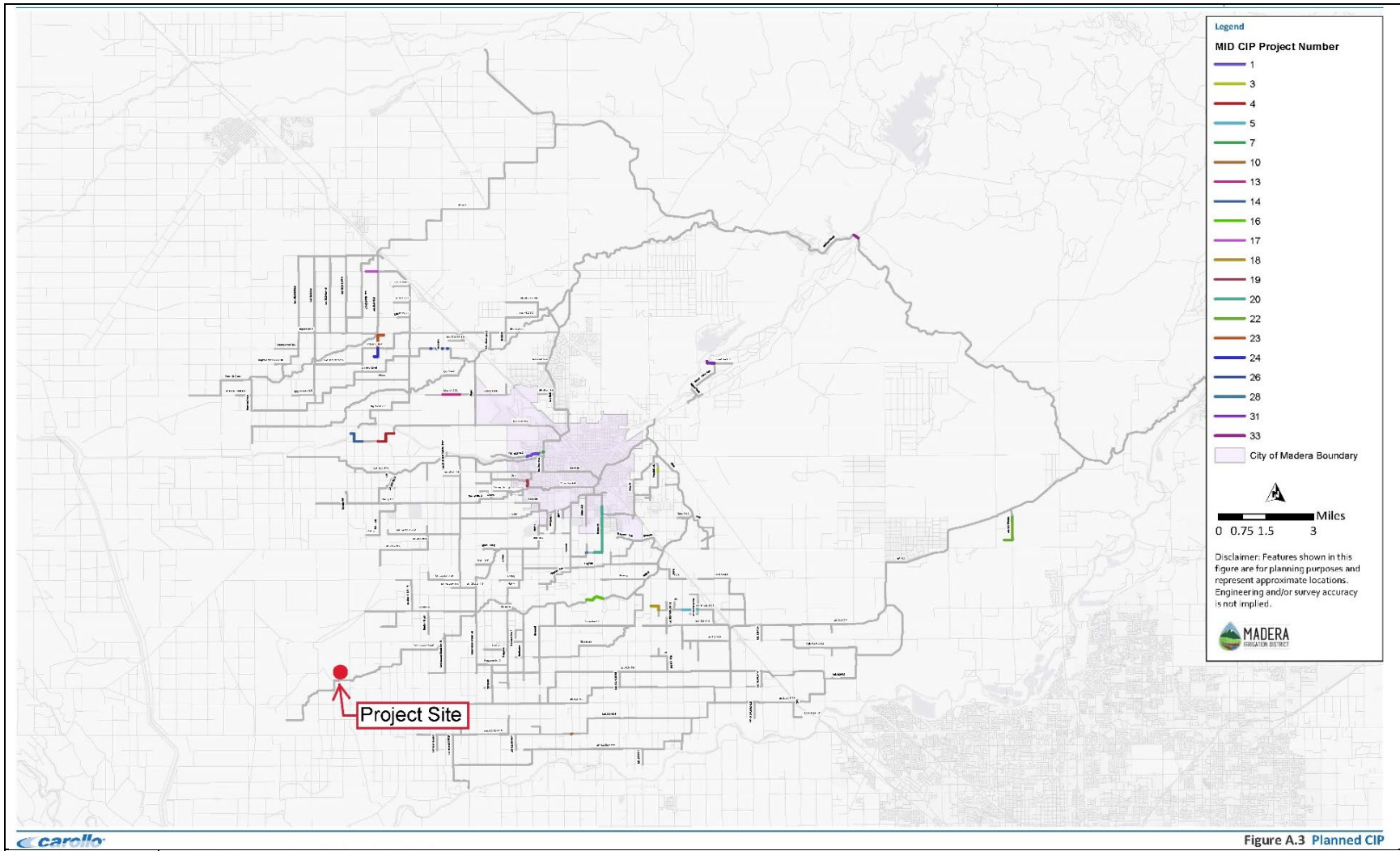


Figure 4-4
CIP Planned Projects



4.2 - Financial Ability to Provide Services

The District Board adopts an annual budget and oversees expenditures throughout the fiscal year. The District has annual audits conducted by a certified public accountant. Much of the City of Madera is within the boundaries of the District and provides approximately two percent of the District's revenues through the assessment collections. The budget is adopted by the Board of Directors in December with assessment rate setting completed annually at the Board Meeting in June. The District has two main sources of income which consists of the sale of crop water delivered to its growers and benefit assessments on any property within the District boundaries. These assessments are levied upon the land within the District to provide funds necessary for the District to meet its financial obligations. The most recent audits provide an overview of the financial activities and transactions for the fiscal year 2017-2019.

4.2.1 - SUMMARY OF PRIOR MSR

The District's prior budget information indicated that the District implements appropriate financing and funding practices. The District has been considered solvent and is able to obtain necessary financing. The District also has the ability to generate additional revenue streams, separate from the sale of water, such as the Soquel electric generation revenues. Improvements can be financed by the District as needed.

4.2.2 - BUDGET

The District's financial audits summary include analyzes the revenues, expenses, and how they ultimately affect the District's Net Position fund at the beginning and end of each fiscal year. The statement of revenues, expenses and changes in net assets provide information regarding the District's operations and maintenance during the 2019-2017 fiscal year.

The following tables provide a financial summary of the District's total expenses for fiscal year 2017 - 2019.

Operating Revenues

Operating revenues consist of the annual assessments for both rural and city parcels (that are within the District boundaries). Revenues also consist of subordinate lands, water sales, refunds, PG&E/Soquel generation revenue and penalties and costs. Subordinate lands are lands that were annexed in the District at a later time. These lands are only assessed, the general assessment, the year following the year surface water is used. Total operating revenues for 2019 was \$26,273,063, an increase of \$4,076,743 over 2018 and an increase of \$3,136,534 over 2017. The increase is primarily due to increased water sales and the increase rural property assessments. Table 4-1 depicts the change in operating revenue for the three fiscal years.

Table 4-1
District Operating Revenues, Operating Expenses, and Nonoperating Revenues

Operating Revenues	2019	2018 (Restated)	2017 (Restated)
Assessments:			
Rural	\$5,011,591	\$4,923,742	\$4,839,999
City	\$518,483	\$512,106	\$499,190
Subordinate Lands	\$701,679	\$730,243	\$695,393
Penalties and costs	\$21,248	\$38,188	\$34,199
Water sales	\$19,816,331	\$15,686,902	\$16,626,301
Refunds	-	\$161,927	\$172,964
Soquel electric generation revenues	\$203,731	\$143,212	\$268,483
<i>Subtotal</i>	<i>\$26,273,063</i>	<i>\$22,196,320</i>	<i>\$23,136,529</i>
Operating Expenses (-)	2019	2018 (Restated)	2017 (Restated)
Water purchases	-\$7,342,676	-\$9,522,746	-\$9,121,754
Transmission and distribution	-\$4,470,757	-\$4,954,028	-\$4,369,899
General and administrative	-\$2,600,501	-\$2,735,318	-\$2,632,671
Depreciation and amortization	-\$607,950	-\$625,710	-\$659,670
<i>Subtotal</i>	<i>-\$15,021,884</i>	<i>-\$17,837,802</i>	<i>-\$16,783,994</i>
Non-operating Revenues and Expenses (-)	2019	2018 (Restated)	2017 (Restated)
Madera-Chowchilla Water & Power Authority:			
Electric Generation Revenue	\$439,877	\$336,738	\$654,309
Power Projects Lease Payments	-\$292,336	-\$226,923	-\$291,147
Loss from Power Authority	-\$116,587	-\$68,698	-\$52,765
Gain from Friant Power Authority	\$1,381,963	\$991,740	\$1,397,161
Grant Revenue	\$758,048	\$477,277	\$28,484
Investment Income	\$525,021	\$378,215	\$138,140
Interest Expense	-\$2,359,762	-\$2,457,964	-\$2,523,186
Gain on Disposition of Capital Assets	\$14,195	-	\$10,600
Non-operating Revenues and Expenses (-) Cont...	2019	2018 (Restated)	2017 (Restated)

Miscellaneous Income (expense)	-\$375,485	-\$368,133	\$238,213
Rental of District Equipment	-	\$10,268	\$13,926
Long-Term Agreements	\$855,715	\$664,857	\$711,026
Land Lease Revenue	\$382,528	\$397,080	\$250,531
<i>Subtotal</i>	<i>\$1,213,177</i>	<i>\$134,457</i>	<i>\$575,292</i>
Net Position, Beginning of Year	\$36,910,628	\$32,417,653	\$25,498,826
Net Position, End of Year¹	\$49,374,984	\$40,314,428	\$32,426,653

Source: 2019 and 2018 Madera Irrigation District Financial Reports

Operating Expenses

Operating expenses consist of water purchases, transmission and distribution, general and administration, and depreciation and amortization expenses. The components of District water purchase expenses include payments to the USBR for Friant water for the capital repayments for the CVP, operations and maintenance of the CVP, delivery of Exchange Contractor water supplies and other incidentals involved with the transportation of water through CVP facilities to the District. Pursuant to the Water Supply Contracts, the District is entitled to receive Friant Class 1 water and Friant Class 2 water. The annual availability of this supply has historically from 1990 through 2010 been approximately 95 percent for the Class 1 water, and 20 percent for the Class 2 water (Madera Irrigation District, 2011).

The District has a contract with the USBR requiring annual payment for Hidden Dam water. Transmission and distribution expenses decreased from 2018 to 2019 by \$483,271. The other expenses did not significantly differ from previous years.

Non-Operating Revenue

The District also has non-operating revenues/expenses, which change year to year and include the sales of assets, interest expense, miscellaneous income (expense), long term agreements and equipment rentals. The largest values that fluctuate the most are the interest expenses and gain from Friant Power Authority.

Rates and Fees

The District in keeping with its mission of obtaining and managing surface water and groundwater supplies to ensure the long-term viability of irrigated agriculture, works to keep the crop water rates to its growers affordable. By keeping the crop water rates affordable, the District hopes to encourage use of surface water to help preserve groundwater levels within the District.

The District had not increased its original, general assessment rates since the passage of Proposition 218 in 1996 which states that before a district can increase its rates, the request for increase must be voted on and passed by a majority of the landowners in the District. In 2011, the District had a Proposition 218 engineering report completed by a certified engineering firm to assess the need for increases in the assessments to assist with the financing of the contract with the USBR. The election passed March 2011, increasing the assessments. This approved increase in assessments is referred to as the 2011 assessment. Also included in the action was a provision which allows an increase of the 2011 assessment by 3 percent annually for a ten-year period. Thus, the annual 3 percent increase will take place until the year 2022. This increase is covenanted by the Water Revenue Refunding Bond, Series 2015. The 2011 assessment result in an additional \$3.5 million in 2019 (Madera Irrigation District, 2017-2019).

4.2.3 - OPPORTUNITIES FOR RATE RESTRUCTURING

Fees for water service within the District are directly related to the cost of producing and delivering water services. The District's rates for services are based on an annual evaluation of water supply costs, the operation of the District and the cost of delivering water to the customers. This information is used to review and set service charges (Madera Irrigation District, 2017-2019).

Operating revenue consists of agricultural water sales, annual assessments for both rural and city parcels in the District. Accordingly, the District imposes fees or rates for services that are directly related to the cost of producing and delivering such services, so as the District grows, then so will the cost for services.

4.2.4 - DETERMINATION

Determination 4-4 - The District should incorporate an inflation factor in all future rate or fees studies.

Determination 4-5 - The District should consider coordinating a public outreach campaign to educate customers of the benefits received from the, assessments referred to as the, 2011 assessment in the event that the District plans to alter the assessment rates.

Determination 4-6 - There are few opportunities for rate restructuring since the rates are primarily tied to the wholesale cost of water plus the District's overhead and other costs. Since the District strives to keep rates at a reasonable price, the District should continue to look at price reduction measures that will not impact the financial stability of the District.

4.3 - Status of, and Opportunities for, Cost Avoidance, and Shared Facilities

4.3.1 - SUMMARY OF PRIOR MSR

The majority of the District's maintenance has been accomplished by District employees. Only when needed, the District has used outside consultants for engineering, legal, and

financial services and has contracts for outside labor and other services. A maintenance program for equipment and infrastructure has been put in place. No additional cost-avoidance opportunities have been identified.

4.3.2 - COST AVOIDANCE OPPORTUNITIES

The District appears to be well managed. As mentioned in the previous MSR, District maintenance is still accomplished by employees on a case-by-case basis. The District has a normal complement of 59 full-time employees. The District's equipment and infrastructure is repaired or replaced as needed.

Since the District cannot manage every project or task, the District will consult with outside consultants for a variety of services. A regular maintenance program for equipment and infrastructure is carried out by the District. Personnel training is ongoing, and safety training keeps the cost of Workman's Compensation Insurance at an affordable and consistent rate (Madera Irrigation District, 2017-2019).

4.3.3 - OPPORTUNITIES FOR SHARED FACILITIES

No new opportunities for shared facilities, shared staffing or equipment has been identified. Historically, the District has provided water to other Districts (for a fee) on an as-available basis. Also, the District allows other districts to utilize its canals and other delivery systems.

4.3.4 - DETERMINATIONS

Determination 4.3-1- MID participates in sharing facilities through system interconnections with the Gravelly Ford Water District, Chowchilla Water District, and Madera Water District. MID has interconnected distribution systems with other water districts to create infrastructure redundancies and allow water supplies to be moved among agencies in an emergency.

Determination 4.3-2 – The District may consider acquiring more technical staff or enter into a contract with a consulting firm in order to offset the cost of acquiring a technical consultant on an as-needed basis.

Determination 4.3-3 – The District should continue the regular maintenance program for equipment and infrastructure is carried out by the District.

4.4 - Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies.

As illustrated in Figure 1-2, the District's boundary does not appear to overlap with the Gravelly Ford Water District boundary. Further research confirms that both District boundaries are adjacent to each other within the vicinity of the subject parcel. Therefore, the reorganization of the boundary will not include other property that may increase the size of the proposed reorganization. The District's sphere of influence does not cover the subject

parcel. It is currently within the GFWD's boundary (see Figure 1-2). As the purpose of the MSR is to analyze the possible reorganization of the subject parcel, other Districts that MID may overlap with will not be analyzed. However, where overlapping, may occur, whether it includes a city or other urbanized area, the District still collects fees. No duplication of services occurs because of this overlapping.

This section addresses the adequacy and appropriateness of the District's existing boundary and sphere of influence, assesses the management structure and overall managerial practices of the District, and evaluates the ability of the District to meet its service demands under its existing government structure. Also included in this section is an evaluation of compliance by the District with public meeting and records laws.

An examination of government structure should consider the advantages and disadvantages of various government structures that could provide public services. In reviewing potential government structure options, consideration may be given to service delivery quality and cost, regulatory or government frameworks, financial feasibility, operational practicality, and public preference.

4.4.1 - ORGANIZATIONAL STRUCTURE/GOVERNANCE

Operating under the rules and regulations as laid out in the Irrigation Districts Act, the daily activities of MID are under the direction of a five-member Board of Directors (Board). Day-to-day operation of the District are the responsibility of the General Manager and the Assistant General Manager acting through the following described four departments (Madera Irrigation District, 2017-2019):

- Administration Department, headed by the General Manager;
- Finance Department, headed by the Controller;
- Operations, Maintenance and Engineering, headed by the Operations and Maintenance Manager; and
- Human Resources, headed by the Human Resources Administrator/Risk Manager.

The five Directors of the Board are elected by the landowners in the District and they serve at their discretion. The Board's role is to establish the District's policies and goals; make major decisions on behalf of the District; employ, prescribe the duties of, and fix the salaries of the District's agents, officers and employees pursuant to Section 21185; and oversee District management and organizational performance (Madera Irrigation District, 2020).

The Board of Directors meet the third Tuesday of each month at the District office located at 12152 Road 28 1/4, Madera, CA 93637. The office location may be changed from time to time by the adoption of a resolution. The Board Secretary shall be responsible for preparing the regular meeting and special meeting notice/agenda for Board meetings, and posting it at the District office in a location freely accessible to the public at least 72 hours before each regular meeting and at least 24 hours before each special meeting. Each agenda must specify the time and location of the meeting and contain a brief general description of each item of

business to be transacted or discussed at the meeting. The District is in compliance the Brown Act. (Madera Irrigation District, 2020).

4.4.2 - DETERMINATIONS

Determination 4.4-1 - The District should continue conducting open meetings in compliance with the Brown Act that allows for complaints and comments regarding services and potential conflicts or inefficiencies to be identified to the Board of Directors by residents.

Determination 4.4-2 - The District should continue to utilize an organizational structure that obtains efficiency through Department Heads who oversee their respective divisions.

Determination 4.4-3 - The District makes reports, documents, meeting agendas and other information available to the public that details operations and services provided by the District at the District Office as well as on its website.

Determination 4.4-3 – The current District’s structure is efficient, transparent and meets expectation of the needs of the agricultural community with the resources available.

SECTION 5 - SPHERE OF INFLUENCE REVIEW

5.1 - Sphere of Influence Overview

The primary purpose in reviewing the District's SOI was to evaluate if this boundary change is appropriate and necessary, determine if the District can feasibly provide well planned efficient services in this territory, and if the current location of the SOI will be a benefit to those that receive services and property owners in the area.

As part of any Sphere of Influence review, LAFCo is required to consider all of the information presented in the Municipal Service Review conducted for that agency. Additionally, LAFCo must also make written statement of its determinations for that agency regarding the following:

1. Present and planned land uses in the area;
2. The present and probable need for public facilities and services in the area;
3. The present capacity of public facilities and adequacy of public services that the agency is authorized to provide; and
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

After a written determination has been made with respect to the aforementioned areas of review, LAFCo may adopt a Sphere of Influence (SOI) that is appropriate for the agency's provision of service.

This section of the report fulfills the requirements of Government Code Section 56425 and allows LAFCo to adopt an SOI that is consistent with the written determinations for the Madera area.

5.1.1 - PRESENT AND PLANNED LAND USES

The proposed SOI amendment would not change the present agricultural land use currently operating within the subject parcel. Furthermore, the Madera County General Plan land use designation and zoning for the subject parcel will not change. The proposed SOI amendment will not convert prime farmland, unique farmland, or farmland of statewide importance to non-agricultural use. Thus, no significant adverse effects will occur on continuing agricultural operations on adjacent properties.

The subject parcel and proposed SOI amendment are not within proximity to the City of Madera, therefore, any land uses changes will not affect the subject parcel or any parcels within proximity to the subject parcel land uses or existing uses.

5.1.2 - PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES

The District intends to amend its SOI to include the 411-acre subject parcel. Currently the District provides adequate services to its customers. The subject parcel will remain

unirrigated land , so no infrastructure construction will be required as a part of this reorganization. .

Disadvantaged Unincorporated Communities

The entire District covers a large expanse of Madera County and the City of Madera. The District also, only provides irrigation water supply and distribution services to agricultural properties.

Therefore, the District has no bearing on the services that play a role in the determination of a DUC, since as depicted by the Water Code, a DUC may lack water, sewer, or fire protection services along with an annual median household income which is less than 80 percent of the statewide annual median household income. Thus, the alteration of the District's boundary does not need to include any identified DUCs due to the fact that they will remain a DUC once incorporated.

There may be DUCs within the SOI, however, given the fact that the District does not provide the appropriate services within those areas, DUCs should not be considered to be annexed into the District or added to the SOI.

5.1.3 - PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES

Currently, the parcel is not being cultivated for agricultural uses, it is grazing land. The purpose of the proposed annexation is to incorporate the parcel, which is owned by the District, and to ultimately annex the property into its boundary. The likelihood that the parcel will need irrigation water services will be low. Accordingly, the District will not be responsible for providing an "authorized public services" other than managing this territory.

5.1.4 - EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST

There are no communities of social and/or economic of interest within the vicinity of the proposed SOI amendment. The proposed amendment to the District SOI would require the District to amend its SOI boundary to include the subject parcel and GFWD to deduct the parcel from its boundary. These districts will not be negatively affected by the reorganization.

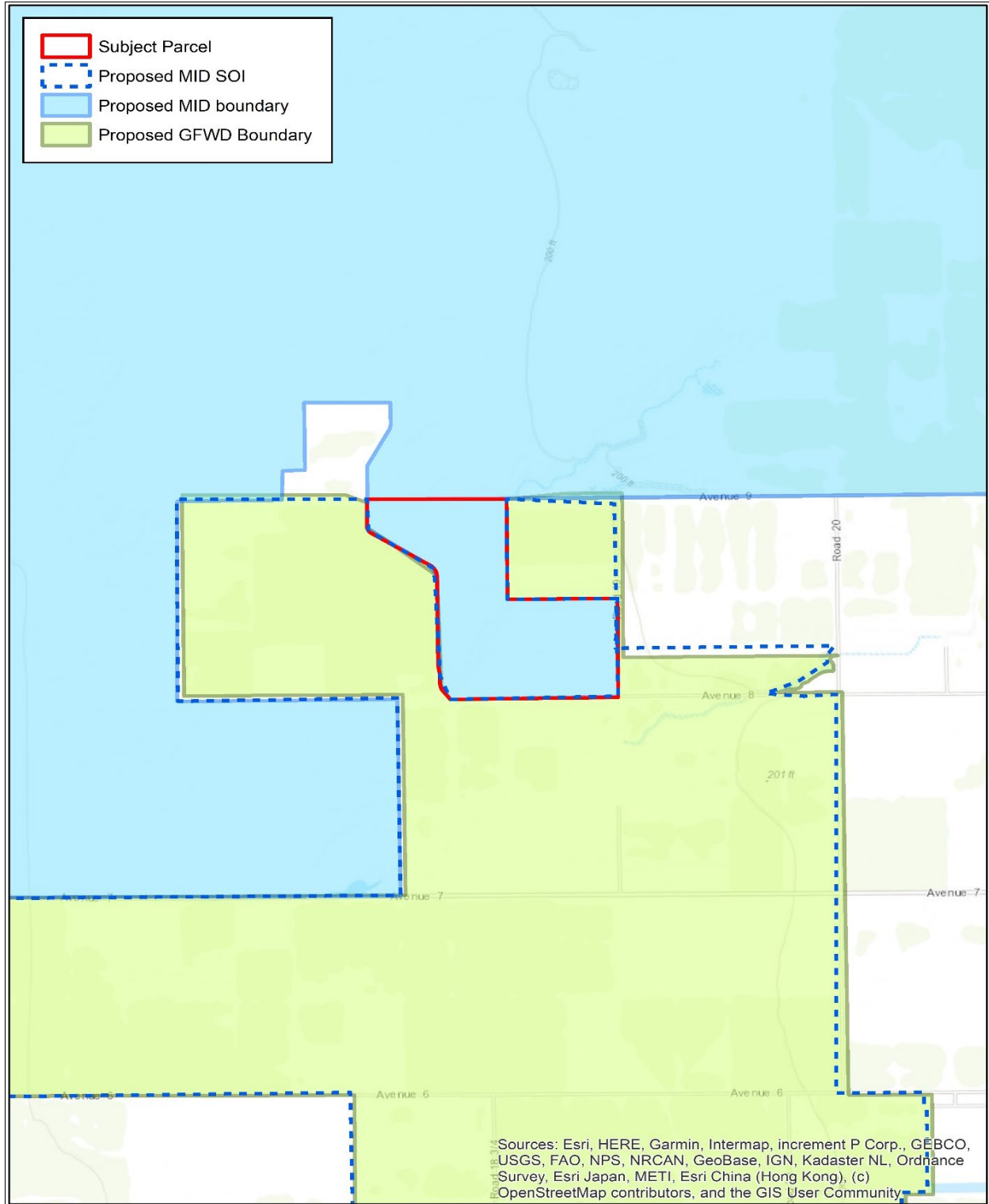
5.1.5 - SPHERE OF INFLUENCE RECOMMENDATIONS


As shown in the MSR and throughout the determinations of this document, the District is currently providing services at an acceptable level to the property owners receiving its services. The District is accountable to the residents through the Board of Directors, which are elected at-large. It has conducted appropriate reviews of the infrastructure systems both through the CIP process as well as the risk assessment model that supplements data for the CIP. However, further review of the infrastructure, illustrates the aging of the majority of the District infrastructure network. Furthermore, the District continues on delivering budgets that provide levels of service in various areas for its residential population. The District does

not anticipate significant growth in the near future as also reflected by the CIP. The growth of the District can be extrapolated using County statistics, however, it must be noted that the District does not induce land use changes or provide municipal services to residents. Furthermore, It is imperative that infrastructure needs are forecasted, identified, and financed, prior to the need of said infrastructure. Due to the District utilizing a risk assessment model to forecast infrastructure needs, it will lower the probability of gaps in the level of service provided. The District is currently not at its capacity and therefore request to annex the subject parcel into its SOI. As mentioned previously, the subject parcel will be detached from GFWD and incorporated into the District's service boundary. As a result of this reorganization, GFWD will not be negatively affected due to no services provided by GFWD are present at the subject parcel.

Recommendation 5-1 – It is recommended that the Madera Irrigation District's Sphere of Influence be amended as shown in Figure 5-1 to include the subject property.

Recommendation 5-2 – It is recommended that the Gravelly Ford Water District's Sphere of Influence be amended as shown in Figure 5-1 to remove the subject property.



 **Figure 5-1**
Proposed Sphere of Influence
Madera Irrigation District

SECTION 6 - BIBLIOGRAPHY

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