

ORLAND-ARTOIS WATER DISTRICT

September 2019

Water Infrastructure Improvement for The Nation (WIIN) Act of 2016

The WIIN Act was signed into Law by the President of the United States in December 2016. In section 4011 of the act, there is an opportunity for Water Service Contractors, like OAWD, to pay off its CVP construction loan and receive some benefits for doing so. A "paid-out" district may convert their current 25-year water service contract to a permanent contract. The current OAWD contract ends in 2030 and will need to be renegotiated at that time. A paid-out district will no longer be subject to Reclamation Reform Act's (RRA) acre limitations, tiered pricing, and multiple or foreign ownership rules. If OAWD is paid-out, it will be able to serve its water to all of its lands and the water cost from Reclamation will no longer include CVP construction. This cost for 2019 is \$34.83 per acre-foot and is included in the \$75 per-acre foot rate for Base water. Not being subject to RRA would remove a burden on many of our landowners, all of the water users, and the office staff.

The current CVP construction loan is zero interest and is to be paid off by 2030. Because it is zero interest it is a subsidized loan. Until October 01, 2018, the District had relief and the accrued payments were written off. The District was subsidized about 11 million dollars for CVP construction. This loan has a balance of about 9 million dollars.

OAWD also has a loan from Reclamation for the District's distribution system. This loan is what the assessment charge of \$19.94 per-acre is for. This loan will be paid off in 2032 and is also zero interest and therefore subsidized. This loan has a balance of about 8 million dollars.

To take advantage of the benefits the WIIN Act provides, the District will need to pay off both subsidized loans. This means the district needs to borrow about 17 million dollars. The District Directors and General Manager have been looking into the feasibility of borrowing the money and how to make the payments. The District has been working with financial consultants along with other districts. We are looking at bank loans and bonds to see what will work best for the landowners and water users. Payments could be made collecting costs in per-acre charges on land or in per acre-foot charges on water. It could be a combination of land and water.

Landowners and water users are currently making the payments on these loans now. If we go forward as we currently are, we will pay off the loans and then have to renegotiate the water service contract. Renegotiations could be long and risky. The risk is the amount of water we will keep in the contract. In 2005 the District renegotiated and it took several years, multiple interim contracts, multiple environmental documents and tens of thousands of dollars. We spent a lot of time and money and ended up with about what we had.

As we learn more, we will update the District landowners with future newsletters.

District Expansion

With the onset of SGMA and the decline of groundwater OAWD has had several inquiries and 2 applications to annex new acres into the District. The key concerns for the District are water availability, water delivery, and the administration of more acres. With the current water service contract of 53,000 acre-feet of water for 29,000 acres there is only 1.8 acre-feet per acre. This is not enough water to grow a crop. The current distribution system is already being used at its designed capacity in many areas of the District. The District will not annex in lands at the expense of the current District landowner's water allocation, capacity for the delivery of water, or their service needs.

Annexing in lands will provide more acres to spread O&M costs, make use of surface water which current landowners or river contractors are not using, and facilitate in the protection of groundwater. At this time the District is delivering about 40,000 acre-feet of water annually. There is also water available from river contractors that can be transferred for use in the District if excess contract water is not available. Using surface water when it is available will protect the groundwater and insure it is available in years surface water is not.

The District is currently working on an annexation of about 639 acres and an application for 130 acres is pending Board approval. These acres will come into the District with a second-class water contract on a year to year basis. This water contract will allow for the use of excess water when available and/or transferred water. These acres will be served by new pumping facilities on the TC Canal. The facilities will be owned, operated, and maintained by the landowner. The District will only maintain a water meter and a main valve. The landowner will be responsible for all of the annexation, construction, administration, and legal costs attributed to the annexation. The annexed acres will be subject to the rules and regulations of the district and its per-acre share of O&M charges and related assessments. Water costs for annexed acres will be subject to the type of water available and its cost to the District which will be paid by the landowner.

Annexing acres into the district would reduce any per-acre costs that may be assessed to District lands. In addition, the possibility of no longer being subject to RRA will make several thousand acres with access to the TC Canal eligible for annexation.

Sustainable Groundwater Management Act Update

The Sustainable Groundwater Management Act (SGMA) was signed into law in September of 2014. SGMA mandates that all groundwater basins in California are to be managed and sustainable. The management is to be carried out by either the State Water Resources Control Board (SWRCB) or by newly formed Groundwater Sustainability Agencies (GSA's). In Glenn County several water agencies, the cities of Orland and Willows, and the County of Glenn came together and formed the Glenn Groundwater Authority (GGA). Because SGMA mandates that if any part of a subbasin is not in compliance, then the entire basin is not in compliance, the GGA is working closely with the Colusa Groundwater Authority (CGA) to provide management of the whole basin.

The GGA is now self-funded and you will be seeing a per-acre charge on your property tax bill. The GGA is working with the Colusa Groundwater Authority on a Groundwater Sustainability Plan (GSP) for the Colusa Subbasin. SGMA requires the GSP to be final by January 31, 2022. The goal of the GSP will be to sustain groundwater levels at or above January 2015 levels. Water budgets and modeling are being prepared for the GSP. The GSP will be written by an engineering firm which specializes in this type of work. Several proposals have been received from engineering firms which will be reviewed and a firm will soon be chosen by the joint GGA/CGA board of directors. The GGA is confident it will have the plan completed by the 2022 deadline to comply with SGMA. The GSP will provide a plan to insure groundwater sustainability for the Colusa Sub-Basin. It will address management areas, sustainable aquifer levels, recharge projects, groundwater monitoring, and pumping allowances.

A Local Groundwater Public Workshop will be held on September 23rd at 6:00 p.m. at the Glenn Success Square Conference Center at 131 East Walker St. Orland CA 95963.

If you have any questions, please give me a call at the District office.

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