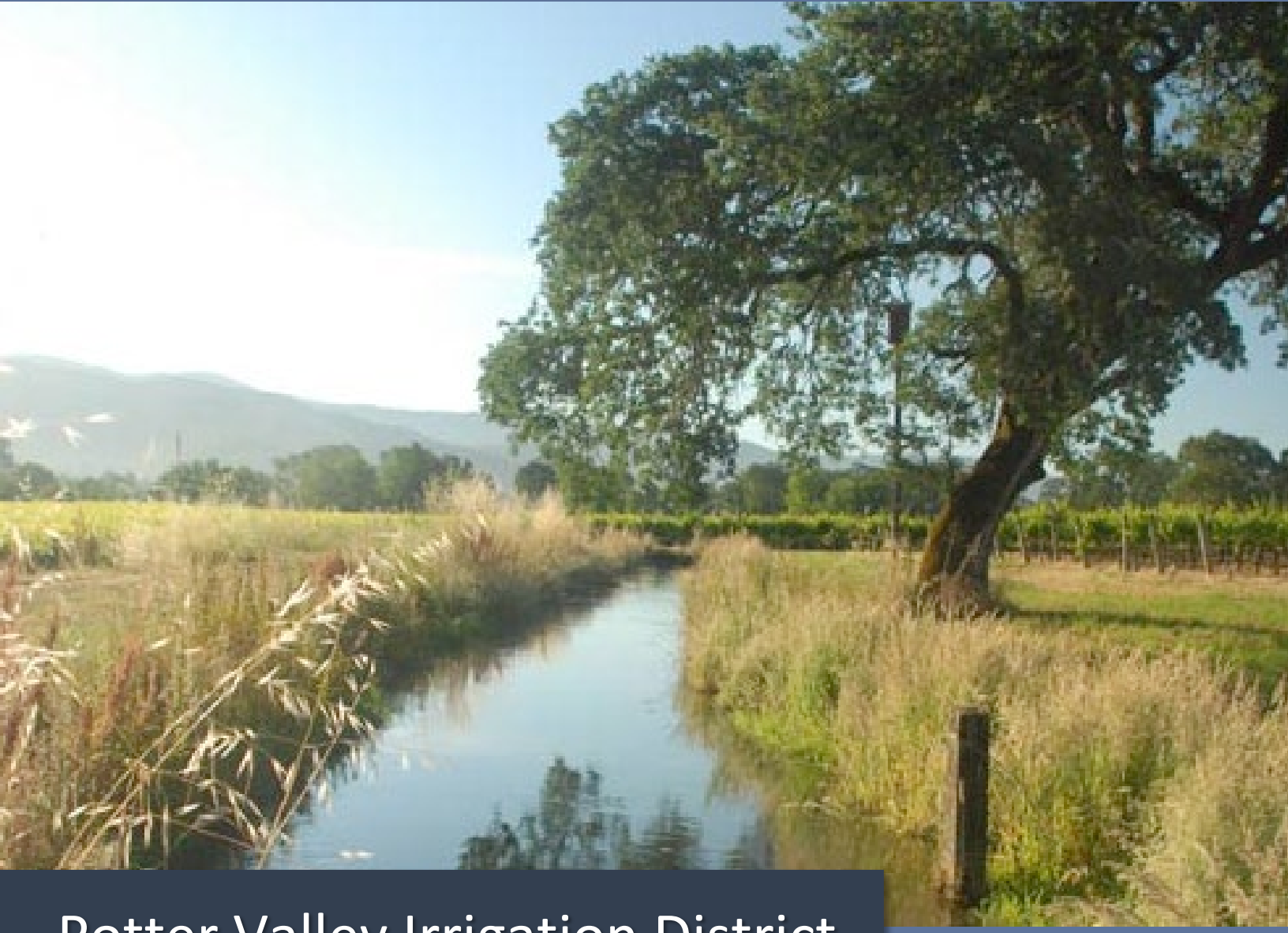


Potter Valley Irrigation District

2025 Municipal Service Review and Sphere of Influence Update

Prepared By/For:

Mendocino LAFCo

200 South School Street

Ukiah, California 95482

http://www.mendolafco.org/

Workshop: February 3, 2025

Public Hearing: April 7, 2025

Adopted: April 7, 2025

LAFCo Resolution No: 2024-25-11

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Resolution No. 2024-25-11
of the Mendocino Local Agency Formation Commission

Approving the
Potter Valley Irrigation District
Municipal Service Review and Sphere of Influence Update 2025

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the "Commission", is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Mendocino County; and

WHEREAS, the Commission conducted a municipal service review to evaluate the Potter Valley Irrigation District, hereinafter referred to as the "PVID or District", pursuant to California Government Code Section 56430; and

WHEREAS, the Commission conducted a sphere of influence update for the District pursuant to California Government Code Section 56425; and

WHEREAS, the Commission held a public workshop on February 3, 2025 to receive public and agency comments and provide direction on revisions to the District's Draft MSR/SOI update; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner prescribed by law; and

WHEREAS, the Executive Officer's report and recommendations on the municipal service review and sphere of influence update were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the Municipal Service Review and Sphere of Influence update on April 7, 2025; and

WHEREAS, the Commission considered all the factors required under California Government Code Sections 56430 and 56425.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Mendocino Local Agency Formation Commission, as follows:

1. The Commission, as Lead Agency, finds the municipal service review categorically exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15306 (Class 6 Exemption). This finding is based on the use of the municipal service review as a data collection and service evaluation study. There are no land use changes or environmental impacts created or recommended by the MSR. The information contained within the municipal service review may be used to consider future actions that will be subject to additional environmental review.
2. The Commission, as Lead Agency, finds the sphere of influence update exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15061(b)(3) (General Rule). This finding is based on the Commission determining with certainty that the sphere of influence update will have no possibility of

significantly effecting the environment given that this update does not grant new municipal service powers or areas and no physical changes to the environment are anticipated, planned, or reasonably foreseeable as a result of the SOI Update.

3. This municipal service review and sphere of influence update is assigned the following distinctive short-term designation: "Potter Valley Irrigation District MSR/SOI Update 2025".
4. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations included in the municipal service review, hereby incorporated by reference.
5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.
6. The Executive Officer shall revise the official records of the Commission to reflect this update of the sphere of influence for the District.

BE IT FURTHER RESOLVED that the Potter Valley Irrigation District MSR/SOI Update 2025 is hereby approved and incorporated herein by reference and that the District's existing Sphere of Influence established in 2016 is affirmed as depicted in Exhibit "A", attached hereto.

PASSED and ADOPTED by the Mendocino Local Agency Formation Commission this 7th day of April 2025 by the following vote:

AYES: Rodin, Mahoney, Horsley, Gonzalez, Cline, Ward, Mulheren

NOES:

ABSTAIN:

ABSENT:

MAUREEN MULHEREN, Commission Chair

ATTEST:

UMA HINMAN, Executive Officer

"Exhibit A"

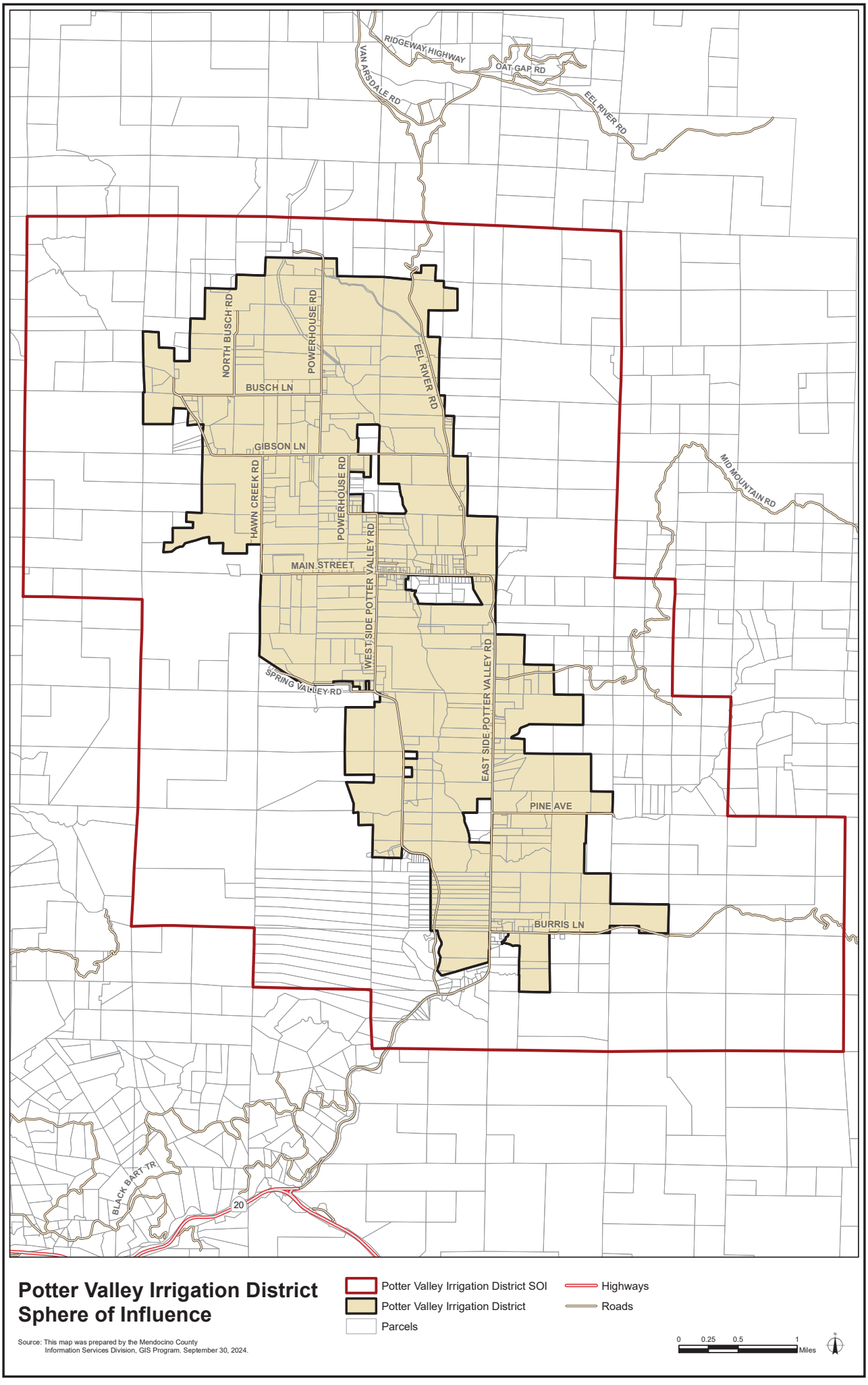

RIDGEWAY HIGHWAY
VAN ARSDALE RD
OAT GAP RD
EEL RIVER RD
NORTH BUSCH RD
POWERHOUSE RD
BUSCH LN
GIBSON LN
HAWN CREEK RD
MID MOUNTAIN RD
MAIN STREET
WEST SIDE POTTER VALLEY RD
SPRING VALLEY RD
EAST SIDE POTTER VALLEY RD
PINE AVE
BURRIS LN
BLACK BART TR
20
Potter Valley Irrigation District Sphere of Influence
Potter Valley Irrigation District SOI
Potter Valley Irrigation District
Parcels
Highways
Roads
0 0.25 0.5 1 Miles
N
Source: This map was prepared by the Mendocino County Information Services Division, GIS Program. September 30, 2024.

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ACRONYMS

AB	Assembly Bill
ACS	American Community Survey
ADU	Accessory Dwelling Unit
AFA	Acre-feet per annum
AF	Acre-foot
AMI	Area Median Income
AOI	Area of Interest
BOS	Mendocino County Board of Supervisors
CALAFCO	California Association of Local Agency Formation Commissions
CalPERS	California Public Employees Retirement System
CDFW	California Department of Fish and Wildlife
CDP	Census-Designated Place
cfs	cubic feet per second
CEQA	California Environmental Quality Act
CIP	Capital Improvement Plan
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
COLA	Cost-of-living Allowance
CPI	Consumer Price Index
DOF	California Department of Finance
DUC	Disadvantaged Unincorporated Community
DWR	California Department of Water Resources
EBRR	East Branch of the Russian River
ERPA	Eel Russian Project Authority
ESA	Endangered Species Act
FERC	Federal Energy Regulation Commission
FY	Fiscal Year
GC	California Government Code
GHG	Greenhouse gas
HCD	California Department of Housing and Community Development
ILDP	Irrigated Lands Discharge Program
JADU	Junior Accessory Dwelling Unit
JPA	Joint Powers Authority
kva	kilovolt-ampere
LAFCo	Local Agency Formation Commission
MCIWPC	Mendocino County Inland Water and Power Commission
MCRRFCWCID	Mendocino County Russian River Flood Control and Water Conservation Improvement District
MHI	Median Household Income
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MSR	Municipal Service Review
NOAA	National Oceanic and Atmospheric Administration
NOI	Notice of Intent
OPR	California Governor's Office of Planning and Research
PG&E	Pacific Gas and Electric Company

PVID	Potter Valley Irrigation District
PVP	Potter Valley Project
RHNA	Regional Housing Needs Allocation
RTP	Regional Transportation Plan
RVCWD	Redwood Valley County Water District
RVIT	Round Valley Indian Tribes
RWQCB	Regional Water Quality Control Board
SB	Senate Bill
SDUC	Severely Disadvantaged Unincorporated Community
SOI	Sphere of Influence
SWRCB	State Water Resources Control Board
WAT	California Water Code

1 INTRODUCTION

1.1 Local Agency Formation Commission

Local Agency Formation Commissions (LAFCos/Commissions) are quasi-legislative, independent local agencies established by State legislation in 1963 to oversee the logical and orderly formation and development of local government entities including cities and special districts. There is one LAFCo for each county in California.

LAFCo is responsible for implementing the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) under California Government Code (GC) Section (§) 56000 et. seq. with goals to promote orderly growth, prevent urban sprawl, preserve agricultural and open space lands, and oversee efficient provision of municipal services.

LAFCo has the authority to establish and reorganize cities and special districts, change their boundaries and authorized services, allow the extension of public services, perform municipal service reviews, and establish spheres of influence. Some of LAFCo's duties include regulating boundary changes through annexations or detachments and forming, consolidating, or dissolving local agencies.

1.2 Mendocino LAFCo

The CKH Act provides for flexibility in addressing State regulations to allow for adaptation to local needs. Each LAFCo works to implement the CKH Act to meet local needs through the flexibility allowed in how state regulations are implemented through establishment of local policies to address the unique conditions of the county. Accordingly, Mendocino LAFCo has adopted policies, procedures, and principles that guide its operations. These policies and procedures can be found on Mendocino LAFCo's website[1].

Mendocino LAFCo has a public Commission with seven regular Commissioners and four alternate Commissioners. The Commission is composed of two members of the Mendocino County Board of Supervisors, two City Council members, two Special District Board of Directors members, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category. Table 1-1 below lists the current Commissioners, the category they represent, if they are an alternate, and the date their term expires.

Table 1-1: Current Mendocino LAFCo Commissioners, 2025

Commissioner Name	*Position*	*Representative Agency*	*Term Expires*
Madeline Cline	Commissioner	County	2028
Gerardo Gonzalez	Commissioner	City	2026
Candace Horsley	Commissioner	Special Districts	2026
Susan Mahoney	Commissioner	Special Districts	2028
Maureen Mulheren	Chair	County	2026
Mari Rodin	Commissioner	City	2025
Gerald Ward	Vice-Chair/Treasurer	Public	2026
Douglas Crane	Alternate	City	2025
John Haschak	Alternate	County	2027
Raghda Zacharia	Alternate	Public	2027
Vacant	Alternate	Special Districts	2026

[1]The Mendocino LAFCo Policies and Procedures Manual can be found here: Policies & Procedures - Mendocino LAFCo.

1.3 Municipal Service Review

The CKH Act requires each LAFCo to prepare a Municipal Service Review (MSR) for its cities and special districts (GC §56430).[2] MSRs are required prior to and in conjunction with the update of a Sphere of Influence (SOI) (Assembly Committee on Local Government 2023). This review is intended to provide Mendocino LAFCo with the necessary and relevant information related to the services provided by Potter Valley Irrigation District (PVID/District).

An MSR is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area. An MSR must address the following seven factors:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

MSRs include written statements or determinations with respect to each of the seven mandated areas of evaluation enumerated above. These determinations provide the basis for LAFCo to consider the appropriateness of a service provider's existing and future service area boundary. This MSR Update studies the irrigation water services provided by PVID. This review also provides technical and administrative information to support Mendocino LAFCo's evaluation of the existing boundary for PVID.

With this MSR, Mendocino LAFCo can make informed decisions based on the best available data for the service provider and area. Written determinations (similar to 'findings'), as required by law, are presented in Chapter 3. LAFCo is the sole authority regarding approval or modification of any determinations, policies, boundaries, spheres of influence, reorganizations, and provision of services.

Ideally, an MSR will support LAFCo's directives and deliberations and will also provide the following benefits to the subject agencies:

- Provide a broad overview of agency operations including type and extent of services provided;
- Serve as a prerequisite for an SOI Update;
- Evaluate governance options and financial information;
- Identify areas within the factors noted above that may benefit from improvement;

[2] GC §56430 (2024) can be found here: California Government Code § 56430 (2024) :: 2024 California Code :: US Codes and Statutes :: US Law :: Justia.

- Demonstrate accountability and transparency to LAFCo and to the public; and
- Allow agencies to compare their operations and services with other similar agencies.

1.4 Sphere of Influence

The CKH Act requires LAFCo to adopt a Sphere of Influence (SOI) for all local agencies within its jurisdiction. An SOI is "a plan for the probable physical boundary and service area of a local agency or municipality as determined by the Commission" (GC §56076).[3]

When reviewing an SOI for a municipal service provider, GC §56425(e),[4] LAFCo will consider the following five factors:

1. The present and planned land uses in the area, including agricultural and open space lands.
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 provides or is authorized to provide.
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.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to GC §56425(g)[4] on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Sphere of Influence studies include written statements or determinations with respect to each of the five mandated areas of evaluation enumerated above. These determinations provide the basis for LAFCo to consider the appropriateness of establishing or modifying a service provider's SOI or probable future boundary.

1.5 Additional Local Policies

1.5.1 Mendocino County General Plan

The Mendocino County General Plan was originally adopted in November 1985 and last updated in November of 2021. Chapter 6 of the General Plan provides policies specific to several community areas in Mendocino County, including Potter Valley. The policies and goals relevant to Potter Valley are listed below:

Potter Valley Community Goals

- *Goal CP-PV-1*: Expand economic opportunities in Potter Valley consistent with desired rural character of the valley.
- *Goal CP-PV-2*: Recreate the sense of community that has been eroded with the loss of jobs and lack of affordable housing opportunities in Potter Valley.

[3] GC §56076 (2024) can be found here: California Government Code § 56076 (2024) :: 2024 California Code :: US Codes and Statutes :: US Law :: Justia.

[4] GC §56425 (2024) can be found here: California Government Code § 56425 (2024) :: 2024 California Code :: US Codes and Statutes :: US Law :: Justia.

- *Goal CP-PV-3:* Maintain compact development patterns by focusing commercial, residential and community uses within the established community area.

Potter Valley Community Area Policies

- *Policy CP-PV-1:* The County shall encourage mixed-use, commercial and public uses to locate within the Potter Valley community core area.
- *Policy CP-PV-2:* The County encourages mixed-use and infill development in the core area.
- *Policy CP-PV-3:* The County shall discourage subdivision activity in the outlying Rural and Remote Residential lands, including transitions to Rangelands and Forestlands.
- *Policy CP-PV-4:* Higher density residential uses, including affordable housing units, are encouraged in the commercial center as part of a mixed-use strategy.
- *Policy CP-PV-5:* The County supports the creation of economic opportunity, places and facilities that support a sense of community in Potter Valley.
    - *Action Item CP-PV-5.1:* The County shall create a strategy to revitalize and expand economic opportunity in Potter Valley, including evaluation of commercial expansion and consolidation on Main Street.
- *Policy CP-PV-6:* Planned land uses in Potter Valley should accommodate expansion of commercial, light industrial and resource uses to meet the needs of local residents and businesses.
- *Policy CP-PV-7:* The County supports the expansion and diversification of agricultural operations, including orchards, grazing lands and vineyards.
    - *Action Item CP-PV-7.1*: The County shall actively pursue light industrial and manufacturing employers for locations on the periphery of the town center, near convenient access and services.
    - *Action Item CP-PV-7.2*: Investigate the placement of a community signboard along State Route 20 at Potter Valley Road advertising services and special events in Potter Valley. If determined to be warranted, install the signboard.
    - *Action Item CP-PV-7.3*: Install gateway landscaping as an indication of entry into the town from the south at the intersection of Main Street and Eel River Road.
- *Policy CP-PV-8:* The County supports improved accessibility to and from State Route 20 by upgrading and maintaining Potter Valley Road.
- *Policy CP-PV-9*: The County encourages the Potter Valley Community Services District to pursue the provision or management of water and/or wastewater treatment services.
    - *Action Item CP-PV-9.1*: The County will assist the community in efforts to provide water and wastewater treatment services to support future growth consistent with the land use patterns and densities established in the General Plan.
    - *Action Item CP-PV-9.2*: Pursue efforts to redevelop the old bridge on the north end of Main Street, including efforts to maintain its historical character.)
    - *Action Item CP-PV-9.3*: Investigate undergrounding power lines on the south side of Main Street, and replacing the lights currently on the poles with attractive, unobtrusive street lights that reflect the cultural heritage of the community.

These goals and policies help guide land use decisions in the Potter Valley region.

1.6 Senate Bill 215

Senate Bill (SB) 215 (Wiggins) requires LAFCo to consider regional transportation plans and sustainable community strategies developed pursuant to SB 375 before making boundary decisions. Senate Bill 375 (Sustainable Communities and Climate Protection Act) requires each Metropolitan Planning Organization (MPO) to address regional greenhouse gas (GHG) emission reduction targets for passenger vehicles in their Regional Transportation Plan (RTP) by integrating planning for transportation, land use, and housing in a sustainable communities strategy.

Mendocino County is not located within an MPO boundary and therefore is not subject to the provisions of SB 375. However, the Mendocino Council of Governments (MCOG) supports and coordinates the local planning efforts of Mendocino County and the Cities of Fort Bragg, Point Arena, Ukiah, and Willits to address regional housing and transportation needs and helps provide a framework for sustainable regional growth patterns through the 2018 Mendocino County Regional Housing Needs Plan and Vision Mendocino 2030 Blueprint Plan. MCOG is also responsible for allocating regional transportation funding to transportation improvement projects consistent with the 2017 RTP for Mendocino County.

Mendocino County and the cities of Fort Bragg, Point Arena, Ukiah, and Willits are the local agencies primarily responsible for planning regional growth patterns through adoption and implementation of general plan and zoning regulations. While Mendocino County is not subject to the provisions of SB 375, LAFCo will review applicable regional transportation and growth plans when considering a change of organization or reorganization application.

2 AGENCY OVERVIEW

Table 2-1:PVID Profile	
Agency Name:	Potter Valley Irrigation District
General Manager	Donald Brown, Superintendent
Office Location:	10170 Main Street Potter Valley, CA 95469
Mailing Address:	PO Box 186, 10170 Main Street Potter Valley, CA 95469
Phone Number:	(707) 743-1109
Website:	https://www.pottervalleywater.org/index.html
Email:	pvid@pottervalleywater.org
Date of Formation:	April 1,1924
Agency Type:	Irrigation District, Single-Service Provider
Enabling Legislation	California Water Code Section 20500 (Irrigation Districts)
Board Meeting Schedule:	The Board meets on the third Wednesday of each month at 7:00 PM.

2.1 History

2.1.1 Formation

In 1921 and 1923 two petitions to create an irrigation district serving the Potter Valley region were reviewed by the Mendocino County Board of Supervisors (BOS). The first petition was defeated because some residents of Potter Valley did not want to be included in an irrigation district. The second petition was accepted after the residents, who so desired, were excluded from the original list of properties to be included in the new irrigation district (PVID 2024e).

The Potter Valley Irrigation District (PVID/District) was subsequently formed on April 1, 1924, by the BOS under Section (§) 20500 of the Water Code (WAT)[5] that relates to irrigation districts for the purpose of providing irrigation water to support agriculture in Potter Valley. The first formal meeting of the PVID and election of directors was held on April 22, 1924.

2.1.2 Boundary

The District encompasses the census-designated place (CDP) of Potter Valley located in central unincorporated Mendocino County which is located approximately 18 miles northeast of the City of Ukiah. The District's service area extends beyond the Potter Valley CDP further into unincorporated Mendocino County in each direction and covers approximately 6,966 acres of agricultural lands. See Figure 2-1 and Figure 2-2.

2.1.3 Services

PVID utilizes raw water diverted from the Eel River through the Potter Valley Project (PVP) to provide irrigation water to its approximately 275 agricultural customers.

[5] WAT §20500 can be found here: Division 11: Irrigation Districts.

2.1.3.1 LATENT POWERS

Latent powers are those services, functions, or powers authorized by the principal act under which the District is formed, but that are not being exercised and have not been authorized by LAFCo.

The California Water Code, Irrigation Districts (WAT §20500)[5] identifies the following potential powers:

a) Water

b) Watermaster Service

c) Drainage

d) Electric Power

e) Pension and Retirement Systems

f) Flood Control

g) Sewage Disposal

h) Recreational Facilities

PVID is a single-service provider delivering raw irrigation water services only and no other latent powers are authorized under its principal act. There are no overlapping or duplicating services of wholesale irrigation water suppliers within the District boundary.

Figure 2-1: Regional Location

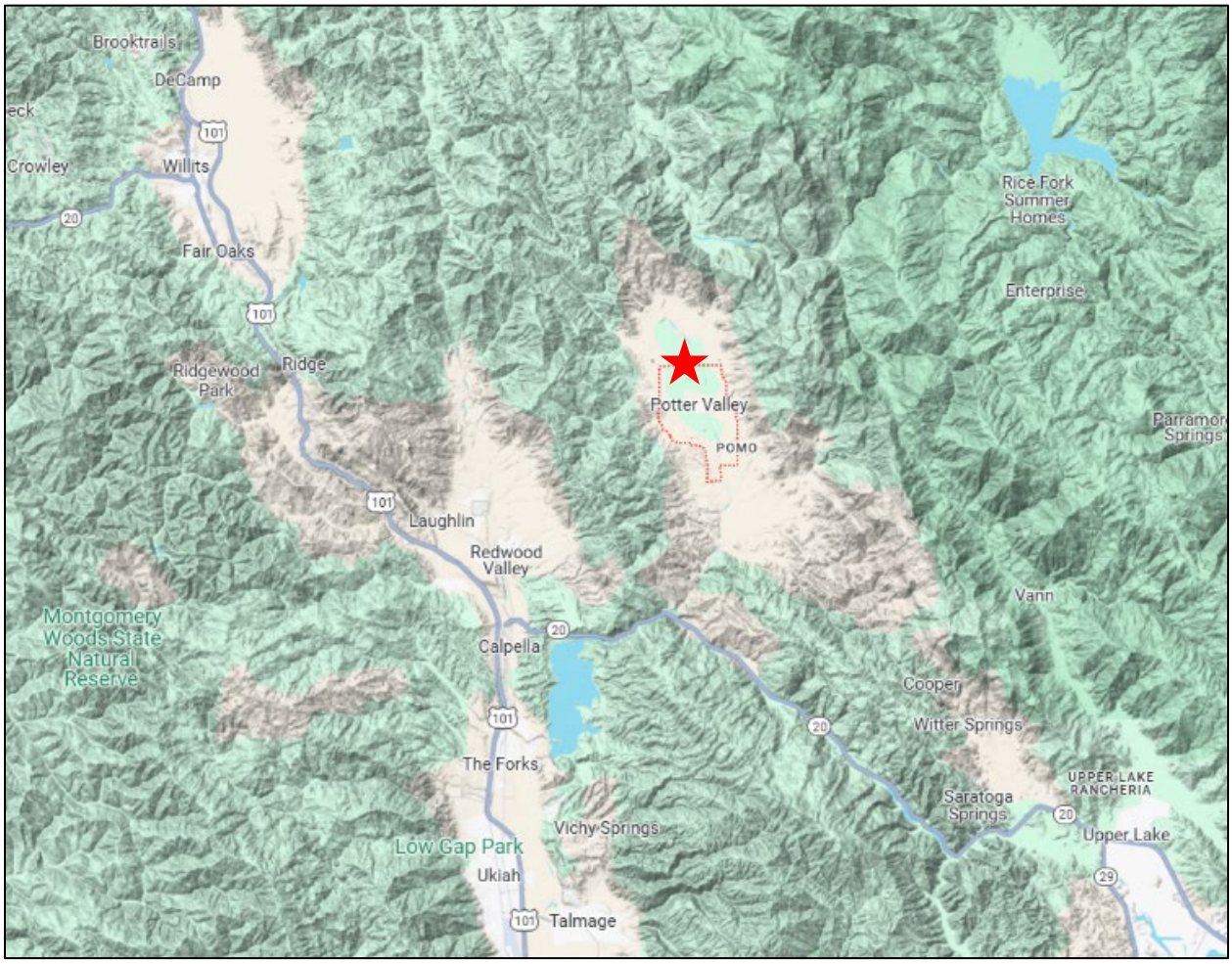


Figure 2-2: Potter Valley Irrigation District Boundary

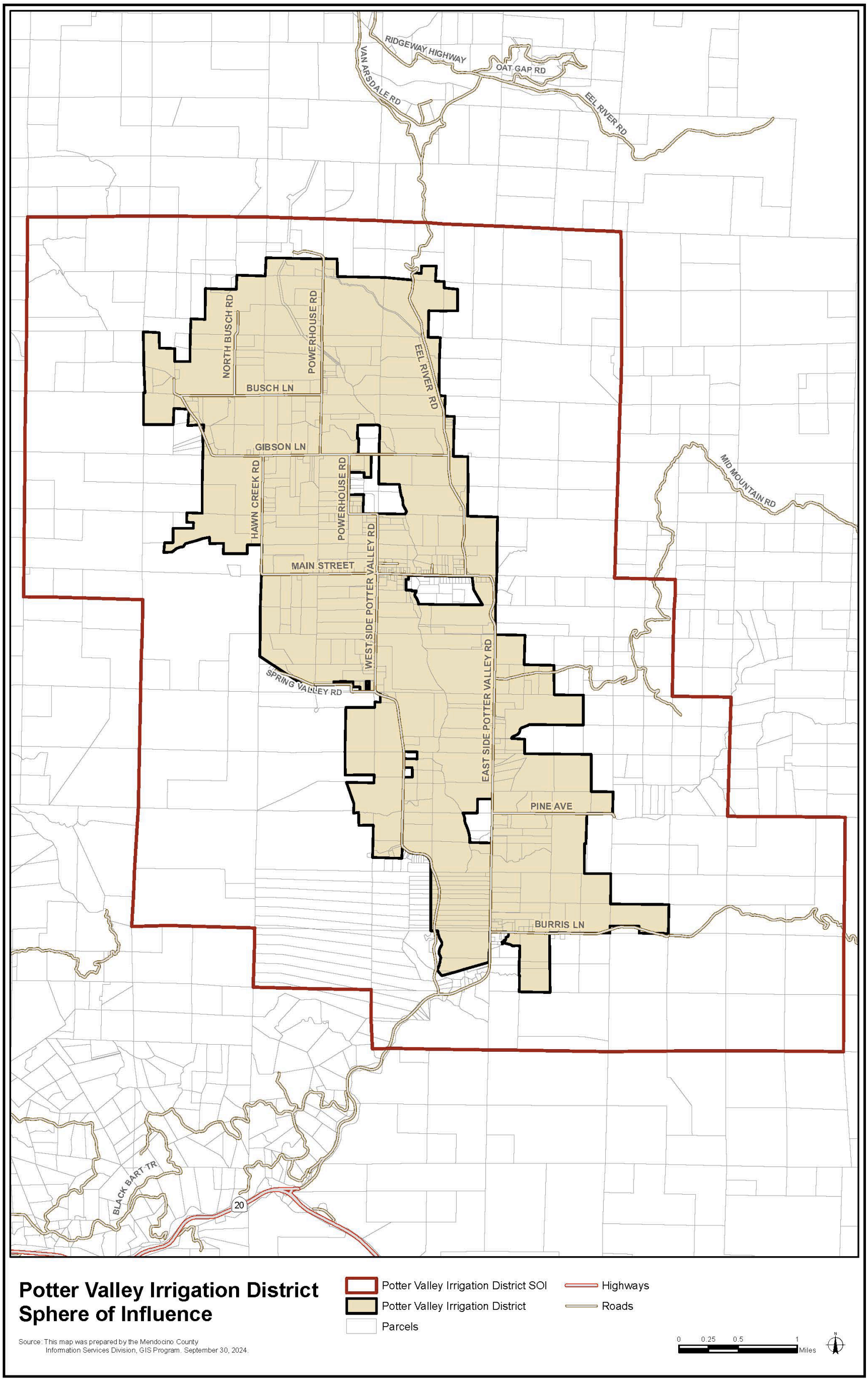


Figure 2-3: Mendocino County Water and Sanitation Districts and Companies

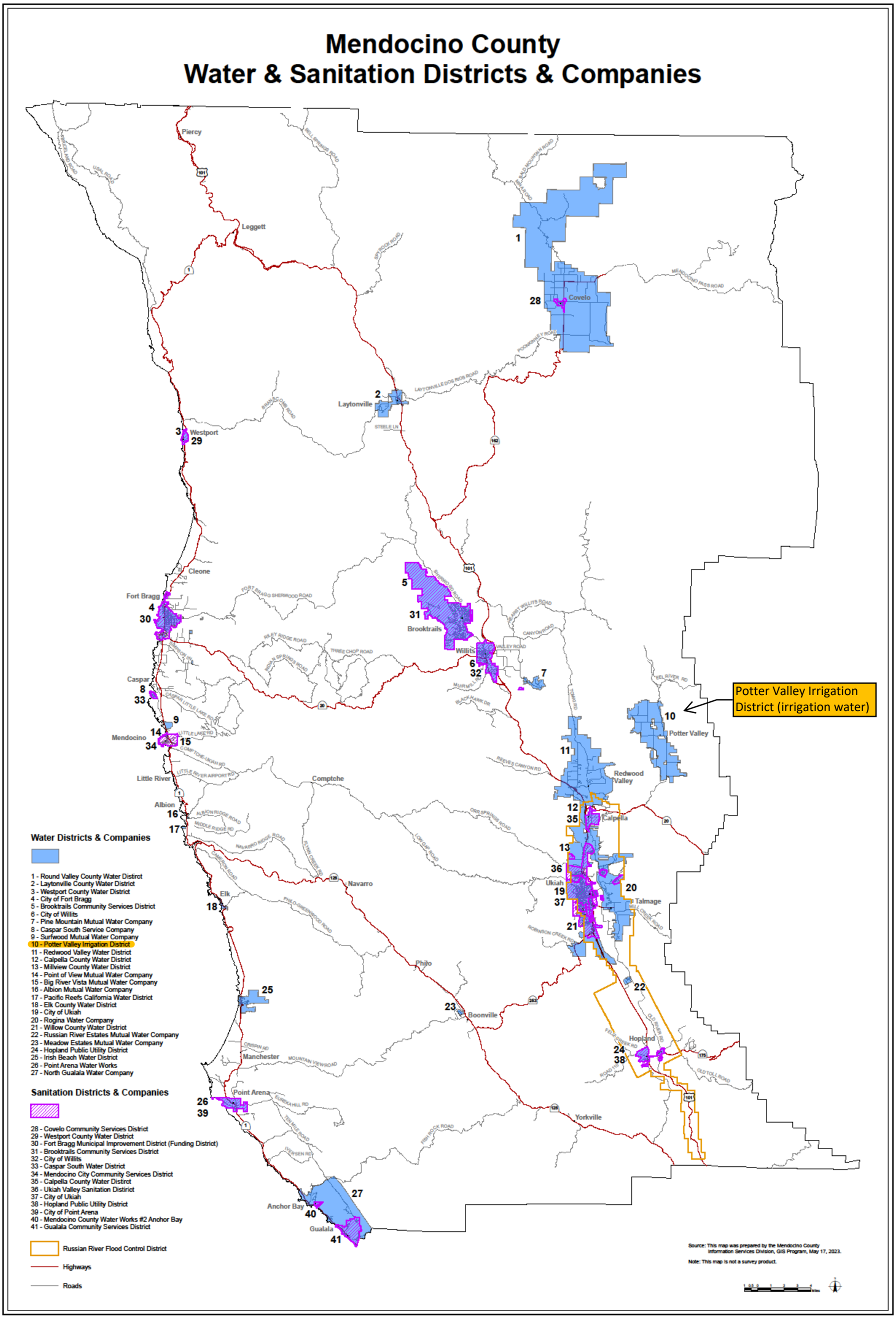
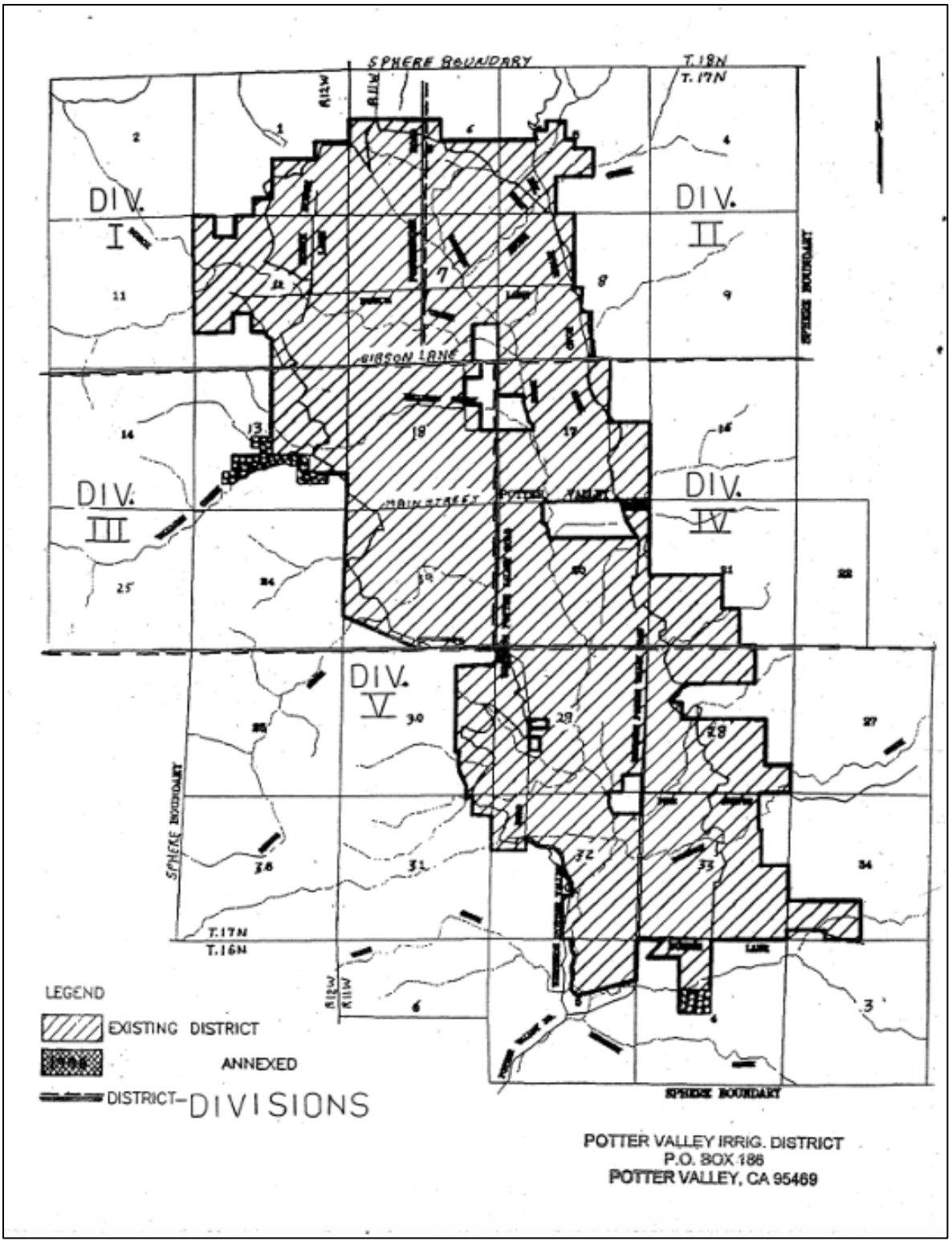


Figure 2-4: PVID Division Boundaries



2.2 Government Structure

2.2.1 Governing Body

The District is governed by a five-member Board of Directors elected at-large by registered voters within the District's five divisions. The five divisions of the PVID are mapped in Figure 2-4 and were established at the District's formation.

Each director, except as otherwise noted, must be a registered voter and landowner within the district, and a resident of the division that he or she represents at the time of nomination or appointment and throughout their term.

If there are insufficient candidates for the election of Board vacancies, or if the number of filed candidates is equal to the number of board vacancies, then District board members may be appointed by the BOS per WAT §21265-21285.[6] If the BOS has failed to fill a vacancy within 60 days of its occurrence, a special election may be called by the board of directors and held in the division affected. The candidate elected through a special election shall fill the unexpired term of the vacating director. The current directors, positions, and terms are shown in Table 2-2.

The District Board of Trustees elect officers annually at the January regular meeting to serve the following year. New directors take office at noon on the first Friday in December following their election. Officers include a president, vice president, treasurer/secretary, assessor/collector, safety officer, and the chair of the Mendocino County Inland Water and Power Commission (MCIWPC) and Eel Russian Project Authority (ERPA). Board Trustees do not receive compensation for their service.

Table 2-2: PVID Board of Directors

Name	Office/Position	First Year of Service	Term Expiration
Eugene McFadden	Director/Safety Officer	1990	2028
Janet Pauli	Director/President	1989	2026
Vacant	Director/Vice President	-	2028
Jim McMenomey	Director	2004	2028
Mac Magruder	Director	2006	2026

Source: LAFCo 2024a.

There are currently no vacancies on the Board and all five Board members have served the District multiple terms, which can be a significant benefit in establishing long-standing positive working relationships in the community, understanding the history and unique aspects of the organization, and maintaining institutional knowledge.

2.2.2 Public Meetings

Regular Board meetings are held on the third Wednesday of each month at 7PM at the District office at 10170 Main Street, Potter Valley, CA 95469, with some exceptions for holidays.

In accordance with the Brown Act, all District Board meetings are open to the public and notices are publicly posted at Hopper's Corner Store, outside the District office front door, and on the District's

[6] WAT §21265-21285 can be found here: CHAPTER 2. Selecting Officers in Certain Cases [21265 - 21285].

website[7] a minimum of 72 hours prior to regular meetings, or a minimum of 24 hours prior to special meetings.

Public comments are accepted at each meeting. Meeting summaries are maintained for all Board meetings and are adopted by the Board at a subsequent meeting.

Regular Board meetings, records, annual budgets and financial audits are kept current and maintained by the Board secretary and District superintendent. Public meeting information, including past agendas, reports, resolutions, and approved meeting minutes are available on the District's website[77] and upon request via email from the District.

2.2.3 Standing Committee

Committees assist in carrying out various functions of local government to support and implement Board direction. The District Board currently has one standing committee, the Safety Committee.

2.2.4 Public Outreach

With the passage of Senate Bill (SB) 929 in 2018, all special districts are required to establish and maintain a website with specific information and accessibility requirements by January 2020 (a compliance handout is included in Appendix A– Open Government Resources). SB 929 does allow a special district to exempt themselves from the website requirements by adopting a board resolution declaring a financial hardship exists that prevents the district from establishing or maintaining a website.

The District maintains a website with the assistance of a contracted consultant, which contains documents such as current and past agendas and meeting minutes, notices, pertinent reports and news updates, water rates, and financial information. The District also provides informational updates and announcements on their website, as needed, and keeps residents informed of District requirements and activities through word-of-mouth and during public meetings.

2.2.5 Complaints

As stated in the District's Bylaws under Rule No. 10A, all complaints of any kind must be made in writing and either filed with staff at the District office or sent to the District by mail, addressed to the superintendent, and within five days of the time the act causing complaint occurred (PVID 2024d).

No complaints have been received by the District over the last five years (LAFCo 2025b).

2.2.6 Transparency and Accountability

The PVID Bylaws were approved in 1978 and last amended on March 20, 2024. The Bylaws serve as the legal guidelines of the District and consist of written rules that define the District's official mission and outline the responsibilities of the District and board.

The Board operates with a separate written set of policies and procedures covering Board membership, officers' titles and responsibilities, how offices are to be assigned, how meetings should be conducted, and financial matters.

[7] The PVID website can be found here: https://pottervalleywater.org/contact.html.

The Political Reform Act requires all state and local government agencies to adopt and promulgate a Conflict-of-Interest Code pursuant to California Government Code (GC) §87300 et seq.[8] The District's Bylaws include some specific policies related to governing and financial matters. Additionally, Resolution No. R-5 adopted in July of 1982 includes Policies 1020.1 and 1020.2 which specifically address conflicts of interest (LAFCo 2025b).

The Political Reform Act also requires persons who hold office to disclose their investments, interests in real property, and incomes by filing a Statement of Economic Interests (Fair Political Practices Commission Form 700) each year according to GC §87200[9] Under GC §87200, members of special districts are listed as "other public officials who manage public investments". In accordance with District Policies 1020.1 and 1020.2, Form 700 has been filed by all elected District members, including the superintendent and District legal counsel, with the Mendocino County Clerk's Office for the year 2024.

According to Assembly Bill (AB) 1234, if a local agency provides compensation or reimbursement of expenses to local government officials, then all local officials are required to receive two hours of training on public service ethics laws and principles at least once every two years and establish a written policy on reimbursements pursuant to GC §53235[10] The District's board members are not compensated.

Refer to Appendix A– Open Government Resources for a brief list of educational resources regarding open government laws and Appendix B – Website Compliance Handout.

2.3 Operational Efficiency

2.3.1 Management and Staffing

PVID has five full-time and seven part-time employees. Full-time employees include the superintendent who is responsible for answering to the Board for all District actions, managing the day-to-day affairs of the District, including implementing and enforcing all District policies, procedures and District Bylaws, and serving as the District human resource officer. other full-time staff include a secretary/treasurer who acts as the chief financial officer, an assessor-collector who is responsible for standby assessments and collections, and an operations and maintenance supervisor.

Part-time employees include an administrative assistant who works year-round, as well as seasonally hired part-time employees to operate and maintain the District's irrigation distribution system. All employees are given an annual review to track their performance, which is administered by either the supervising staff member or the Board of Directors (LAFCo 2025b).

PVID noted as part of this Municipal Service Review (MSR) process that while the number of District staff members is currently adequate to run the operations and maintenance of the District, staff is stretched thin and additional staff are needed.

2.3.2 Contract or JPA Services

The District has historically relied on a long-standing contract with Pacific Gas and Electric Company (PG&E) for water from PVP, which diverts Eel River water into the Russian River watershed. However, the

[8] GC §87300 et seq. (2011) can be found here: Codes Display Text (ca.gov).

[9] GC §87200 (2011) can be found here: Codes Display Text (ca.gov).

[10] GC §53235 (2025) can be found here: California Code, GOV 53235.

contract is currently being reevaluated pending the imminent surrender and decommissioning of the PVP, as described in Section 3.1.2.1 and Section 3.1.2.2.

Additionally, PVID contracts with a consultant for maintenance of the District's website and other consultants for financial audits and special studies.

2.3.3 Agency Performance

A component of monitoring agency performance is routinely evaluating staff productivity. The District conducts an annual performance evaluation for both part-time and full-time employees (LAFCo 2024a).

The District also monitors and evaluates agency operations through regulatory reporting and review of District databases and records.

2.3.3.1 Challenges

There is significant uncertainty around a continuing water supply associated with the future of PVP. With the proposed removal of Scott Dam on the Eel River, which is likely with the decommissioning of the PVP, the resulting "run-of-river" operations for any future diversions from the Eel River to the Russian River will require new storage to manage supplies for year-round use in Potter Valley. The District is evaluating whether aquifer storage and recovery and on-farm recharge of the underlying Potter Valley aquifer system, as well as new surface storage (e.g., off-stream dam and storage reservoir or storage ponds) are feasible alone, or in combination, to store seasonal run-of-river diversions for PVID. Given the uncertainty of which approach(es) will be adopted, consideration of potential future water storage and supply options are being considered (McMillen Jacobs Associates 2011, pg. 61).

2.3.3.2 Strategic or Succession Plan

The District does not currently have an established strategic plan but has a mission statement which acts as the District's guiding principle. While the District is not legally obligated to maintain these types of documents and/or plans, doing so helps to clarify goals and some sense of security when it comes to the future of the District.

In lieu of these planning documents, the Board reviews progress and setbacks over the prior year during the annual budget development process.

More recently, in response to the imminent surrender and decommissioning of the PVP, the District is working with various groups to plan for the future of the District's diversion infrastructure, storage options, and the ability to serve existing customers in the immediate future.

2.3.4 Regional and Service Specific Collaboration

The District regularly works closely with other regional organizations such as MCIWPC.[11] MCIWPC is a joint powers authority (JPA) that includes Mendocino County, City of Ukiah, PVID, Mendocino County Russian River Flood Control and Water Conservation Improvement District (MCRRFCWCID), and Redwood Valley County Water District (RVCWD). The agency was formed in 1996 to protect and procure adequate water supplies for its members relaying upon the Russian River watershed and including the diversion from the Eel River.

[11] The MCIWPC website can be found here: https://mendoiwpc.com/.

Most recently, in December of 2023, in response to PG&E's abandonment of the PVP, ERPA JPA was formed by a joint exercise of powers agreement between the County of Sonoma, Sonoma Water Agency (Sonoma Water), MCIWPC, and the Round Valley Indian Tribes (RVIT). ERPA has the authority to negotiate with PG&E as the entity moves ahead with the imminent surrender and decommissioning of the PVP. ERPA also has the legal capacity to own, construct and operate a new water diversion facility near Cape Horn Dam (ERPA 2024).

2.3.5 Shared Services and Facilities

2.3.5.1 Adjacent Providers

Due to its geographical isolation, there are no other public or private irrigation water service providers located adjacent to the District. The nearest irrigation water provider in the region is the MCRRFCWCID, located approximately 19 miles southeast of the District in the Ukiah Valley and Redwood Valley region.

All residential properties within the District boundary rely on private on-site wells for drinking water and septic systems for wastewater needs. Fire protection for properties within PVID is provided by the Potter Valley Volunteer Fire Department, which is governed by the Potter Valley Community Services District (LAFCo 2018b).

The District routinely coordinates with the Potter Valley Community Services District as well as the Potter Valley Fire Department during emergencies (LAFCo 2025b).

Additionally, a current member of the PVID Board sits on the ERPA Board and facilitates sharing of information and concerns on behalf of the District.

2.3.5.2 Duplication of Services

There are no overlapping or duplicating services of wholesale water suppliers within the District boundary or nearby.

2.3.5.3 Interagency Collaboration

PVID works with the California Department of Fish and Wildlife (CDFW) on Russian River frost water regulations and supports the quagga and zebra mussel monitoring program (CDFW 2024). Quagga and zebra mussels are recent invaders to California lakes and waterways. Mussels are internationally recognized invasive pests that have caused significant impacts to water delivery systems, fisheries, and ecosystems, with control costing millions of dollars annually in many states and countries.

The District works with the North Coast Regional Water Quality Control Board (RWQCB) Irrigated Lands Discharge Program (ILDP). The goal of the ILDP is to set water quality goals for receiving waters in the region and to recommend farm water quality management goals.

PVID also works with several private environmental groups such as the Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council), the Eel River Recovery Project, and the Eel River Task Force. The Stewardship Council is a private, nonprofit foundation that was established in 2004 as part of a PG&E settlement. Its goals are to ensure that over 140,000 acres of PG&E watershed lands are conserved for the public good through a Land Conservation Program and to invest in outdoor programs that serve California's young people through its Youth Investment Program. PVID is also active in the Land Conservation Program, which includes lands within the Upper Main Stem Eel River Watershed.

The Eel River Recovery Project addresses water conservation, nutrient pollution, and ecosystem recovery. This project is operating under the umbrella of the Trees Foundation and has an advisory group consisting of members of communities, Tribes, and government agencies from throughout the Eel River Basin.

2.3.6 Government Structure and Community Needs

2.3.6.1 Enhanced Service Delivery Options

The District is the only wholesale irrigation water supplier within the District boundary and Potter Valley area. PVID provides raw water direct to individuals for irrigation use within its boundaries and place of use via annual water sales billing.

LAFCo staff recognizes that the current main priority for the District is to ensure as seamless a transition as possible from the current PVP facilities to future District storage infrastructure and facilities that will be necessitated by the decommissioning of the PVP. During this uncertainty, organizational or operational efficiencies may become evident as the transition unfolds; however, none were identified during development of this study.

2.3.6.2 Government Restructure Options

Government restructuring options should be pursued if there are potential benefits in terms of reduced costs, greater efficiency, better accountability or representation, or other advantages to the public.

As stated above, during the transitory phase of operations in a post-PVP situation, the District may be in a position to identify and implement changes as future strategies and plans solidify.

2.4 Finances

LAFCo is required to make determinations regarding the financial ability of PVID to provide its services. This section provides an overview of the financial health of the District and a context for LAFCo's financial determinations. This MSR relies on audited financial statements for Fiscal Years (FYs) 2021, 2022, and 2023, and the budget for FY 2024 as the primary sources of information for this section.

PVID's budget operates on a calendar-year basis. The District operates out of a single enterprise fund for operational and maintenance purposes. The District's sole fund is considered a proprietary fund, which is accounted for using the "economic resources" measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenues are recognized in the period in which liability is incurred. All other revenues are reported as non-operating revenues. Operating expenses are those expenses essential to the primary operations of the fund and all other expenses are reported as non-operating expenses.

The following table provides year-end (not budget) financial information for the District. Table 2-3 summarizes the Statement of Revenues, Expenses, and Changes in Fund Net Position prepared by Robert Johnson Accounting, CPA. The superintendent and secretary/treasurer of the District were integral parties to the preparation of the audits (LAFCo 2025b). The financial information in the table below represents the short-term financial standing of the District based on reporting annual income, expenses, and profits/losses using the accrual basis of accounting, which is an accounting method where revenue or expenses are recorded when a transaction occurs rather than when payment is received or made.

Table 2-3: PVID Financial Summary			
	FY 21 ($)	**FY 22 ($)**	**FY 23 ($)**
Operating Revenue			
Water service charges	145,147	231,614	187,570
Standby charges	55,791	55,793	55,788
Other	1,552	801	3,181
Total Operating Revenue	**202,490**	**288,208**	**246,539**
Operating Expenses			
Source of supply	73,650	123,078	130,858
Transmission and distribution	322,146	383,245	423,385
Administrative	79,668	80,810	89,931
Depreciation	75,419	76,871	78,709
Total Operating Expenses	**550,883**	**664,004**	**722,883**
Operating Income/(Loss)	**(348,393)**	**(375,796)**	**(476,344)**
Non-Operating Revenue (Expenses)			
Property Tax Revenue	398,365	463,901	481,711
Interest Income	1,235	160	148
Unrealized investment income	-	5,621	14,483
Unrealized investment loss	(1,947)	(15,040)	(2,052)
Licensing costs	(50,000)	(50,000)	(50,000)
Loss on asset disposal	-	(19,858)	-
Total Non-Operating Revenue (Expenses)	**347,653**	**384,784**	**444,290**
Net Income (Loss)	**(740)**	**8,988**	**(32,054)**
Beginning Net Position	1,624,085	1,623,345	1,632,333
Ending Net Position	1,623,345	1,632,333	1,600,279

Source: PVID 2024f.

2.4.1.1 Revenue and Expenditures

The PVID is funded primarily by property taxes, which accounts for approximately 70 percent of revenues. The District's remaining funding is a combination of water service charges and standby charges.

Expenditures have steadily increased since FY 2021 by approximately 21 percent in FY 2022 and another nine percent in FY 2023. The top expenditure for the District is transmission and distribution, which is tied to the cost of selling irrigation water, followed by administrative and depreciation costs. PVID revenues fluctuate based on the season, weather, and the dates the season starts and ends. The District's budget reflects the increase in the cost of goods including capital improvement costs and employee wages, which are increased annually with the cost-of-living allowance (COLA) (LAFCo 2025b).

The District's cash accounts are summarized below in Table 2-4.

Table 2-4: Cash Accounts			
Type	**FY 21 ($)**	**FY 22 ($)**	**FY 23 ($)**
Cash and Cash Equivalents – Beginning of Year	607,886	431,592	589,504
Cash and Cash Equivalents – Ending of Year	431,592	589,504	614,597

Source: PVID 2024f.

The District maintains healthy cash accounts, which fluctuate relative to sales that are based on the season, weather, and the dates the season starts and ends. 2021 was a severe drought year that required the District to ration water for the first time since its inception, resulting in less revenue and greater impacts to cash accounts (LAFCo 2025b).

As a member of the MCIWPC, the District has made annual contributions to cover ongoing consulting and legal expenses to remain engaged in the planning for the eventual decommissioning of the PVP and ERPA. In 2024, the contribution was $60,000.

2.4.1.2 Assets and Liabilities

The largest asset for the District is infrastructure for which depreciation costs have been accounted for in the expense section. The District does not have any debts, and its liabilities are limited to accounts payable.

The work in progress line-item accounts for the construction projects that were started in one year and not completed by the financial close of that year and thus were not capitalized. These amounts are carried over to the following year until the project is completed and capitalized (LAFCo 2025b).

Table 2-5: Assets and Liabilities

	FY 21 ($)	FY 22 ($)	FY 23 ($)
Current Assets			
Cash and Cash Equivalents	156,349	323,755	336,417
Investments*	275,243	265,749	278,180
Accounts Receivable	56,988	118,228	84,478
Total Current Assets	213,147	707,732	699,075
Capital Assets			
At Cost	2,095,049	2,066,090	2,139,137
Lesser Cost, With Accumulated Depreciation	(1,162,349)	(1,167,370)	(1,220,160)
Total Capital Assets	932,700	898,720	918,977
Work In Progress			
Total Work in Progress	2,011	45,464	1,964
Total Assets	**1,636,438**	**1,651,916**	**1,620,016**
Current Liabilities			
Accounts Payable and Accrued Liabilities	2,867	4,312	2,744
Accrued Vacation	10,226	15,721	16,993
Total Current Liabilities	**13,093**	**19,581**	**19,737**

**Reserve amounts are reported separately from cash amounts under the line item 'Investments'.*
Source: PVID 2024f.

2.4.1.3 Net Position

As shown below in Table 2-6, the District is currently operating at a net positive and has been able to do so consecutively thanks in part to its cash accounts and investments that have been diligently contributed to over the years.

Table 2-6: Net Position			
	FY 21 ($)	FY 22 ($)	FY 23 ($)
Net Investment in Capital Assets	934,711	944,184	920,941
Unrestricted	688,634	688,149	679,338
Restricted	-	-	-
Total	**1,636,438**	**1,651,916**	**1,620,016**

Source: PVID 2024f.

2.4.2 Long Term Financial Considerations

2.4.2.1 Reserves

The District maintains an established reserve fund to allocate for specific maintenance and construction projects. The District's reserve fund policy was adopted by Resolution No. 2004-4 in May 2004. The policy allocates restricted funds to be invested by the Board to be used as reserve funds for capital improvements, unexpected legal contingencies, emergency infrastructure damage, and/or equipment replacement. As of December 2024, reserve funds totaled $291,690 (LAFCo 2025b).

2.4.2.2 Outstanding Debt/Cost Avoidance

The District currently has no outstanding debt, and works to maintain and control budget expenditure through discussion at its monthly Board meetings.

2.4.2.3 Rate Restructuring

PVID historically purchased water from PG&E at a rate that was renegotiated every five years. However, PVID negotiated an amendment to the PG&E water purchase contract in October 2014 that established an escalation clause to take effect in May of 2025. As of December 2024, this escalation clause is being rewritten to accommodate for the lag time in the publishing the Mendocino County Agriculture Crop Report that forms the basis of the agreement. Crop-specific watering schedule and needs are considered in the rate structure and include a negotiated escalation provision over three years based on the current consumer price index (CPI) and the crop report from 2021. The crop reports for 2022, 2023, and 2024 have not yet been published, however they will identify the three highest valued crops grown in Potter Valley (currently grapes, irrigated pasture hay, and cattle) and subsequently help determine the terms of the new water purchase contract (LAFCo 2025b).

Once amended, the contract and its rates will run for three-year terms and the escalation clause will again reestablish the District's cost per acre-foot (AF) of water until the PVP is decommissioned and the Federal Energy Regulation Commission (FERC) license is officially abandoned.

The current water purchase contract stipulates that PVID pays $20.00 per AF; District customers pay $22.50 per AF of water used. Additionally, District customers are charged standby fees that are assessed annually on a per acre basis of the irrigated lands within the PVID boundaries at a rate of $8.50 per acre, levied in two installments.

Rates and fees are reviewed during the annual budget development process and adjustments are adopted during a public meeting of the board, when necessary, to support the on-going delivery of services. Customers receive annual bills on December 1 with payment due on December 15.

As rates have increased over time it has encouraged conservation and system improvements from both the District and its customers.

Proposition (Prop) 218 was approved by California voters in November 1996 to ensure that the setting of all taxes and most charges to property owners be transparent and subject to voter approval. In addition, Prop 218 seeks to curb some perceived abuses in the use of assessments and property-related fees, specifically the use of these revenue-raising tools to pay for general governmental services rather than property-related services (O'Malley 1996).

Prop 218 requires local governments to ensure that property-related fees comply with the measure's calculation requirements. Specifically, local governments must make sure that no property owner's fee is greater than the proportionate cost to provide the subject service to his or her parcel. Like assessments, this requirement may result in local governments setting property-related fee rates on a block-by-block, or parcel-by-parcel basis (O'Malley 1996). Only the District's standby fees fall under Prop 218. Standby charges are assessed annually in January.

2.4.2.4 CAPITAL IMPROVEMENT PLAN

The PVID maintains five and ten-year capital improvement plans (CIPs) with the most recent plan adopted for the year 2024. Most of the projects are construction and maintenance projects to keep the canals and irrigation works in good working order and to repair leaks. The District maintains an active list of current, future, and pending construction projects, and identified the following infrastructure improvement projects for 2024:

- Gate #45 Replacement (Completed)
- Install Two Manhole access points and vacuum sediment out of the river diversion meter section
- Gate #35 Replacement (Completed)
- Lateral #50-2 Main St. Crossing Replacement
- Lateral #18-1-5 Powerhouse Road Crossing Replacement (Completed)
- Lateral #44 Hawn Creek Road Crossing Replacement
- Slide Gate & Cover Replacement to Include Drains (Completed)
- Replace East Main Canal Property Access pipe below Gate #59 42" diameter x 40'
- Lateral #17-4 to #17-6, the last 1040', 18"diameter PVC Pipeline Installation
- Delivery Gate #60-2 Reconstruction (Completed)
- Lateral #57-2 East Road crossing Pipe Replace
- Lateral #52-2 Pipe Emergency Replacement (Complete)

The approved construction project list for 2024 totaled $73,941, six of the identified CIP projects were completed, totaling $43,110.

The following were identified as future projects:

- Eddie Ranch (Katie Delbar) Install 460' of 36" diameter ADS pipe gate #79 A Joint Project.
- Review the need for Pipeline Project & Cost Estimate Gate #68 south through Gett's & Merino property.

The following were identified as pending projects:

- Replace the east pump system with a direct river diversion system.
- 48" diameter Pipeline Humeny & Todd Gate #D-4 to #12, 1,600 ft. + Elbows

- Replace the 38 feet of 24" diameter steel discharge pipe and coupler on the west pump. Replace the 24-inch Calco 101 screw gate.
- Electric fence project, (Guntly #1 and #2) between main gates #75 and #81. This will help control livestock damage to the main canal in this area.
- H&W Leak Pipeline Gate 200', 42" ADS Joint Project 2021
- Additional East Main Canal Property Access pipes Gate #27-1 and #27-2 as previously approved.

Given the decommissioning of the PVP and uncertainty of the District's future infrastructure, it is anticipated that not all these projects will be completed before the decommissioning is fully resolved. The District will continue to monitor progress on the CIPs and will need to identify future infrastructure needs as post-PVP plans solidify.

Further, with the decommissioning of the PVP the District will be considering funding options for future water storage and infrastructure upgrades. Understandably, the District's CIPs may change substantially as plans solidify in the coming years.

2.5 Growth

2.5.1 Present and Planned Land Use and Development

PVID is contained entirely within the Potter Valley CDP, which extends beyond the District's boundary into the unincorporated area of Mendocino County. There are no incorporated cities within the District. Mendocino County has land use authority over unincorporated lands and land use decisions are governed by the County's General Plan and Zoning Code regulations. Any proposed changes to the land use or development patterns within the District must be approved by the County and may require an amendment to the General Plan and/or Zoning Code.

2.5.1.1 Land Use

The District provides raw water for irrigation purposes to approximately 6,966 acres of land within the County. The Potter Valley community planning area lies north of State Route 20 and is accessed via Potter Valley Road. The East Fork of the Russian River bisects the valley. A downtown area located along Main Street includes commercial operations, a school, post office, and other uses. The remainder of the valley is mainly agricultural, with grazing lands, vineyards and orchards covering most of the valley floor. Residential ranchettes of five to 10 acre lots are situated in and around these farm sites, and the valley floor rapidly transitions to upland forests and rural grazing lands (County of Mendocino 2009).

Specific land uses within the District include six designations: Agricultural (AG), Rangeland (RL), Suburban Residential (SR), Remote Residential (RMR), Rural Community (RC), and Public Facilities (PF) (Figure 2-5).

Table 2-7 below summarizes the parcel information within PVID's service area boundary.

Table 2-7: PVID Parcel Information

Statistic	Value
District Area	6,966.1 acres
Irrigated land	4602.42 acres
Non-Irrigated land[1]	935.19 acres
Landowners in District	256
Water Customer Accounts	275

[1] Includes land in District but not connected to PVID system, fallow land, and lands not being farmed.

2.5.1.2 DEVELOPMENT

Future growth and development within the District are subject to Mendocino County land use regulations. The County has adopted plans and policies to regulate growth, including a General Plan and a Zoning Code. The County's Zoning Code contains three major geographical zones (Inland, Coastal, and Mendocino Town); the District area is included in the Inland Zone (Mendocino County 2025).

As shown in Figure 2-6, the County's Zoning map shows that the 6,966 acres of land within the District boundary is primarily zoned Agricultural 40 (AG 40), with the handful of non-agricultural use parcels concentrated in the center of the Potter Valley community. The few residential parcels are zoned Upland Residential (UR 20/40) with 20- or 40-acre minimum lot sizes that are intended to create and enhance farming and low-density agricultural/residential uses. The UR zoning indicates areas not intended to be high growth and residences should create minimal impact on agricultural viability. The parcels zoned for Public Facilities (PF) are the location of the PVID main office, the US Postal Service, Potter Valley High School, and the Potter Valley Fire Department. The few commercial parcels within the district boundary are zoned for Suburban Residential (SR), Limited Commercial (C1), and General Commercial (C2), all of which are intended to create and enhance neighborhoods where a mixture of residential, public facilities and services and community oriented commercial uses are desired.

2.5.2 Existing Population

The District's service area spans a wide area that is mostly agricultural lands and completely encompasses the Potter Valley CDP which has a population of 537 (Census Reporter 2022). However, the PVID service area is much larger in area than the Potter Valley CDP. Analyzing the zip code that covers the District's service area (95469) estimates a total population of 1,855 (U.S. Census Bureau 2020).

2.5.3 Projected Growth

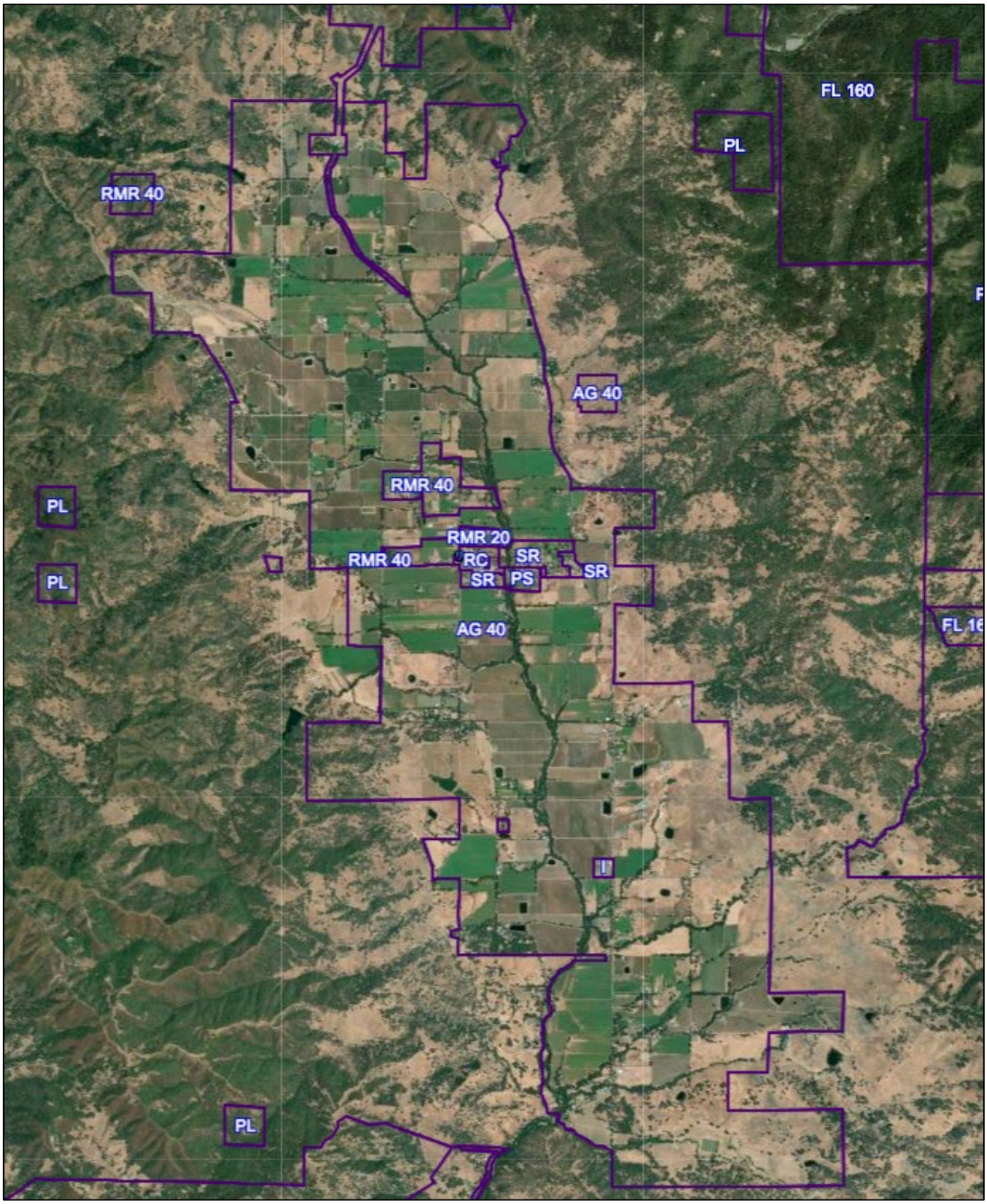
The anticipated growth of the District is limited to the development of mostly already built-out commercial and rural residential areas located in Potter Valley. Much of the land within the District is agricultural in use, and therefore future development of this land is not anticipated.

The California Department of Finance (DOF) also projects that the population of Mendocino County will decline by a little more than 2.7 percent in the next 10 years, from 91,601 in 2023 to 89,091 in 2033, and 89,139 in 2043 (DOF 2024). The overall projected decline throughout the County suggests that buildout of any undeveloped residential parcels will likely not occur until well beyond the planning horizon of this document (DOF 2024).

However, in 1999 in response to an uncertainty in capacity, the District imposed a moratorium on the annexation of any lands into the District, thus limiting new customers. This moratorium is memorialized as Rule No. 20A in the District's Bylaws, which originally ran through 2022 but remains in effect as of the writing of this study. The moratorium limits additional irrigated lands within the District.

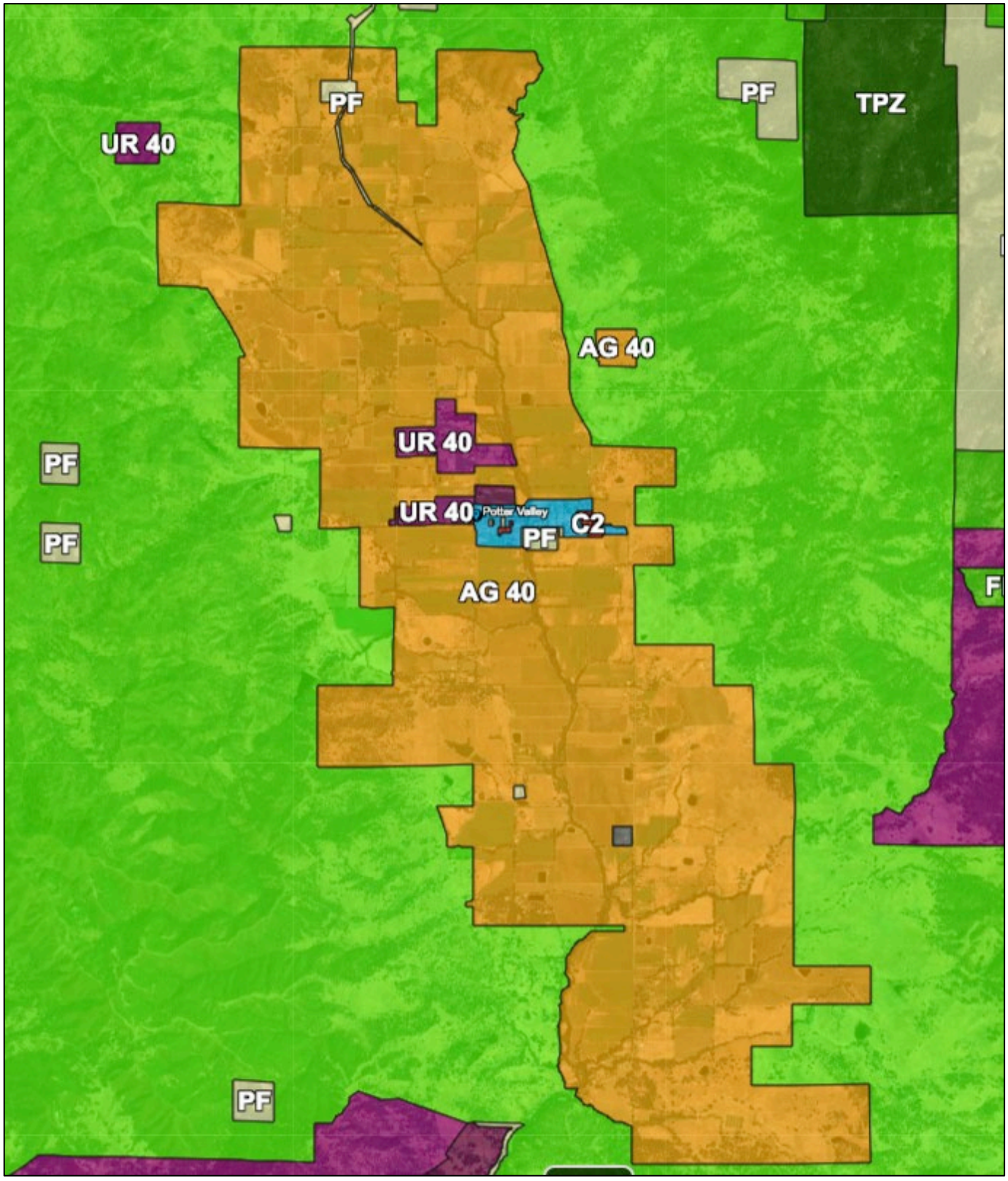
Ever changing California housing laws could result in a slight increase in development and density within the District above what is discussed above, primarily related to Accessory Dwelling Units (ADUs) as discussed further in Appendix C – Housing Legislation Trends and Results.

Figure 2-5: Mendocino County General Plan Land Use Map



Source: Mendocino County 2025.

Figure 2-6: Mendocino County Zoning Map



Source: Mendocino County 2025.

2.6 Disadvantaged Unincorporated Communities

SB 244, which became effective in January 2012, requires LAFCo to evaluate any disadvantaged unincorporated communities (DUCs), including the location and characteristics of any such communities, when preparing an MSR that addresses agencies that provide water, wastewater, or structural fire protection services (Sperka 2013). A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income (MHI) that is less than 80 percent of the State MHI. According to the American Community Survey (ACS) 2023 1-Year Estimates, the statewide MHI for California was $95,521 (U.S. Census Bureau 2023a). Thus, the MHI DUC threshold is $76,416 and the threshold for severely disadvantaged unincorporated communities (SDUCs) (less than 60 percent of the State MHI) is $57,312.

DUCs are identified to address a myriad of issues from environmental justice to land use planning. Linking these disparate issues together, the sole statutory criterion for the determination of a DUC is MHI. The smallest geographic units for which MHI data is publicly available are census block groups. Outside of heavily urbanized areas, however, census block groups are geographically expansive. They often include both incorporated and unincorporated territory and do not necessarily coincide with typically understood community boundaries. Although a block group might be identified as having an MHI of less than 80 percent, various portions of that block group could be significantly wealthier in rural areas, or the block group could split into an otherwise contiguous community.

As a result, within rural areas, such as Mendocino County, assembling income data for specific unincorporated communities is not always straightforward. In Mendocino County, identifying and mapping DUC locations is a complex process because the delineation of DUC boundaries often differs from those common to the local agency and the public. Some entities, such as Sonoma County LAFCo and Stanislaus County, utilize CDPs to help provide usable geographies for DUC boundaries, but even then, mapping and data challenges persist. MHI ratios are subject to adjustment overtime and can result in a change to a community's disadvantaged status. Similarly, the number of registered voters can fluctuate during election years causing further variability. SB 244 describes the general characteristics of DUCs and provides the following criteria:

- Contains 10 or more dwelling units in close proximity to one another;
- Is either within a city SOI, is an island within a city boundary, or is geographically isolated and has existed for more than 50 years; and
- Has an MHI that is 80 percent or less than the statewide MHI.
- This analysis is based on the California Association of Local Agency Formation Commissions (CALAFCO) recommendations that calculated the "MHI Threshold" to be 80 percent of the statewide MHI ($76,416) (the MHI for the State of California is $95,521) (U.S. Census Bureau 2023a).
- Income data was sourced from the ACS 5-Year Estimates dataset for 2018-2022 and the 2023 ACS 1-Year Estimates.

This State legislation is intended to ensure that the needs of these communities are met when considering service extensions and/or annexations in unincorporated areas.

Mendocino County has an MHI of $67,454 with a majority of the County considered DUCs, including both the census tract and zip code that the District is located within (U.S. Census Bureau 2023b). Because the District encompasses the whole Potter Valley CDP, the MHI of its residents is assumed to be the MHI of the CDP which is of $76,250 (U.S. Census Bureau 2023c). The MHI for Potter Valley is just below the statewide MHI Threshold and is therefore also considered to be a DUC.

It is worth noting that the District spans across only one zip code, 95469, which has a population of 1,323 (622 households) and a MHI of $61,500 (Census Reporter 2023b). The census tract that the District is located within, Census Tract 108.02, has a population of 1,548 (697 households) and a MHI of $57,163 (Census Reporter 2023a). By both measures the District would still be considered to be located within DUC territory.

The residents within Potter Valley receive adequate services with respect to fire, which is provided by Potter Valley Community Services District which serves as the umbrella agency for the Potter Valley Volunteer Fire Department (LAFCo 2018b). There are no drinking water services provided in the region; properties within the District boundaries utilize well water. According to data sourced from the California Department of Water Resources (DWR), the District spans across approximately 24 Public Land Survey Sections, which are documented as having approximately 292 domestic wells (DWR 2025). With respect to wastewater, properties utilize onsite septic systems for their wastewater needs.

While the Potter Valley CDP qualifies as a DUC under this methodology, the community is currently receiving adequate essential municipal services for fire, water, and wastewater.

3 MUNICIPAL SERVICES

A Municipal Service Review (MSR) is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area. The MSR determinations inform the Sphere of Influence (SOI) Update process and assist the Local Agency Formation Commission (LAFCo/Commission) in considering the appropriateness of a public service provider's existing and future service area boundary. The information and analysis presented in Chapters 2 and 3 of this document form the basis for the MSR determinations provided under Chapter 3.2.

3.1 Service Overview

This is the second MSR prepared for the Potter Valley Irrigation District (PVID/District). In May 2013, the Commission adopted the Ukiah Valley Special Districts MSR, which included PVID.

3.1.1 System History

3.1.1.1 Potter Valley Project

In 1905, Mr. W.W. Van Arsdale set out to create a reliable source of electrical power for Ukiah and the surrounding region that could be built at the north end of Potter Valley, powered by water that would be diverted from the Eel River. Named the Potter Valley Project (PVP), the Eel River Power and Irrigation Company proceeded to build a small dam on the Main Stem Eel River, Cape Horn Dam, a concrete gravity and earth filled structure, which impounded a small reservoir on the Eel River called Van Arsdale. This reservoir serves as the forebay for the diversion tunnel of the PVP. An eight-foot diameter tunnel, lined with redwood timbers, was dug over a mile long south from Van Arsdale through the mountain, finally opening into the north end of Potter Valley and the upper Russian River watershed, where water flows through a penstock dropping over 450 vertical feet into the Potter Valley Powerhouse (Powerhouse) (PVID 2024h).

As the project developed, it required more capital investment, and the Eel River Power and Irrigation Company was reorganized as the Snow Mountain Water and Power Company in 1906. The project began to produce power beginning in April of 1908. The first two units in operation were each 2,000 kilovolt-ampere (kva). In 1910, the power company added a 3,000 kva unit. In 1912 a second penstock was constructed. In 1917, a final 2,000 kva unit was installed and the total capacity of the powerhouse grew to 9,400 kva (9.4 megawatts) (PVID 2024h).

In the early years of the PVP operations, water was only diverted from the Eel River during high winter and spring flows because the natural late spring, summer, and fall flows on the Eel River dropped to levels below diversion infrastructure. In response, by 1920 the Snow Mountain Water and Power Company acquired a Department of Agriculture Power permit to build another dam on the Main Stem Eel River, above Cape Horn Dam. Construction of Scott Dam, a cyclopean concrete ogee gravity structure, began in 1920 and was completed in 1922 allowing winter runoff water to be stored in the newly formed Lake Pillsbury and to be released in the summer for diversion and power production.

On April 15, 1922, the Federal Power Commission (precursor to the Federal Energy Regulatory Commission (FERC)), granted a 50-year license for the PVP under Project No. P-77. Scott Dam was completed, and Lake Pillsbury began to fill in winter 1922. In 1930 the Pacific Gas and Electric Company (PG&E) acquired the PVP from Snow Mountain Water and Power and assumed the license.

3.1.1.2 PVID HISTORY

PVID was formed in 1924 and on June 12, 1928, the people of Potter Valley voted to bond the District for $100,000 for 20 years for the purpose of constructing irrigation infrastructure. In August of 1928, PVID took bids for the construction of the canals, laterals, flumes, and gates. The main canals were dug by rotary ditchers and the laterals were dug by teams of horses with V-ditchers. Construction was completed May 15, 1929, and the bond was retired on July 1, 1952 (PVID 2024e).

Originally, the District had a contract for delivery of water from the Snow Mountain Water and Power, which was signed on September 31, 1926, and confirmed by the California Railroad Commission on July 25, 1930. When PG&E acquired the PVP from Snow Mountain Water and Power, this contract was transferred as well on February 5, 1936. The contract was last amended in October 2014 and remains in place.

3.1.2 Services

PVID operates under four water licenses monitored by the State Water Resources Control Board (SWRCB) as summarized below in Table 3-1. Three of the licenses are owned by PG&E (L-1199, L-5545, and L-5246) and allow the District to divert 50 cubic-feet-per-second (cfs) via the PVP, for use by PVID, up to a total of 19,000 acre-feet (AF) per year to be available March 15 through October 31, with maintenance flow of 5 cfs available November 1 through March 14.

A fourth perfected water right dating back to 1950 is owned by the District (L-5246) for water released below the Powerhouse into the East Branch of the Russian River (EBRR). Under this license PVID has the appropriative right to divert 50 cfs (a total of up to 100 cfs including the contract water from PG&E); however, this diversion is only viable when water is available.

Table 3-1: Potter Valley Irrigation District Water Rights

License	Owner	Source	Amount	Season	Purpose	Point of Use
S-1010	PG&E	Eel River (Van Arsdale/Cape Horn Dam)	340 cfs	Jan 1-Dec 31	Power and Irrigation	PVID
L-1199	PG&E	Eel River (Lake Pillsbury)	4,500 cfs	Nov 1-Apr 1	Irrigation	PVID
L-5545	PG&E	Eel River (Lake Pillsbury and Van Arsdale)	4,908 storage 50 cfs diversion	Mar 15- Oct 31 Nov 1- Jun 1	Irrigation	PVID
L-5246	PVID	Powerhouse Canal	50 cfs diversion	Apr 1-Nov 15	Irrigation	PVID

Source: E Mulberg & Associates 2013, pg. 56.

These four perfected water rights, when combined, grant PVID the right to use 22,670 AF of water per year, at a combined rate not to exceed 100 cfs at any given time. The District's water rights ensure the right to irrigate in its net place of use, which totals 4,905 acres, and the District's gross place of use, which totals 23,040 acres.

3.1.2.1 PG&E FERC LICENSING OF POTTER VALLEY PROJECT

The water service contract between the District and PG&E has historically been dependent on a FERC hydropower production license that PG&E has held since 1930, that allowed the diversion of water from

the Upper Main Eel via the PVP. This license expired on April 14, 2022, and PG&E has been operating under a year-to-year license from FERC since then.

The process to relicense the PVP began in April 2017 with PG&E's filing of a Notice of Intent (NOI) to relicense. Scoping documents were produced by FERC in June 2017 and public scoping meetings were held. Proposed study plans were prepared by PG&E and discussed at numerous technical working group meetings during the fall and winter of 2017. A revised study plan was filed by PG&E with FERC in January of 2018 and accepted by FERC with minor changes in February of 2018. The first year of studies began in the spring of 2018 and were scheduled to continue through December of 2019 (Mendocino County Inland Water & Power Commission (Mendocino County Inland Water and Power Commission (MCIWPC) 2024).

On May 18, 2018, PG&E announced their intent to start an auction process to sell the PVP and related FERC license. PG&E was scheduled to continue implementing the study plan approved earlier in the year as they moved forward with their internal auction process. However, on January 25, 2019, PG&E withdrew their FERC license application process and concurrently ended their internal auction process (MCIWPC 2024).

On March 1, 2019, FERC initiated a 120-day period (ending July 1, 2019) inviting interested parties to submit pre-filing documents to FERC to be considered for the re-licensing of the now-orphaned PVP. On May 14, 2019, the MCIWPC, Sonoma Water Agency (Sonoma Water), and California Trout, Inc. established a planning agreement for the potential licensing of the PVP. Humboldt County later became the fourth signatory, and the Round Valley Indian Tribes were also added as a partner. On June 28th, the four partners submitted an NOI to FERC to file an application for a new license for the project. No other applications were filed with FERC as of the deadline and FERC accepted the proposal in August 2019 (MCIWPC 2024).

FERC approved the feasibility study, and the partners continued to work toward submitting all the licensing application requirements to FERC to have the project licensed by PG&E's original license expiration date (April 14, 2022). However, the partners were unable to complete the required studies within the timeframe and FERC directed PG&E to file a surrender application and start the decommissioning of the project infrastructure (MCIWPC 2024). PG&E filed the schedule for the surrender on July 29, 2022, requiring them to file a license for a surrender application and plan for decommissioning the PVP by January 29, 2025.

3.1.2.2 CURRENT STATUS OF POTTER VALLEY PROJECT

On November 17, 2023, PG&E released an Initial Draft Surrender Application and Conceptual Decommissioning Plan which stated that a surrender application for the PVP will be filed by the deadline. This surrender application will include agency and stakeholder consultation, preparation of a draft surrender application and decommissioning plan, solicitation of comments on the draft application, the finalization of the surrender and decommissioning plan and filing of the final plan with the FERC (McMillen Jacobs Associates, Inc. 2024).

Essentially, the decommissioning means that the PVP infrastructure will be partially or fully removed and Scott Dam, Lake Pillsbury, the inter-basin water diversion, and the powerhouse could also be dismantled. Although water diversions into the Russian River watershed may potentially continue, without Lake Pillsbury storage, diversions would likely be limited to high-flow winter months, initiating a separate set of regulatory concerns regarding the ability to store the water in Lake Mendocino and how much, if any,

would be provided to Potter Valley or residents around Lake Pillsbury (Mendocino County Water News 2022). The potential loss of storage associated with the decommissioning of the PVP means that any future diversions from the Eel River to the Russian River will require PVID to develop new storage to manage supplies for year-round use in the Potter Valley region.

As described in Section 2.3.5.3, the Eel Russian Project Authority (ERPA), has the power to negotiate with PG&E as the entity moves ahead with decommissioning of the PVP. The new authority also has the legal capacity to own, construct, and operate a new water diversion facility near Cape Horn Dam. The District is looking to the ERPA to represent the interests of the District and its customers moving forward in negotiations with PG&E.

PG&E, PVP Proponents (identified as Sonoma Water, MCIWPC, Humboldt County, Round Valley Indian Tribes (RVIT), California Trout, Trout Unlimited, and the California Department of Fish and Wildlife (CDFW)) have also formed a steering committee to develop a surrender application memorandum of understanding (MOU) to best bring shared interests into one agreement that aligns with PG&E's surrender application and decommissioning plan (PVID 2024b).

Discussions between the ERPA and PG&E about asset transfer and coordination of decommissioning activities and refurbishment of a diversion are still ongoing. PG&E and ERPA will enter into legal agreements addressing construction obligations, permitting, and facility transfers as needed. In addition, PG&E will attempt to enter into legal agreements with other agencies and parties where their interest related to the PVP facility removal falls outside of the FERC surrender proceeding (PVID 2024b).

In early February 2025, RVIT, CDFW, Humboldt County, MCIWPC, Sonoma Water, California Trout, and Trout Unlimited established a MOU to advance a water diversion agreement associated with PG&E's decommissioning of the PVP.

The MOU[12] details how Russian River water users may continue to divert water, without harming the recovery of salmon species on the Eel River. It commits the parties to support the removal of the last two dams on the Eel River, which will make it the longest free flowing river in the state. Key provisions of the MOU include:

- The flow schedule for diversions from the Eel River to the Russian River that is ecologically protective, designed to meet performance metrics, includes continuous real time monitoring, and allows for adaptive management;
- All water rights not destined for delivery will be permanently dedicated in stream in the Eel River;
- A water diversion facility designed to mimic a free-flowing Eel River;
- An initial term of 30 years, with a conditional second 20-year term;
- RVIT will hold senior water rights on the Eel River and receive payment of up to two million dollars a year; and

[12] The MOU To Advance a Water Diversion Agreement for a New Eel-Russian Facilities can be viewed here: https://static1.squarespace.com/static/6584cf303d14575e75abfa67/t/67b8a32a7d69c613f8454585/1740153643938/REMEDIATED+2025-02-07+%28%40+4+pm%29+NERF+MOU+%28final%29+%2B+Attachments.pdf

- A unified joint commitment to support the completion of the water diversion facility and restoration projects in the Eel River through mutual support of state, federal, and philanthropic fundraising efforts (Glenwright 2025).

It is worth noting that the schedule and events associated with the PVP decommissioning could be modified during this process.

Since the license expired in April 2022, PG&E has been operating the PVP under FERC on an annual license basis.

3.1.3 Service Area

The District is located within the Russian River Watershed which covers approximately 1,485 square miles and spans two counties, Mendocino and Sonoma. The District provides irrigation water to 275 customer accounts (approximately 390 farms) irrigating approximately 4,602 acres within the PVID boundary. The main crops irrigated in Potter Valley include pastures for grazing cattle and hay production, pear orchards, wine grape vineyards, row crops, nurseries, and a few sheep, horse, and goat farms.

3.1.4 Outside Agency Services

The District does not provide any services outside its jurisdictional boundaries and there have been no requests for extensions of services. Additionally, as previously noted, as of 1999 the District has a self-imposed moratorium in place that prohibits the annexation of any lands or service to any new customers, including those outside the District boundary, because of water scarcity.

The District noted that there has been interest expressed for annexation into the District. Currently, there are a number of properties located in the southeast portion of Potter Valley, outside the District boundaries, that are on a waiting list seeking annexation to obtain water service from the District. However, the moratorium has prevented any further movement on the topic.



Figure 3-1: Lateral Control Gates

3.1.5 Facilities and Infrastructure

The District's water distribution system consists of 18 miles of main canals and 18 miles of secondary laterals. To date, 9,700 feet of open-ditch main canals and 19,520 feet of open-ditch secondary laterals have been put into pipe. Additionally, Potter Valley farmers have constructed 33 water storage ponds that in all have a total capacity of approximately 775 AF of water delivered by PVID; PVID currently has no water storage facilities of its own. Table 3-2 below summarizes the PVID system characteristics.

Table 3-2: PVID System Characteristics	
Main Canals	18 miles
Laterals	18 miles
Main Service Gates	88
Private Storage Ponds	55 ponds
Private Storage	775 AF
Private Storage Ponds Outside District	15 ponds
Private Storage Outside District	146 AF
Flumes	4
Siphons	6

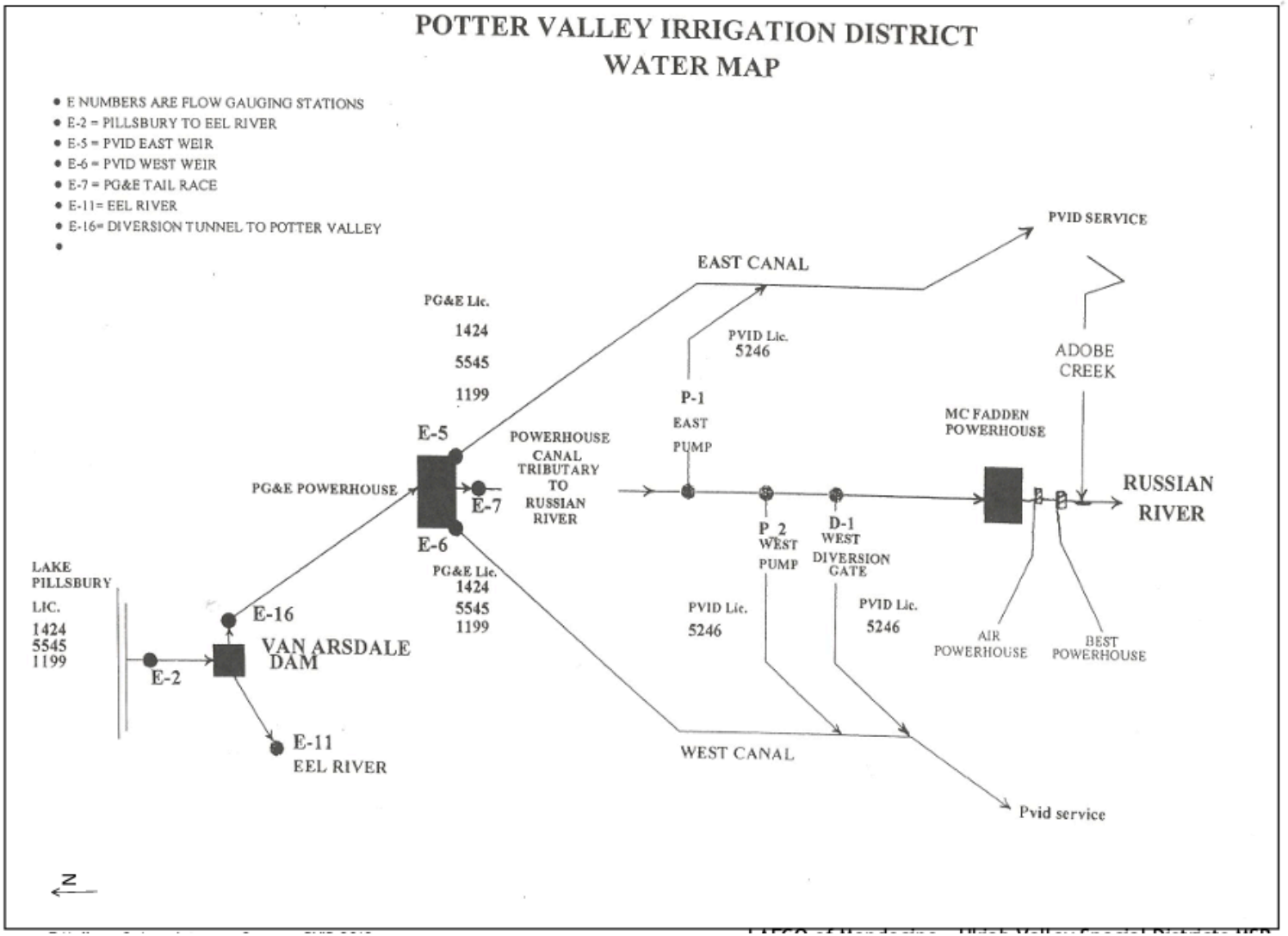
Source: E Mulberg & Associates 2013, pg. 56.

Figure 3-2 shows a schematic of the PVID system, including the canals, ponds, and gates. The exhibit shows that water is diverted into two canals—one on the east side of the valley and the other on the west side. The EBRR flows north to south near the center of the PVID.

The District has historically relied on the infrastructure of the PVP to divert water from the Eel River, which feeds the Potter Valley Powerhouse and supplies water to the District via the series of gravity fed canals, which begin at the Powerhouse.

Under current operations, PVP is an inter-basin diversion that moves approximately 39,000 AF of water from the Main Stem Eel River to the EBRR. PVP consists of Scott Dam which impounds Lake Pillsbury (located approximately 17 miles northeast of the Potter Valley community center); Cape Horn Dam which forms Van Arsdale Reservoir (located approximately 6 miles north of the community) and serves as the forebay for the diversion tunnel; the fish screen and ladder at Van Arsdale, which partially mitigates the impact on fisheries of the diversion and allow the passage of Steelhead and Chinook Salmon; the diversion tunnel itself, which conveys water through the hill to the north end of Potter Valley; and lastly the penstock and Powerhouse in Potter Valley.

Figure 3-2: PVID Schematic Map



Source: E Mulberg & Associates 2013, pg. 56.



Figure 3-3: Cape Horn Dam and the Fish Ladder at the Potter Valley Project, Proposed for Removal
Source: PVID 2024h.



Figure 3-4: Scott Dam at Lake Pillsbury, Proposed for Removal
Source: PVID 2024g.

3.1.5.1 SYSTEM IMPROVEMENTS

Various infrastructure improvements have been made to the District's distribution system over the years, including reshaping the main canals and rebuilding the canal berms to their original width in 1989. This continues as ongoing maintenance.

As discussed in Section 2.4.2.4, the District has an active approved construction project list for the 2024 year funded by the District's reserve account. By the end of 2024, six out of 12 projects were completed, with the rest of the projects still underway.

The District continues to rely heavily on PVP infrastructure for water storage and diversion until the Final Surrender Application and Decommissioning Plan for the PVP is realized. However, it is expected that the PVP infrastructure will be removed either partially or fully, and Scott Dam, Lake Pillsbury, the inter-basin water diversion infrastructure, and the powerhouse are likely to be altered at minimum. The continued supply of water for the District will necessitate new diversion and storage facilities to ensure that water continues to flow into the Russian River to support the District, the communities throughout southern Mendocino County, Sonoma, and Marin, as well as the environments of the Russian River watershed.

In anticipation of this, ERPA has been working with PG&E to study and develop an alternative diversion system for the EBRR that could potentially be utilized by the District. It is not yet clear whether the District's current diversion system will be able to be utilized in the future as a result of the decommissioning process. The District has stated that it is interested in securing a closed delivery system.

LAFCo staff acknowledges the District's continued efforts on behalf of its customers to work with ERPA and all other relevant parties to determine alternative ways to provide irrigation water to Potter Valley and surrounding communities.

3.1.5.2 ENGINEERING REPORTS

As of 2013, the District has been working with the National Oceanic and Atmospheric Administration (NOAA) on the Upper Main Stem Eel River Draft Coho Recovery Action Plan. The purpose of the study is to identify protection strategies for the Central California Coast Coho Salmon population, which is on the endangered species list. The goal of the plan is to restore and safeguard a future for the species so that the protections of the Endangered Species Act (ESA) are no longer needed. The status of this report is unknown; however, efforts are being made by the District to ensure protections under the ESA are realized in both the Eel and Russian River Basins during the PVP decommissioning process (LAFCo 2025b).

In 2023, the District was part of the joint powers authority (JPA) and funding that resulted in the hiring of Jacobs Engineering Group to prepare an extensive groundwater and geophysical study of Potter Valley to develop new water storage options in Potter Valley in response to PG&E's plan to surrender and decommission the PVP diversion facilities. This project is evaluating whether aquifer storage and recovery and on-farm recharge of the underlying Potter Valley aquifer system, as well as new surface storage (e.g., off-stream dam and storage reservoir or storage ponds) are feasible alone, or in combination, with storage of seasonal run-of-river diversions for PVID. The study is being funded through a California Department of Water Resources (DWR) grant attained by Sonoma Water, in a joint effort with the MCIWPC. In November of 2024, the District held a town hall meeting to discuss the results of the groundwater and geophysical study. Highlights of the report discussed at the meeting are summarized below.

Jacobs Engineering Group explored various storage solutions, including new dams on Potter Valley streams or the EBRR, as well as expanding existing pond storage. Building dams would require significant investment and time; tributary dams would need to be 100 to 200 feet tall, while a dam on the East Branch would require a height of 20 to 40 feet. Expanding frost protection ponds could provide up to 6,000 AF of new storage, tripling current capacity. The consultants also assessed water conservation strategies, such as replacing irrigation canals with pipes to reduce seepage and evaporation losses, which currently amount to 6,000 AF annually. Additionally, improved agricultural irrigation techniques could save an additional 1,000 to 3,000 AF.

In May 2024, the Sonoma Water Agency finalized a preliminary engineering report titled *Potter Valley Project Diversion Facilities Assessment*. The report, prepared by McMillen Jacobs Associates, Inc., developed viable alternatives to achieve both improved fish passage conditions at the location of Cape Horn Dam and a reliable supply of water to EBRR. This preliminary engineering report documents the alternatives, the engineering analyses undertaken to design a subset of alternatives to a conceptual level of completion, the evaluation framework, criteria, and scores that were collaboratively developed by key project stakeholders to make an informed recommendation regarding project alternatives and to assist in the identification of a preferred project alternative.

Given the uncertainty of what future water storage and supply method will be utilized by the District in the absence of the PVP, it is assumed additional reports will be prepared as needed in the near future to further explore and determine the best option.

3.1.5.3 DEMAND

The average daily demand for the District is 120 AF and ranges from a minimum of 70 AF to a maximum of 140 AF. The PVID's peak demand capacity is 200 AF per day.

Of its total diversion rights, PVID sells between 77 to 80 percent of the diverted water in its canals and the remainder is returned to the EBRR, which is then stored in Lake Mendocino for downstream users. The water stored in Lake Mendocino subsequently becomes much of the water supply for downstream communities including Redwood Valley, Calpella, Ukiah, Ukiah Valley, Hopland, and northern Sonoma County, above the confluence with Dry Creek.

On average, based on the last 20 years of water sales, the District has sold 11,259 acre-feet per annum (AFA) of water with a maximum during this time period of 14,434 AF and a minimum of 8,309 AF. The average annual diversion is 16,588 AF, which varies yearly due to weather conditions. The District was able to accommodate customer demands within a reasonable time frame of 12 to 14 days on average.

In 2023, PVID received its full contract amount of water deliveries from PG&E; however, operations were limited to a demand-based request system because of previous drought restrictions implemented by PG&E. Under the demand system, PG&E only supplies the amount of water that the District is delivering at any given time on a daily schedule, as opposed to the full delivery rate of 50 cfs which normally would release into the EBRR for use at the District's discretion with the unused portion flowing to Lake Mendocino.

Under a normal water year classification, PVP flows were projected by the District to be as follows during the year 2024:

- 10-16-2023: PVID begins receiving 5 cfs maintenance flow and post-harvest water becomes available for use in District canals up to a max of 50 cfs through 10-31-2023.
- 3-1-2024: EBRR is still at 35 cfs + 5 cfs buffer flow + PVID 5 cfs = 45 cfs.
- 3-15-2024 - 4-15-2024: PVID may request frost water up to a max of 50 cfs above the EBRR flow for use in District canals. E-16 = 90 cfs.
- 4-15-2024: EBRR at 35 + 5 buffer = 40 cfs plus 50 for PVID = 90 cfs available.
- 5-15-2024: EBRR increase to 75 + 5 buffer = 80 cfs plus 50 for PVID = 130 cfs.
- 9-16-2024: EBRR decrease to 35 + 5 buffer = 40 plus 50 for PVID = 90 cfs.
- 10-16-2024: PVID begins receiving 5 cfs maintenance flow and post-harvest water becomes available for use in the canals up to a max of 50 cfs through 10-31-2024.

EBRR flows should remain at 35 cfs plus 5 cfs until next May, unless high flows above 7,000 cfs in the Eel River require PG&E to stop all diversion to protect project facilities (PVID 2024a).

However, in 2024 PG&E filed a request with FERC for a license flow variance to operate outside the typical above operating plan because they are no longer allowed to close the top gates on Scott Dam to store the 20,000 AF of water needed to make it through the water season. This has resulted in the EBRR being cut back from the normal summer flow of 35 cfs plus the 5 cfs buffer, to just 5 cfs total. This change has a direct impact on PVID customers and downstream users (LAFCo 2024a).

As of April 16, 2024, 438,320 AF of water has flowed through Lake Pillsbury and past Van Arsdale Dam. For comparison, only 228,000 AF flowed past Van Arsdale Dam during the entire 2022 water season, which immediately followed the severe drought of 2020-2021.

3.1.5.4 CAPACITY

The District does not own any storage facilities and relies on PVP infrastructure, its own system of canals and pipes, and private storage. The District primarily relies on the Scott Dam, which impounds Lake Pillsbury, and the Cape Horn Dam, which impounds the Van Arsdale Reservoir, as its primary storage from which its annual diversions are released. PG&E manages all storage and diversion facilities under its FERC license, which is now an annual license as the decommissioning process proceeds.

Cape Horn Dam impounds the Van Arsdale Reservoir for the purpose of the PVP's diversion facility, which originally had a gross storage capacity of 1,457 AF and a usable capacity of 1,140 AF. However, accumulation of sediment over time has resulted in significant loss of reservoir capacity and is currently approximately less than 390 AF (McMillen Jacobs Associates, Inc. 2021).

Until recently, the gates on Scott Dam were open during the winter between October 16 and April 1; the gates were closed in April to maximize storage capture, which in typical years allowed Lake Pillsbury to reach maximum storage levels. The storage capacity of the Lake Pillsbury reservoir was originally 94,400 AF but has diminished by approximately 20,000 AF due to siltation and accumulated sediment volume behind the dam (McMillen Jacobs Associates, Inc. 2021). Additionally, as of 2024, FERC notified PG&E that it may no longer close the top gates on Scott Dam due to potential seismic risks. The result is a loss of approximately 20,000 AF of storage space, which will result in reduced summer flows.

As noted above in Table 3-2, landowners also utilize private storage ponds both within and outside of the District boundary. Private storage allows for an additional 775 AF of water to be stored. In dry years, customers must rely on these private ponds and storage facilities to address the District rotational delivery interval for water deliveries. Most private storage is used for vineyards (LAFCo 2025b).

PVID has historically had sufficient capacity to serve its customers in normal years. However, because of PG&E's NOI to surrender and decommission the PVP, the future of water storage for the District is uncertain. As discussed in Section 3.1.2.1 and Section 3.1.2.2, the District is working closely with multiple partners in a joint effort with the MCIWPC to identify potential future storage options.

3.1.5.5 Drought Contingency Planning

In the time since the last MSR/SOI report was prepared for the District, drought conditions throughout the State have ebbed and flowed, leaving some smaller service providers in dire positions. During the 2020-2022 extreme drought conditions, the State Water Resources Control Board (SWRCB) established curtailments that affected all post-1949 water rights. PVID'S appropriative right (L-5246) was registered as of 1950 and thus resulted in a 50% reduction of available water for the 2021 season. In response, the District adopted the PVID Drought Allocation Plan for 2021 (effective May 12, 2021), which lasted for a period of 180 days total.

Having only a portion of the normally contracted water amount available, a 50 percent reduction from normal resulted in curtailment to PVID forcing the District to operate at 25 percent of normally available water. As a result of limited storage in Lake Pillsbury, PVID only received 9,000 AF of water in 2021, less than half of the typical annual contract of 19,000 AF. In response, the District adjusted deliveries to each customer based on number of acres of each commodity grown and a percentage of their water use as part of the District net acres being irrigated was assigned an AF/acres/year allotment of the 9,000 AF until it was either gone or readjusted by PG&E or FERC. The figures were based on crop use data over an eleven-year average, including 2020. The District continues to prepare as much as possible for future drought years.

3.1.6 Service Adequacy

Based on information provided by the District regarding facilities, management practices, accountability, and financing, PVID's service is adequate. However, up until April of 2022 the District had relied on their long-standing contract with PG&E to divert water for its customers via PVP which is now operating on an annual basis since the license expired. The imminent surrender and decommissioning of the PVP will likely have a significant impact on PVID's ability to provide irrigation water services.

The District has been actively involved in multi-agency and organization efforts to identify and develop plans for a post-PVP conditions for the continued diversion of water from the Eel River to meet consumptive needs in the Russian River system, which effects not only the PVID, but the Ukiah Valley and several counties that rely on diverted water stored in Lake Mendocino.

3.1.6.1 Regulatory Permits and Compliance History

As previously noted, the District has historically operated and is dependent on PG&E's FERC hydropower production license that allows for the diversion of water from the Upper Main Eel River (S-1010, L-1199, and L-5545) into the Russian River watershed. Since the license expired on April 14, 2022, PG&E has been operating on an annual license from FERC. Under the annual license, PG&E is required to file a daily report

to FERC of PVP flows, lake elevations, storage, weather, and general system status for the project. The information is then used to determine flow rate management for the next day (PVID 2024a).

As of 2024, PG&E filed a request with FERC for a license flow variance to operate outside the normal operating plan resulting in the EBRR being cut back from the normal summer flow of 35 cfs plus the 5 cfs buffer, to just 5 cfs total.

Until the decommissioning process of the PVP is fully completed, the District can continue to expect potential changes to the water license because of PG&E actions.

3.1.6.2 NEEDS AND DEFICIENCIES

In response to PG&E stating their intent to surrender the PVP, as previously noted the District is working to identify potential new water storage areas inside the Potter Valley area. Establishing new water storage will be key to providing water during future irrigation seasons. Additionally, with PG&E filing for a license flow variance to operate outside the normal operating plan, the District will need to respond to the impacts of the EBRR being cut back from the normal summer flow. It is anticipated that this issue will most likely continue until the decommissioning of the PVP occurs.

3.2 Determinations.

This chapter presents the required MSR determinations pursuant to California Government Code (GC) Section (§) 56430(a) for PVID.[13]

3.2.1 MSR Review Factors

3.2.1.1 GROWTH

Growth and population projections for the affected area

1. The District's service area spans a wide area that is mostly agricultural lands and completely encompasses the Potter Valley census-designated place (CDP) which has a population of 537. However, the PVID service area is much larger in area than the Potter Valley CDP. Analyzing the zip code that covers the District's service area (95469) there is a total population of 1,855.
2. The anticipated growth of the District is limited to the development of mostly already built out commercial and rural residential areas located in Potter Valley. Much of the land within the District is agricultural in use, and therefore future development of this land is not anticipated.
3. In 1999, in response to an uncertainty of capacity, the District imposed a moratorium on annexation of any lands into the District, thus limiting new customers. This moratorium is memorialized as Rule No. 20A in the District's Bylaws, which originally ran through 2022 but was extended and continues to remain in effect. As such, the District is precluded from expanding services or seeking to expand its sphere of influence.
4. The District maintains a waitlist with a number of properties located in the southeast portion of Potter Valley outside District boundaries that are seeking annexation to obtain water service from the District. However, the moratorium has prevented any further movement on the topic.

[13] GC §56430(a) (2024) can be found here: California Government Code § 56430 (2024) :: 2024 California Code :: US Codes and Statutes :: US Law :: Justia.

3.2.1.2 DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI

5. The District encompasses the whole Potter Valley CDP. The median household income (MHI) of the CDP is $76,250, which is just below the statewide MHI threshold and therefore considered to be a disadvantaged unincorporated community (DUC). Additionally, both the zip code and the census tract that the District is located within are considered DUC territory. However, the residents within Potter Valley receive adequate services with respect to fire, which is provided by Potter Valley Community Services District that serves as the umbrella agency for the Potter Valley Volunteer Fire Department. There are no drinking water services provided in the region; properties within the District boundaries utilize well water. According to data sourced from the DWR, the District spans across approximately 24 Public Land Survey Sections, which are documented as having approximately 292 domestic wells. With respect to wastewater, properties utilize onsite septic systems for their wastewater needs. While the Potter Valley CDP qualifies as a DUC under this methodology, the community is currently receiving adequate essential municipal services for fire, water, and wastewater.

3.2.1.3 CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the SOI

6. PVID utilizes diverted raw water from the Eel River to provide irrigation water to its approximately 275 agricultural customers on 6,966.1 acres.
7. The District has historically operated under three SWRCB licenses (5246, 1199, and 5545) that allow PVID to divert up to 22,670 acre-feet per year (AFY) from March 15 to October 31 of each year and extend to November 15 if conditions remain dry. As part of this allotment, PVID has a contract with PG&E to supply 19,000 AFY of irrigation water through 2022. This license has since expired and the PVP is currently operating on an annual basis.
8. The average annual demand is 16,588 AF on a normal annual supply of 22,670 AF. During the most recent drought period the District's water supply was reduced by more than 50 percent.
9. As of 2024, PG&E filed a request with FERC for a license flow variance to operate outside the normal operating plan resulting in the EBRR being cut back from the normal summer flow of 35 cfs plus the 5 cfs buffer, to just 5 cfs total. It is anticipated that this issue will most likely continue until the decommissioning of the PVP occurs.
10. The District does not own any storage facilities and relies on PVP infrastructure and private storage.
11. Cape Horn Dam impounds the Van Arsdale Reservoir which currently has a reservoir capacity of approximately less than 390 AF.
12. As of 2024, FERC has notified PG&E that it may no longer close the top gates on Scott Dam due to potential seismic risks, thereby reducing potential storage capacity by up to 20,000 AF and limiting normal summer flows.
13. Landowners utilize private storage ponds both within and outside of the District boundary; the ponds store approximately 775 AF of irrigation water.
14. Historically, PVID has maintained sufficient capacity to serve its customers in normal years. However, because of PG&E's NOI to surrender and decommission the PVP, the future of water storage for the

District is uncertain. The District is working closely with multiple partners, including the Sonoma Water Agency, in a joint effort with the MCIWPC to identify potential future storage options.

15. Until the decommissioning process of the PVP is fully completed, the District can continue to expect potential changes to the water license because of PG&E actions.

3.2.1.4 FINANCIAL ABILITY OF AGENCY

Financial ability of agencies to provide services

16. The PVID budget operates on a calendar-year basis. Revenue sources are derived primarily from property taxes, which account for approximately 70 percent of all revenues.
17. The top expenditure for the District is transmission and distribution (which is tied to the cost of selling the water), followed by administrative and depreciation costs. PVID revenues fluctuate based on the type of season, weather, and the time the season starts and ends. The District's budget reflects the increase in the cost of goods including capital improvement costs and employee wages which are increased annually with the cost-of-living allowance (COLA).
18. The current water purchase contract with PG&E stipulates that PVID pays $20.00 per AF and District customers pay $22.50 per AF.
19. District customers are charged standby fees which are assessed annually on a per acre basis of the irrigated lands within the PVID boundaries at a rate of $8.50 per acre levied in two installments. Only the District standby fees fall under Proposition (Prop) 218 and charges are assessed for it on January 1.
20. The District has been operating at a net positive and appears to be financially stable. PVID has sufficient revenue to provide service. However, considering PG&E's decommissioning and surrender of the PVP license, the District will likely need to make substantial infrastructure investments to adjust to new, yet to be determined, diversion facilities and schedules and storage facilities.
21. The District's reserves account as of December 2024 totaled $291,689.38.
22. The District has five-year and 10-year capital improvement plans (CIPs) with the last being adopted for 2024. It is noted that the CIPs will need to be reviewed for relevancy upon the establishment of new operations in a post-PVP condition. Further, with the decommissioning of the PVP the District will be considering funding options for future water storage and infrastructure upgrades.
23. By the end of 2024, six out of 12 CIP projects planned for the year were completed, with the rest of the projects still underway.

3.2.1.5 SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities

24. Due to its geographical isolation, there are no other public or private irrigation water service providers located adjacent to the District. The nearest irrigation water provider in the region is the Mendocino County Russian River Flood Control and Water Conservation Improvement District (MCRRFCWCID) located in the Ukiah and Redwood Valley areas.
25. The District does not share services or facilities with any other entity; however, it has historically relied on the infrastructure of the PVP through a long-standing contract with PG&E now operating on an annual basis from FERC.
26. In response to the imminent surrender and decommissioning of the PVP, the District is working with various groups to determine the future of the District's diversion infrastructure and ability to serve existing customers in the immediate future.

27. The District regularly works closely with other county agencies such as the MCIWPC, which is a JPA consisting of Mendocino County, City of Ukiah, PVID, MCRRFCWCID, and Redwood Valley County Water District (RVCWD).
28. In December 2023, the ERPA JPA was formed by a joint exercise of powers agreement between the County of Sonoma, Sonoma Water Agency, and the MCIWPC. ERPA was formed to negotiate with PG&E as the entity moves ahead with the imminent surrender and decommissioning of the PVP. The ERPA has the legal capacity to own, construct, and operate a new water diversion facility near the Cape Horn Dam. The PVID Board currently has one Board member who also sits on the board of the ERPA and represents PVID's interests and concerns.
29. The District has been very proactive in collaborating with other agencies to develop options and plans for a post-PVP situation. It will be important for the District to continue to actively coordinate with all the appropriate and necessary groups, including but not limited to ERPA, in response to the surrender and decommissioning of the PVP.

3.2.1.6 ACCOUNTABILITY, STRUCTURE AND OPERATIONAL EFFICIENCIES

Accountability for community service needs, including governmental structure, and operational efficiencies

30. The District demonstrated accountability and transparency by disclosing financial and service-related information in response to LAFCo requests.
31. The District provides accountability to its constituents by meeting regularly on the third Wednesday of the month at 7 PM at the PVID office at 10170 Main Street in Potter Valley. Board meetings are noticed according to the Brown Act.
32. PVID is governed by a five-member Board elected at-large from the five divisions. Board members receive no compensation. The Board functions under a set of Bylaws, which were last amended in 2022, and has one standing committee: the Safety Committee.
33. In accordance with District policies 1020.1 and 1020.2, a Statement of Economic Interests (Fair Political Practices Commission Form 700) has been filed by all elected District members, including the superintendent and District legal counsel, with the Mendocino County Clerk's Office for the year 2024.
34. The District reports that no complaints have been received within the last five years.
35. PVID has five full-time and seven part-time employees who provide efficient services to PVID residents and customers. All employees are given an annual review to track their performance, which is administered by either the supervising staff member or the Board of Directors.
36. PVID noted as part of this MSR process that while the number of District staff members is currently adequate to run the operations and maintenance of the District, staff is stretched thin and additional staff are needed.
37. PVID maintains a website that allows communication with the public. The District is encouraged to review its website to ensure compliance with Senate Bill (SB) 929 transparency laws and the most recent ADA and accessibility laws (see Appendix B – Website Compliance Handout).

4 SPHERE OF INFLUENCE

The Local Agency Formation Commission (LAFCo/Commission) prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) review process. An SOI study considers whether a change to the SOI, or probable future boundary, of a local government agency is warranted to plan the logical and orderly development of that agency in a manner that supports the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) Law and the policies of the Commission. The MSR and required determinations are presented in Chapters 2 and 3 of this document and form the basis of information and analysis for this SOI review. This chapter presents the SOI Update and required determinations pursuant to California Government Code (GC) Section (§) 56425(e).[14]

4.1 Mendocino LAFCo Policies

In addition to making the necessary determinations for establishing or modifying an SOI consistent with the CKH Act, the appropriateness of an agency's SOI is also based on an evaluation of consistency with local LAFCo policies. The SOI policies can be found in the Mendocino LAFCo Policies and Procedures Manual, adopted November 5, 2018, and as updated.[15]

10.1.1 Legislative Authority and Intent

A sphere of influence is the probable 20-year growth boundary for a jurisdiction's physical development. The Commission shall use spheres of influence to:

a) promote orderly growth and development within and adjacent to communities.

b) promote cooperative planning efforts among cities, the County, and special districts to address concerns regarding land use and development standards, premature conversion of agriculture and open space lands, and efficient provision of public services.

c) guide future local government reorganization that encourages efficiency, economy, and orderly changes in local government; and

d) assist property owners in anticipating the availability of public services in planning for the use of their property.

10.1.2 Definitions

The Commission incorporates the following definitions:

a) an "establishment" refers to the initial development and determination of a sphere of influence by the Commission.

b) an "amendment" refers to a limited change to an established sphere of influence typically initiated by a landowner, resident, or agency; and

[14] GC §56425(e) (2023) can be found here: California Government Code § 56425 (2023) :: 2023 California Code :: US Codes and Statutes :: US Law :: Justia.

[15] The Mendocino LAFCo Policies and Procedures Manual can be found here: Policies & Procedures - Mendocino LAFCo.

c) an "update" refers to a comprehensive change to an established sphere of influence typically initiated by the Commission.

10.1.3 Sphere Updates

In updating spheres of influence, the Commission's general policies are as follows:

a) The Commission will review all spheres of influences every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, police, and fire protection services.

b) Sphere of influence changes initiated by any agency providing a municipal service shall generally require either an updated or new service review unless LAFCo determines that a prior service review is adequate.

c) Spheres of influence of districts not providing municipal services including, but not limited to, ambulance, recreation, hospital, resource conservation, cemetery, and pest control shall be updated as necessary.

10.1.4 Reduced Spheres

The Commission shall endeavor to maintain and expand, as needed, spheres of influence to accommodate planned and orderly urban development. The Commission shall, however, consider removal of land from an agency's sphere of influence if either of the following two conditions apply:

a) the land is outside the affected agency's jurisdictional boundary but has been within the sphere of influence for 10 or more years; or

b) the land is inside the affected agency's jurisdictional boundary but is not expected to be developed for urban uses or require urban-type services within the next 10 years.

10.1.5 Zero Spheres

LAFCo may adopt a "zero" sphere of influence encompassing no territory for an agency. This occurs if LAFCo determines that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency (e.g., mergers, consolidations). The local agency which has been assigned a zero sphere should ultimately be dissolved.

10.1.6 Service Specific Spheres

If territory within the proposed sphere boundary of a local agency does not need all of the services of the agency, a "service specific" sphere of influence may be designated.

10.1.7 Agriculture and Open Space Lands

Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency's sphere of influence unless the area's exclusion would impede the planned, orderly, and efficient development of the area. In addition, LAFCo may adopt a sphere of influence that excludes territory currently within that agency's boundaries. This may occur when LAFCo determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency's sphere. Exclusion of these areas from an agency's sphere of influence indicates that detachment is appropriate.

10.1.8 Annexations Are Not Mandatory

Before territory can be annexed to a city or district, it must be within the agency's sphere of influence (GC §56375.5). However, territory within an agency's sphere will not necessarily be annexed. A sphere is only one of several factors that are considered by LAFCo when evaluating changes of organization or reorganization.

10.1.9 Islands or Corridors

Sphere of influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.

10.1.10 Overlapping Spheres

LAFCo encourages the reduction of overlapping spheres of influence to avoid unnecessary and inefficient duplication of services or facilities. In deciding which of two or more equally capable agencies shall include an area within its sphere of influence, LAFCo shall consider the agencies' service and financial capabilities, social and economic interdependencies, topographic factors, and the effect that eventual service extension will have on adjacent agencies. Where an area could be assigned to the sphere of influence of more than one agency, the following hierarchy typically applies:

a) Inclusion within a city's sphere

b) Inclusion within a multi-purpose district's sphere

c) Inclusion within a single-purpose district's sphere

Territory placed within a city's sphere indicates that the city is the most logical provider of urban services. LAFCo encourages annexation of developing territory (i.e., area not currently receiving services) that is currently within a city's sphere to that city rather than to one or more single-purpose special districts. LAFCo discourages the formation of special districts within a city's sphere. To promote efficient and coordinated planning among the county's various agencies, districts that provide the same type of service shall not have overlapping spheres.

10.1.11 Memorandum of Agreements (For City Sphere Amendments and Updates)

Prior to submitting an application to LAFCo for a new city sphere of influence or a city sphere of influence update, the city shall meet with the County to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements as contained in GC §56425. If an agreement is reached between the city and County the agreement shall be forwarded to LAFCo. The Commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by LAFCo and the County, and LAFCo shall give great weight to the agreement to the extent that it is consistent with LAFCo policies in its final determination of the city sphere.

10.1.12 Areas of Interest

LAFCo may, at its discretion, designate a geographic area beyond the sphere of influence as an Area of Interest to any local agency.

a) An Area of Interest (AOI) is a geographic area beyond the SOI in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon

another local agency (the "Interested Agency"). For example, approval of a housing project developed to urban densities on septic tanks outside the city limits of a city and its sphere of influence may result in the city being forced subsequently to extend sewer services to the area to deal with septic failures and improve city roads that provide access to the development. The city in such a situation would be the Interested Agency with appropriate reason to request special consideration from the Acting Agency in considering projects adjacent to the city.

b) When LAFCo receives notice of a proposal from another agency relating to the Area of Concern, LAFCo will notify the Interested Agency and will consider its comments.

c) LAFCo will encourage Acting and Interested Agencies to establish Joint Powers Agreements or other commitments as appropriate.

4.2 Existing Sphere of Influence

The Potter Valley Irrigation District's (PVID/District) SOI was originally established by the Commission in 1995 under LAFCo Resolution No. 95-3[16] and was last updated by LAFCo in 2016 (Figure 2-2). The SOI currently covers an additional 16,074 acres surrounding the District's jurisdictional boundary.

4.2.1 Study Areas

Study areas are unique to a specific agency and are used to define the extent of one or more locations for SOI analysis purposes. Study areas may be created at different levels of scope and/or specificity based on the circumstances involved. The following descriptions demonstrate the array of scenarios that may be captured by a SOI study area.

- An area with clear geographic boundaries and scope of service needs based on years of interagency collaboration or public engagement and a project ready for grant funding or implementation.
- An area involving broader community regions or existing residential subdivisions with a large or long-term vision in need of fostering and/or establishing interagency partnerships.
- An area in early stages of conception that is not currently geographically well-defined and generally involves one or more areas identified by agency or community leaders needing further definition.
- An area geographically defined by a gap between the boundaries of existing public service providers.
- An area adjacent to an existing agency's boundary slated for development needing urban services.

Study areas can result in a proposed SOI or sphere expansion area or the designation of an Area of Interest to earmark areas for enhanced interagency coordination or for future SOI consideration.

There are no study areas that have been identified for the District at the time of the preparation of the report.

4.2.2 Area of Interest Designation

LAFCo's Area of Interest Policy, per Section 10.1.12, provides for the designation or identification of unincorporated areas located near to, but outside the jurisdictional boundary and established SOI of a city

[16] LAFCo Resolution No. 95-3 can be found here:

9503+Adopting+A+Negative+Declaration+of+Spheres+of+Influence+and+Master+Service+Agreement+Plan+for+Potter+Valley+Irrigation+District.pdf.

or district, in which land use decisions or other governmental actions of another local agency directly or indirectly impact the subject local agency.

An AOI designation serves as a compromise approach that recognizes situations involving challenging boundary or municipal service delivery considerations, or for which urbanization may be anticipated in the intermediate or long-range planning horizons. It is a tool intended to enhance communication and coordination between local agencies.

An AOI designation is most helpful when the County and city or district can reach agreement that development plans within a LAFCo-designated AOI will be treated the same as if these areas were within the city or district SOI boundary, particularly regarding notifications and consideration of input from the city or district.

There are currently a number of properties located in the southeast portion of Potter Valley, outside District boundaries, that are on a waiting list seeking annexation to obtain water service from the District. However, the District's annexation moratorium has prevented any further movement on the topic. The properties on the waiting list could be considered AOIs for the District should water availability become more stable in the future and the annexation moratorium is lifted.

4.3 Proposed Sphere of Influence

There are no proposed changes to the SOI with this Update. The District and LAFCo staff recommend the Commission affirm the existing sphere (Figure 2-2).

4.4 Consistency with LAFCo Policies

Mendocino LAFCo has established local policies to implement its duties and mandates under the CKH Act. This section identifies potential inconsistencies between the proposed SOI and local LAFCo policies.

The proposed District SOI is consistent with Mendocino LAFCo Policies (see Section 4.1 for SOI policies).

4.5 Determinations

In determining the SOI for an agency, LAFCo must consider and prepare written determinations with respect to five factors as outlined in GC §56425(e).[17] These factors are as follows:

1. The present and planned land uses in the area, including agricultural and open space lands;
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 provides or is authorized to provide;
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; and
5. The present and probable need for public facilities and services (including sewers, municipal and industrial water, or structural fire protection) of any disadvantaged unincorporated communities within the existing Sphere of Influence.

[17] GC §56425(e) (2024) can be found here: California Government Code § 56425 (2024) :: 2024 California Code :: US Codes and Statutes :: US Law :: Justia.

4.5.1 Present and Planned Land Uses

The primary land uses within the District service area are described in Chapter 2.5. The District service area encompasses the community of Potter Valley which is a census-designated place (CDP) with a downtown area that includes commercial operations, a school, a post office, a health clinic, and other uses. The remainder and majority of the District's service area is mainly agricultural, with grazing lands, vineyards, and orchards covering most of the valley floor. Residential ranchettes of five to 10-acre lots are situated in and around these farm sites, and the valley floor rapidly transitions to upland forests and rural grazing lands. Future growth and development within the District are subject to Mendocino County land use regulations. The anticipated growth of the District is limited to the development of mostly already built out commercial and rural residential areas located in Potter Valley. Much of the land within the District is agricultural in use, and therefore future development of this land is not anticipated. Additionally in 1999, in response to an uncertainty in capacity, the District imposed a moratorium on annexation of any lands into the District, thus limiting new customers. This moratorium is still in place today and ensures that the District does not have to worry about accommodating any future growth.

4.5.2 Present and probable need for facilities and services in the area

Within the PVID service area, the District provides irrigation water services to approximately 275 customers on a total of 6,966.1 acres. Given the current water service moratorium and anticipated low growth rate throughout Mendocino County, the need for services presently provided by the District are expected to remain consistent for the foreseeable future. More notably, however, as described in Section 3.1.2.1 and Section 3.1.2.2, the current status of the Potter Valley Project (PVP) and the imminent surrender and decommissioning of PVP infrastructure including the Scott Dam, Lake Pillsbury, the water diversion infrastructure connected to the Russian River, and the Potter Valley Powerhouse could all potentially be dismantled. Discussions between the Eel Russian Project Authority (ERPA) and the Pacific Gas and Electric Company (PG&E) about asset transfer and coordination of decommissioning activities and refurbishment of the diversion are still ongoing. PG&E and ERPA will enter into legal agreements addressing construction obligations, permitting, and facility transfers as needed. In addition, PG&E will attempt to enter into legal agreements with other agencies and parties where their interest is related to the Potter Valley facility removal that falls outside of the Federal Energy Regulatory Commission (FERC) surrender proceedings. It is worth noting that the schedule and events associated with the PVP decommissioning could be modified as time goes on. The District is working closely with the appropriate parties to assess the future service and infrastructure needs of the District in response to the relicensing conflict.

4.5.3 The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

Based on information provided by the District regarding facilities, management practices, accountability, and financing, PVID's service is adequate. However, up until April of 2022 the District had relied on its long-standing contract with PG&E to divert water for its customers via PVP which is now operating on an annual basis since the license expired. The imminent surrender and decommissioning of the PVP will likely have a significant impact on PVID's ability to provide irrigation water services.

The District has been actively involved in multi-agency and organization efforts to identify and develop plans for a post-PVP conditions for the continued diversion of water from the Eel River to meet consumptive needs in the Russian River system, which effects not only the PVID, but the Ukiah Valley and several counties that rely on diverted water stored in Lake Mendocino.

4.5.4 The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

The District is located within the unincorporated Mendocino County and consists primarily of agricultural lands and the small community of Potter Valley. It is geographically isolated from other communities east of Redwood Valley and north of Highway 20 on the eastern edge of Mendocino County. There are currently a number of properties located in the southeast portion of Potter Valley, outside District boundaries, that are on a waiting list seeking annexation to obtain water service from the District. However, the District's annexation moratorium has prevented any further movement on the topic.

4.5.5 The present and probable need for public facilities and services of any disadvantaged unincorporated communities

The District serves the unincorporated community of Potter Valley. Because the District wholly encompasses Potter Valley CDP, the median household income (MHI) within the CDP is $76,250 (U.S. Census Bureau 2023c), which is just below the State MHI threshold and is therefore also considered to be a disadvantaged unincorporated community (DUC). The District spans across only one zip code, 95469, which has a population of 1,323 (622 households) and a MHI of $61,500 (Census Reporter 2023b); and the census tract that the District is located within, Census Tract 108.02, has a population of 1,548 (697 households) and a MHI of $57,163 (Census Reporter 2023a). By both measures, the District would still be located within DUC territory. The residents within Potter Valley receive adequate services with respect to fire, which is provided by Potter Valley Community Services District which serves as the umbrella agency for the Potter Valley Volunteer Fire Department (LAFCo 2018b).**Error! Bookmark not defined.** There are no drinking water services provided in the region; properties within the District boundaries utilize well water. According to data sourced from the California Department of Water Resources (DWR), the District spans across approximately 24 Public Land Survey sections, which are documented as having approximately 292 domestic wells (DWR 2025).**Error! Bookmark not defined.** With respect to wastewater, properties utilize onsite septic systems for their wastewater needs. While the Potter Valley CDP qualifies as a DUC under this methodology, the community is currently receiving adequate essential municipal services for fire, water, and wastewater.

4.5.6 Recommendation

Pursuant to the California Water Code (WAT §20500),[5] the Commission does hereby confirm the functions and classes of services provided by the District as limited to the supply of water for irrigation purposes.

As an irrigation district, PVID is responsible for providing irrigation water delivery for agricultural uses, thereby indirectly helping to maintain land in productive use for agriculture. While there is land outside the current district boundary and within the current SOI that could be irrigated, the 1998 moratorium precludes any annexation of lands. The District maintains a priority list of requests for annexation in the event future water conditions change. PVID Bylaws and recorded stipulations prohibit delivery of water outside of district boundaries.

When the present SOI was established, an environmental review and master plan for service were conducted. As discussed previously, the District has indicated no interest in modifying its current SOI. Given the uncertainties of the District's water supply and operations post-PVP, and that the District is the only irrigation water supplier in the area, LAFCo staff recommends no change to the current SOI.

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6 ACKNOWLEDGEMENTS

6.1 Report Preparation

This Municipal Service Review and Sphere of Influence Update was prepared by Hinman & Associates Consulting, Inc., contracted staff for Mendocino LAFCo.

Uma Hinman, Executive Officer
Spencer Richard, Analyst
Jen Crump, Analyst

6.2 Assistance and Support

This Municipal Service Review and Sphere of Influence Update could not have been completed without the assistance and support from the following organizations and individuals.

Potter Valley Irrigation District	Don Brown, Superintendent Steven Elliott, Consultant (retired Superintendent)

7 APPENDICES

7.1 Appendix A– Open Government Resources

The purpose of this appendix is to provide a brief list of some educational resources for local agencies interested in learning more about the broad scope of public interest laws geared towards government transparency and accountability. This appendix is not intended to be a comprehensive reference list or to substitute legal advice from a qualified attorney. Feel free to contact the Mendocino LAFCo office at (707) 463-4470 to make suggestions of additional resources that could be added to this appendix.

The websites listed below provide information regarding the following open government laws: (1) **Public Records Act** (Government Code §6250 et seq.), (2) **Political Reform Act** – Conflict-of-Interest regulations (Government Code §81000 et seq.), (3) **Ethics Principles and Training** (AB 1234 and Government Code §53235), (4) **Brown Act** – Open Meeting regulations (Government Code §54950 et seq.), and (5) **Online Compliance** regulations (Section 508 of the US Rehabilitation Act and Government Code §11135).

- Refer to the State of California Attorney General website for information regarding public access to governmental information and processes at the following link: https://oag.ca.gov/government.
- Refer to the State of California Attorney General website for information regarding Ethics Training Courses required pursuant to AB 1234 at the following link: https://oag.ca.gov/ethics.
- The Fair Political Practices Commission (FPPC) is primarily responsible for administering and enforcing the Political Reform Act. The website for the Fair Political Practices Commission is available at the following link: http://www.fppc.ca.gov/.
- Refer to the California Department of Rehabilitation website for information regarding Section 508 of the US Rehabilitation Act and other laws that address digital accessibility at the following link: http://www.dor.ca.gov/DisabilityAccessInfo/What-are-the-Laws-that-Cover-Digital-Accessibility.html.
- Refer to the Institute for Local Government (ILG) website to download the Good Governance Checklist form at the following link: www.ca-ilg.org/post/good-governance-checklist-good-and-better-practices.
- Refer to the Institute for Local Government (ILG) website to download the Ethics Law Principles for Public Servants pamphlet at the following link: www.ca-ilg.org/node/3369.
- Refer to the Institute for Local Government (ILG) website for information regarding Ethics Training Courses required pursuant to AB 1234 at the following link: http://www.ca-ilg.org/ethics-education-ab-1234-training.
- Refer to the California Special Districts Association (CSDA) website for information regarding online and website compliance webinars at the following link: http://www.csda.net/tag/webinars/.

7.2 Appendix B – Website Compliance Handout

California Website Compliance Checklist

Use this checklist to keep your district's website compliant with State and Federal requirements.

Public Records Act

☐ SB 929

Our district has created and maintains a website

Passed in 2018, all independent special districts must have a website that includes contact information (and all other requirements) by Jan. 2020

☐ SB 272

Our Enterprise System Catalog is posted on our website

All local agencies must publish a catalog listing all software that meets specific requirements—free tool at getstream-line.com/sb272

☐ AB 2853 (optional):

We post public records to our website

This bill allows you to refer PRA requests to your site, if the content is displayed there, potentially saving time, money, and trees

The Brown Act

☐ AB 392:

Agendas are posted to our website at least 72 hours in advance of regular meetings, 24 hours in advance of special meetings

This 2011 update to the Act, originally created in 1953, added the online posting requirement

☐ AB 2257:

A link to the most recent agenda is on our home page, and agendas are searchable, machine-readable and platform independent

Required by Jan. 2019—text-based PDFs meet this requirement, Microsoft Word docs do not

State Controller Reports

☐ Financial Transaction Report:

A link to the Controller's "By the Numbers" website is posted on our website

Report must be submitted within seven months after the close of the fiscal year—you can add the report to your site annually, but posting a link is easier

☐ Compensation Report:

A link to the Controller's PublicPay website is posted in a conspicuous location on our website

Report must be submitted by April 30 of each year—you can also add the report to your site annually, but posting a link is easier

Healthcare District Websites

☐ AB 2019:

If we're a healthcare district, we maintain a website that includes all items above, plus additional requirements

Including budget, board members, Municipal Service Review, grant policy and recipients, and audits

Open Data

☐ AB 169:

Anything posted on our website that we call "open data" meets the requirements for open data

Defined as "retrievable, downloadable, indexable, and electronically searchable; platform independent and machine readable" among other things

Section 508 ADA Compliance

☐ CA gov code 7405:

State governmental entities shall comply with the accessibility requirements of Section 508 of the federal Rehabilitation Act of 1973

Requirements were updated in 2018—if you aren't sure, you can test your site for accessibility at achecker.ca



California Special Districts Association
Districts Stronger Together

csda.net

STREAMLINE
Website compliance made easy

getstreamline.com

The Brown Act: new agenda requirements

Tips for complying with AB 2257 by January, 2019

Placement:

What it says: An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda.

What that means: Add a link to the **current agenda directly to your homepage.** It cannot be in a menu item or otherwise require more than a single click to open the agenda.

Exception:

What it says: A link to the agenda management platform may be added to the home page instead of a link directly to the current agenda, if the agency uses an integrated agenda management platform that meets specified requirements, including, among others, that the current agenda is the first agenda available at the top of the integrated agenda management platform.

What that means: If you use an agenda management system, you may add a link to that system directly to your homepage (again, not in a menu item), if the format of the agenda meets the requirements below, and if the current agenda is the first at the top of the list.

Format:

What it says: [agenda must be] Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications. Platform independent and machine readable. Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

What that means: You cannot add Word Docs or scanned (image-based) PDFs of your agenda to your website–Word Docs are not platform independent (the visitor must have Word to read the file), and scanned PDFs are not searchable. Instead, **keep your agenda separate from the packet** and follow these steps:

1. From Word or other document system: Export agenda to PDF
2. Add that agenda to your website (or to your agenda management system), and include a link to that agenda on your homepage
3. Then, you can print the agenda, add it to your pile of documents for the packet, and scan that to PDF - just keep the packet separate from the agenda (only the agenda must meet AB 2257)
4. Keep the link on the homepage until the next agenda is available, then update the link

Questions? Contact sloane@getstreamline.com or dillong@csda.net

California 2024 Web Accessibility Checklist

Updated May 1, 2024. *Download the latest at getstreamline.com/ada*

Congratulations on your commitment to ensuring that your district's website is accessible to your entire community, including those with disabilities. This checklist will help you ensure compliance with **The Unruh Act** and **AB 434.**

Before you begin

- ☐ Perform an initial scan to check for known issues using checkmydistrict.org or another tool
- ☐ Have your website provider's contact information to report any issues

One-time actions - examples available at https://getstreamline.com/accessibility-policy

1. **Designate an accessibility officer** - We have designated one staff member as the accessibility officer who will be the go-to contact for accessibility issues.
2. **Approve an accessibility policy** - Our board has approved an accessibility policy that includes the level of accessibility you are adhering to, like WCAG 2.1 AA.
3. **Create and post an accessibility page** - We have created a dedicated accessibility website page to house all accessibility-related content, including the policy and plan. If we have components that are not yet compliant, we have added information about our remediation plan and timeline to get compliant.
4. **Create a process for community concerns** - We have a process in place where a community member can submit a concern via form, phone number, and/or email address.
5. **Enable closed captions on your videos** - Our videos all have closed captions, and we have a process for including closed captions in future videos. (YouTube includes this for free when enabled. Learn how. It is important that a human verifies the general accuracy of the captions.)

Ongoing actions - recommended once per month

6. **Scan your website pages each month** - We have scanned every page of our website, every page has a score and list of issues to remediate. Free tools include checkmydistrict.org, Google Chrome Lighthouse (F12 will activate), and wave.webaim.org. Demand your web developer address any issues that arise.
7. **Check your attachments**. We have checked all of our attachments and we have removed or added a written a disclaimer for any third-party attachments that we are unable to remediate.
8. **Perform remediations** - We have taken action to fix issues detected by a scan/reported by our community

Other actions to consider

- **Third-party ADA audit** - larger districts should consider hiring an outside firm to conduct an audit. Manual testing by users with disabilities is the gold standard to ensure access.
- **Indemnification** - Choosing a platform or insurance that indemnifies or insures you against the risk of fines

*Remember, Streamline is only a software company, and Streamline's templates and guides are not a substitute for getting your own competent legal advice.

7.3 Appendix C – Housing Legislation Trends and Results

Mendocino County and ADUs

In response, the County of Mendocino has taken a number of steps to facilitate ADU construction and operation in an attempt to address the local housing crisis. This includes adopting an ADU ordinance which outlines specific development standards. Another General Plan update was adopted on 11/9/2021 which amended the Coastal Zoning Code component of the Local Coastal Plan to establish and revise standards for Accessory Dwelling Units in the Coastal Zone.

Because Potter Valley is located in the Inland Zone of the County it is subject to inland specific ADU regulations. Per Section 20.458.040 - Public Health and Safety Requirements, of the County's Municipal Code, both an adequate water supply and sewage capacity must be available to serve the proposed new residence as well as existing residences on the property. Most notably, if the property is located in a service district (such as Potter Valley), the property owner must provide written approval from the service district specifically authorizing the connection of the ADU.

With respect to coastal resource protections, ADUs and JADUs are subject to additional requirements that impact the viability of their development. Some of the most pertinent requirements can be found in Section 20.458.045 of the County's Municipal Code.

The Larger Picture

As for how ADUs fit into the larger picture of the Mendocino County population trends, the housing data provided in the County's General Plan Annual Progress Report (APR) provides a reliable snapshot. Required by the Governor's Office of Planning and Research (OPR) and the State's Department of Housing and Community Development (HCD), every jurisdiction is required to provide an annual report detailing the progress made towards implementing their housing element and meeting their RHNA allocations.

The data provided in the most recent APR for Unincorporated Mendocino County (adopted June 6TH, 2023 by the Board of Supervisors) suggests that despite strict development regulations in some places, ADUs are certainly a factor in local housing development trends. Out of the 143 housing development applications received in the 2022 reporting year, 38 were for ADUs; in 2021 a total of 102 housing development applications were received, of which 35 were for ADUs. This small number of ADUs compared to single-family home applications suggests that there could continue to be some limited development of ADUs throughout the unincorporated areas of the County. However, any new development requires written approval from the service provider to authorize services.

Regional Housing Needs Allocation (RHNA)

It is worth noting that in response to statutory requirements, policy direction from the State of California Department of Housing and Community Development (HCD), and mandated deadlines for delivery of housing need allocation numbers to local jurisdictions within Mendocino County, the Mendocino Council of Governments (MCOG) adopted a Regional Housing Needs Plan in 2018.

Although MCOG does not typically deal with housing issues, they have been designated by HCD as the appropriate regional agency to coordinate the housing need allocation process. The political jurisdictions that comprise the region consist of the Mendocino County unincorporated area and the Cities of Ukiah, Fort Bragg, Willits and Point Arena.

The Regional Housing Needs Plan went through numerous iterations prior to being adopted which took into account different allocation factors for the methodology. Throughout the process, each member

jurisdiction provided statements of constraints to HCD which detailed the land-constraints that challenge residential development in unincorporated Mendocino County. Water resources and availability was cited by multiple MCOG member jurisdictions as a constraint and contributed to the adjustments made by the state on the region's required housing allocations.

The RHNA allocations for Unincorporated Mendocino County are projected for a planning period between 8/15/2019 and 8/17/2027. Since adopting the Regional Housing Needs Plan in 2018 the County has made progress across all income levels; the number of housing units developed and how many remain with respect towards its RHNA allocation are detailed below broken down by income level and deed restricted versus non-deed restricted.

Table 7-1: Mendocino County RHNA Allocations

Income Level		RHNA Allocation	Projection Period - 01/01/2019-08/14/2019	2019	2020	2021	2022	Total Units to Date (All Years)	Total Remaining RHNA
Very Low	Deed Restricted	291	--	--	39	--	21	125	166
	Non-Deed Restricted		--	--	--	65	--		
Low	Deed Restricted	179	--	--	--	--	--	21	158
	Non-Deed Restricted		--	-	--	21			
Moderate	Deed Restricted	177	--	--	--	--	--	156	21
	Non-Deed Restricted		4	--	--	--	--		
Above Moderate		702	46	40	67	51	58	262	440
Total RHNA		1,349							
Total Units			50	60	149	186	119	564	785
Extremely Low-Income Units*		145			15	26	21	62	83

*Progress toward extremely low-income housing need, as determined pursuant to Government Code 65583(a)(1).

(HCD, 2023)

With respect to how RHNA requirements may affect Potter Valley, the State continues to push for more housing across the state. While there is not currently much left to develop under current regulations in Potter Valley, evolving legislation could allow for increased development potential that supports the State's housing goals.

Additional Recent State Housing Legislation

While the state legislator has made a concerted effort to progress ADU development throughout the state, there have been numerous other housing bills passed in recent years aimed at addressing the housing affordability crisis.

- Senate Bill (SB) 9 - Authorizes a property owner to split a single-family lot into two lots and place up to two units on each new lot. Therefore, the bill permits up to four units on properties currently limited to single-family houses. SB 9 also mandates that local agencies approve development projects that meet specified size and design standards.
- SB 10 - Establishes a process for local governments to increase the density of parcels in transit-rich areas or on urban infill sites to up to 10 residential units per parcel. Such an ordinance must be adopted between Jan. 1, 2021, and Jan. 1, 2029, and is exempt from the California Environmental Quality Act(CEQA).
- SB 35 - Applies in cities that are not meeting their Regional Housing Need Allocation (RHNA) goal for construction of above-moderate income housing and/or housing for households below 80% area median income. SB 35 amends Government Code Section 65913.4 to require local entities to streamline the approval of certain housing projects by providing a ministerial approval process.

7.4 Appendix D – District Financial Audits

	2023 ACTUAL	2023 BUDGET	2024 PROPOSED	2024 APPROVED
Income				
4000 · OPERATING INCOME				
4031 · IRRIGATION WATER	187,570.31	236,250.00	220,000.00	**220,000.00**
4032 · STANDBY CHARGES	55,787.59	55,800.00	55,800.00	**55,800.00**
4033 · PENALTIES	1,033.07	500.00	700.00	**700.00**
Total 4000 · OPERATING INCOME	244,390.97	292,550.00	**276,500.00**	**276,500.00**
4100 · OTHER INCOME				
4134 · INVESTMENT INCOME	12,579.03	500.00	5,000.00	**5,000.00**
4135 · COUNTY TAXES	481,710.95	460,000.00	460,000.00	**460,000.00**
4137 · MISCELLANEOUS	2,148.31	100.00	500.00	**500.00**
Total 4100 · OTHER INCOME	496,438.29	460,600.00	**465,500.00**	**465,500.00**
Total Income	740,829.26	753,150.00	**742,000.00**	**742,000.00**
Expense				
5100 · PURCHASED WATER	112,772.00	120,000.00	115,000.00	**115,000.00**
5300 · PUMPS/ELECTRIC - STAND BY	257.44	500.00	300.00	**300.00**
5500 · FUEL	21,850.58	20,000.00	22,400.00	**22,400.00**
5600 · TOOLS/EQUIPMENT	2,156.07	9,700.00	9,400.00	**9,400.00**
5700 · MAINT/SUPPLIES				
5701 · OFFICE	6,746.34	6,000.00	7,000.00	**7,000.00**
5702 · GENERAL MAINTENANCE	9,374.83	8,100.00	9,600.00	**9,600.00**
5703 · VEH/EQUIPMT	8,113.08	8,300.00	6,650.00	**6,650.00**
5704 · CANAL MAINTENANCE	25,877.14	24,000.00	20,000.00	**20,000.00**
5705 · WEED MAINTENANCE	405.12	2,400.00	2,400.00	**2,400.00**
Total 5700 · MAINT/SUPPLIES	50,516.51	48,800.00	**45,650.00**	**45,650.00**
6300 · LEGAL/PROFESSIONAL	9,200.00	95,250.00	17,900.00	**17,900.00**
6400. PVP LICENSING COSTS	50,000.00			
6560 · PAYROLL EXPENSES				
6561 · WAGES	338,637.99	352,500.00	370,750.00	**370,750.00**
6562 · EMPLOYER TAXES	34,465.93	35,000.00	37,000.00	**37,000.00**
6563. PEOPLE KEEP HRA	8,836.93	16,300.00	13,600.00	**13,600.00**
Total 6560 · PAYROLL EXPENSES	381,940.85	403,800.00	**421,350.00**	**421,350.00**
6700 · TRAVEL	360.00	400.00	400.00	**400.00**
6900 · ELECTRICITY - SHOP/OFFICE	2,958.74	2,100.00	3,000.00	**3,000.00**
6950 · SOLID WASTE	394.00	500.00	500.00	**500.00**
6960 · INTERNET/WEBSITE				
6961 - INTERNET	1,320.00	700.00	1,200.00	**1,200.00**
6962 - WEBSITE	1,877.79	1,700.00	1,800.00	**1,800.00**
TOTAL 6969 - INTERNET/WEBSITE	3,197.79	2,400.00	**3,000.00**	**3,000.00**
7000 · TELEPHONE				
7001 · OFFICE PHONE	1,577.93	1,000.00	1,000.00	**1,000.00**
7002 · CELL PHONES	3,189.97	3,200.00	3,200.00	**3,200.00**
Total 7000 · TELEPHONE	4,767.90	4,200.00	**4,200.00**	**4,200.00**
7200 · INSURANCE/LIABILITY	14,692.85	15,000.00	16,000.00	**16,000.00**
7300 · INSURANCE/COMP	9,328.96	10,500.00	12,600.00	**12,600.00**
7600 · MISC. EXPENSES				
7601 · FEES	15,132.91	14,000.00	15,000.00	**15,000.00**
7605 · CLASSES/TRAINING	650.00	1,000.00	500.00	**500.00**
7606 · OTHER EXPENSE	2,046.19	-	0.00	**0.00**
7607 · MC PROP TAX ADMIN	10,230.58	5,000.00	10,000.00	**10,000.00**
Total 7600 · MISC. EXPENSES	28,059.68	20,000.00	**25,500.00**	**25,500.00**
Total Expense	692,453.37	753,150.00	**742,000.00**	**742,000.00**
Net Income	48,375.89			

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

ASSETS

Current assets:		
Cash and cash equivalents (Note 3)		$ 336,417
Investments (Note 3)		278,180
Accounts receivable		84,478
Total current assets		699,075
Capital assets, at cost (Note 4)	$2,139,137	
Less, accumulated depreciation	1,220,160	
	918,977	
Work in progress	1,964	
		920,941
		$1,620,016

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable and accrued liabilities		$ 2,744
Accrued vacation		16,993
Total current liabilities		19,737
Net position:		
Net investment in capital assets	$ 920,941	
Restricted	-	
Unrestricted	679,338	
		1,600,279
		$1,620,016

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
for the year ended December 31, 2023

Operating revenues:		
Water services		$ 187,570
Standby charges		55,788
Other		3,181
Total operating revenues		246,539
Operating expenses:		
Source of supply	$ 130,858	
Transmission and distribution	423,385	
Administrative	89,931	
Depreciation	78,709	
Total operating expenses		722,883
Operating loss		(476,344)
Non-operating income (expenses):		
Property tax revenue	481,711	
Interest income	148	
Unrealized investment income	14,483	
Unrealized investment loss	(2,052)	
Licensing costs	(50,000)	
		444,290
Income (loss) before contributions		(32,054)
Capital contributions		-
Change in net position		(32,054)
Total net position:		
Beginning		1,632,333
Ending		$1,600,279

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
for the year ended December 31, 2023

Cash flows from operating activities:		
Receipts from customers		$ 277,108
Payments to suppliers		(271,434)
Payments to employees		(369,405)
Net cash provided to operating activities		(363,731)
Cash flows from noncapital financing activities:		
Receipts from property taxes and other operating income		481,711
Cash flows from capital and related financing activities:		
Purchase of capital assets	$(55,466)	
Licensing costs	(50,000)	
		(105,466)
Cash flows from investing activities:		
Investment income	148	
Unrealized investment gain	12,431	12,579
Net increase in cash and cash equivalents		25,093
Cash and cash equivalents:		
Beginning of year		589,504
End of year		$ 614,597

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS, continued
for the year ended December 31, 2023

Reconciliation of operating income (loss) to net cash provided to operating activities:		
Operating income (loss)		$(476,344)
Adjustments to reconcile operating loss to net cash provided to operating activities:		
Depreciation expense	$ 78,709	
Changes in operating assets and liabilities:		
Accounts receivable	33,750	
Accounts payable and accrued liabilities	(1,568)	
Accrued vacation	1,722	
		112,613
Net cash provided to operating activities		$(363,731)

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

ASSETS

Current assets:		
Cash and cash equivalents (Note 3)		$ 323,755
Investments (Note 3)		265,749
Accounts receivable		118,228
Total current assets		707,732
Capital assets, at cost (Note 4)	$2,066,090	
Less, accumulated depreciation	1,167,370	
	898,720	
Work in progress	45,464	
		944,184
		$1,651,916

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable and accrued liabilities		$ 4,312
Accrued vacation		15,271
Total current liabilities		19,583
Net position:		
Net investment in capital assets	$ 944,184	
Restricted	-	
Unrestricted	688,149	
		1,632,333
		$1,651,916

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
for the year ended December 31, 2022

Operating revenues:		
Water services		$ 231,614
Standby charges		55,793
Other		801
Total operating revenues		288,208
Operating expenses:		
Source of supply	$ 123,078	
Transmission and distribution	383,245	
Administrative	80,810	
Depreciation	76,871	
Total operating expenses		664,004
Operating loss		(375,796)
Non-operating income (expenses):		
Property tax revenue	463,901	
Interest income	160	
Unrealized investment income	5,621	
Unrealized investment loss	(15,040)	
Licensing costs	(50,000)	
Loss on asset disposal	(19,858)	
		384,784
Income (loss) before contributions		8,988
Capital contributions		-
Change in net position		8,988
Total net position:		
Beginning		1,623,345
Ending		$1,632,333

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
for the year ended December 31, 2022

Cash flows from operating activities:		
Receipts from customers		$ 226,968
Payments to suppliers		(251,491)
Payments to employees		(329,152)
Net cash provided to operating activities		(353,675)
Cash flows from noncapital financing activities:		
Receipts from property taxes and other operating income		677,048
Cash flows from capital and related financing activities:		
Purchase of capital assets	$(106,202)	
Licensing costs	(50,000)	
		(156,202)
Cash flows from investing activities:		
Investment income	160	
Unrealized investment loss	(9,419)	(9,259)
Net increase in cash and cash equivalents		157,912
Cash and cash equivalents:		
Beginning of year		431,592
End of year		$ 589,504

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS, continued
for the year ended December 31, 2022

Reconciliation of operating income (loss) to net cash provided to operating activities:		
Operating income (loss)		$(375,796)
Adjustments to reconcile operating loss to net cash provided to operating activities:		
Depreciation expense	$ 76,871	
Changes in operating assets and liabilities:		
Accounts receivable	(61,240)	
Accounts payable and accrued liabilities	1,445	
Accrued vacation	5,045	
		22,121
Net cash provided to operating activities		$(353,675)

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

ASSETS

Current assets:		
Cash (Note 3)		$ 156,349
Investments (Note 3)		275,243
Accounts receivable		56,988
Taxes receivable		213,147
Total current assets		701,727
Capital assets, at cost (Note 4)	$2,095,049	
Less, accumulated depreciation	1,162,349	
	932,700	
Work in progress	2,011	
		934,711
		$1,636,438

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable and accrued liabilities		$ 2,867
Accrued vacation		10,226
Total current liabilities		13,093
Net position:		
Net investment in capital assets	$ 934,711	
Restricted	-	
Unrestricted	688,634	
		1,623,345
		$1,636,438

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
for the year ended December 31, 2021

Operating revenues:		
Water services		$ 145,147
Standby charges		55,791
Other		1,552
Total operating revenues		202,490
Operating expenses:		
Source of supply	$ 73,650	
Transmission and distribution	322,146	
Administrative	79,668	
Depreciation	75,419	
Total operating expenses		550,883
Operating loss		(348,393)
Non-operating income (expenses):		
Property tax revenue	398,365	
Investment income	1,235	
Unrealized investment loss	(1,947)	
Licensing costs	(50,000)	
		347,653
Income (loss) before contributions		(740)
Capital contributions		-
Change in net position		(740)
Total net position:		
Beginning		1,624,085
Ending		$1,623,345

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
for the year ended December 31, 2021

Cash flows from operating activities:		
Receipts from customers		$ 226,785
Payments to suppliers		(435,531)
Payments to employees		(250,853)
Net cash provided to operating activities		(459,599)
Cash flows from noncapital financing activities:		
Receipts from property taxes and other operating income		398,365
Cash flows from capital and related financing activities:		
Purchase of capital assets	$(64,348)	
Licensing costs	(50,000)	
		(114,348)
Cash flows from investing activities:		
Investment income	1,235	
Unrealized investment loss	(1,947)	(712)
Net decrease in cash and cash equivalents		(176,294)
Cash and cash equivalents:		
Beginning of year		607,886
End of year		$ 431,592

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS, continued
for the year ended December 31, 2021

Reconciliation of operating income (loss) to net cash provided to operating activities:		
Operating income (loss)		$(348,393)
Adjustments to reconcile operating loss to net cash provided to operating activities:		
Depreciation expense	$ 75,419	
Changes in operating assets and liabilities:		
Receivables	(188,852)	
Accounts payable and accrued liabilities	(1,581)	
Accrued vacation	3,808	
		(111,206)
Net cash provided to operating activities		$(459,599)

See notes to financial statements

7.5 Appendix E – PVID Main Canal and Lateral Pipeline Construction Review

Main Canal And Lateral Pipeline Construction Review

MAIN CANAL

Joint Projects PVID & Landowner

***2022 JOINT PROJECT**
PVID / Llamas Gate #50-4-3, Service Box.
Landowner purchased all materials and PVID completed all installation and labor.

***2017 JOINT PROJECT**
PVID / Todd Gate #11 and Drain #D-3
PVID purchased 1300 Ft. of 6" dia ADS pipe and all other materials to complete job.
Landowner performed all installation and labor, per agreement and Resolution #2017-1.

***2013 JOINT PROJECT**
PVID / Borgwardt Gate #69
2' x 3' Hydroscreen
PVID purchased all materials and landowner performed all installation and labor, per agreement.
Materials purchased in 2011 and 2012, but job completed in 2013.

***2013 JOINT PROJECT**
PVID / Todd Lateral #30-9 to #30-10
PVID purchased all materials and performed all installation and labor, per agreement and Resolution #2013-3. Agreement made to connect PVID lateral #30-9 located on Mr. Todd's property, to main water delivery system lateral #30-10. PVID installed 380 Ft. of 15" dia PVC pipe between lateral #30-10 and #30-9-2.

***2011 JOINT PROJECT**
PVID / Galliani between Gate #51 & #53 - Emergency Construction
20 Ft. 48" dia ADS Pipe
PVID purchased all materials and landowner performed all installation and labor, per agreement.

***2011 / 2012 JOINT PROJECT**
PVID / Blundell Gate #47 - #49
260 Ft. 48" dia. pipe
PVID purchased all materials and landowner performed all installation and labor. PVID built steel trash grate. This project removed a section of open ditch from inside a barnyard pen and helped protect the landowner's home from winter flooding when ditch overflowed.

2010 APPROVED PENDING CONST. SCHEDULE AND PLAN COST
Install 1,600 Ft. of 48" dia. ADS pipe in open ditch main canal from Drain D-4 on the Humaney Property to Gate #12 on Garry Todd property. Main canal leaks and we constructed a drain ditch to direct the water to a joint fence line drain east to Busch Lane.

***2004 JOINT PROJECT**
District paid 50% of 100 yards of rock rip-rap to control main canal erosion between gates #78 and #80. Landowner installed to district specifications.

***1997 JOINT PROJECT**
Installed 2000 Ft. of 42" dia. pipe between main gate #30 and main gate #30-2. PVID paid for materials and landowner installed to control leaks and canal berm failures. Property owner was able to proceed with their planting plans on their time schedule rather than wait for PVID to work it into our construction schedule.

***1997 JOINT PROJECT**
District replaced 140 Ft. of 48" dia. steel pipe with 42" dia. pvc pipe at Drain D-17. Landowner paid for materials per a 1973 agreement of responsibility to maintain. The district agreed to perform the installation.

Projects Landowner Completed On Their Own With PVID Approved Plan & Supervision

***2019 LANDOWNER PROJECT**
Landowner, Mr. Todd installed 400 Ft. of 4" drain pipe at Drain #D-3.
PVID purchased all materials and landowner completed the installation and labor.

*** 2015 LANDOWNER PROJECT**
Landowner, Mr. Bowstead requested that his new 12 acre feet pond be connected to the east canal at Gate #73 on Pine Ave. PVID Board approved new service connection at Gate #73 with a 12" dia pipeline and designated as Gate #73-3. Per the PVID By-laws this size pond can support a max of 32 acres crop.

***2012 LANDOWNER PROJECT**
Landowner requested to install 12 to 15" culvert pipe to service box, at Gate #30-5.
Landowner paid for all materials and installation to district specifications.

***2004 LANDOWNER PROJECT**
Landowner requested an additional 20 Ft. 48" dia. property access crossing. Customer paid for all materials and installation to district specifications.

***1996 LANDOWNER PROJECT**
Installed 530 Ft. of 42" dia. PVC pipe in main canal from Busch Creek Flume downstream to Clark Pump below gate #28. Landowner wanted the use of the ground to plant and still have a road to turn around on as soon as possible. They paid for the pipe and installed it to district specifications. District built the head walls service box covers and trash grates.

PVID Projects Installed Pipe To Control Leakage or flooding

2006
Installed 160 Ft. of 42" dia. ADS pipe from main gate #68 downstream to control the constant winter flooding in this area onto West Road.

2004
The metered Main Diversion Gate and pipeline project. 440 Ft. of 48" dia. ADS with three uphill drains, headwalls and trash grates.

2000 & 2002 & 2003
Installed 600 Ft. of 42" dia. pipe at four locations between gate #70 and #68 to control leaks through the berm into H&W vineyard and to stop equipment getting stuck. PVID purchased all materials and installed as a scheduled construction project. As of 2012 it still needs 200 Ft. more.

1999 & 2000
Installed 300 Ft. of 42" dia. pipe between gates #25 and #27 to control leak into hay barn and creating a traffic hazard on Eel River Road. PVID purchased all materials and installed as a scheduled construction project.

1999 / 1998
Installed 300 Ft. of 42" dia. pipe underground siphon to replace the failed 270 foot flume across Riordan creek draw.

1998
Installed 1,100 of 42" dia. PVC pipe in main canal between gate #66 and #68 to control hillside falling into canal and leakage.

1997
Installed 914 Ft. of 42" dia. PVC pipe in main canal from gate #43 upstream. This entire area leaked and occasionally overflowed into a livestock feed barn and yard on two sides, as well as, onto Eel River Rd.

1993
Installed 180 Ft. of 48" dia. steel pipe in the east main canal from gate #61 upstream to control leakage that is hindering the field preparation for grapes.

1992
Installed 160 of 60" dia. steel pipe in main canal between gate #19 and #21 to control hillside falling into canal and leakage through Eel River Road into adjacent property.

PVID Projects To Replace old failed Pipe canal Crossings

2022/2023
Install 100 Ft. of 48" dia HDPE pipe in Main Canal Drain #D-4, Emergency Construction.
Some Materials and labor were done in 2022, the job was fully completed in 2023.

2021
Replacement of one 24" dia galv. Culvert, East Road/East Canal Crossing.

2021
Busch Creek Flume, Fabrication of steel frame support structure.

2020
Install 10 Ft. of 30" galv. Culvert, East Road/East Canal, Emergency Construction.

2020
Busch Creek Flume, Fabrication of steel frame support structure.

2019
Busch Creek Flume Footing Contract, Constructed concrete footings with elevated piers and drove beams into earth per Bid.

2019
Install 40 Ft. of 15" dia PVC pipe in Drain #D-2, West Canal.
Materials purchased in 2018, but pipe replacement completed in 2019.

2018
Busch Creek Flume Repair, Structural Plans and review invitation for bids.

2017
Busch Creek Flume Engineering phase, design for footing and structural.
2017
Replacement of Hawncreek/Williams Creek Flume.
The Flume is 74 feet long and the center 30 ft. section was already framed in steel as of 1993. The end 25 ft. section is old treated wood and is now replaced with steel framing. The inside of the flume also got double coated with a 50-year life type silicone based material. A 3 ft. wide steel catwalk was also installed.

2016
Busch Creek Flume Repair, Emergency Construction.
Removal of tree jeopardizing Flume structure and some spot repairs done with the plan to fully replace the Flume. Recommended the Flume replacement as a four year, four stage repair project.

2015
Replacement of property access culvert crossing at lateral #86.

2015
Install 140 Ft. of 15" dia PVC pipe at in Gate #D-26, this replaced the failing culvert under the access road to the Yundt property at West Road.
In 2013 we replaced the control gate and 20 feet of rotten steel pipe with 18" pipe.
In 2015 we replaced the open dirt ditch from gate #D-26 to the distribution box with 18" PVC pipe.
PVID purchased all materials and performed all installation and labor.

2014
Install 22 Ft. of 18" dia PVC pipe at Gate #46, Emergency Construction.
Installed 18" pipe from the service box on the west side of the road, 22 feet under Hawncreek Road, through the old 21" dia steel pipeline to the delivery box on the east side of the road.

2006
Replaced 60 Ft. of 36" dia.ADS pipe from main gate #84 downstream to replace failed steel pipe across a private road.

2004
Replaced 30 Ft. of 5 ft. dia. steel pipe in east main canal above gate #57. It was a property access

2000
Replaced 48" dia. property access culvert in main canal below gate #72.

1993
Replaced 30 Ft. of 48" failed steel pipe for property access crossing in main canal below gate #68.

1991
Rebuilt 60 Ft. center section of the Busch Creek Flume support frame work with steel and removed the above flume wooden "A" frame support structure.

PVID Installed Pipe to improve Main Canal Right-Of-Way Access

2018
Install 2- galv. culvert 48" dia., Mid-Mountain Road canal crossing, Emergency Construction.

2018
Install 20 Ft. of 48" dia ADS pipe between Gate #55 and #57, property access east main canal.

2014
Installed 980 Ft. of 42" dia ADS pipe in Gate #6 main canal pipeline.
PVID purchased all materials, except one 42" x 42" x 14" ADS pipe tee with flange. PVID performed all installation and labor.

2000
Installed 120 Ft. of 5 Ft. culvert in three drains to provide access down the main canal right of way. PVID paid for materials and construction.

1998
Installed 30 Ft. of 42" dia. PVC pipe in main canal at Hoppers Corner to control open ditch liability.

1994
Rebuilt 60 Ft. of Guntly Flume works. Installed 380 Ft. of 36" dia. bithamus coated steel pipe in main canal and installed 200 Ft. of 15" dia. pvc pipe for service to gate #77. Rebuilt 18" dia. main flume drain with pvc. Relocated easement from Lanam Property to Guntly saving 400 feet of main canal and returned abandoned canal to original grade.

Lateral Pipeline Construction

(Joint projects are in red)

2023
Replacement of culvert at lateral #86, Emergency Construction.
Also, had to remove a dead pine tree and have WIPF come assist with a Vactor truck.

2023
Install 18 Ft. of 18" dia PVC pipe (had on hand) in lateral #36, Emergency Construction.

2022
Install 462 Ft. of 18" dia PVC pipe in lateral #30-3 at Gibson Lane.

2021
Install 20 Ft. of 15" dia PVC pipe in lateral #7, Emergency Construction.

2021
Install 44 Ft. of 18" dia gasket D PVC pipe in lateral #50-4-3.
The lateral has a steel 18" dia steel pipe crossing over a large drain ditch entering the Turri property from the Clark property from the west. The pipe was rusted through and has now been replaced. Materials purchased in 2018, job completed in 2021.

2020
Install 1760 Ft. of 18" dia gasket seal PVC pipe in lateral #17-4 to #17-8.

2020
Install 638 Ft. of 18" dia gasket D PVC pipe in lateral #20-4 to #20-4-1.
Pipeline replacement made because line was leaking profusely when being used.

2019
Repair to lateral #57-3, property access culvert.

2019
Install 50 Ft. of 18" dia PVC pipe in lateral #36-8 to #36-9.
Materials purchased in 2018 and property access pipeline completed in 2019.

2019
Install 400 Ft. of 24" dia PVC gasket seal type pipe in lateral #36-15 to #36-16.

2018
Install 40 Ft. of 15" dia PVC pipe in lateral #83-3, Burris Lane, Emergency Construction.

2018
Install 2140 Ft. of 18" dia PVC pipe in lateral #50-3 to #50-5, Main Street pipeline.

2018
Install 660 Ft. of 18" dia PVC pipe in lateral #36-2, Hawncreek Road pipeline crossing.

2017
Install 40 Ft. of 24" dia PVC gasket type pipe in lateral #36-15, property access culvert.

2017
Install 12 Ft. of 18" dia PVC pipe in lateral #48.

2017
Install 1340 Ft. of 18" PVC pipe in lateral #18A-1-4 to #18A-1-5, with 6-18" toggle gates.
Materials purchased in 2016, but install and labor completed in 2017.

2017
Install footing for pipeline flume at lateral #20-3.

2016
Install 260 Ft. of 18" dia PVC pipe in lateral #30-2 to #30-3.

2016
Install 20 Ft. of 21" dia PVC pipe in lateral #30-6 to #30-7.
Property access driveway culvert at Gibson Lane.

2015
Install 360 Ft. of 18" dia PVC pipe in lateral #50 and #50-1.
Install 880 Ft. of 21" dia PVC pipe in lateral #50-2.

2014
Install 20 Ft. of 18" dia SCH 10 steel pipe on lateral #68, Emergency Construction.

2014
Install 760 Ft. of 18" dia gasket joint type PVC pipe in lateral #30-4 to #30-6. The 18" steel corrugated pipe that was there failed. One service connection outlet was also replaced.

2014
Install 340 ft. of 15" dia PVC pipe in lateral #36-3-3 to #36-3-4.

2013
Install 60 Ft. of 15" PVC pipe in lateral #20-5.
Job was started in 2012, but completed with Board approval in 2013.

2013
Install 20 Ft. of 18" dia HDPE pipe in lateral #36-18, property access culvert to delivery water.

2012 / 2013
Install 520 Ft. of 15" dia PVC pipe in lateral #18A-1-2 to #18A-1-4 and lateral #18B-3 to #18B-4.
Job was started in 2012, but completed in 2013.

2012 / 2013
Install 1600 Ft. of 18" PVC pipe and 8 - 18" toggle gates with 4" extensions in lateral #17-1 to #17-4.
Job was started in 2012, but completed in 2013.

2011
Installed 60 Ft. of 18" dia. PVC pipe in lateral #50 from #50-3 downstream on main lateral to replace failed steel pipe.

2011
Installed 60 Ft. of 12" dia. PVC pipe in lateral #44 to increase delivery head to customer and control overflow problem during water delivery.

2010
Installed 1,480 Ft. of 18" dia. pipe in open ditch lateral #79-2-1 to #79-2-2. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

2010
Installed 120 Ft. of 18" dia. pipe in open ditch lateral #30-10. This project was to increase the head on delivery on lateral #30-10. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

2009
Installed 1,520 Ft. of 18" dia. pipe in open ditch lateral #79-2-2 to #79-2-3. It has always been the districts goal to place all open dirt laterals in pipe to conserve water and the cost of maintenance.

2009
Installed 145 Ft. of 12" dia. pipe in open ditch lateral #52-1. Replaced old collapsed low head pipe.

2008
Installed 1,700 Ft. of 15" dia. pipe in open ditch lateral #79-1 to #79-2 to control erosion and loss of landowner property. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

2008
Installed 560 Ft. of 15" dia. pipe in open ditch lateral #79-2 to #79-3 to control erosion and loss of landowner property. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

***2008 JOINT PVID LANDOWNER PROJECT**

Installed 1,020 Ft. of 15" dia. pipe in open ditch lateral #2-2 to #2-4 to control erosion and landowner needed additional head to be able to fill frost water pond and could not wait for district construction schedule. District paid for pipe and elbows. Landowner paid for all valves, fittings and performed installation. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

2008

Installed 520 Ft. of 18" dia. pipe in open ditch lateral #50-3-1 to #50-3-2 to replace failed old steel pipeline.

2008

Installed 210 Ft. of 18" dia. pipe in open ditch lateral #30-2 to #30-3 to control extensive erosion and loss of landowner property. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

2008

Installed 225 Ft. of 18" dia. pipe in open ditch lateral starting at main gate #50 that flows on a steep grade causing excessive erosion. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

***2008 JOINT PVID LANDOWNER PROJECT 50/50**

Installed 80 Ft. of 18" dia. pipe in open ditch lateral beginning at #30-4 flowing east. Landowner needed to move property access crossing and needed it now. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

***2007 JOINT PVID LANDOWNER PROJECT**

Installed 220 Ft. of 15" dia. PVC pipe in open ditch lateral #79-3 to #79-4. Landowner agreed to install if they could do it right now. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

2007

Installed 140 Ft. of 18" dia. pipe to replace failed steel pipe in main lateral at #36-10. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

2007

Installed 512 Ft. of 18" dia. pipe to replace open ditch lateral at #50-3-3 to #50-3-4. It has always been the districts goal to place all open dirt laterals in pipe to conserve water and the cost of maintenance.

2005

Installed 220 Ft. of 18" dia. pipe to replace open ditch lateral at #50-4 to #50-5. It has always been the districts goal to place all open ditch laterals in pipe to conserve water and the cost of maintenance.

2005

Replaced 30 Ft. of 18" dia. steel pipe in lateral #17-8 property access crossing and drain.

***2004 JOINT PVID LANDOWNER PROJECT**

Installed 100 Ft. of 18" dia. pvc pipe in cement open lateral #30-6 at customer request for customer purpose only. Customer purchased all materials and district assisted with installation.

2003

Installed 640 Ft. of 15" dia. pvc pipe in lateral #18 A-3-2 to #18 A-3-3 to control erosion and excessive loss of water during delivery . This lateral was also picking up sub-flow from adjacent land when being flood irrigated.

2003

Installed 820 Ft. of 15" dia. pvc pipe in lateral #82 to control erosion and excessive loss of water during delivery.

2003

Installed 460 Ft. of 18" dia. pvc pipe in lateral #36-8 to #36-9 too control erosion and excessive loss of water during delivery and overflowing into adjacent property.

2003

Rebuilt 120 Ft. of steel pipe flume crossing Hawn Creek on lateral #36.

2003

Replaced 170 Ft. of the steel Lennon Flume sections only on Busch Creek Flume.

2002

Installed 260 Ft. of 18" dia. pipe from main gate #18-A to #18 A-1 to control overflow damage to adjacent landowners.

2001

Installed 124 Ft. of 15" pipe in lateral #36-4-4 to complete the last section of the open dirt ditch lateral in jeopardy of washing out into Hawn Creek.

2001

Installed 120 Ft. of 15" pipe in lateral #36-4-2 to #36-4-4 the first section of the open dirt ditch lateral in jeopardy of washing out into Hawn Creek.

2001

Installed 520 Ft. of 15" dia. pipe in open ditch lateral #18-3-1 to #18-4. It has always been the districts goal to place all open dirt laterals in pipe to conserve water and the cost of maintenance.

***2000 JOINT PVID LANDOWNER PROJECT**

Installed 1160 Ft. of 15" dia. pipe the entire length of lateral #65. No problem with leakage, landowner did not want the open ditch so he agreed to perform all construction if we paid for all materials. It has always been the districts goal to place all open dirt laterals in pipe to conserve water and the cost of maintenance.

2000

Replaced 205 Ft. of failed corrugated steel pipe with 18" dia. PVC pipe in lateral #50-2 to #50-3.

2000
Installed 1,100 Ft. of 15" dia. PVC pipe in open ditch lateral #85. It has always been the goal of the district to place all open dirt laterals in pipe to conserve water and the cost of maintenance.

***1999 LANDOWNER PROJECT**
Landowner did not want an open ditch lateral through his property at gate #70-2. The Board allowed H&W to purchase and install 200 Ft. of 12" PVC pipe to our specifications.

1999
Installed 200 Ft. of 15" dia. PVC pipe in lateral #20-1 to #20-2. It has always been the goal of the district to place all open dirt laterals in pipe to conserve water and the cost of maintenance.

1999
Installed 440 Ft. of 12" dia. PVC pipe in lateral #60. Lateral leaked into customers hay field when neighbor irrigates. It has always been the goal of the district to place all open dirt laterals in pipe to conserve water and the cost of maintenance.

1998
Installed 760 Ft. of 15" dia. PVC pipe in lateral #7-2 to #7-3. Lateral leaked into customers hay fields during harvest. It has always been the goal of the district to place all open dirt laterals with pipe to conserve water and the cost of maintenance.

1997
Installed 760 Ft. of 15" dia. PVC pipe in lateral #7-3 to #7-5. Lateral leaked into customers hay fields during harvest. It has always been the goal of the district to place all open dirt laterals with pipe to conserve water and the cost of maintenance.

1997
Installed 1,900 Ft. of 12" dia. pvc pipe in open ditch lateral #75 from main canal service to the Hammond and Lanam properties. This lateral was a joint maintenance lateral through Hammonds with many problems.

1997
Replaced 1040 of leaking/failing 18" dia. cement pipe adjacent to Busch Creek with pvc from lateral #20-3 to #20-4 on to #20-5.

***1997 JOINT PVID LANDOWNER PROJECT**
District purchased 180 Ft. of 12" pvc pipe and landowner installed in open ditch lateral #25. This was to control erosion because of the ditch grade and too make a better connection to a new pond built on the other side of Eel River Rd. from the service gate.

1996
Installed 260 of 15" dia. pvc pipe in the first phase of lateral #85 open ditch lateral. Repair of constant live stock damage and poor head to service gates at #85.

1996
Replaced 50 Ft. of 18" dia. failed steel pipe with ADS in lateral #30 at Hawn Creek Rd. crossing.

1996
Replaced 40 Ft. of 18" dia. failed steel pipe with ADS in lateral #63-3 at East Rd. crossing.

1996
Installed 60 Ft. of 18" dia. pvc pipe in lateral #17 drain to Russian River.

1996
Replaced 40 Ft. of 18" dia. failed steel pipe with pvc pipe in winter drain D-2.

1996
Replaced 14 Ft. of 18" dia. failed steel pipe with pvc pipe in lateral #30 property access crossing at H. Foster property.

1996
Installed 1200 Ft. of 15" dia. pvc pipe in lateral #7 main gate to #7-2. It has always been the goal of the district to place all open dirt laterals with pipe to conserve water and the cost of maintenance.

1994
Replaced 40 Ft. of 24" dia. failed steel pipe with new steel pipe in lateral #17-6 drain section to creek.

1993
Replaced 400 Ft. of 15" dia. failed and leaking cement pipe with pvc pipe in lateral #83-2.

***1991 JOINT PVID LANDOWNER PROJECT**
Installed 400 Ft. of 12" dia. pvc pipe in lateral #70 from the service main south and east through the vineyard that was low head pipe that had collapsed. Welch Management paid for 230 ft. of the pipe so we would construct the replacement line down the road rather than through the middle of the vineyard.

1991
Replaced 740 Ft. of 15" dia. pvc pipe from service box #20-5 north that was low head pipe and improperly installed that completely collapsed. We rebuilt concrete service box #20-5 also.

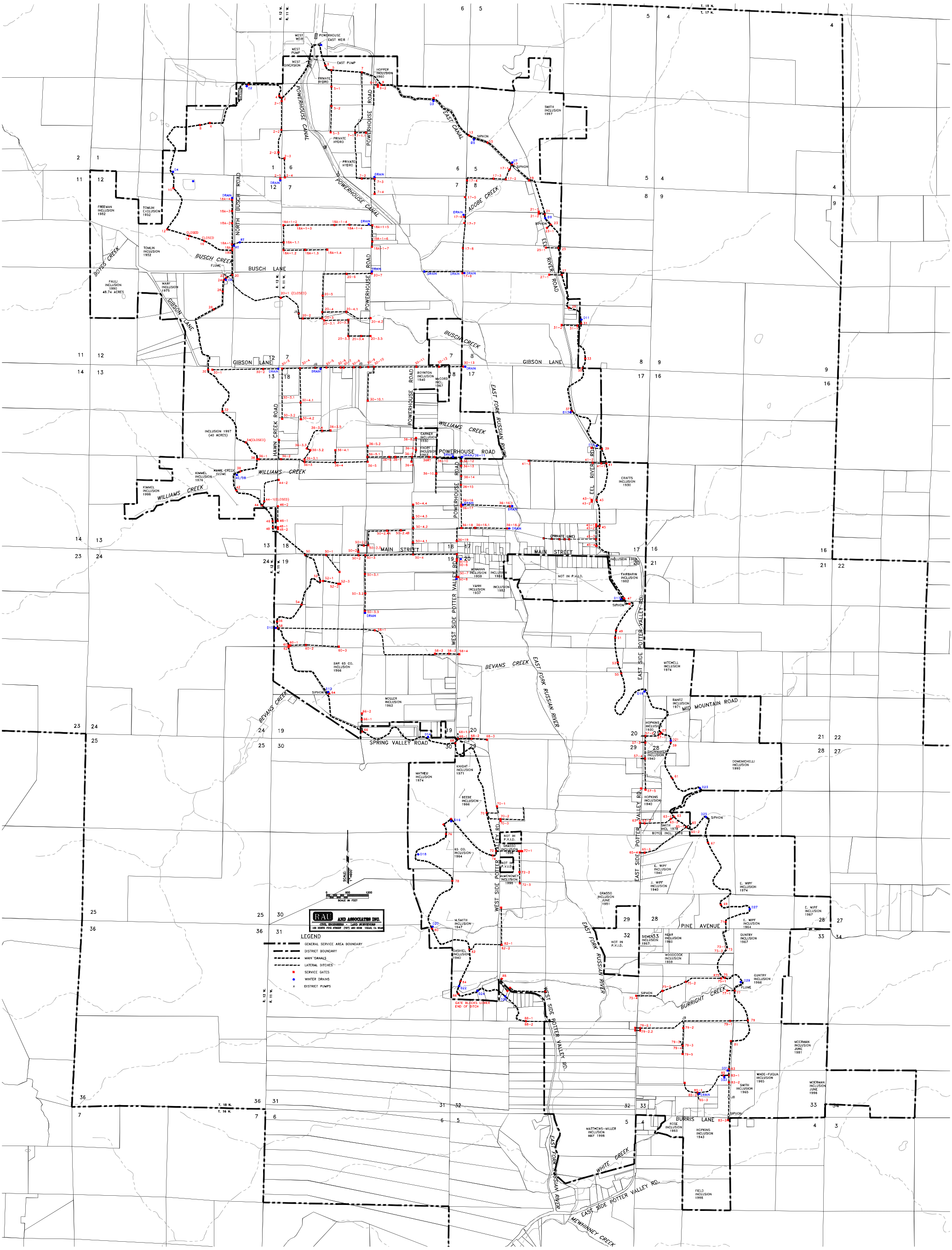
1991
Replaced 120 Ft. of failed steel pipe with 18" pvc pipe across creek at lateral #17 -6 and drain.

***1991 JOINT PVID LANDOWNER PROJECT**
Landowner purchased 220 Ft. of 12" dia. pvc pipe and we helped install it in a section of open ditch lateral #75 where landowner dug a basement under his house twenty feet from ditch and it leaked into it. We purchased additional 60 Ft. to repair the siphon as it crossed East Rd.

1989
Replaced 40 Ft. of 12" dia. failed steel pipe with new steel pipe at lateral #27.

This list does not include all construction.

7.6 Appendix F – PVID Infrastructure Map


POWERHOUSE CANAL
EAST CANAL
POWERHOUSE ROAD
NORTH BUSCH ROAD
BUSCH CREEK
BUSCH LANE
GIBSON LANE
ADOBE CREEK
EEL RIVER
EEL RIVER ROAD
BORGS CREEK
WILLIAMS CREEK
HAWN CREEK ROAD
POWERHOUSE ROAD
MAIN STREET
WEST SIDE POTTER VALLEY RD.
EAST SIDE POTTER VALLEY RD.
EAST FORK RUSSIAN RIVER
BEVANS CREEK
SPRING VALLEY ROAD
MID MOUNTAIN ROAD
PINE AVENUE
BURRIS LANE
BURRIGHT CREEK
WHITE CREEK
MEWHINNEY CREEK
FREEMAN INCLUSION 1982
TOMLIN EXCLUSION 1952
TOMLIN INCLUSION 1952
PAULI INCLUSION 1990 48.74 ACRES
WARF INCLUSION 1975
INCLUSION 1997 (40 ACRES)
KIMMEL INCLUSION 1998
KIMMEL INCLUSION 1976
HOPPER INCLUSION 1960
SMITH INCLUSION 1997
BOYNTON INCLUSION 1940
McCORD INCL. 1967
CARNER INCLUSION 1930
KNOPF INCLUSION 1962
CRAFTS INCLUSION 1930
MINAHAN INCLUSION 1959
VANN INCLUSION 1937
INCLUSION 1982
INCLUSION 1998
FAIRBARIN INCLUSION 1982
BAR 65 CO. INCLUSION 1966
MOLLER INCLUSION 1963
MITCHELL INCLUSION 1974
BANTZ INCLUSION 1977
HOPKINS INCLUSION 1930
SHOWAKER INCLUSION 1940
DOMENICHELLI INCLUSION 1990
MATHIEU INCLUSION 1974
KNIGHT INCLUSION 1971
BEEBE INCLUSION 1966
65 CO. INCLUSION 1964
HOPKINS INCLUSION 1940
SMITH INCL. 1978
BOYCE INCL. 1975
E. WIPF INCLUSION 1940
J. WIPF INCLUSION 1940
E. WIPF INCLUSION 1974
E. WIPF INCLUSION 1964
E. WIPF INCLUSION 1967
GUNTRY INCLUSION 1967
GUNTRY INCLUSION 1966
GRASSO INCLUSION 1998
GRASSO INCLUSION JUNE 1981
M.SMITH INCLUSION 1947
DASHIEL INCLUSION 1940
SIEMSEN INCLUSION 1967
NEAR INCLUSION 1960
WOODCOCK INCLUSION 1959
NOT IN P.V.I.D.
MOERMAN INCLUSION JUNE 1981
MOERMAN INCLUSION JUNE 1996
WADE-FUQUA INCLUSION 1965
SMITH INCLUSION 1965
ROSE INCLUSION 1983
HOPKINS INCLUSION 1943
MATTHEWS-MILLER INCLUSION MAY 1998
FIELD INCLUSION 1998
SIPHON
FLUME
PRIVATE HYDRO
WEST WEIR
POWERHOUSE EAST WEIR
WEST PUMP
WEST DIVERSION
EAST PUMP
DRAIN
JB
RT
CLOSED
GATE BLOCKS LOWER END OF DITCH
T. 18 N.
T. 17 N.
R. 12 W.
R. 11 W.
SCALE: 1" = 600'
0 600 1200
SCALE IN FEET
RAU AND ASSOCIATES INC.
CIVIL ENGINEERS • LAND SURVEYORS
100 NORTH PINE STREET (707) 462-0196 UKIAH, CA 95482
LEGEND
GENERAL SERVICE AREA BOUNDARY
DISTRICT BOUNDARY
MAIN CANALS
LATERAL DITCHES
SERVICE GATES
WINTER DRAINS
DISTRICT PUMPS

7.7 Appendix G –New Eel-Russian Facility MOU

MEMORANDUM OF UNDERSTANDING
TO ADVANCE A WATER DIVERSION AGREEMENT
FOR A NEW EEL-RUSSIAN FACILITY

February 7, 2025

This "Memorandum of Understanding" (MOU) is entered into by the California Department of Fish and Wildlife (CDFW), California Trout, Eel-Russian Project Authority (ERPA), Humboldt County, Mendocino County Inland Water and Power Commission (IWPC), Round Valley Indian Tribes (RVIT), Sonoma County Water Agency (Sonoma Water), and Trout Unlimited (Parties) through their executive leadership, to state the proposed terms for a Water Diversion Agreement for a new Eel-Russian Diversion Facility (NERF). The Parties commit to work expeditiously to finalize such agreement before July 29, 2025.

1. Recitals.

1.1. Pacific Gas and Electric Company (PG&E) is the licensee for the Potter Valley Project (PVP or Project). Since 1908 the Project has diverted water from the Eel River Basin into the Russian River Basin, for power generation and water supply. The Project has adversely affected anadromous fisheries, environmental quality, and related beneficial uses of water in the Eel River Basin.

1.2. The Federal Energy Regulatory Commission (FERC) issued the current license for PVP on October 4, 1983. That license expired on April 14, 2022. Since that time, PG&E has operated the Project under annual licenses.

1.3. On January 25, 2019, PG&E filed a notice with FERC stating that it will not seek or hold a new license for the Project. On May 11, 2022, FERC directed PG&E to file a plan and schedule for license surrender. PG&E is expected to file its license surrender application by July 29, 2025.

1.4. In December 2023, Sonoma Water, Sonoma County, and IWPC formed ERPA as a joint powers authority. RVIT subsequently joined ERPA's Board of Directors.

1.5. ERPA proposes to construct, operate, and maintain the NERF, to divert water from the Eel River, at the site of and following the decommissioning and removal of Cape Horn Dam, on terms consistent with restoration of the anadromous fisheries of the Eel.

1.6. The Parties are negotiating a Water Diversion Agreement to avoid conflict over water resources, promote timely Eel River restoration and to achieve co-equal goals for the Eel and Russian River Basins (the "Two-Basin Solution"):

1.6.1. Improving fish migration and habitat on the Eel River with the objective of achieving naturally reproducing, self-sustaining, and harvestable native anadromous fish populations; and

1.6.2. Maintaining material and continued water diversion from the Eel River through the existing tunnel to the Russian River to support water supply reliability, fisheries, and water quality in the Russian River Basin.

1.7. The Parties are negotiating the Water Diversion Agreement with the following intentions:

1.7.1. Advance the timely removal of Scott Dam and Cape Horn Dam through a cooperative approach with PG&E and interested parties from Eel and Russian River watersheds;

1.7.2. Develop criteria for water diversions based on the best available scientific information to ensure that water diversions will be consistent with the recovery of Eel River fisheries and a functioning ecosystem;

1.7.3. Secure equitable state and federal funding for substantial investments in water infrastructure within the Russian River basin and ecosystem restoration within the Eel River basin;

1.7.4. Take a significant step toward restorative justice for RVIT and reconciliation with the history of adverse impacts on Eel River communities associated with out-of-basin diversions; and

1.7.5. Establish a durable and mutually supportive relationship between the Eel and Russian Rivers basins and provide a strong foundation for continued regional collaboration based on incentives and mutual benefit.

2. **Purpose of MOU**. This MOU reflects essential terms that the Parties propose to include in a Water Diversion Agreement. The Parties will continue to work together to finalize a Water Diversion Agreement before July 29, 2025.

3. PG&E's License Surrender Application for the PVP.

3.1. Decommissioning. PG&E has stated: "PG&E's decommissioning plan will include the removal of in water facilities such that no feature will continue to impound water and the natural flow of the river will occur."

3.2. Support. The Parties support PG&E's removal of both Scott and Cape Horn Dams as part of license surrender. The Parties further support undertaking such decommissioning as expeditiously as practicable, targeting 2028 for commencement of such work. The Parties agree that NERF construction will not interfere with or delay such Decommissioning in any way.

3.3. Non-Project Use. The Parties agree to ask PG&E, in its license surrender application, to propose that FERC authorize NERF construction as a non-Project use of Project lands and facilities in the vicinity of Cape Horn Dam.

4. Disposition of Project Water Rights.

4.1. Transfer of PG&E Water Rights. The Parties agree to support the transfer of the Project's appropriative water rights from PG&E to ERPA. The Parties propose that such transfer occur concurrent with the transfer of Project lands and facilities necessary for construction and operation of NERF, subject to any reservation necessary for PG&E's continuing compliance with the license surrender order. Subject to Section 11.1, the Parties agree to support the transfer of each water right from ERPA to RVIT immediately after closing with PG&E, and ERPA's not operating NERF until such transfer occurs.

4.2. Use of Water Rights Following Transfer. Subject to Section 11.1, the Parties agree to support RVIT's dedication of all such transferred water rights to instream beneficial uses in the Eel River, except for that portion that is diverted into the Russian River Basin by NERF pursuant to a lease between RVIT and ERPA as stated in Term 7 below.

5. Disposition of Project Lands and Facilities. The Parties agree to support the transfer from PG&E to ERPA of all Project lands and facilities necessary for construction and operation of NERF, such transfer to occur when authorized by FERC.

6. Design and Construction of the New Eel-Russian Facility.

6.1. Design. The Parties support a design and construction of NERF using a pumping system for water diversion near the existing Cape Horn Dam site, as reflected in McMillen Inc., *Potter Valley Project Diversion Facilities Assessment - Preliminary Engineering Report* (May 25, 2024).

6.2. Responsibilities. ERPA will be responsible for the construction, operation, and maintenance of NERF. ERPA will be responsible to secure necessary funds for this purpose, as needed to supplement available public funds secured under Term 9.

7. Water Right Lease for the Operation of NERF. RVIT and ERPA agree to enter into a lease authorizing ERPA to operate NERF using RVIT's water right to divert flow from the Eel River.

7.1. Diversion Schedule. ERPA will operate NERF to divert flow into the Russian River Basin in compliance with "Draft Diversion Rules" (Attachment 1).

7.2. Environmental Outcomes.

7.2.1. Performance Metrics. The Parties agree to the performance metrics contained in "Draft Framework for Monitoring and Evaluating NERF Operations" (Attachment 2), stating the expected outcomes of the diversion. Such metrics are intended to assure that the diversion into the Russian River Basin does not harm native fisheries in the Eel River Basin.

7.2.2. Monitoring Plan. ERPA will develop a monitoring plan in collaboration with other Parties, as a condition of its anticipated federal and state regulatory approvals. The plan will require annual and five-year reports stating the monitoring results. ERPA will solicit comments from the appropriate federal and state regulatory agencies on these reports and will respond in writing to such comments.

7.2.3. Meet and Confer. The Parties will meet and confer every five years (5), at a minimum, to review the monitoring results, including comments from regulatory agencies.

7.2.4. Adaptive Management. The diversion schedule will be changed on the recommendations of a technical committee, if monitoring results demonstrate that NERF operations have caused

environmental impacts on the Eel River that are materially different than expected in the performance metrics.

7.3. Use Charge and Restoration Payment. The Parties agree that the lease will provide for ERPA to pay to RVIT a Use Charge and a separate Eel River Restoration Payment.

7.3.1. Payment Amounts in the Initial Term.

(i) ERPA will pay a Use Charge of $1,000,000 per year to RVIT, in consideration for the use of RVIT's water rights for the operation of NERF. RVIT's Tribal Council may use these funds for any lawful purpose.

(ii) ERPA will make a Restoration Payment to RVIT, in recognition of RVIT's forbearing to assert federally reserved water and fishing rights against ERPA during the term of the lease. (a) The amount will be $750,000 per year. (b) The amount will increase to $1,000,000 per year if funding under Section 9.1.2 covers 100% of the construction cost of NERF. Such increase in funds will be split between the Use Charge and Restoration Payment as specified in the Water Diversion Agreement. (c) The amount stated in (a) will be adjusted on a sliding scale, if funding under Section 9.1.2 covers more than 75% but less than 100% of such construction cost. (d) As the basis for an increase in Restoration Payment under (b) – (c) above, such funding must be secured by December 2027, when ERPA otherwise would seek bond financing to cover such construction cost. (e) RVIT will pay these funds over to the Restoration Fund as specified in the Water Diversion Agreement.

(iii) The Use Charge and Restoration Payment will be due on January 1 of each year of operation of NERF, as specified in the Water Diversion Agreement.

7.3.2. Payment Amounts in Renewal Term. In Year 31, the Use Charge and Restoration Payment will increase from the amount in Year 30 by (i) 50% of the savings from retirement of any bond that ERPA used to finance the construction of NERF, or (ii) 15%, whichever is greater. Such increase in funds will be split

between the Use Charge and Restoration Payment as specified in the Water Diversion Agreement, provided that at least 50% of such increase will be allocated to the Use Charge.

7.3.3. Index. The Use Charge and Restoration Payment will be adjusted based on California CPI or other mutually agreeable index stated in the Water Diversion Agreement.

8. Term for Diversion.

8.1. Initial Term. The Parties agree that NERF will operate for an initial term of 30 years, beginning on the date operation begins.

8.2. Renewal Term. The Parties agree that the operation of NERF may be extended an additional 20 years upon the satisfaction of the following conditions:

8.2.1. On or after January 1, 2025, the Eel River Restoration Fund has received at least $25 million in funds as specified in Term 9.1.1, excluding the Restoration Payment pursuant to Term 7.3.1(ii).

8.2.2. ERPA has substantially complied with the agreed upon payment and water diversion provisions.

8.2.3. ERPA demonstrates that continued diversion is not expected to materially adversely affect recovery of the native fish species in the Eel River during the renewal term, as documented in a report that (i) summarizes the status of species recovery (post-dam removal) on the Eel River upstream of the Middle Fork; (ii) analyzes the impact (if any) of the diversions under this Agreement on such recovery, not limited to compliance with the requirements of any Biological Opinion issued for NERF; and (iii) documents the changes that have resulted from adaptive management.

8.2.4. ERPA demonstrates a continued need for diversion from the Eel River for water supply reliability, fisheries, and water quality in the Russian River basin during the renewal term.

8.2.5. ERPA demonstrates that its members and other authorized water users in the Russian River basin have made substantial efforts during the Initial Term to achieve self-reliance at the conclusion of the renewal term, anticipating that the diversion from the Eel

River basin will terminate if subsequent renewal does not occur or if NERF reaches the end of its useful life, whichever is sooner.

8.3. Discretionary Renewal. At the conclusion of the Renewal Term, the Parties then in existence will decide whether to enter into a successor agreement regarding any continuing operation of NERF.

8.4. Removal of NERF. At the end of the useful life for NERF, or the termination of the Water Diversion Agreement and any successor thereto, whichever comes first, ERPA will be responsible for shutting down and removing the facility.

9. Additional Funding.

9.1. First Funding Phase. The Parties will make reasonable and material efforts to raise federal, state, and private funds (measured in 2025 dollars) to implement the Two-Basin Solution:

9.1.1. Eel River Restoration Fund. The Parties will undertake to raise $50 million to contribute to the restoration of the Eel River fisheries. This amount includes the funds paid by ERPA through the Restoration Payment specified in Term 7.3.1(ii). This amount is expected to be additional to, and not supplant, funds historically allocated to Eel River restoration. RVIT and other Parties will establish mutually agreeable arrangements for the governance and management of Eel River Restoration Fund, as well as an annual report on the use of such funds, which are intended to be used to effect significant change in the environmental conditions that currently impair the fisheries. Such arrangements will include measures to provide for the participation in restoration efforts by other Indian tribes in the Eel River watershed, or that have connections to the watershed. The Water Diversion Agreement will include the details of such arrangements.

9.1.2. NERF. The Parties will undertake to raise $50 million for the design, permitting, and construction of NERF. This amount does not include the bond financing obtained by ERPA, or the use charges paid by water users to ERPA, Sonoma Water, or IWPC. ERPA will prepare an annual report on the use of such funds, to demonstrate progress in completion of this facility.

9.2. Second Funding Phase. Parties will jointly undertake to raise additional funds for continued implementation of the Two-Basin Solution, in the following amounts (as measured in 2025 dollars): $100 million for Eel River Restoration Fund, and $100 million for projects to enhance water supply reliability in the Russian River Basin.

10. Dispute Resolution. The Parties agree to use a dispute resolution procedures to resolve all disputes related to the implementation of Water Diversion Agreement.

10.1. Range of Procedures. Such procedures will include meet-and-confer, mediation, arbitration, and enforcement by a court or a regulatory agency.

10.2. Enforceability. The Parties intend that the Water Diversion Agreement will provide for enforceability of the commitments therein, including a limited waiver of sovereign immunity by RVIT as necessary for such enforceability.

10.3. RVIT. The Parties acknowledge and support the assertion of sovereign immunity by RVIT in any action by a third party challenging the validity or legality of this MOU and/or the Water Diversion Agreement, including but not limited to the defense of indispensable party.

11. Signature of this MOU. The Parties agree to the following provisions, where "Participant" and "Party" have the same meaning.

11.1. No Legal Obligations, Rights, or Remedies. This Memorandum of Understanding is a voluntary initiative. It does not create any legally binding rights or obligations and creates no legally cognizable or enforceable rights or remedies, legal or equitable, in any forum whatsoever. In addition, the pledges in this Memorandum of Understanding are not conditioned upon reciprocal actions by other Participants; each Participant retains full discretion over implementation of its pledges in light of the Participant's individual circumstances, laws, and policies; and each Participant is free to withdraw from the Memorandum.

11.2. No Pre-Decisional Determination. Nothing in this MOU is intended or will be construed to be a pre-decisional determination by any public agency Party to sign a Water Diversion Agreement or any other agreement. Each such Party must give due consideration to any terms negotiated by the Parties before deciding whether to sign a Water Diversion Agreement. All Parties further recognize that each public agency Party may need to comply with the California Environmental Quality Act and other applicable laws prior to making any legally binding commitments.

11.3. Compliance with Applicable Laws. This Memorandum of Understanding shall be construed consistent with all applicable laws, and activities undertaken in connection with this Memorandum of Understanding shall be subject to, and shall be undertaken in a manner consistent with, all otherwise-applicable laws.

11.4. Availability of Personnel and Resources.

11.4.1. This Memorandum of Understanding does not involve the exchange of funds, nor does it represent any obligation of funds by either Participant. All costs that may arise from activities covered by, mentioned in, or pursuant to this Memorandum of Understanding will be assumed by the Participant that incurs them, unless otherwise expressly agreed in a future written arrangement in accordance with applicable laws. All activities undertaken pursuant to this Memorandum of Understanding are subject to the availability of funds, personnel and other resources of each Participant.

11.4.2. The personnel designated by a Participant for the execution of this Memorandum of Understanding will work under the orders and responsibility of that Participant and any other organization or institution to which the personnel already belongs, at all times maintaining any preexisting employment relationship only with that Participant and organization or institution, and not with any other Participant.

11.5. Interpretation and Application. Any difference that may arise in relation to the interpretation or application of this Memorandum of Understanding will be resolved through consultations between the Participants, which will endeavor in good faith to resolve such differences.

11.6. Effect of Signature. This MOU may be signed by executive leadership for the Parties. For each Party, execution and implementation of a Water Diversion Agreement is conditioned upon and subject to approval by the decisional body of the Party, as may be required. By signing this MOU, the Parties confirm their commitment to continue efforts to finalize a Water Diversion Agreement, consistent with the terms outlined in this MOU, with a goal that the Water Diversion Agreement be executed prior to PG&E filing its license surrender application with FERC, or July 29, 2025.

11.7. Counterparts. This MOU may be signed in counterparts. For convenience, the signature blocks are organized in alphabetical order by Party.

\\

Dated: February ____, 2025

_____
California Department of Fish and Wildlife

Dated: February ____, 2025

_____
California Trout

Dated: February ____, 2025

_____
Humboldt County

Dated: February ____, 2025

_____
Mendocino County Inland Water and Power Commission

Dated: February ____, 2025

_____
Round Valley Indian Tribes

Dated: February ____, 2025

_____
Sonoma County Water Agency

Dated: February ____, 2025

_____
Trout Unlimited

Attachment 1

New Eel-Russian Facility

Draft Diversion Rules

February 7, 2025

1 PURPOSE

The rules for the diversions from the Eel River to the Russian River (Diversion Rules) are intended to ensure that the Eel Russian Project Authority (ERPA) operates the New Eel-Russian Facility (NERF) and diverts water in a manner that protects Eel River biological resources and ecological processes. This Appendix describes the Diversion Rules and provides an overview of the ecological objectives that the rules are anticipated to protect.

2 OPERATIONAL CONDITIONS

The Diversion Rules include the following conditions:

- All measurements described in this Appendix are in cubic feet per second (cfs);
- Diversions will occur at the NERF;
- Continuous (e.g., 15-minute to hourly) streamflow gaging will occur on-site to measure inflows to the NERF that define diversion rates;
- Diversions will occur on a sub-daily timestep (specific time step to be determined) due to variable frequency drive diversion pumps and on-site streamflow gaging;
- The minimum instantaneous flow that can be diverted is 5 cfs based on assumed pump constraints; and,
- The maximum instantaneous flow that can be diverted is 300 cfs based on the diversion tunnel capacity.

3 COMPONENTS OF DIVERSION RULES

Unimpaired Flow: Unimpaired Flow is the Eel River streamflow immediately upstream of the NERF prior to any diversion by the NERF.

Floor: The Floor is the minimum Unimpaired Flow that is required for diversions to commence. Once the Unimpaired Flow drops below the Floor, or the allowable diversion amount is less than 5 cfs, diversions stop.

Maximum Diversion Rate as a Percent-of-flow (POF): POF diversion rates are the maximum allowable diversion amount, expressed as a percent of the Unimpaired Flow. Incorporating maximum diversion amounts as a POF precludes the need for water-year typing.

Ramping Rates: Ramping rates describe the rate that the diversion can accelerate, starting at no diversions at the Floor up to the Maximum Diversion Rate as a POF. Ramping rates ensure that once diversions commence, flows do not drop below the Floor, and that Eel River flows downstream of the NERF do not fluctuate due to the diversion. Diversions can commence once the Unimpaired Flow is above the Floor, and gradually increase (maintaining the Floor in the Eel River) until the diversion rate reaches the Maximum Diversion Rate (e.g., 20% POF).

Timestep of Operations: The timestep of diversion operations will be as short as possible to mimic natural hydrograph patterns, and will be finalized based on results of ongoing design of the NERF.

4 DIVERSION RULES

4.1 Considerations for Diversion Rules by Season

Diversion Rules were developed for four seasonal periods based on the natural hydrograph and life history of focal fish species. The components of the natural flow regime, priority ecological considerations for the mainstem Eel River, and hypotheses behind the diversion rules for each season are described below.

Fall Flows (October 1 – December 31):

Hydrograph components: Low baseflows, initial fall pulse flows.

Primary Ecological Considerations: Adult fall-run Chinook passage and spawning.

Hypotheses Driving Diversion Rules: Adult Chinook Salmon rely on fall pulse flows to move through all critical riffles from the lower Eel River to upper mainstem and tributaries. The first fall pulse flows cue fish migration and is critical to reduce pre-spawn mortality. Adult Chinook salmon are assumed to be able to travel upstream from the ocean to the NERF in 5 days. Baseflows between the fall pulse flows also provide habitat for Chinook Salmon spawning and egg incubation.

Winter Flows (January 1 – February 29):

Hydrograph components: Elevated wet season baseflows, storm peaks.

Primary Ecological Considerations: Adult winter-run steelhead passage and spawning.

Hypotheses Driving Diversion Rules: Elevated baseflows maintain volitional and unimpeded adult steelhead passage and maintain spawning habitat and egg incubation during winter for Chinook and Steelhead. Storm peaks maintain a dynamic channel, mobilize gravel and cobble, and support healthy benthic communities and food webs before spring.

Spring Flows (March 1 – May 31):

Hydrograph components: Early-spring recession, spring pulse flows.

Primary Ecological Considerations: Juvenile Chinook and steelhead rearing and outmigration, adult summer-run steelhead passage, non-native fish predation.

Hypotheses Driving Diversion Rules: The spring recession supports adult summer-run steelhead migration, juvenile Chinook and steelhead rearing, natural rates of water warming, and increased food web production. Elevated spring flows reduce upstream movement of non-native predatory pikeminnow. Spring pulse flows can re-set the food web to encourage healthy benthic communities.

Summer Flows (June 1 – September 30):

Hydrograph components: Late-spring recession, summer baseflows.

Primary Ecological Considerations: Juvenile steelhead rearing and redistribution, maintenance of river productivity.

Hypotheses Driving Diversion Rules: Summer baseflows maintain food web productivity, suitable water temperatures for salmonids, and enable juvenile steelhead redistribution to tributaries or cold-water refugia.

4.2 Summary of Diversion Rules

The Diversion Rules, including Floor, Maximum Diversion Rate as a POF, Ramping Rates, and additional flow rules for the four seasons are provided in Table 1.

Table 1. Summary of Diversion Rules including Floor, Maximum Diversion Rate as a POF, Ramping Rates, and additional rule for the Fall Flows season. Detailed diversion rate tables are shown in Section 5.

	Fall Flows*	Winter Flows	Spring Flows	Summer Flows
Date Range:	Oct 1 – Dec 31	Jan 1 – Feb 29	Mar 1 – May 31	Jun 1 – Sep 30
Floor:	300 cfs	250 cfs	125 cfs	35 cfs
Maximum Diversion Rate:	20%	30%	20%	20%
Ramping Rates (see Section 5):	Divert the difference between Unimpaired Flow and Floor of 300 cfs until the diversion rate hits Maximum Diversion Rate at 375 cfs	Divert the difference between Unimpaired Flow and Floor of 250 cfs until the diversion rate hits Maximum Diversion Rate at 357 cfs	Divert the difference between unimpaired flow and Floor of 125 cfs until the diversion rate hits Maximum Diversion Rate at 156 cfs	Divert the difference between Unimpaired Flow and Floor of 35 cfs until the diversion rate hits Maximum Diversion Rate at 43.75 cfs

* Require one pulse flow with a duration of 5 days and magnitude of 500 cfs or greater before seasonal diversions begin.

4.3 Illustrative Examples of Diversion Rules

Ramping Rates are designed to reduce stair-stepping aspects of the Eel River hydrograph downstream of the NERF resulting from abrupt changes in diversion amounts. The Ramping Rates also allow the diversion to begin immediately once flows are above the Floor, thereby preventing flows below the NERF to drop below the Floor. Table 2 demonstrates how Diversion Rules determine the diversion amount based on the Unimpaired Flow for an example during the Winter Flows season. Figure 1 illustrates a hydrograph and diversion amounts that would result from implementing the Diversion Rules in spring and summer of a drier water year.

Table 2. Demonstration of calculation of diversion rates in the Winter Flows time period, where the Diversion Rules are: 1) 250 cfs Floor, 2) 30% Maximum Diversion Rate, 3) ramping rate allows for flows between the Unimpaired Flow and the Floor until the diversion rate hits the Maximum Diversion Rate, which occurs at 357 cfs, 4) minimum diversion capacity of 5 cfs, and 5) maximum diversion capacity of 300 cfs.

Unimpaired Flow	Percent of Unimpaired Flow Diverted to Russian River	Flow Diverted to Russian River	Eel River Flow Downstream of the NERF	Notes
250 cfs	0%	0 cfs	250 cfs	Floor, no diversion
254 cfs	0%	0 cfs	254 cfs	Above Floor, but diversion is less than 5 cfs, therefore no diversion
260 cfs	3.8%	10 cfs	250 cfs	Begin diversion because diversion flow is greater than 5 cfs, can divert the difference between the Unimpaired Flow and the Floor since diversion rate is less than the Maximum Diversion Rate
305 cfs	18%	55 cfs	250 cfs	Can divert the difference between the Unimpaired Flow and the Floor since diversion rate is less than the Maximum Diversion Rate
357 cfs	30%	107 cfs	250 cfs	Diversions reach 30% POF (Maximum Diversion Rate)

1,000 cfs	30%	300 cfs	700 cfs	Diversion at tunnel capacity, capped at 300 cfs, actual diversion POF is at 30%
1,500 cfs	20%	300 cfs	1,200 cfs	Diversion at tunnel capacity, capped at 300 cfs, actual diversion POF decreases
3,000 cfs	10%	300 cfs	2,700 cfs	Diversion at tunnel capacity, capped at 300 cfs, actual diversion POF decreases

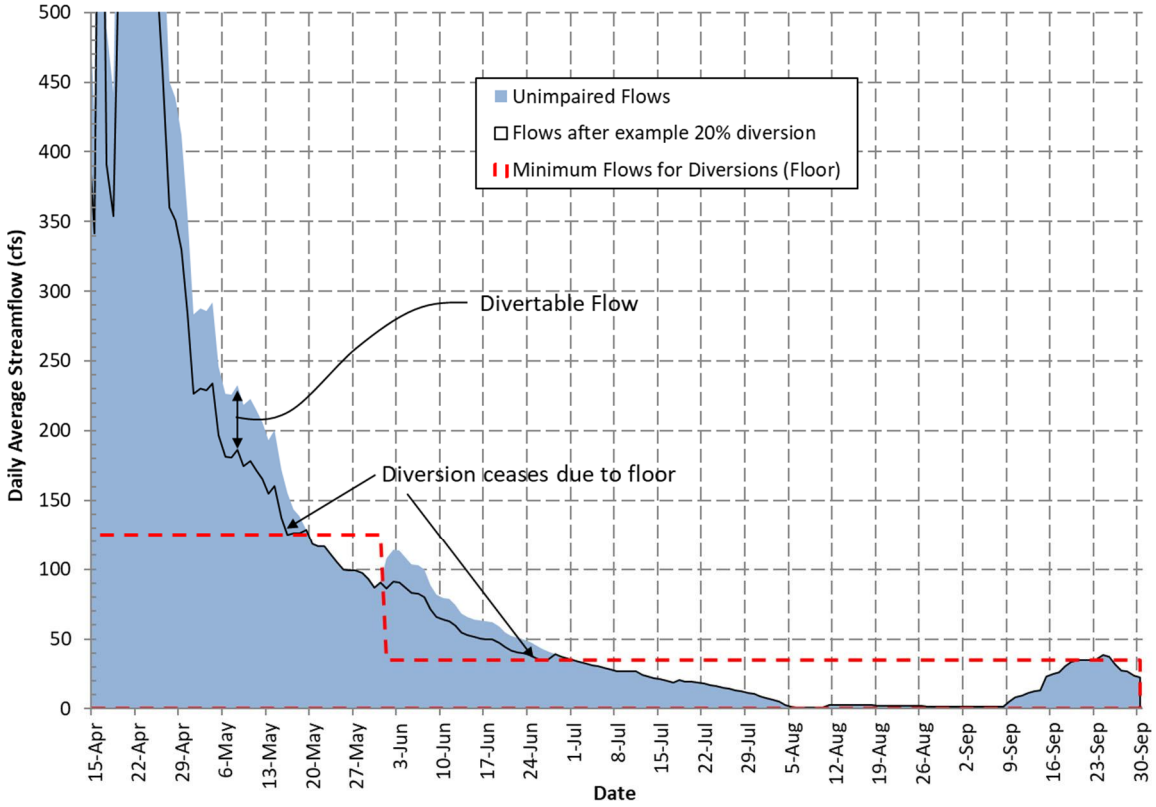


Figure 1. Example of hydrograph in the Eel River downstream of the NERF that would result from implementing the Diversion Rules in Water Year 2022, a drier water year, assuming no diversion constraints on the Russian River.

4.4 Timestep of Diversion Operations

The timestep of calculating diversion amounts will occur on a timestep that 1) is as short as possible (hours) to reduce downstream stair-stepping flows and prevent downstream flows from dropping below the Floor, and 2) is feasible given operational constraints (pumps) at the NERF. The Maximum Diversion Rate as a POF will be calculated from the Unimpaired Flow at sub-daily timesteps, assumed to be several hours. Further hydrologic and engineering analyses of the NERF pumps will determine the exact timestep of diversion operations.

5 DIVERSION RATES SCHEDULE BY SEASON

The following tables describe the schedule for increasing diversion rates when the Unimpaired Flow rises above the seasonal Floor, and before the diversion POF reaches the Maximum Diversion Rate POF. For fall, winter, and spring seasons, the schedule is shown in 5 cfs increments, while for the summer season, the schedule is demonstrated in 1 cfs increments.

Table 3. Diversion rates for Fall season (October 1 – December 31), ramping rates apply for Unimpaired Flows between 305 cfs and 370 cfs. Specific compliance rules (e.g., +/- X cfs or small buffer flow) will be refined at a later stage.

Unimpaired Flow upstream of NERF (cfs)	Diversion Flow (cfs)	Diversion POF %	Flow to the Eel River below NERF (cfs)
300	0	0.0%	300
305	5	1.6%	300
310	10	3.2%	300
315	15	4.8%	300
320	20	6.3%	300
325	25	7.7%	300
330	30	9.1%	300
335	35	10.4%	300
340	40	11.8%	300
345	45	13.0%	300
350	50	14.3%	300
355	55	15.5%	300
360	60	16.7%	300
365	65	17.8%	300
370	70	18.9%	300
375	75	20.0%	300
380	76	20.0%	304
385	77	20.0%	308
390	78	20.0%	312

Table 4. Diversion rates for Winter season (January 1 – February 29), ramping rates apply for Unimpaired Flows between 255 cfs and 355 cfs. Specific compliance rules (e.g., +/- X cfs or small buffer flow) will be refined at a later stage.

Unimpaired Flow upstream of NERF (cfs)	Diversion Flow (cfs)	Diversion POF %	Flow to the Eel River below NERF (cfs)
250	0	0.0%	250
255	5	2.0%	250
260	10	3.8%	250
261	11	4.2%	250
265	15	5.7%	250
270	20	7.4%	250
275	25	9.1%	250
280	30	10.7%	250
285	35	12.3%	250
290	40	13.8%	250
295	45	15.3%	250
300	50	16.7%	250
305	55	18.0%	250
310	60	19.4%	250
315	65	20.6%	250
320	70	21.9%	250
325	75	23.1%	250
330	80	24.2%	250
335	85	25.4%	250
340	90	26.5%	250
345	95	27.5%	250
350	100	28.6%	250
355	105	29.6%	250
357	107	30.0%	250
360	108	30.0%	252
365	109.5	30.0%	255.5
370	111	30.0%	259
375	112.5	30.0%	262.5

Table 5. Diversion rates for Spring season (March 1 – May 31), ramping rates apply for Unimpaired Flows between 130 cfs and 156 cfs. Specific compliance rules (e.g., +/- X cfs or small buffer flow) will be refined at a later stage.

Unimpaired Flow upstream of NERF (cfs)	Diversion Flow (cfs)	Diversion POF %	Flow to the Eel River below NERF (cfs)
125	0	0.0%	125
130	5	3.8%	125
135	10	7.4%	125
140	15	10.7%	125
145	20	13.8%	125
150	25	16.7%	125
155	30	19.4%	125
156	31	19.9%	125
160	32	20.0%	128
165	33	20.0%	132
170	34	20.0%	136
175	35	20.0%	140

Table 6. Diversion rates for Summer season (June 1 – September 31), ramping rates apply for Unimpaired Flows between 40 cfs and 43 cfs. Specific compliance rules (e.g., +/- X cfs or small buffer flow) will be refined at a later stage.

Unimpaired Flow upstream of NERF (cfs)	Diversion Flow (cfs)	Diversion POF %	Flow to the Eel River below NERF (cfs)
35	0	0.0%	35
36	0	0.0%	36
37	0	0.0%	37
38	0	0.0%	38
39	0	0.0%	39
40	5	12.5%	35
41	6	14.6%	35
42	7	16.7%	35
43	8	18.6%	35
43.75	8.75	20.0%	35
44	8.8	20.0%	31
45	9	20.0%	36
46	9.2	20.0%	36.8
47	9.4	20.0%	37.6
48	9.6	20.0%	38.4

6 PRIMARY REFERENCES FOR DEVELOPING DIVERSION RULES

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Attachment 2

New Eel-Russian Facility

Draft Performance Metrics and Framework for Monitoring and Evaluating Operations

February 7, 2025

1 PURPOSE

Monitoring will be conducted to ensure 1) compliance with the Diversion Rules of the Water Diversion Agreement (WDA) and 2) that the resulting Eel River flow regime protects intended ecological objectives and physical habitat downstream of the New Eel-Russian Facility (NERF).

2 ASSUMPTIONS

Assumptions of monitoring metrics presented in this attachment include:

- Monitoring described below will be conducted and/or funded by the Eel-Russian Project Authority (ERPA), with the exception of suggestions for additional Informational monitoring, Section 4.4.
- Monitoring described below will occur for the duration of the WDA unless modified as described in Section 5 or the relevant sections of the WDA.
- Results of the ERPA monitoring will be summarized in publicly available reports, and monitoring data will be made available upon request.
- State and federal agencies may have additional requirements for monitoring associated with the NERF construction and operations, and these will be conducted by the ERPA. Information from the additional requirements will be included in annual and five-year reports and reviewed by the Technical Advisory Committee (TAC).
- State, federal, tribal, and NGO entities may conduct additional informational monitoring that will be funded and conducted outside the ERPA, but will occur in a collaborative manner with ERPA.
- ERPA will make good faith and reasonable efforts to make the NERF and associated monitoring facilities available for outside parties to conduct informational monitoring.
- ERPA will support a Technical Advisory Committee for the term of the WDA. The TAC may be composed of professionals with expertise in natural resource sciences and engineering from parties to the WDA, resource agencies, and academic institutions. For more detail regarding the composition, roles, and responsibilities of the TAC, please see relevant sections of the WDA.

3 COMPONENTS OF MONITORING FRAMEWORK

Three types of monitoring metrics are defined for use in the monitoring framework:

Compliance monitoring: Compliance metrics will demonstrate that Diversion Rules are followed.

Effectiveness monitoring: Effectiveness metrics will help evaluate whether the Eel River flow regime is protective of physical habitat, including water temperature.

Informational monitoring: Informational metrics are important to understanding upper watershed fish biology, populations, water quality, and channel morphology, but may be difficult to correlate with NERF operations due to natural variability outside of the NERF footprint. This information will help evaluate flow-ecology hypotheses, ecological objectives in the Upper Eel River, and provide the necessary context for salmonid populations affected by a host of factors operating at

the watershed and marine scale (e.g., acknowledging variability caused by ocean productivity and other factors).

In addition, there may be monitoring conducted by PG&E as part of their regulatory obligations associated with PVP Decommissioning. These commitments are currently undefined and speculative, and therefore beyond the scope of this monitoring framework.There are two timescales for monitoring metrics:

Continuous monitoring (sub-daily to annual): Monitoring that will be conducted throughout the duration of the WDA. Depending on the metric, this will occur sub-daily (e.g., flow monitoring) to seasonally (e.g., adult fish counts).

Periodic monitoring (every 5 years): Monitoring or focused studies that will be conducted periodically to ensure that flow thresholds in the Diversion Rules are meeting their intended ecological objectives for physical habitat availability and fish passage. These monitoring tasks or focused studies will be conducted within 5 years of removing Scott Dam and Cape Horn Dam, and then every five years or sooner if needed (as agreed to by the TAC or WDA parties) due to episodic changes in channel morphology (e.g., following a large flood event).

4 MONITORING METRICS

Metrics that link project operations to ecological response are desirable to ensure protection of Eel River ecological resources; however, dam removal, natural variability in meteorology and confounding factors influencing fish production and adult populations make it difficult to associate potential cause-and-effect relationships between NERF operations and ecological response. In addition, ecological data collection can be resource intensive. Therefore, the metrics listed below focus on a primary Compliance metric (flow), and a core set of Effectiveness metrics (physical habitat, fish passage, water temperature) that will be directly influenced by NERF operations. Other Informational metrics may be monitored by other entities to contribute to a broader understanding of ecological response in the upper Eel River watershed. All monitoring results will be considered in the 5-year review of the NERF operations.

4.1 Compliance Monitoring

Continuous Monitoring of Water Diversion Operations

Flow will be measured continuously at a sub-daily timescale (1-hour intervals at minimum) in two locations:

1) Immediately downstream of NERF pumps at the stage control (location of former fish exclusion barrier); and,
2) In the diversion infrastructure, via pumping rates.

Unimpaired flows (inflows to the NERF) will be calculated at a minimum of hourly intervals by summing the flows immediately downstream of the NERF pumps and the diversion flows from the pumps. Diversion rates (pumping rate) will then be adjusted to follow the Diversion Rules based on computed NERF inflows. In addition, the flow monitoring stations will be tied into the operational SCADA system which will have alarms to alert an operator if the gages exceed or drop below compliance set points.

The flow measurements will be evaluated to ensure operations are in compliance with the Diversion Rules, specifically:

- Percent-of-flow diversion rates are followed at a sub-daily scale (likely 1-hour intervals);
- Ramping rates are not exceeded;

- Diversions do not cause flows below the NERF to drop below floors; and
- The timestep of operations are adequate to protect floors and the shape of the hydrograph.

In evaluating the performance of the NERF, some reasonable tolerances above and below the target Eel River release rates will be established in the future to account for uncertainties in streamflow measurements and unforeseen operational interruptions. Refinement to this metric will be conducted at a later stage as engineering and other physical factors are further understood.

4.2 Effectiveness Monitoring

Continuous Adult Fish Passage

To confirm that NERF diversions do not preclude passage of adult Chinook salmon and steelhead at the former Cape Horn Dam site (due to altered hydraulics) and through downstream critical riffles (due to flow reductions), a sonar and/or video fish monitoring system will be operated seasonally (October-April, as river conditions allow) at or near the NERF. The fish monitoring station will provide daily counts of passing adult Chinook salmon and winter-run steelhead. Adult fish passage monitoring could contribute to a life-cycle monitoring station at the NERF location (see Informational monitoring).

Periodic Physical Habitat Monitoring

Periodic physical habitat monitoring will occur to confirm that the WDA's seasonal river floor thresholds are protecting the intended ecological function as described in the Diversion Rules. The first monitoring event will occur no later than 5 years after the removal of Scott Dam and Cape Horn Dam, a timeframe that is expected to allow the Eel River channel to reach an equilibrium condition (no large-scale scour or deposition) following dam removal. After that initial survey, field surveys will be conducted at a minimum of every 5 years downstream of the NERF. Physical habitat monitoring will focus on evaluating if flow thresholds are:

1) Maintaining the depth required for passage at critical riffles on the Eel River between the NERF and Outlet Creek. A field-based reconnaissance of critical riffles will first be conducted to identify up to 3 critical riffles between the NERF and Outlet Creek, and cross sections will be surveyed and evaluated at those three riffles for fish passage flow thresholds consistent with the methods used by CDFW. Results of the fish passage monitoring will be compared with thresholds intended to provide fish passage in the Diversion Rules.
2) Maintaining habitat capacity for Chinook salmon and winter-run steelhead spawning, egg incubation, and juvenile rearing. Habitat capacity will be modeled using an index site downstream of the NERF, likely the current 1-mile-long reference site on the Eel River just upstream of Tomki Creek. The topography of an index site will be surveyed with drone, LiDAR, and/or ground surveys, a 2-D hydraulic model calibrated and run for flows up to 1,000 cfs, and habitat capacity computed for salmonid habitat based on the 2-D hydraulic model. Results will be compared with flow-based fish habitat capacity curves documented from prior surveys and with the thresholds used in the Diversion Rules.

Continuous Water Quality Monitoring

Water temperature will be monitored on the Eel River near the NERF as a part of Effectiveness monitoring. This monitoring will inform the review of the impact the diversion may have on physical habitat. Downstream monitoring sites will continue long-term records collected by PG&E and others. The following locations, roughly from upstream to downstream, will serve as monitoring locations for the following parameters at a continuous, sub-daily timestep (15-minute to hourly):

1) Eel River at the NERF - water temperature (in addition to flow, see Section 4.1 – Compliance monitoring)
2) Eel River above Tomki Creek (existing PG&E monitoring location) - water temperature
3) Eel River above Outlet Creek (existing PG&E monitoring location) - water temperature

Refinement to this metric will be conducted at a later stage as engineering and other physical factors are further understood.

4.3 Informational Monitoring Conducted by ERPA

Continuous Water Quality Monitoring

Water quality monitoring upstream of NERF will be collected by ERPA to support the interpretation of informational monitoring data - particularly understanding water quality conditions in the upper watershed that may influence juvenile salmonid production. These two upstream sites are in addition to the monitoring sites near the NERF used for Effectiveness Monitoring:

1) Upper Eel River (existing gage location) - water temperature and turbidity (if needed).
2) Rice Fork of the Eel River (existing gage location) - water temperature and turbidity (if needed).

Juvenile Outmigration Monitoring

Juvenile salmonid outmigration monitoring will occur in close proximity to the NERF to document trends in the timing, relative numbers, and size of downstream salmonid migrants from the watershed upstream of the NERF. A single rotary screw trap will be operated, consistent with CDFW protocols, daily in the spring when a majority of juvenile salmonid outmigration occurs (approximately March-June). Operation of the trap will depend on river conditions and it will be removed during periods of high flows that would damage the trap or cause personnel safety issues.

4.4 Informational Monitoring Outside of ERPA Responsibility

All of the monitoring efforts described above will be conducted and/or funded by ERPA. Additional Informational monitoring may be conducted and/or funded by other entities but should be coordinated with ERPA monitoring efforts. Good faith and reasonable efforts will be made to make the NERF and associated monitoring infrastructure available for use by outside parties. However, ERPA will not be responsible for obtaining regulatory approvals (e.g., scientific collecting permits) for outside parties.

Use of NERF monitoring infrastructure could attract additional studies and collaborations to understand linkages between freshwater habitat conditions and salmonid production that would be valuable for understanding ecological relationships in the Upper Eel River. These data may also facilitate the interpretation of NERF effectiveness monitoring. For example, the adult and outmigrant counts collected at NERF could be coupled with spawning ground and juvenile surveys to allow NERF to function as a life-cycle monitoring station for implementation of the CDFW California Monitoring Plan (CMP),which is used across the state to monitor trends in salmonid abundance.

5 REPORTING, SCHEDULE, AND ADAPTIVE MANAGEMENT

Assessment of monitoring metrics will be conducted to ensure 1) compliance with Diversion Rules and 2) that the resulting Eel River flow regime protects intended ecological objectives and physical habitat downstream of the NERF. Reporting will take place annually, and a more detailed review will occur, at a minimum, every 5 years. Deviations from Compliance metrics (flows) will be remedied as soon as ERPA operators are aware of non-compliance. Certain biological data (e.g., adult fish passage) may be summarized informally via e-mail on a periodic basis (weekly, or monthly). ERPA will be responsible for reporting Compliance, Effectiveness, and Information monitoring on the following schedule:

Sub-Annual Reporting

- River flow and diversions at NERF will be reported daily
- Fish counts will be reported bi-weekly (twice monthly)
- Water quality data will be reported seasonally

Annual Reporting

- ERPA will release an annual report summarizing the results of:
    - Flow and water quality monitoring, including flow compliance.
    - Adult fish passage and juvenile outmigration monitoring.
- If flow compliance is not achieved, the Annual Report will document the operational challenges preventing compliance and recommend solutions to avoid non-compliance.

5-Year Review

- ERPA technical representatives and the TAC will meet every 5 years to review monitoring results of all types of monitoring.
- The 5-year report will include synthesis and learning from the previous 4 years of annual report information.
- Information from studies conducted outside of ERPA (i.e., Informational monitoring) will be considered.
- The 5-year review will re-examine the next time-step that is necessary for conducting periodic monitoring studies for physical habitat capacity and critical riffle fish passage.

Adaptive Management

The TAC will convene annually to review reports and receive operational and monitoring updates. The approximate 5-year milestone reviews present an opportunity to refine the Diversion Rules and propose studies to improve understanding of the flow-ecology hypotheses (Figure 1). If Effectiveness monitoring indicates that the Diversion Rules are not protecting fish passage, physical habitat, and water temperature, the TAC and ERPA technical representatives will attempt to determine why, including revisiting flow-ecology hypotheses driving the development of the Diversion Rules. Any recommended adjustments to the Diversion Rules and monitoring methods would be presented to the ERPA Board of Directors and regulatory agencies. If the 5-year review finds that the Diversion Rules and resulting Eel River flow regime may be negatively impacting fisheries recovery, additional studies may be required before the next 5-year milestone. Additional studies will be planned in coordination with the TAC, parties to WDA, and resource agency staff.

For a description of the adaptive management decision-making process, please refer to the relevant sections of the WDA.

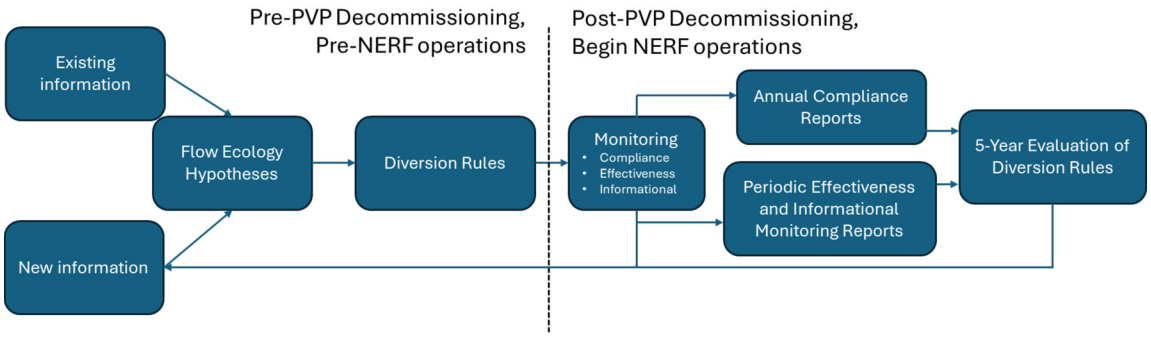


Figure 1. Conceptual process for developing Diversion Rules based on flow-ecology hypotheses, monitoring, and adaptive management once NERF operations begin.