Item #6--Alexander Valley Water District Plan for Service & Feasibility Analysis

Consistent with the requirements of Cortese-Knox-Hertzberg Local Government Reorganization Act (Gov. Code § 56000, et seq., (the "LAFCO Act") and specifically Gov. Code § 56824.12, this Plan for Service provides a description of the services that the AVWD will provide at its inception. Details are provided below for each proposed service include a description of each service proposed and any essential background information, a staffing plan, and expected sources of funding to pay for each service. In addition to funding for general operations and each service it is important to note that the primary purpose for the AVWD is to provide funding for local water conservation and supply improvements as well as contributions to the expected regional water supply capital investments associated with sustaining Russian River summer flows that are essential to the local water rights holders and water users.

Overview

The Alexander Valley is a long and narrow alluvial valley of the Russian River framed by the Coast Ranges to the west and the Mayacamas Mountains to the east. The Russian River recharges two hydrologically interconnected groundwater subbasins (Alexander and Cloverdale). The Alexander Valley lies in the heart of Sonoma County's 'wine country' with 43 wineries and 14,500 vineyard acres, approximately 25% percent of the County's vineyard acreage. The availability and use of Russian River surface water and groundwater underpin the viability of wine production at its current scale and location. The Russian River flows and the Alexander Valley aquifer also provide domestic, commercial, and industrial water supply to the cities of Healdsburg and Cloverdale, unincorporated town of Geyserville, three local tribes, over 60 private and mutual water companies, and rural homes served by domestic wells.

The Valley's water supply and its beneficial uses for all users are now threatened with loss of the historical inter-basin transfer of water from the Eel River through the PG&E Potter Valley Project (PVP) decommissioning and removal of Scott Dam (Lake Pillsbury) and Cape Horn Dam (Van Arsdale Reservoir); 2) climate change and the expected increase in the occurrence and severity of droughts, and 3) State and federal regulations regarding groundwater management which were demonstrated during the drought during 2021 and 2022.

These challenges all lead to the conclusion that a higher level of cooperation between water users, both public and private, habitat and species conservation organizations, Native American tribal governments, and State and federal regulating agencies is in order. Unfortunately, there is no governmental agency who represents the agricultural landowners and domestic and commercial/industrial water users in the Alexander Valley or that enables funding for needed water supply and conservation improvements. The proposals to form the AVWD evolved from recognizing the need for this higher level of cooperation and action and the recognition that such cooperation will be the best way to respond to the impending reduction in surface water supply, future drought conditions, and the ongoing and future State regulation of groundwater resources.

Proposed Boundary & Service Area

The proposed boundary of the AVWD is shown on **Figure 1**. The proposed AVWD boundary includes an estimated 28,723 acres. The proposed boundary includes the valley floor of the Alexander Valley, along the mainstem of the Russian River beginning in the north near the City of Cloverdale approximately 1.5 miles from the Mendocino County border and ending in the south approximately three miles east of the City of Healdsburg.

The boundary encompasses a contiguous area that overlies portions of two groundwater basins, the Alexander Area Subbasin and Cloverdale Area Subbasin, defined by the California Department of Water Resources ("DWR"). The AVWD would include the unincorporated areas overlying the Cloverdale Area Subbasin and the valley floor portions of the Alexander Area Subbasin. The upland areas of the Alexander Area Subbasin, the Chalk Hill area, and the Mark West Creek watershed, are proposed to be excluded from the AVWD because these areas lack a sufficient nexus with the mainstem Russian River and its interconnected groundwater.

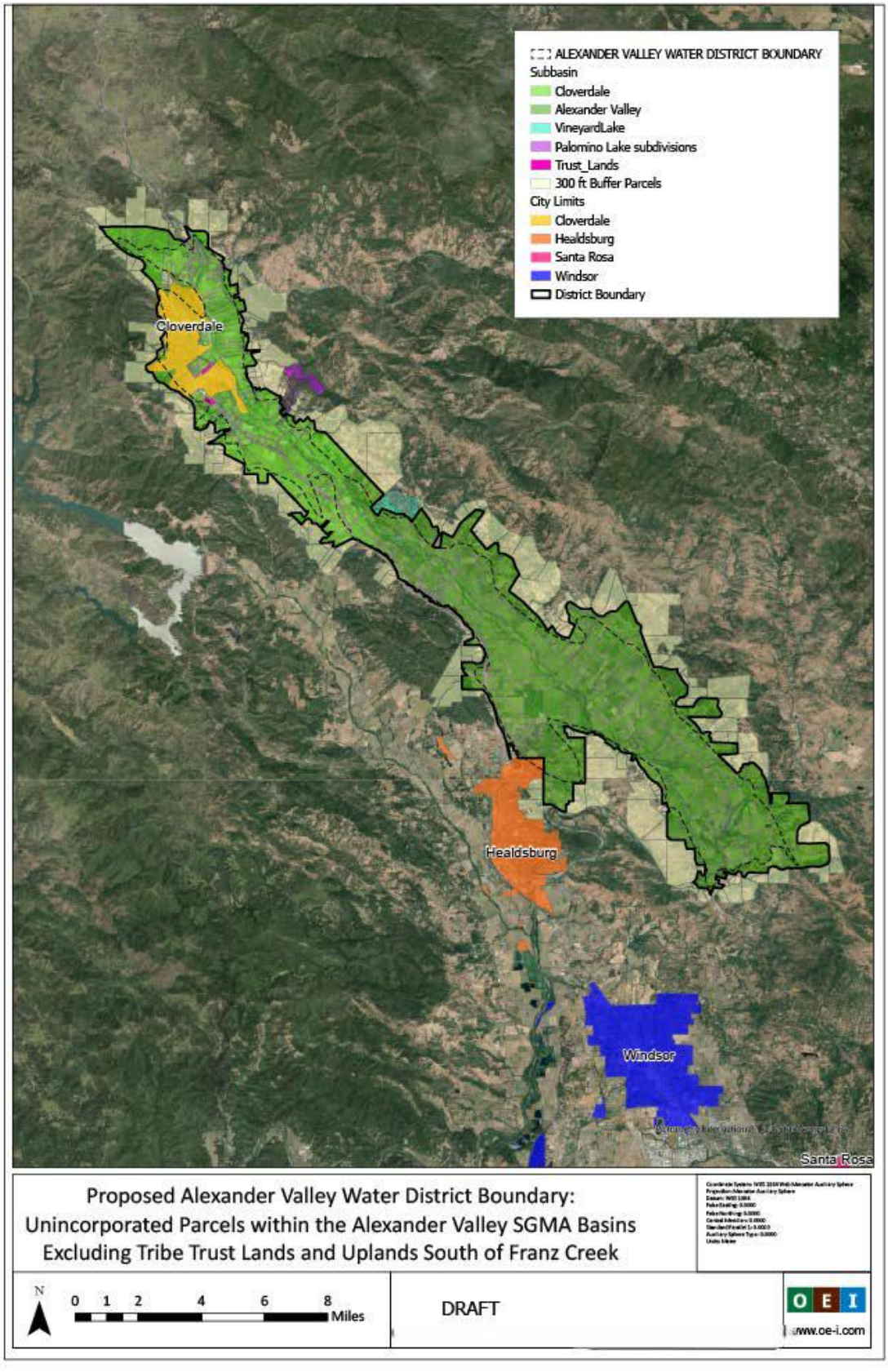
Although the Principal Act provides that a district may include land situated in other distinctive district agencies of the State, including other water districts organized under the provisions of the California Water District Law having different plans and purposes the object of which is not the same. The City of Healdsburg, the City of Cloverdale, the Rains Creek Water District, Sonoma County CSA 41 (and their respective Spheres of Influence), other publicly owned lands, and tribal trust lands have been excluded from the proposed AVWD boundary. It is expected that water supply and conservation services and investments funded by the AVWD may occur sub-regionally outside of the proposed boundary through cooperative agreements and contracts.

Activation of Powers to Provide Services

The purpose of the AVWD is to enable local management of Alexander Valley water resources by creating a California Water District with all the powers and duties of such an agency (Wat. Code §§ 34000 to 38501).

In pursuit of this purpose, the AVWD will enable local landowners and water users to cooperate with other local, regional, and State agencies toward the conjunctive management of surface water and groundwater resources through data management, optimizing groundwater recharge, conservation, and funding infrastructure consistent with water district powers (Wat. Code §§ 35400-35509), and the goals and requirements of the Sustainable Groundwater Management Act (SGMA) of 2014. (Wat. Code §§ 10720-10738, specifically §§ 10725-10726.9, Groundwater Sustainability Agency powers and authority).

Figure 1 – Map of Proposed Alexander Valley Wate District



Intra-Regional Cooperation

The AVWD has been designed to coordinate and participate with the full range of existing federal, State, regional, and local agencies that have jurisdictional authority or are involved in water supply and management in the Alexander Valley and additionally will cooperate with local tribal interests and river conservation organizations. These organizations include but are not limited to the following entities:

National Marine Fisheries Service	Sonoma County Water Agency
US Army Corps of Engineers	Cities of Healdsburg and Cloverdale
State Water Resources Control Board	Public Water Systems serving the Alexander Valley area
California Department of Water Resources	The Dry Creek, Lytton, and Cloverdale Pomo Tribes
North Coast Regional Water Quality Control Board	Sonoma Resource Conservation District
California Department of Fish & Wildlife	Non-Governmental Organizations including CalTrout, Russian Riverkeeper, The Nature Conservancy, and Trout Unlimited
Mendocino County Inland Water and Power Commission and its members	

In addition to functional cooperation and regulatory compliance, the AVWD may formally join the regional effort to sustain diversion of Eel River water facilitated by the Eel Russian Project Authority (ERPA)and also participate, representing local landowners and other water users, in a Groundwater Sustainability Agency (GSA) in cooperation with other agencies with water management responsibilities within the Alexander Area and Cloverdale Area subbasins, including the Sonoma County Water Agency, City of Healdsburg, the City of Cloverdale, local tribes and in coordination with other water purveyors and private water users (see Proposed Service #3).

Existing Service Providers & Alternatives to Formation of the AVWD

There are no existing agencies providing the services proposed to be provided by the AVWD for the Alexander Valley. The agencies, as listed above, are either in a regulatory role, are regional organizations, or are retail water purveyors or users or are public interest advocacy organizations. As such none of these agencies can fulfill the functions and services proposed for the AVWD. As a part of its initial efforts to achieve water supply and water conservation enhancements in the Alexander Valley, the Russian River Property Owners Association (RRPOA) first defined the functions that were needed to address water supply and conservation needs for the Alexander Valley in recognition of the impending loss of water that historically has flowed into the Russian River watershed from the Eel River at Potter Valley, ongoing and expected future drought conditions worsening due to Climate Change, and increasing State

oversight of local water resources. It was concluded that these functions included improved levels of groundwater management, enhanced local water storage (e.g., groundwater recharge), and the ability to raise funding to support local and regional water supply improvements including continued diversion of Eel River water into the Russian River watershed.

As a subsequent step, the RRPOA identified and evaluated various alternatives for providing these services. As shown in **Figure 2**, seven organizational alternatives were identified and subjected to a criteria-based evaluation with the first criterion being the level of difficulty with the formation process and four performance criteria including the ability to perform proposed services, governance representation and accountability, access to public financing, and ability to cooperate with existing regulators, purveyors, and interest groups.

1. Continuation as Non-Profit Entity (Russian River Property Owners Association). While as the 'status quo' it is easy to form, this alternative fails or is limited in all functional criteria.
2. Activation of Sonoma County Water Agency (Sonoma Water) Flood Zone 4a). While easy to form any funding (assessments) would require following Proposition 218 compliant proceeding. The alternative fails to meet two key criteria; the Flood Control District does not have the statutory powers regarding water supply or conservation. Moreover, the Flood Control District is governed by the Sonoma Water Agency Board and has no provisions for enfranchising local landowners.
3. Expand functions of the Sonoma Resource Conservation District (RCD). The RCD is easy to utilize is it is an existing organization with a Countywide purview and the trust of the agricultural community. It fails the first functional criteria as it has no regulatory powers and limited revenue-raising capabilities.
4. Annexation to North Bay Water District (Statutory Annexation Process). This alternative fails simply because it would be difficult if not impossible to form given the great distance the Alexander Valley has to the lower Sonoma Valley boundary of the North Bay Water District.
5. Creation of a California Water District (Statutory Formation Process through LAFCO. This alternative, while requiring application, review, and approval by Sonoma County LAFCO, would, as it is proposed, meet all functional criteria and thus it becomes the preferred alternative.
6. Creation of a Water District by Special State Legislation. This alternative would require a special act of the Legislature and while possible has been determined to be uncertain and involving State-level politics. As proposed it could meet all functional criteria.
7. Creation of a Special Legislative Joint Powers Authority. This alternative would also require State legislation to create a JPA of the RRPOA and existing government entities involved in Alexander Valley agricultural water supply. While challenging to form, it would also not meet the local governance criteria as there would be no elected local government to represent landowners.

Figure 2 -- Alexander Valley Water Supply Reliability and Resilience Organizational Options Evaluation						18-Oct-25
	Special District Formation Options	**Evaluation Criteria**				
		1. Ease and Duration (running time) of Formation Process	**2. Ability to Conduct Proposed Functions & Services**	**3. Governance Representation and Accountability**	**4. Access to Public Financing**	**5. Ability to Cooperate with Existing Water Purveyors, Regulators, and Interests**
1.	**Continuation as Non-Profit Entity (Russian River Property Owners Association, a 501c4 organization)**	**Easy**. Amendment of existing corporate bylaws would take little time at the discretion of the existing Board (or as it may be amended) to expand functions and serving as contractor for water and River management functions.	**Fails.** Must have government agency status to participate officially with regional water management efforts and for participation in GSA.	**Fails.** Agricultural property owners even if expanded not inclusive of all landowners and not democratically elected nor subject to public agency accountability standards.	**Fails.** No access to public funding options (e.g., special benefit assessments) and municipal debt markets and less potential for State and federal grants.	**Limited**. Lack of government agency status and funding capacity reduces the profile and ability to enter into legal partnerships and agreements.
2.	**Activation of Sonoma County Water Agency (SCWA) Zone 4a**	**Moderate**. SCWA Board can activate Zone 4a with a majority voter approval but expansion of currently authorized functions and related expansion of capacity may be a challenge.	**Fails**. Zone 4a powers. Currently limited to flood control and channel maintenance would need to be expanded to encompass water management functions. Not certain whether there is interest or ability to do this.	**Fails**. Operated by SCWA and its Board of Directors (the Board of Supervisors), an Advisory Committee of local interests could be appointed but would have no independent powers nor accountability to local landowners.	**Good**. SCWA has access to the full range of public funding and financing options but may not have the focus and motivation to apply these funding measures in a manner consistent with local needs and interest.	**Good**. Water Agency achieves much of its purpose through cooperation and contracts with other government entities; however, lack of local landowner representation and the priorities for urban water service delivery would limit focus and effectiveness.
3.	**Expand functions of the Sonoma Resource Conservation District (RCD)**	**Moderate**. Existing appointed Board of Directors would need to embrace the specific services required for the Alexander Valley and expand and reshape its staff capacities and priorities.	**Fails**. The Countywide scale and diverse service responsibilities of the RCD may make it difficult to focus on Alexander Valley and regional water supply matters. Additionally, the RCD's do not have the regulatory powers that may be needed to achieve needed functions	**Fails**. The RCD Board of Directors represents nearly the entire County and as such would not represent local landowners, residents, or business interests.	**Limited**. The RCD has access to the full range of public funding and financing options but may not have the focus and motivation to apply these funding measures in the local Alexander Valley interest.	**Good**. RCD routinely cooperates with other public agencies and landowners; however, lack of local representation, dominance of other RCD service priorities, and limited focus on agricultural water supply matters would limit effectiveness
4.	**Annexation to North Bay Water District (Statutory Annexation Process)**	**Difficult**. The existing NBWD is based in the Sonoma Valley and would require a Sphere of Influence Amendment and Annexation process through LAFCO. Earlier discussions regarding this option were categorically rebuffed by LAFCO	**Limited.** The NBWD serves a larger geography and provides services to these areas, including those related to the existing GSAs, but lacks capacity and familiarity with the Alexander Valley and its water supply resources, and management issues.	**Limited**. The current NBWD Board represents landowners in the lower Sonoma Valley and without expansion, or even with expansion, would not solely represent Alexander Valley landowners and water users	**Good**. The NBWD has access to the full range of public funding and financing options; however, may not have the capacity, focus or motivation to apply these funding measures in the local Alexander Valley interests.	**Limited**. Lack of local representation, dominance of other NBWD service priorities, and limited focus on Alexander Valley agricultural water supply matters would limit effectiveness.

Figure 2 -- Alexander Valley Water Supply Reliability and Resilience Organizational Options Evaluation						18-Oct-25
	Special District Formation Options	**Evaluation Criteria**				
		1. Ease and Duration (running time) of Formation Process	**2. Ability to Conduct Proposed Functions & Services**	**3. Governance Representation and Accountability**	**4. Access to Public Financing**	**5. Ability to Cooperate with Existing Water Purveyors, Regulators, and Interests**
5.	**Creation of a California Water District (Statutory Formation Process through LAFCO)**	**Moderate:** The formation of a California Water District conforming to its Principal Act would require a protracted and application process through LAFCO with an uncertain outcome. The process could take several years to complete.	**Good.** District formation would categorically authorized specified water supply, management, and conservation services; however, Principal Act may not authorize functions needed for the region.	**Good.** The District Board of Directors would be elected by landowner vote weighted by property assessed value; nomination process must be specified; Board may alter subsequent qualifications and criteria for an expanded Board	**Good**. The new District would have access to the full range of public funding and financing options specified in the Principal Act. Additionally, the District would have assessment dollars for prioritizing efforts and matching grant funding opportunities.	**Good.** New District could pursue and engage in all forms of cooperation including MOUs, contract services, funding agreements , and joint exercise of powers agreements
6.	**Creation of a Water District by Special State Legislation**	**Difficult:** The formation of a water district through special legislative act (based on the California Water District Principal Act) would require review by legislative committees and all the various interests involved would need to conform to the legislative cycle with a legislative vote and subject to approval by the Governor.	**Good.** District formation would categorically authorized specified water supply, management, conservation and habitat improvement services as envisioned for the District and as administered by local interests elected local Board of Directors.	**Good**. The special legislation can address Board composition and criteria in a manner that maximizes representation and enfranchisement of all property owners.	**Good**. The new District would have access to the full range of public funding and financing options specified in the Principal Act as may be modified to meet the particular needs of the District. The funding provided by assessment dollars could be directed to water management, habitat enhancements and serve as a match for grant opportunities.	**Good.** New District could pursue and engage in all forms of cooperation including MOUs, contract services, and joint exercise of powers agreements and the special legislation could include provisions and objectives for such agreements.
7.	**Creation of a Special Legislative Joint Powers Authority (hybrid of powers/governance/functions) involving participation of existing non-profit and government entities involved in Alexander Valley agricultural water supply**	**Difficult.** The formation of a Alexander Valley Joint Powers Authority, similar to the common form for governing a Groundwater Sustainability Agency, would require negotiations and approval by all of the selected JPA participants, in addition to the State legislative process described above for Option 6.	**Challeging.** JPA formation would categorically authorize specified water supply, management, and conservation services consistent with the powers of participating agencies and their independent discretion, however, it may be difficult to reach consensus with the diverse membership.	**Fails.** The diversity of interests and political exigencies of the diverse agencies involved may limit expediency and effectiveness needed to address agricultural water supply and management issues.	**Good**. The legislatively formed JPA would have access to the full range of public funding and financing options available to any of the member government organizations.	**Limited**. The special legislation could mandate participation by selected participating agencies; However, without a local new special district the Alexander Valley property owners influence may be limited.

Summary of Proposed AVWD Services & Functions

The AVWD is proposed to provide an essential capacity for securing water supply and for developing water resilience for the Alexander Valley. At the present time there is no governmental agency that can represent Alexander Valley water users, establish, and operate water conservation and management programs, contribute to financing of essential local and regional water supply improvements (including but not limited to local special parcel taxes, benefit assessments, service charges, and/or regulatory fees), and regulate water use consistent with State and regional and local policy. Four programs (services) are proposed constituting the initial services to be established by the AVWD and which provide the basis for feasibility analysis and organizational development. The Board of Directors will have ultimate discretion over the services delivered and priorities for their implementation.

1. Expand and Manage the Russian River Voluntary Water Sharing Program. The loss of Eel River imports will cause Russian River surface water shortages in most years. A Water Sharing Program (Program) that builds upon the 2022 voluntary program is needed to allow willing senior right holders to share water with those junior water rights holders who are at greatest risk of loss. Developed in 2021 and piloted in 2022, the California State Water Resources Control Board regulation authorized a voluntary program allowing Russian River water users holding water rights to 'share' water with other users that were subject to Curtailment Orders during the 2022 water year. This Program is continuing to be developed by a locally led multi-agency committee.

2. Participate in New Eel River-Russian River Diversion. PG&E has determined that operation of the Potter Valley Project (PVP) is not financially viable and has initiated the process of surrendering the license and decommissioning the PVP. A regional partnership of the Mendocino County Inland Water and Power Commission (MCIWPC), Sonoma County Water Agency (Sonoma Water), and the Round Valley Indian Tribes (RVIT) formed a regional entity (ERPA) that has the legal and financial capacity to own, construct and operate a new water diversion facility near PG&E's Cape Horn Dam on the Eel River. Many landowners and water users in Alexander Valley support this proposal, recognize the need to financially support the proposal, and desire to participate in the process. Petitioners desire that AVWD will represent their interests in that effort, and it is anticipated that AVWD would administer an Eel River water supply contract and deliver water to AVWD water users. No other public agencies have the legal authority to contract for and deliver water to AVWD users. AVMW could also potentially become a member of ERPA. This is a specific project where a certain proportional shared of the project costs can be funded through an AVWD special assessment if special benefit to each assessed parcel can be established.

3. Expand Local Groundwater Investigation and Management. Groundwater in Alexander Valley is highly interconnected with the Russian River and tributary streams, but the actual relationship between groundwater pumping and recharge on streamflow remains not well understood. In the near term, studies are needed to improve this scientific understanding and to address urgent river function concerns, fisheries management questions and water needs in the Alexander Valley. Additionally, it is expected that the Alexander Valley, given

expected future drought conditions and the potential reduction of a portion of the historical Eel River inter-basin flows through the Potter Valley Project, will be subject to groundwater regulations, thus evoking the need for formation of a Groundwater Sustainability Agency under SGMA. The AVWD would represent Alexander Valley Water users, currently not enfranchised, to participate in a GSA joint powers authority that would include other water-using agencies tapping Alexander Valley groundwater, including the Cities of Cloverdale and Healdsburg and unincorporated town of Geyserville. Even in the absence of a Medium Priority designation, SGMA encourages groundwater management in all groundwater basins. SGMA provides local agencies that become GSAs with tools and authorities that AVWD could apply to meet SGMA goals.

4. Pursue Alexander Valley Groundwater Recharge Program. The Dry Creek Rancheria Band of Pomo Indians has commenced the pilot phase of an on-farm groundwater recharge program on about 2,000 acres of agricultural land within the proposed boundary of AVWD. The full program would operate on up to 7,000 acres of land. A public agency is needed construct and operate new water diversion and conveyance facilities, file water right applications and hold the permit, and obtain other regulatory approvals, and monitor and report performance of the Program. Participating landowners in the Program, who are also petitioners for formation of AVWD, propose that AVWD funds needed infrastructure and water management services on a fee-for-service basis.

Detailed Proposed Service Descriptions

The following detailed service descriptions provide additional detailed information regarding each proposed service for purposes of organizational development, cost estimating and budgeting, and feasibility analysis.

Program 1 – Water Sharing Program

Water Sharing Program Background

The Western United States has been in a persistent dry period for more than two decades, and this cycle continues to impact water users in numerous ways. The repetition of extreme dry years has resulted in a pronounced reduction of historical precipitation levels in the Upper Russian River Watershed, as well as the nearby Eel River Watershed, which has been supplementing Russian River uses since at least 1908 via the PVP. These historical water supply reductions are expected to continue for decades as the region continues to be influenced by climate change and further exacerbated by the operational changes at the PVP and PG&E's decision to decommission and remove the key components of the PVP, including Scott Dam and Cape Horn Dam. With these continued uncertainties to local water supplies in the Russian River Watershed, it is essential for regional water users to secure and conserve the water supply that sustains the regional local economy, agriculture, municipalities, and the environment for future drought periods where water limitations are expected to exist.

Starting in 2020, Russian River users worked with the State to develop a Water Sharing Program, a voluntary effort to reduce water demands to preserve storage in both Lake Mendocino.

Unfortunately, the continued pattern of reduced precipitation proved these efforts insufficient. As a result, Governor Newsom issued a State of Emergency, Drought Proclamation for the Russian River Watershed in 2021, and the State Water Resources Control Board (the "SWRCB") subsequently adopted Emergency Regulations and orders of curtailment for both appropriative and riparian water right holders. These emergency regulations were readopted in 2022. Due to the impact of curtailment orders, the SWRCB engaged various stakeholder groups to find a feasible solution to mitigate the impact of the curtailment order. This engagement, involving a multi-month collaboration between the Division of Water Rights staff and municipalities, tribes, agriculture, and independent water system operators, resulted in adoption of the Upper Russian River Voluntary Water Sharing Program (the "Program"). The Program agreement was formally approved by the SWRCB on June 7, 2022, and as an alternative to curtailment actions within the Upper Russian River Watershed under the Emergency Regulation. (See: www.rrfc.net/upper-russian-river-voluntary-water-sharing-program).

The Program provided a mechanism where senior water right holders could voluntarily forbear a portion of their water allocation to benefit the greater community by sharing that forgone water to junior water right holders that would have otherwise been prevented from exercising their water rights due to a curtailment order. Through this voluntary process, those users that might have otherwise had no surface water supply were able to avoid the more drastic impacts resulting from a full curtailment due to limited water supplies.

Unfortunately, the 2022 implementation of this Program was limited to a five-week period until an operational variance request by PG&E and the subsequent order by the Federal Energy Regulatory Commission ("FERC") resulted in a reduction in PVP inter-basin transfer from 75 cubic feet per second (CFS) to 5 CFS, leaving no water available to divert in the Russian River. The Program formally terminated upon the expiration of the 2022 emergency regulation. Although the Program only existed for a fleeting period in the summer of 2022, the positive impacts of the Program were significant in the following respects:

1) Water was made available to junior water rights holders for four weeks longer than when under curtailment in the summer of 2021, saving crops, supporting the economy, and providing for health and human needs.
2) Many senior water rights holders were able to satisfy minimum demands, while retaining value in their water infrastructure investments to help meet communal, economic, and health and safety imperatives.
3) The Program forced a sophisticated assessment of water supply and demand on the Russian River; the assessment can be used in future water conservation efforts.
4) The Program demonstrated the effectiveness of regional public agency and private landowner collaboration for conserving water supply and increasing resilience.
5) The Program created a foundation for improving water sharing in future dry conditions, such as those resulting from continued climate change and operational changes to the Potter Valley Project.

6) The Program continues to solidify regional understanding of all water resources available for Russian River beneficial uses (e.g., agriculture, municipalities, and environment) and water right types.

7) The Program demonstrates that it is possible for government agencies including public decision-making bodies to approve, for example the city councils of Ukiah, Healdsburg, and Cloverdale along with industry and citizenry to adapt, innovate, change behaviors, and invest in our water future in a collaborative manner.

As stakeholders in both the Russian River and Eel River basins continue to grapple with the sustained impacts of reduced water supply on their respective communities, water users and ecosystems, it is important that broad regional input continues so that additional innovative solutions like the Program can be developed. At the present time efforts are underway by stakeholders to adapt the Program into a permanent regionally governed program.

Description of Proposed Water Sharing Program Components

The AVWD will partner with water agencies in Mendocino County who lack authority to manage water in Sonoma County to jointly establish and administer a Russian River Voluntary Water Sharing Program. Water users in the Alexander Valley have been actively cooperating with other water users, agencies, and cities to reconstitute the Voluntary Water Sharing Program. Specifically, the Program will include the following services:

- Establish and administer a program for the voluntary sharing of existing water supplies held by senior right holders with junior right holders during times of water shortage in cooperation with Sonoma Water and the SWRCB
- Provide technical and legal assistance to Russian River water right holders within Alexander Valley to facilitate compliance with SWRCB water rights curtailment orders; and
- Identify the beneficiaries of the Lake Mendocino water right "reservation" of 10,000 acre-feet of stored water for the benefit of water right holders along the Russian River to the Mendocino County border and manage the reservation in cooperation with Sonoma Water and the State Water Resources Control Board.

This service is authorized by the Principal Act (e.g., Water Code §§ 35400, 35403, and 35423) and SGMA (Water Code § 10726.2(d). The AVWD Water Sharing Program will include the following elements:

1. Build upon the successful 2022 Water Sharing Pilot Program. Key aspects of this effort include:
    - Obtain, update, and manage Program technical documentation, information, and agreements.
    - Sustain ongoing cooperation with State Water Board and regional partner agencies.
    - Maintain and manage Program Enrollment Data and Management Procedures.

2. Program Design and Start-up. It is recognized that the conversion of the Pilot Program to a broader and sustained effort will involve additional program design and development and a variety of start-up costs including administrative procedures, inter-agency agreements, water rights holder outreach and liaison, linked regulatory procedures, technical analyses of water right demand and water supply data, and funding measures. Major tasks will include:

   - Determining the geographic scope for the Water Sharing Program that will likely include participants beyond the proposed boundary of the AVWD, consistent with the State pilot program.
   - Conduct a hydrological and water right analysis to identify water rights that should participate in the Program.
   - Conduct outreach to water right holders that should participate.
   - Prepare Program charter, bylaws and agreements.
   - Prepare water right applications to State Water Board to authorize the transfer of water among participants.
   - Comply with the California Environmental Quality Act (CEQA) and obtain other required regulatory approvals.

3. Program Administration. Management data from the State Water Board offer a good estimate of the types and levels of effort involved with Water Sharing Program administration. In addition to ongoing Program development, updating required inter-agency agreements with Mendocino County water agencies, and establishing technical components (groundwater data, water rights holder research, participant data base, etc.), it will be necessary to expand and maintain participation in the Program. Specific tasks will include:

   - Serve as a clearinghouse for participant water diversion, use and sharing data.
   - Verify and enforce participant compliance with Program requirements and water right terms and conditions.
   - Monitor changes in water supply and water demand and notify participants of changed water sharing and diversion opportunities.
   - Report water transfers and water diversion and use to State Water Board.

Staffing Plan

The precise staffing plan for the Water Sharing Program will be developed in the anticipated design and start-up phase of the Program. It is expected that there will be a variety of administrative and technical functions that will be fulfilled by staff on the AVWD payroll including the Executive Director, Program Director, and program and technical staff. Required legal advice and agreements, accounting services, and technical services will be provided

through consultant contracts fitted to the scale and demands of the Program as it evolves and is implemented and administered over time.

Funding Source(s)

Funding will be required to design and establish the local Water Sharing Program and its ongoing administration. In addition to any available grant funding from the State, the special assessment funding created at formation will provide funding to establish the local Water Sharing Program. After establishment, the Program will be funded mainly through 'fee for service' paid by Program participants.

Program 2 -- New Eel River-Russian River Project Authority

Diversion Program Background

PG&E has determined that operation of the PVP is not financially viable and has initiated the process of surrendering the license and decommissioning the PVP. A regional partnership of the Mendocino County Inland Water and Power Commission (MCIWPC), Sonoma County Water Agency (Sonoma Water), and the Round Valley Indian Tribes (RVIT) formed a joint powers authority, Eel-Russian Project Authority (ERPA). that has the legal and financial capacity to own, construct and operate a new water diversion facility near PG&E's Cape Horn Dam on the Eel River (New Eel-Russian Diversion Facility, or NERF). Landowners and water users in Alexander Valley support this proposal, recognize the need to financially support the proposal, and desire to participate in the process. Petitioners desire that AVWD will represent their interest in that effort, administer an Eel River water supply contract and deliver water to AVWD water users, and potentially become a member of ERPA. The Principal Act is the primary authority for this service. (e.g., Water Code §§ 35400, 35401, 35403, 35850.5, and 35851; see also SGMA Water Code § 10726.2(d).)

Diversion Program Service Description

The New Eel River-Russian River Diversion Program will mainly involve engagement with local, regional, and state agency partners. Key elements of the Program will include:

- Evaluate the benefits of participating in ERPA and negotiate amendments to the ERPA JPA to participate as a member if warranted.
- Participate in engineering, legal, environmental, and financial evaluations for the NERF.
- Cooperate with ERPA and other organizations to determine which Russian River water users are in greatest need for Eel River water supply and to determine the most equitable strategies for distributing and funding the new water supply.
- Contract for new water supply from ERPA on behalf of beneficiaries in AVWD.
- Coordinate the purchase and distribution of new water supply for beneficiaries in the Alexander Valley.
- Monitor and report diversions and use of new water supply to State Water Board.

Staffing Plan

The precise staffing plan for participating in the Diversion Program will be developed in the anticipated design and start-up phase of the Program. It is expected that there will be a variety of administrative and technical functions that will be fulfilled by staff on the AVWD payroll including the Executive Director, Program Director, and program and technical staff. Required legal advice and agreements, accounting services, and technical services will be provided through consultant contracts fitted to the scale and demands of the Program as it evolves and is implemented and administered over time.

Funding Source(s)

Funding sources for involvement in the New Eel River-Russian River Diversion Program will be initially derived from special assessments created at formation and grant funding sources. Longer term capital contributions to the Program for the AVWD's proportional share of costs, likely to be substantial, would be funded by a subsequent bond or assessment measure as may initiated by the Board of Directors and approved by landowners.

Program 3 -- Groundwater Investigation and Management Program

Groundwater Program Background

The Alexander Valley is underlain by two relatively large alluvial groundwater basins; one located in the northern portion of the Valley north of the community of Asti and the other larger basin in the southerly portion of the Valley generally extending to the City of Healdsburg. The shallow groundwater aquifers in these basins are highly interconnected with the Russian River and streams in the Alexander Valley. The Russian River and groundwater are considered a common supply in the valley despite that groundwater and surface water are governed by different water law systems. Groundwater from both shallow and deep aquifers has been tapped for agricultural and municipal purposes for a hundred years or more, establishing water rights for local landowners, cities, and residential users over time.

The Russian River surface flows have also been tapped, either directly or through 'underflow' of surface water, particularly in the dry summer months, in the adjoining shallow aquifers. Concerns regarding the impacts of periodic drought conditions in the Russian River Watershed and curtailment of inter-basin transfer flows from the Eel River at Potter Valley may lead the Department of Water Resources to consider classifying the Alexander Valley groundwater basins as 'Medium Priority' or 'High Priority,' thus triggering the requirement for the formation of a Groundwater Sustainability Agency pursuant to the Sustainable Groundwater Management Act. Presently there is no local agency representing local landowners to form or participate in a GSA, once it is mandated. Applying the goals of SGMA would help mitigate the impacts of potential reductions in inter-basin flows from the Eel River. SGMA is the principal authority for this service. (Water Code §§ 35400, 10723(a), 10725.4, 10725.6, 10725.8, 10726, 10726.2(b), and 10726.2(d.)

Groundwater Management Service Components Description

1. Investigation and Management of Interconnected Surface Water and Groundwater Resources. More efficient management of existing water supplies, such as reliance on surface water in wetter periods and reliance on groundwater in dryer periods, may obviate the need to import water from the Eel River. Groundwater monitoring and studies are required to better understand the actual relationship between streamflow and groundwater pumping and recharge. In the near term, monitoring, studies, and other investigations are needed to address urgent river and fisheries management questions and needs in the Alexander Valley. AVWD's professional staff, advisors, and consultants will cooperate with USGS, Sonoma Water, existing Sonoma County GSAs, the State Water Board and other agencies and organizations to utilize and expand existing investigations and to initiate new investigations.

2. Install Groundwater Monitoring Equipment and Monitor Groundwater Elevations and Measure Water Diversion and Use. Total water use and water use by geographic sectors in Alexander Valley are known through State Water Resources Control Board drinking water and surface water data (eAR and eWRIMS) and Department of Water Resources land use and groundwater estimates. However, water used from each source is not well-understood. Surface water, shallow groundwater, deep groundwater and reclaimed water are used in Alexander Valley, and the volumes of water by source and timing of use have consequences for Russian River streamflow. To better understand the relative demands on the Russian River, tributary surface waters and groundwater basins, AVWD should measure water diverted, extracted, and returned to streams and basins using a water measurement methodology. This methodology is expected to have four components:

    - Use existing monitoring well network and expand as needed;
    - Use telemetered meters to be installed in coordination with State Water Board and expand as needed;
    - Conduct a well inventory to assess locations, completion depths, and screen intervals; and
    - Measure water use using reliable methods used by or approved by other agencies including some combination of land use-water demand estimates (e.g., DWR, Sonoma County GSAs [Groundwater Users Information Data Exchange]), water meters (e.g., Sonoma County well ordinance and Permit Sonoma use permit reporting), and remote sensing evapotranspiration techniques (e.g., Sonoma County GSA [LandIQ] and State Water Board).

3. Groundwater Sustainability Agency Participation. Longer term, once mandated, the affected local agencies involved in water supply or management will prepare a groundwater sustainability plan (GSP). In areas with multiple water users, it is typically the case that such an agency would be formed through a joint powers agreement or joint powers authority. The AVWD will be an eligible participant in such an agreement or authority, representing otherwise disenfranchised water users. The exact role of the AVWD

in serving as part of the agreement or authority will depend on what the parties agree upon; however, the scale of the land represented by the AVWD, its expected functions and capacities, and its organizational mandate all suggest a significant role in leadership, planning, technical services, regulatory compliance, and funding related infrastructure.

Staffing Plan

As directed by its Board of Directors, its staff would draft and negotiate terms of any multi-agency agreements prior to approval of any formal agreements such as the joint powers agreement or authority. Indeed, a key function of the AVWD's professional staff, advisors, and consultants will be to respond to the State's 'Medium Priority Basin' declaration and engage with its sister local water supply and management agencies toward forming the GSA. It is expected that a sizable portion of the Executive Director's time will be devoted to these GSA formation efforts. The Executive Director will have the support of program-related professional staff on the AVWD's payroll along with legal, financial, and technical consultants contributing to specific programs and projects. Beyond the GSA formation, the terms of the agreement will dictate the role of the AVWD in developing the Groundwater Sustainability Plan and implementing this plan. Given geography, ownership, and water use patterns, it is expected that the AVWD will have a substantial ongoing role in managing Alexander Valley's groundwater.

Funding Source(s)

A variety of funding sources available to the agencies participating in the GSA can be tapped including water rates (from those agencies retailing water), regulatory fees and service charges, special benefit assessments and bond measures, and grants, including the State which offers specific and substantial grant funds to GSAs—funds that are not available to private entities and even other public agencies --regardless of basin prioritization status.

Program 4--Groundwater Recharge Program

Groundwater Recharge Program Background

The Dry Creek Rancheria Band of Pomo Indians has received grant funding from various state and federal programs to implement a groundwater recharge program on approximately 7,000 acres of agricultural land in the Alexander Valley within the proposed AVWD boundary. The program involves application of Russian River surface water to vineyards and other undeveloped lands during the winter and spring when winegrapes are dormant and streamflow meets flow thresholds to recharge groundwater and increase the amount of water in groundwater storage for beneficial uses (e.g., fisheries, irrigation). Surface water will be extracted from new electrically powered shallow wells along the Russian River and pumped through a conveyance system to participating properties where the diverted water will be applied to land via existing water application infrastructure. Flow meters, monitoring wells, piezometers, soil probes, and other instrumentation will be installed on properties participating in the Program.

Dry Creek Rancheria is a federally recognized tribal government, but it lacks legal standing to undertake various tasks for the program including compliance with CEQA and obtaining five-

year groundwater recharge water right permits from the State Water Board. The Dry Creek Rancheria intends to transfer ownership and governance of the Program to a new entity after the conceptual framework for the Program is developed. AVWD is the most appropriate agency for such transfer. Landowners participating in the program, who are also petitioners for formation of AVWD, propose that AVWD own and manage the Program, in cooperation with the Dry Creek Rancheria. This service is authorized by both the Principal Act (Water Code §§ 35400, 35401, 35403, 35850.5, and 35851) and SGMA. (Water Code §§ 10723(a), 10726 & 10726.2(b).

Groundwater Recharge Program Service Components Description

The Program implemented by the AVWD will obtain new water rights and the construction of water conveyance infrastructure that will allow the participating landowners to extract and use the recharged water on the participating properties during the summer and fall seasons when landowners' surface water supplies may be limited and curtailed. The Program will increase soil moisture, which will delay the onset of irrigation, and will raise local groundwater elevations which will benefit river flow, instream habitat, and riparian health. Key elements of the Program will include:

- Detailed program design and engineering and cost analysis.
- CEQA compliance, water right permitting and other regulatory permitting.
- Construction of new water diversion and conveyance facilities and instrumentation.
- Monitoring and reporting on the performance of the program.

Staffing Plan

Engagement in the Groundwater Recharge Program will be overseen by the Executive Director and the Board of Directors. Required legal advice and agreements, accounting services, and technical services will be provided through consultant contracts fitted to the scale and demands of the Program as it evolves and is implemented and administered over time.

Funding Source(s)

The Groundwater Recharge Program will be funded by benefitting landowner assessments and 'fee-for-service' once constructed and operational. Initial AVWD permitting and management services have been funded by the Dry Creek Rancheria using existing State and federal grant funds, with additional grants possible. It is anticipated that participating landowners will pay AVWD for related infrastructure and services that are not paid by grant funds, with a special assessment or bond funding measure as may be appropriate and approved by the benefiting landowners.

General Government & Administrative Functions

General Government Service Description

In addition to these direct program-oriented services, the AVWD will provide general governmental functions including leadership, program oversight, and ongoing outreach with constituents, organizations, and partner public agencies all through its Board of Directors,

Executive Director, core professional staff and consultants. The combined private water users in the Alexander Valley, including agricultural users, private and mutual water companies, commercial and industrial users, and individual residential users that depend on well water, have no official standing or representation regarding local or regional water supply and conservation efforts, or State regulatory procedures.

A variety of administrative functions will be involved including obtaining insurance, financial management and auditing, legal service, information technology, establishing and furnishing office space, and any acquiring operating equipment as may be needed. It is expected that these general governmental functions will be funded by the proposed special assessment or other funding suitable for such expenditures. In addition to these management and administrative functions, a key function of the AVWD will be to provide local landowners with official representation in efforts to sustain and conserve water supplies, including both surface flows and groundwater. As holders of water rights, individual landowners will gain a collective voice and standing to cooperate with other government agencies and enter into agreements to fund needed water supply infrastructure and conservation efforts, specifically including participation in regional solutions to assuring continued inter-basin transfer of water at Potter Valley and establishing a 'Groundwater Sustainability Agency', which is expected to be mandated by the Department of Water Resources in coming years.

Staffing Plan

The AVWD Board of Directors will establish policy, consider, and approve formal agreements, engage in intergovernmental cooperation, and seek voter approval for funding measures. In addition, AVWD's professional staff, advisors, and consultants will respond to opportunities, conduct necessary research and analysis, and negotiate terms of agreements and cooperative efforts. It is expected that a significant portion of the Executive Director's time will be devoted to these efforts, especially in the early, formative years of the AVWD's existence. The Executive Director will have the support of program-related professional staff on the AVWD's payroll along with legal, financial, and technical consultants contributing to specific programs and projects.

Funding Source(s)

Funding for these general government and administrative functions will come from a variety of sources available to the AVWD including its basic budget supporting operations derived from the initial special benefit assessment levy established at the time of the AVWD formation, grant funding, and program-related service charges and fees. Major capital improvements, either regional improvements at Potter Valley or local infrastructure (e.g., groundwater recharge improvements) will be funded by future special benefit assessments or bond measures as may be appropriate and approved by landowners in subsequent elections.

Proposed Phasing of Service Development and Priorities

The four service programs and related functions described above address current and anticipated needs related to securing water supply and improving resilience in the Alexander Valley. Additionally, they have been detailed at this time for purposes of analysis – estimating costs involved and identifying funding sources as needed to demonstrate feasibility of the proposed AVWD. Given the broad scope of these programs and their relationship to evolving circumstances and the broader efforts of other local and regional agencies these services will likely take years to fully develop. Accordingly, the feasibility analysis for the AVWD will focus on the first five years of AVWD operations, which will include three phases of organizational development and service delivery:

Phase 1 -- The initial 'Start-up' period of operations before assessment funding or service-related fees or charges becomes available. During this initial phase, the newly elected Board of Directors will focus upon establishing and operating mobilizing the authorized special assessment, setting up basic administrative procedures, conducting initial program design, developing a staffing plan, selecting an Executive Director and other administrative staff, and initiating needed inter-governmental cooperation, and negotiation and agreements with local, regional, and State agencies. During this first phase the proposed AVWD services, as presented in this Plan for Service, will be reviewed, refined, and prioritized given circumstances existing at that time.

Phase 2 -- Commencing Operations. Following the receipt of grant funding and recurring funding including special assessments and fees, Program staff, technical advisors, and consultants will be retained commencing the service development and implementation efforts. As a part of these efforts, funding sources specific to the programs will be identified, evaluated, and implemented as may be necessary and appropriate by the Board of Directors.

Phase 3 – Program Implementation and Administration. As noted above, the scope and scale of the proposed Programs, in addition to their linkage to uncertain external conditions (e.g., the evolution of the New Eel River-Russian River Diversion Program), will perform technical evaluation and feasibility analysis. The selection and phasing of program implementation will reflect the priorities of the Board of Directors as may be influenced by established intergovernmental cooperation and terms of related agreements.

Financial Feasibility Analysis

Introduction

This financial feasibility analysis provides documentation that the proposed AVWD will have adequate financial resources to pay for the proposed AVWD services as required by ss 56824.12 (5). The feasibility analysis is based on a detailed five-year forecast of AVWD expenditures and revenues.

Summary

As shown in **Figure 3**, the feasibility analysis indicates that the AVWD can be financially feasible given confidence that the expenditure forecast, building on the Plan for Service, is accurate and that a stable and recurring source of revenue, an special benefit assessment district covering the bulk of AVWD costs, will be established at the time of AVWD formation. This revenue will be derived from a landowner-based special benefit assessment as authorized by the Principal Act and regulated by Proposition 218.

Except where indicated, expenditures and revenues are presented in constant 2025 dollars in this section, i.e., not reflecting inflationary cost or revenue increases. This is a standard approach and reflects the uncertainty around future trends in inflation and other factors affecting costs and revenues. A 'real dollar' cost increase of 2.5 percent is applied. The budget is structured to promote fiscal resiliency, including the building of a reserve fund. It is also expected that the AVWD Board and staff will adjust projected budget expenditure as needed to respond to changes in costs and revenues.

AVWD Expenditures

Expenditures for the AVWD occurring during its start-up and program development phase will include creating and sustaining a basic management and administrative team, required administrative and operational expenses, and beginning program development and implementation efforts.

As a part of developing the estimated AVWD expenses, EPS reviewed available operating budgets from other water districts with similar functions to inform budget categories and unit costs (personnel, maintenance, overhead, etc.). Where appropriate, this information was used to estimate the types and level of various operational costs.

The actual costs associated with future operations of the AVWD will depend on several factors including future salary costs and office rents, level and cost of professional services, and magnitude of startup costs and funding available year-to-year.

Start-Up Expenditures

Estimated AVWD start-up costs are included in the projected expenditure for its initial year of operation. These costs include costs to manage initial administrative tasks such as assembling and training the new Board of Directors, retaining necessary management, administrative, and technical staff (and contractors) setting up the AVWD office, funding certain formation costs, and setting up financial records and an accounting system. These start-up costs include the equivalent of two full-time equivalent (FTE) management staff positions during the initial year.

Figure 3 -- AVWD Five Year Budget Forecast (Constant 2025$)

Cost and Revenue Items	Forecast Assumptions		Forecast Year				
	Item	Factor	Q3/Q4 FY 26-27 (Start-up)	Year 2 FY 27-28	Year 3 FY 28-29	Year 4 FY 29-30	Year 5 FY 30-31
Board of Directors Expenses	Real Cost inflator	0%	$5,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000
District Administration							
Salaries	Real Cost inflator	2.5%	$238,000	$243,950	$250,049	$256,300	$262,707
Professional Services	Less Startup Costs	2.5%	$228,000	$233,700	$239,543	$245,531	$251,669
Other Operating Costs	Real Cost inflator	2.5%	$59,500	$60,988	$62,512	$64,075	$65,677
Board & Adminstration Cost Total			$530,500	$546,638	$560,103	$573,906	$588,054
Water Resources Programs							
Program Management Staff	Real Cost inflator	2.5%	$70,000	$71,750	$73,544	$75,383	$77,267
Program-Related Costs:							
Water Sharing Program	Program implementation		$30,000	$40,000	$41,000	$42,025	$43,076
Russian River Diversion Project	schedule and funding		$0	$25,000	$25,625	$26,266	$26,922
Groundwater Studies	available will determine		$30,000	$25,000	$25,625	$26,266	$26,922
Groundwater Recharge Program	program cost increases		0	$50,000	$51,250	$52,531	$53,845
Program Cost Total	Real Cost inflator	2.5%	$130,000	$211,750	$217,044	$222,470	$228,032
Contingency and Reserve	% of Costs	5.0%	$33,025	$37,919	$38,857	$39,819	$40,804
Total Costs			**$693,525**	**$796,307**	**$816,005**	**$836,195**	**$856,890**
Special Taxes and Assessments							
Special Benefit Assessment		2.5%	$696,900	$714,323	$732,181	$750,485	$769,247
User Charges and Fees			$0	$40,000	$45,000	$50,000	$55,000
Grants and Inter-Agency Contributions			$0	$50,000	$50,000	$50,000	$50,000
Contingency/Reserve Draw			$0	$0	$0	$0	$0
Total Revenues			**$696,900**	**$804,323**	**$827,181**	**$850,485**	**$874,247**
Annual Fiscal Balance			**$3,375**	**$8,015**	**$11,176**	**$14,290**	**$17,357**
Culmulative Fiscal Balance			**$3,375**	**$11,390**	**$19,191**	**$25,466**	**$31,648**

Ongoing Administration Expenditures

Beyond the start-up efforts, there will be several expenses associated with the general administration of the new AVWD. Staff time will be required to: (1) negotiate and manage contracts; (2) prepare annual operating budgets; (3) establish and implement proposed service programs and (4) establish liaison and cooperation with related agencies and organizations.

District Administration Salaries and Benefits

Accordingly, the cost estimates are based on a full-time General Manager and a full-time administrative assistant The salaries assumed for these positions are estimated based on salaries for comparable existing positions employed by the existing special districts providing water management. The analysis assumes all these positions will be employees of the district, and as such the salary cost is increased by approximately 40 percent to cover benefits. The analysis also assumes that the salary amounts will increase in real dollars by 2.5 percent annually. The Board of Directors are shown to have nominal meeting stipends for board meetings and also cost reimbursement for conferences and training programs and related travel expenses.

Office and Furniture, Fixtures, and Equipment Costs

Additional administrative costs include office and other space rent, supplies, IT needs, and memberships for the District.

Legal and Audit Services

In addition to the ongoing services provided by its staff, the new AVWD is expected to require certain contract services, including legal and accounting services each year. The cost of these services is estimated at $50,000 annually.

Insurance

The budget includes costs for the insurance typically carried by public agencies including directors and officer's insurance, municipal liability and property damage insurance which protect the AVWD from lawsuits and damage claims. Insurance costs are estimated at $20,000 annually.

Formation Costs

This item will cover the costs incurred during the establishment of AVWD which includes legal, mapping, and other consultant expenses essential for forming the District and establishing the proposed assessment district.

AVWD Operations Contingency Reserve

One aspect of this resiliency will be the funding and maintenance of a reserve fund, following Government Finance Officers Association (GFOA) standards. As is best practice, the analysis includes an operations contingency budget, with a target equivalent to five percent annually of operations costs. The contingency budget will accrue overtime and be available for use in case of potential revenue shortfalls or unanticipated expenditures. While contingency budget targets vary across districts, five percent of costs is a reasonable target for a new district. In years where the budget surplus is projected to be less than five percent of operating costs, the contingency budget is shown to be equal to the amount of projected surplus.

AVWD Program Development and Operations Expenditures

The proposed AVWD will be authorized to provide the full range of services as defined in the Principal Act but will focus on water supply and conservation programs as described in this Plan for Service.

Water Sharing Program

It is proposed that the AVWD assume responsibility for implementing the State-sponsored pilot project, which included recognition that a local (Alexander Valley-based) entity will need to carry the program forward.

Eel River-Russian River Diversion Program

The AVWD offers the opportunity for Alexander Valley landowners to be enfranchised in the development of the Diversion Program in cooperation with the regional entity (ERPA) that has the legal and financial capacity to own, construct and operate a new water diversion facility and, at the same time, provides a source of benefit-based funding for constructing the new Diversion Program infrastructure .

Groundwater Management

At the present time there is considerable uncertainty regarding the Alexander Valley groundwater basins especially as relates to the 'underflow' of River water into (and out of) the aquifer. This program will begin with a locally management investigation, data gathering, and assessment of supply derived from direct infiltration of rainwater, contributions from local tributary streams, and Russian River flood flows and underflow.

On-Farm Groundwater Recharge Program

In cooperation the Dry Creek Band of Pomo Indians and sponsoring State agencies, the AVWD proposes to assume management of the Groundwater Recharge Program following its development as provided for in the grant.

AVWD Revenue Sources

The AVWD will have broad powers, as provided in the Principal Act, obtain the necessary funding to support the services they provide, including receiving a share of local property taxes, levying special taxes, charging fees for services rendered, creating special benefit assessments (where 'special benefits' can be established), and receiving contributions and grants from other public agencies or private non-profits sources. The revenue estimates for the proposed AVWD will be primarily derived from a special benefit assessment established concurrently with the formation of the District.

Special Benefit Assessments

A special benefit assessment is a charge levied on real property within a defined area to finance the construction, reconstruction, acquisition, or maintenance of a public improvement, or fund authorized services. An assessment district is not a separate governmental entity, but rather a defined area of land that will benefit from the acquisition, construction, or maintenance of a public improvement or from the services provided by the district. The assessment can only be levied in proportion to the special benefits received from the improvements. Establishing a special benefit assessment requires 50 percent approval by

property owners, following a technical assessment (Engineer's Report) that determines special benefit consistent with the requirements of Proposition 218.

Fees and Charges for Services

The new AVWD will recoup all or a portion of the cost to provide certain services through user fees and charges, such as fees for the water sharing program participation, and well monitoring services. Services provided to other participating agencies may also be available. The Board of Directors will be responsible for establishing a fee schedule for these service charges following district formation.

Grants

The AVWD may also seek to pursue grant funding from a range of regional, State, and Federal sources to finance water programs and projects in the District. Special grant funding available to GSAs is one example, as mentioned above. Another is, as a State-designated Disadvantaged Community, north Alexander Valley is eligible for funds set aside from the State's Cap-and-Trade program to support public health, quality of life, and economic opportunity investments under SB 535. Other potential grant funding sources include the various State and federal water supply and conservation related grants.