

# Tulare Irrigation District Assessment Increase Presentation (Prop 218)



Aaron Fukuda

[akf@tulareid.org](mailto:akf@tulareid.org)

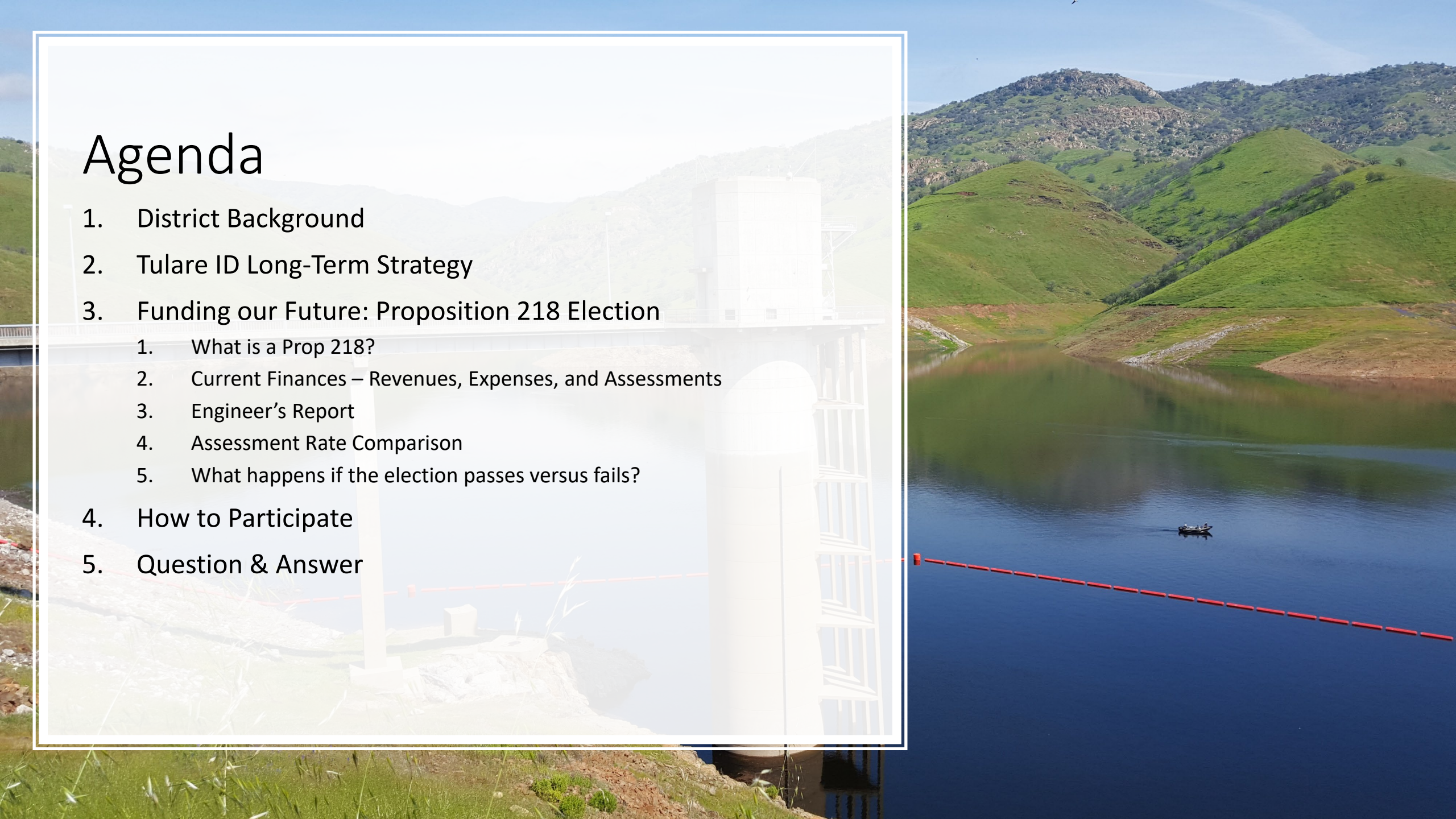
559-707-8928: Mobile

559-686-3425: Office



# Agenda

1. District Background
2. Tulare ID Long-Term Strategy
3. Funding our Future: Proposition 218 Election
  1. What is a Prop 218?
  2. Current Finances – Revenues, Expenses, and Assessments
  3. Engineer's Report
  4. Assessment Rate Comparison
  5. What happens if the election passes versus fails?
4. How to Participate
5. Question & Answer



# DISTRICT BACKGROUND





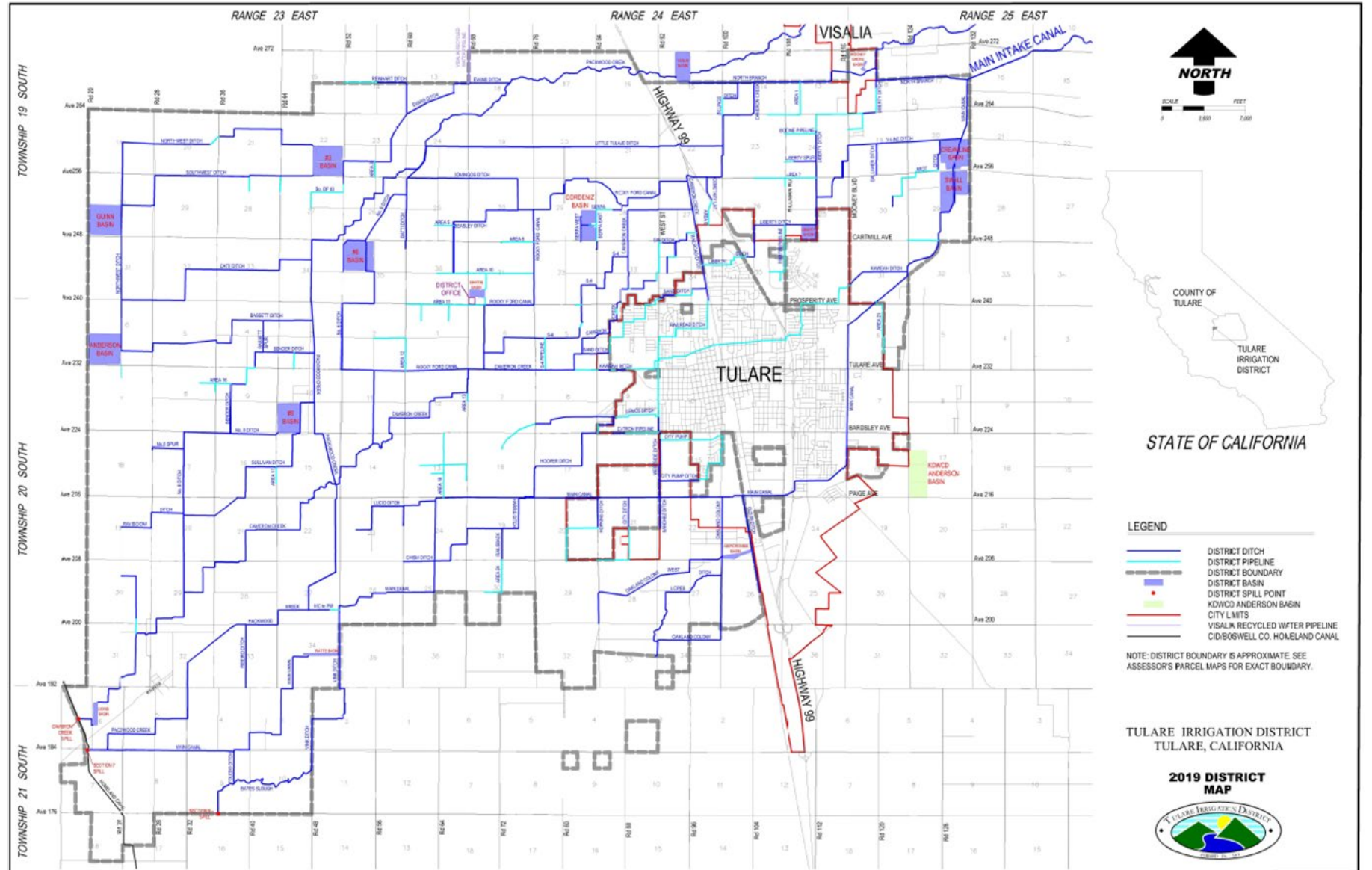
# TULARE IRRIGATION DISTRICT

- Formed in 1889
- Approximately 65,000 acres
  - Corn, wheat, alfalfa, walnuts, almonds, pistachios
- Approximately 200 growers
- Kaweah River Pre-1914 water rights
- Central Valley Project (CVP) Friant supplies
  - Class 1: 30,000 acre-feet (AF)
  - Class 2: 141,000 acre-feet (AF)



# TULARE ID

- **153,000 acre-feet**  
average annual water supply
- **300 miles** of earthen canal
- **30 miles** of pipeline
- **1,300 acres** of recharge basins



# DISTRICT DIVISIONS

Governed by a 5-member  
Board of Directors

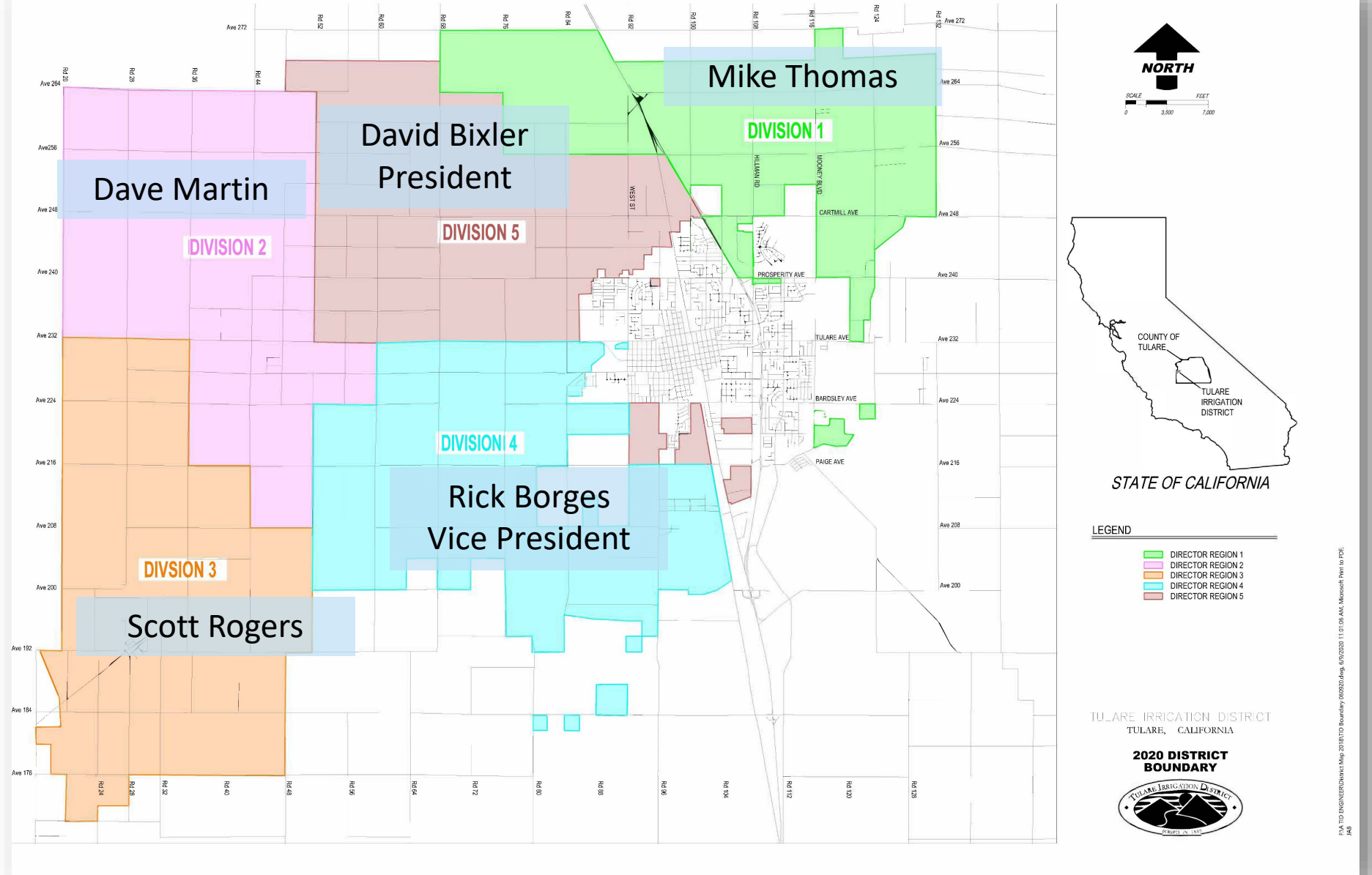
**DIVISION 1:** Mike Thomas

**DIVISION 2:** Dave Martin

**DIVISION 3:** Scott Rogers

**DIVISION 4:** Rick Borges,  
*Vice President*

**DIVISION 5:** David Bixler,  
*President*



# TULARE ID LONG-TERM STRATEGY





# STRATEGIC PLAN

- Approved by Board of Directors at August 2020 Board Meeting
- 1.5-year strategic process between TID staff and Board of Directors
- Includes goals, strategies, and projects to meet pressing water management challenges faced by TID and our growers
  - Water supply
  - District facilities
  - Sustainable Groundwater Management Act

## **Tulare Irrigation District: *Strategic Plan***

**AUGUST 2020**





# MISSION STATEMENT

*“To obtain and deliver surface water supplies for the purpose of agricultural irrigation in the District and for groundwater recharge efforts within the basin underlying the District.*

*The District must also operate and maintain 330 miles of canal, approximately 30 miles of pipeline, and 1,300 acres of groundwater recharge/regulation basins.”*





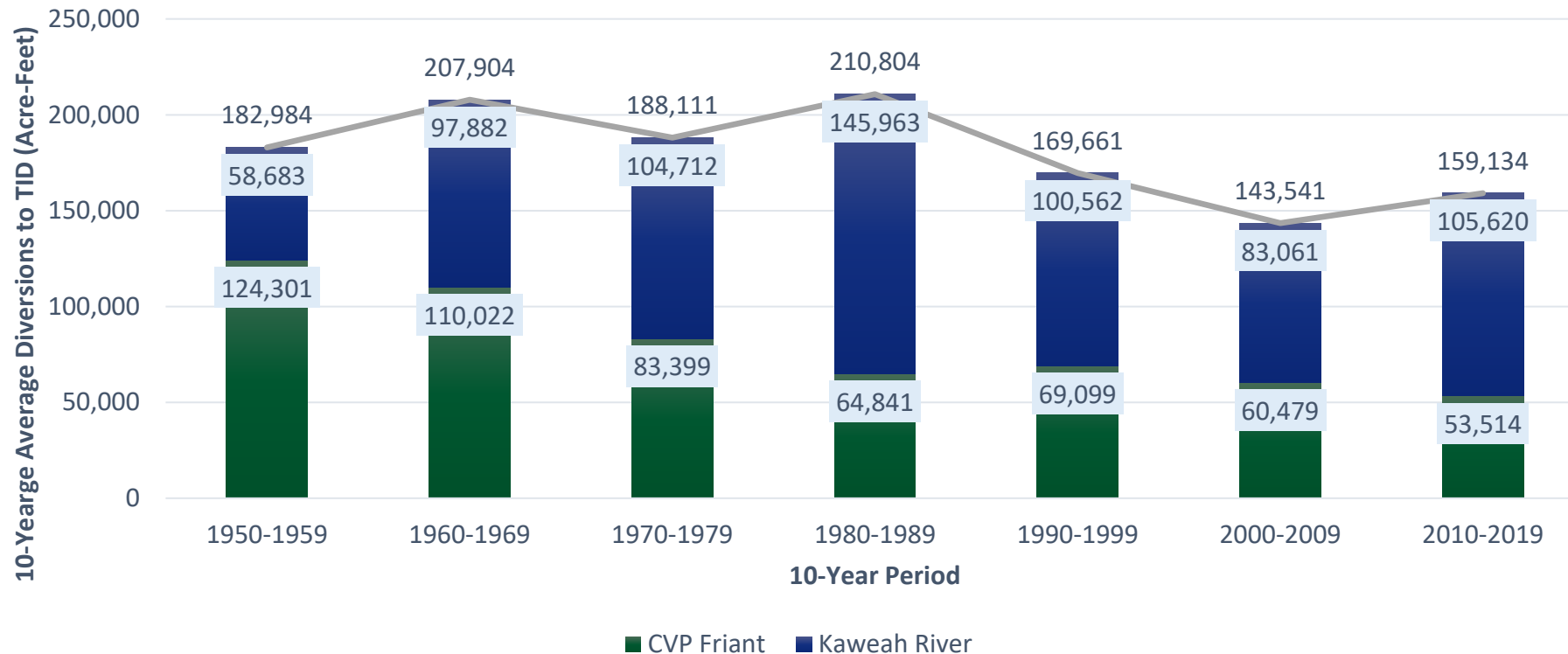
# WATER SUPPLY VISION

*Sustain a reliable supply of surface water and groundwater to support the agricultural needs of District growers and water users.*

# WATER SUPPLY CHALLENGES

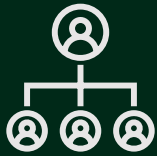
- Kaweah Supplies have remained fairly stable around 100,000 AF
- CVP Friant Supplies have declined significantly to approximately 55,000 AF (50% decline)
- Total average surface water supply 153,000 AF

## 10-Year Average Diversions



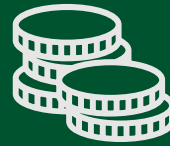


# WATER SUPPLY SOLUTIONS



## WATER RESOURCES MANAGER

- New staff position to oversee water supply operations
- Actively pursue water supply purchases and exchanges



## WATER PURCHASE ACCOUNT

- Account dedicated to water purchases
- Will develop funding sources to support water supply needs for our growers



## SURFACE WATER STORAGE

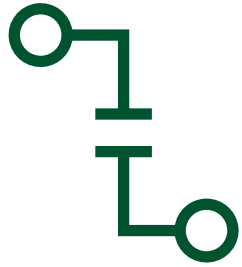
- McKay Point Reservoir
- Seaborn Reservoir



## DISTRICT FACILITIES VISION

*Operate and maintain a reliable and efficient distribution system and support facilities for the delivery of surface water for irrigation needs, groundwater recharge activities, and flood control purposes.*

# DISTRICT FACILITY CHALLENGES



AGING  
INFRASTRUCTURE



SUBSIDENCE



CROPPING PATTERN  
CHANGES





# DISTRICT FACILITY CHALLENGES



## *Impacts*

- Water delivery to growers becomes inefficient
- Lessens system capacity to receive excess surface water for irrigation and recharge in wet years
- Safety concerns for District staff and landowners



# DISTRICT FACILITY SOLUTIONS



## ASSESS AND DEVELOP A REPORT

- District Facilities Assessment Tool
- Area Pipeline Assessment Report

*Proper planning will ensure we execute a holistic and effective facility plan*



## CAPITAL IMPROVEMENT PLAN

- Use District Facilities Assessment Tool and existing knowledge
- Develop dynamic plan for capital improvements

*This plan will meet the water supply challenges of today and tomorrow*



## SUBSIDENCE BENCHMARK REPORT

- Develop benchmarks to measure existing subsidence
- Develop subsidence monitoring plan

*Ensuring the District is prepared to meet any infrastructure challenges*



## SUSTAINABLE GROUNDWATER MANAGEMENT ACT

*The District will continue to represent the growers and landowners of the District by participating in the Mid-Kaweah Groundwater Sustainability Agency and actively pursuing the implementation of the Groundwater Sustainability Plan and compliance with the Sustainable Groundwater Management Act.*



# SGMA CHALLENGES



California law signed in September 2014 mandating groundwater sustainability by 2040



TID is located in the Kaweah Subbasin, collectively responsible to mitigate an estimated 80,000 acre-feet average annual groundwater overdraft



SGMA grants local control to the GSA, but the State will intervene if the subbasin fails to keep on track with sustainability efforts



TID supports SGMA by partnering with the Mid-Kaweah GSA on administrative and groundwater recharge activities



# SGMA SOLUTIONS



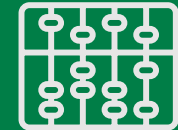
## ADMINISTRATIVE SUPPORT

- District will identify funding for Mid-Kaweah GSA admin costs
- Ensure Kaweah Subbasin maintains local control through smart water management



## SURFACE WATER AGREEMENT

- Develop agreement to partner with landowners outside of the District
- Deliver excess supplies to partners in wet years



## INTAKE CANAL LOSS CREDITS

- Landowner agreements with those adjacent to the Main Intake Canal. Landowners can receive groundwater credits

# FUNDING OUR FUTURE: PROPOSITION 218 ELECTION





# WHAT IS A PROP 218?

- Passed in November 1996 – “right to Vote on Taxes Act”
- Constitutional Initiative approved by California voters (Article XIII D)
- Requires new or increased assessments be approved by property owners. Landowners will be asked to vote via mailed ballots in this Proposition 218 election
- TID must follow specific requirements
  - Preparation of an Engineer’s Report – prepared by a registered California Engineer
  - Each landowner should be identified and notified of the potential assessment (ballot)
  - Notify the landowners of the specific time, date, and location of a public hearing on the assessment
  - Hold a public hearing not less than 45 days after the mailing of the notice (ballot)
  - Ballots in favor of assessment must represent a majority of the financial obligation (weighted based on financial obligation per unit acre) of the affected property to approve the assessments



# WHY IS TID HOLDING A PROP 218 ELECTION?

It is the District's goal to develop a long-term and short-term financial plan that strengthens and maintains the District's ability to meet the Mission Statement of the district including:

- **stabilize water rates,**
- **invest in District infrastructure,**
- **invest in water supply needs and**
- **stabilize finances to meet future challenges.**



# CURRENT REVENUE REQUIREMENTS



**AVERAGE REVENUE = \$7.2 MILLION**

- Current assessments = 14% of total revenue
- Remaining 86% of revenue from water sales, non-water sales and services, and water transfers/exchanges

**10-YEAR AVERAGE REVENUE LOSS = \$130,000**



**AVERAGE EXPENSES= \$8.34 MILLION**

- Water supply = 45%
- Remaining expenses for administrative and general, system maintenance, non-operating revenues, water service, depreciation

**AVERAGE ANNUAL LOSS = \$920,000**



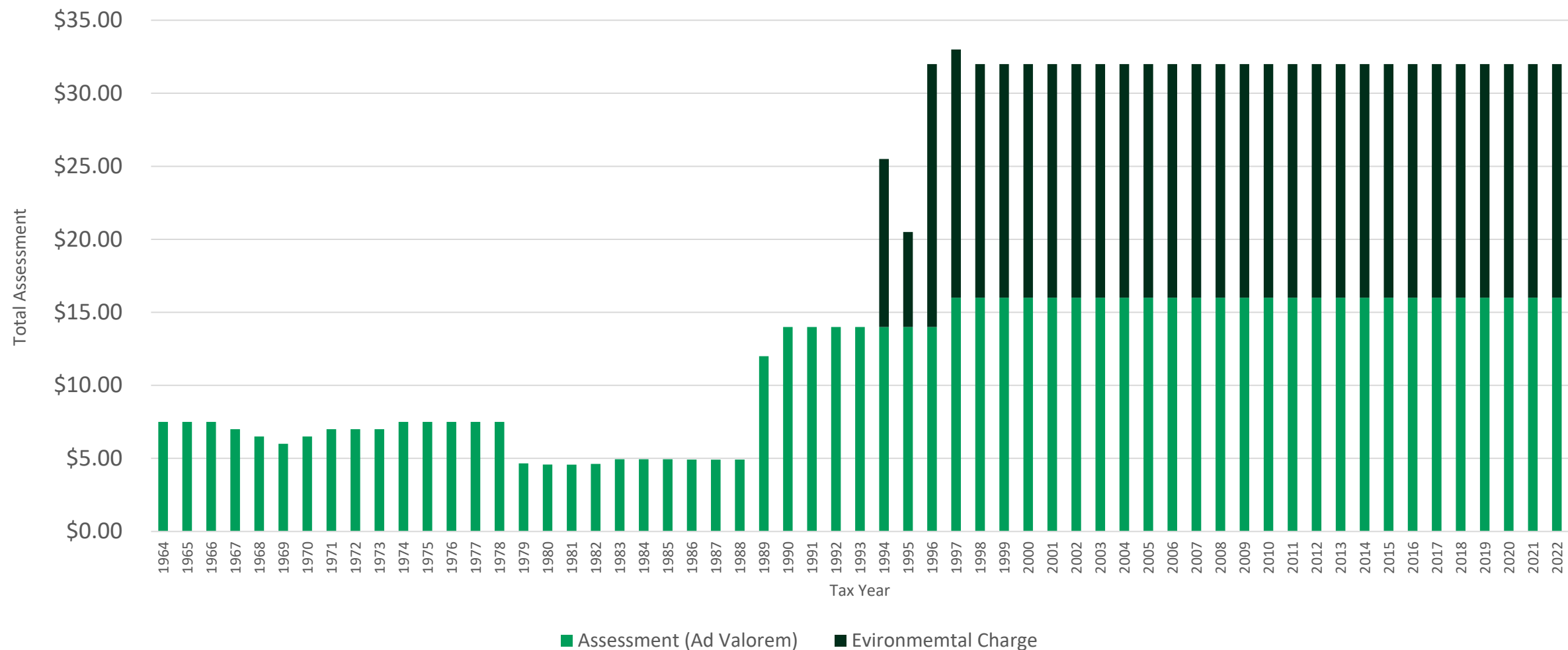
# FUTURE EXPENSES

- **Friant-Kern Canal Middle-Reach Fix**
- **San Luis Delta Mendota Water Agency costs (Transmission Powerlines, Delta-Mendota Canal)**
- **Capital Improvement Plan (Aging Infrastructure)**
- **SGMA Administration and Implementation costs**
- **Equipment purchases for regulatory compliance**
- **Postemployment benefits liability**

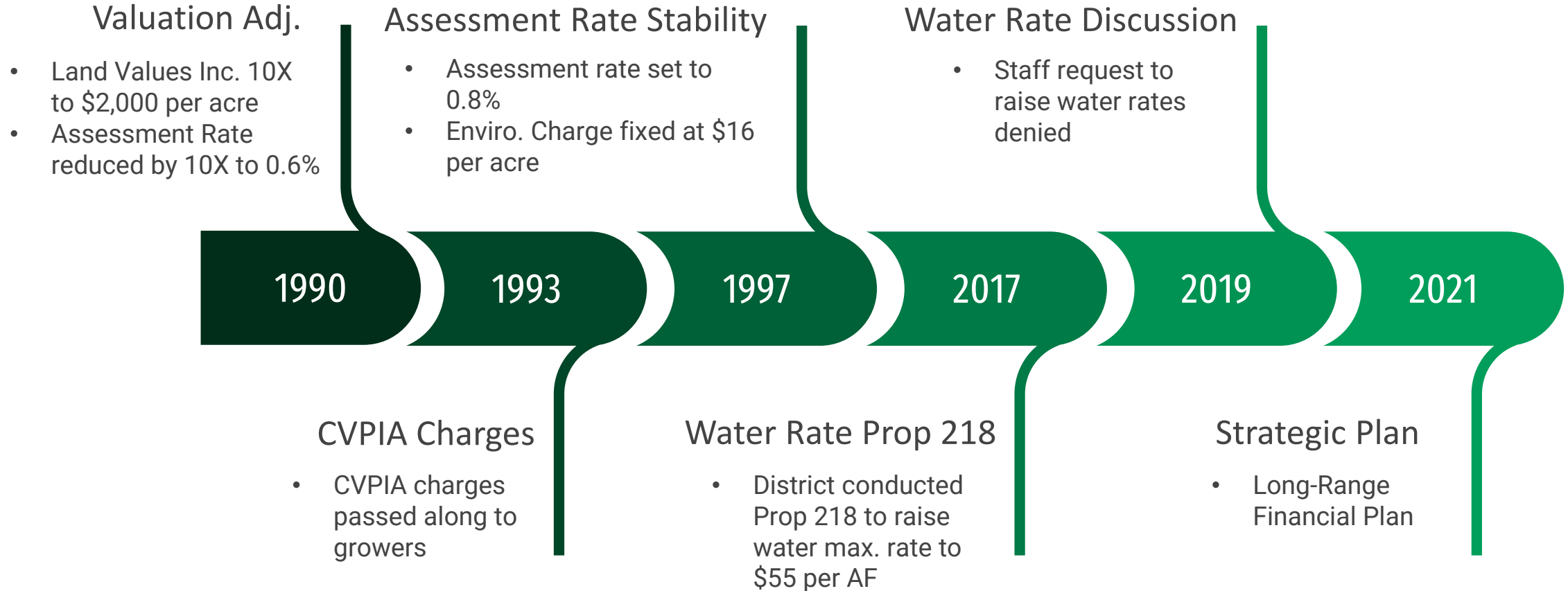


# HISTORIC ASSESSMENTS

Tulare ID Historical Assessment & Environmental Charges



# TIMELINE OF TULARE ID ASSESSMENTS





# Engineer's Report

Matt Klinchuch

Provost & Pritchard

ENGINEER'S REPORT  
FOR TULARE IRRIGATION DISTRICT  
PROPOSITION 218 PROCEDURES FOR  
BENEFIT ASSESSMENTS

DRAFT

June 2022

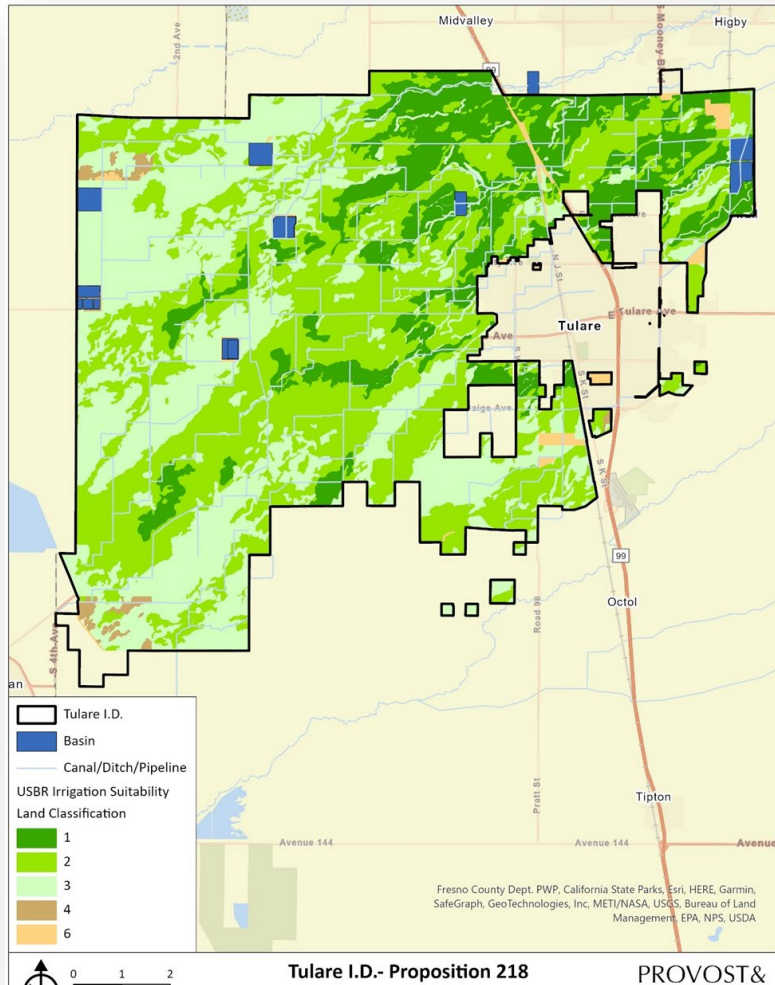
Prepared for:

Tulare Irrigation District

Prepared by:

Provost & Pritchard Consulting Group  
Visalia, California

# CURRENT ASSESSMENT BASIS



- In place since early 1990s (pre-dates Prop. 218)
- Two components:
  - Ad Valorem
    - 0.8% of Valuation per Acre
    - USBR Land Classifications from Irrigation and Soil Suitability mapping
    - Valuations vary by land class (Valuations have been static for decades)
  - Environmental Charge
    - Flat \$16/acre
- Generates approximately \$2 Million annually

# PROPOSED ASSESSMENT

- Moving away from the Ad Valorem valuation to flat rate across all acreages
- 3 assessment categories: General & Administrative, Surface Water Supply, and Capital Improvements Plan Projects
  - Parcels greater than 1 acre assessed all 3 categories
  - Parcels less than 1 acre only assessed the General & Administrative
- 5-year ramp up from current rate to the new total rate
- Tulare ID Board will set the rate annually up to the maximum allowed
  - Planning ramp-up schedule and annual escalation (CPI)





# PROPOSED ASSESSMENT CATEGORIES

## GENERAL & ADMINISTRATIVE

### **PROPOSED ASSESSMENT = \$67/ACRE**

- Fixed costs exceed current assessment revenue
- Water tolls historically cover the difference, but are challenging in dry years
- Applies to all assessable acreage (65,070)

**AVERAGE EXPENSES = ~ \$4.5 M**

## SURFACE WATER SUPPLY

### **PROPOSED ASSESSMENT = \$35/ACRE**

- 1997 – 2021 average annual supply = 153,000 acre-feet
- Approximately half is recharged benefiting all, but burdening only the water rate-payers
- Applies to parcels greater than 1 acre (64,980)

**AVERAGE EXPENSES = ~ \$4.3 M (proposing half, \$2.17 M, covered by this surface water assessment rate)**

## CAPITAL IMPROVEMENTS PLAN

### **PROPOSED ASSESSMENT = \$38/ACRE**

- Includes \$15M project groups financed on 10-year terms at 5.5% (\$1.943M) and existing Tulare ID debt (~\$573,000)
- Flexibility to move up to 50% (\$19) into General & Admin or Surface Water should costs exceed CPI escalation or unforeseen costs
- Applies to parcels greater than 1 acre (64,980)

**AVERAGE EXPENSES = ~\$2.5 M**

# ASSESSMENT BENEFITS

## GENERAL & ADMINISTRATIVE

- **Operate and maintain** the water distribution system growers rely on for their water supply
- Tulare ID continues to **secure surface water supplies for our growers**
- **Prevent State Intervention** in SGMA implementation at the local level, avoiding costly State fees and demand-reducing measures

## SURFACE WATER SUPPLY

- Recharge groundwater in Tulare ID service area in canals and basins to **create a water supply buffer** in the aquifer for dry years
- Average **annual groundwater recharge** benefit of ~74,400 acre-feet
  - Over the 64,980 acres paying this assessment, that equates to a 1.15 acre-foot per acre benefit

## CAPITAL IMPROVEMENTS PLAN

- Replacement of critical aging infrastructure key to the District delivery system
  - Example: Main Intake Canal Siphons under St. Johns River and Kaweah River
- Increase **water conveyance and delivery efficiencies** through new and improved infrastructure
- Increase opportunities for **surface water supply capture** in wet years to offset groundwater pumping in dry years
  - This means more water supply available for growers navigating drought and a new SGMA regulatory environment

# CAPITAL IMPROVEMENTS PLAN PROJECTS

*Many Capital Improvements Projects aim to improve system reliability and/or increase water supply.*

Project Description	Project Cost [2022 Dollars]	Anticipated Benefit
FKC Fix	3,100,000	0.88 AF/ac/Yr
Installation of Monitoring Wells	1,000,000	SGMA Compliance
Area 18	2,475,000	0.14 AF/ac/Yr
Liberty at Railroad	510,000	0.41 AF/ac/Yr
Area 11/12	2,500,000	0.008 AF/ac/Yr
#3 Basin Redesign	1,145,000	0.03 AF/ac/Yr
Creamline Basin Redesign	1,500,000	0.074 AF/ac/Yr
St. Johns & Kaweah River Siphon Design and Permitting	200,000	-
St. Johns & Kaweah River Siphon Construction	25,000,000	0.95 AF/ac/Yr
City Pump Pipeline	1,000,000	0.014 AF/ac/Yr
Area 10	1,450,000	0.02 AF/ac/Yr
Area 7	550,000	0.02 AF/ac/Yr
Liberty Pipeline at Ave 264	1,020,000	0.02 AF/ac/Yr
TIC Siphon Replacement	405,000	0.10 AF/ac/Yr
Main Canal/North Branch Parshall Flumes	750,000	1.77 AF/ac/Yr
Crocker Cut Improvements	200,000	1.11 AF/ac/Yr
Seaborn Reservoir	6,700,000	0.025 AF/ac/Yr
McKay Point Reservoir	2,000,000	0.013 AF/ac/Yr
Annual Capital Replacements	5,500,000	0.12 AF/ac/Yr
<b>CIP Totals</b>	<b>57,005,000</b>	



# PROPOSED CPI ESCALATION

- Proposing to escalate rates in line with Western US Cities Consumer Price Index (CPI) to keep up with increasing costs. This will prevent incurring costs to conduct another Proposition 218 election to raise rates.
- If realized costs exceed the proposed maximums *and* CPI escalation, the District must pursue a Prop. 218 to set rates higher than the current proposal.

	Paying Acreage	Revenue (\$)	Rate (\$/acre)
District Fixed Costs – G&A	65,070	4,359,690.00	67.00
Water Supply	64,980	2,274,300.00	35.00
CIP Projects	64,980	2,469,240.00	38.00
<b>Total</b>		<b>9,103,230.00</b>	<b>140.00</b>

# PROPOSED RAMP UP ESCALATION

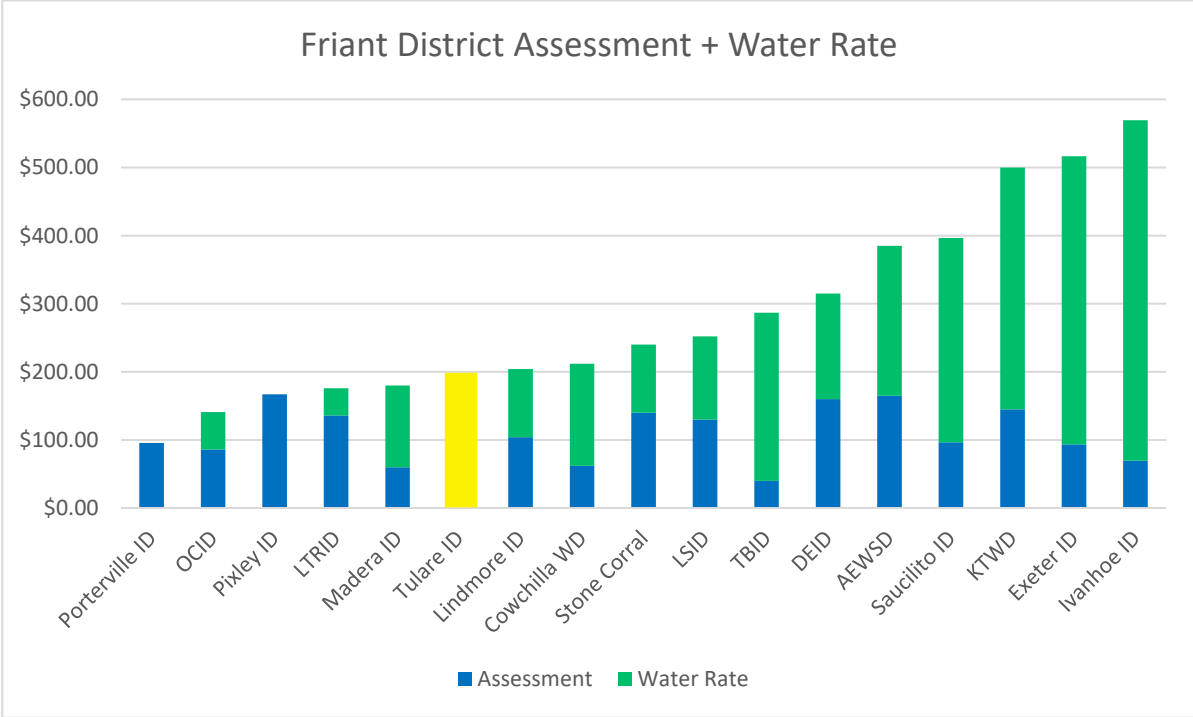
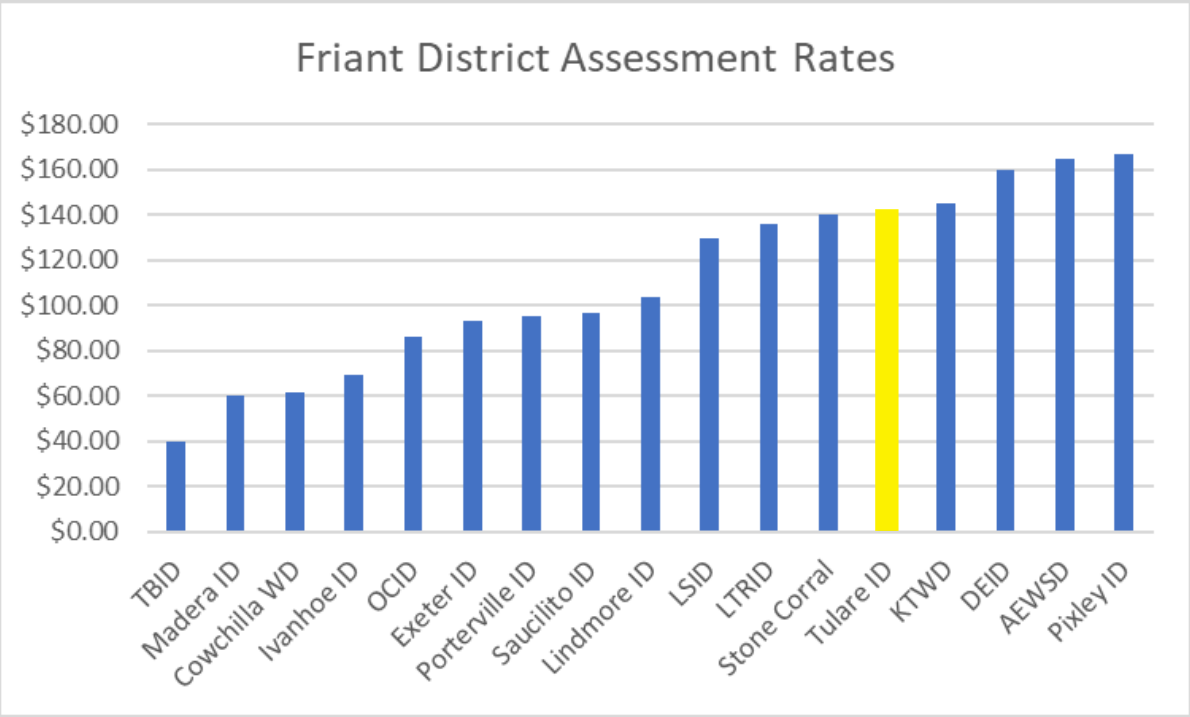
- Proposing to increase the rate over time, NOT immediately go from the \$32 District average to the new proposed \$140 maximum
  - 2023 = +\$36 (33% of total change)
  - 2024 = \$25 (23% of total change)
  - 2025 = \$16 (15% of total change)
  - 2026 = \$16 (15% of total change)
  - 2027 = \$16 (15% of total change)
- Example of the 5-year ramp with CPI (assumed at CPI 10-yr. average - 2.71)

Year	Base	Increment	CPI	Assessment
2023	\$67.00	-	-	<b>\$67.00</b>
2024	\$67.00	\$25.00	\$2.49	<b>\$94.49</b>
2025	\$94.49	\$16.00	\$2.99	<b>\$113.49</b>
2026	\$113.49	\$16.00	\$3.51	<b>\$133.00</b>
2027	\$133.00	\$16.00	\$4.04	<b>\$153.03</b>
2028	\$153.03	\$0.00	\$4.15	<b>\$157.18</b>
2029	\$157.18	\$0.00	\$4.26	<b>\$161.44</b>

**Note:**  
**Board can set annual assessments**  
**below Maximum Assessment based on**  
**Reserves and Revenue forecasts**



# RATE COMPARISON – FRIANT DISTRICTS



*Tulare ID's proposed maximum rate would be the yellow bar*

## ELECTION PASSES



IMPROVE AND DEVELOP WATER CONVEYANCE AND STORAGE INFRASTRUCTURE FOR EFFICIENCY, MAXIMIZING EVERY DROP FOR GROWERS



LOCALLY ACHIEVE SUSTAINABLE GROUNDWATER RESOURCES UNDER SGMA



CAPTURE AND RECHARGE UP TO ~74,400 AF ANNUALLY (1.15 AF PER ACRE ASSESSED)



CARRY TULARE IRRIGATION DISTRICT INTO THE FUTURE WITH SMART AND STRATEGIC WATER PURCHASES

## ELECTION FAILS



WATER INFRASTRUCTURE DETERIORATION, RESULTING IN EFFICIENCY LOSSES



RISK LOSING LOCAL CONTROL OF SGMA IMPLEMENTATION TO THE STATE



MISS OPPORTUNITIES TO CAPTURE EXCESS SURFACE WATER IN WET YEARS FOR GROUNDWATER RECHARGE



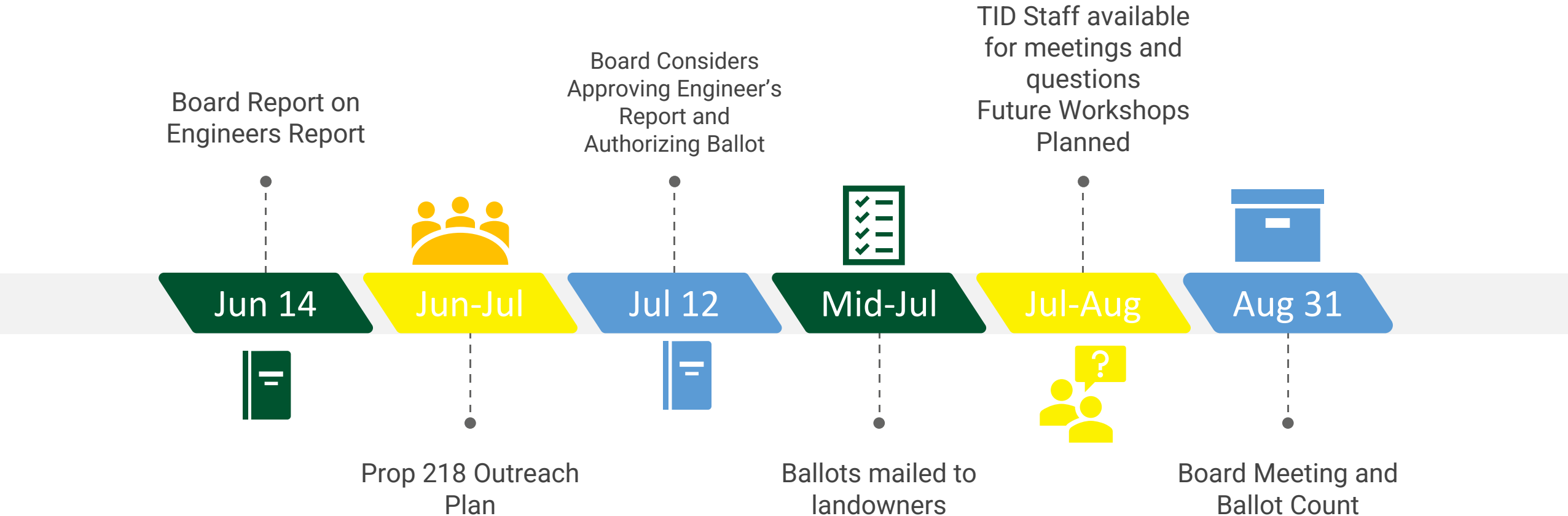
TULARE IRRIGATION DISTRICT LACKS THE REVENUE NEEDED TO CONTINUE PURSUING BOTH NEAR AND LONG-TERM STRATEGIES FOR WATER MANAGEMENT ON BEHALF OF ITS GROWERS



# HOW YOU CAN PARTICIPATE



# TULARE ID PROP 218 SCHEDULE



Visit [www.tulareid.org](http://www.tulareid.org) or Call (559) 686-1960



# OUTREACH PLAN

## Board Of Directors Meeting

*(Review and consideration of  
Engineer's Report)*

**When: June 14, 2022 @ 9:00 AM**

**How to Participate: The public will  
participate VIRTUALLY**

Zoom Link:

[www.zoom.com](https://www.zoom.com)

Meeting ID: 889 2308 0255

Passcode: 069637

USE for  
Quick Link



## Division Workshops

*(Presentation on Proposed District  
Assessment Increase)*

**Tulare County Ag Commissioners**

**Office:** 4437 South Laspina Street,  
Tulare, California 93274

Visit [www.tulareid.org](http://www.tulareid.org) for Division Map

Division 1: June 30, 2022 @ 3:00 PM

Division 2: June 29, 2022 @ 3:00 PM

Division 3: June 22, 2022 @ 9:00 AM

Division 4: June 22, 2022 @ 3:00 PM

Division 5: June 24, 2022 @ 9:00 AM

## Virtual Workshop

*(Presentation on Proposed District  
Assessment Increase)*

Dates:

July 13, 2022 @ 9:00 AM

July 13, 2022 @ 6:00 PM

July 14, 2022 @ 6:00 PM

Zoom Link:

[www.zoom.com](https://www.zoom.com)

Meeting ID: 896 4573 6642

Passcode: 486702

USE for  
Quick Link





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QUESTIONS?