

**SOLANO IRRIGATION DISTRICT
RESOLUTION 03-63**

**RESOLUTION OF THE BOARD OF DIRECTORS OF
SOLANO IRRIGATION DISTRICT
ESTABLISHING ANNEXATION POLICY AND CRITERIA
AND RESCINDING RESOLUTION NO. 94-01**

SECTION 1 – Intent of the Board relative to Annexations:

1.0 Background. Entitlements to water and to water service from SID is extremely valuable. When the Solano Irrigation District was formed in 1948, a specific plan was submitted to the community offering water service. Based upon the responses to that plan, the Bureau of Reclamation and the Solano Irrigation District (hereinafter “District”) designed a main canal and distribution system to serve those areas which expressed the interest and commitment to pay the indebtedness to be incurred. Where it was economically practical to construct and maintain distribution systems, and where the landowners had the foresight to see the value of surface water and a distribution system to provide for economic delivery of that water, those systems were generally included in the original plan. Many landowners of acreage declined to be included in the boundaries of the District, and some landowners provided for inclusion within the boundaries of the District but the distribution system was deemed uneconomic to the landowners who would have to pay the costs. For that reason, in some areas land is within the boundaries of the District but has not previously received water service. In some cases, that land has received special reductions in the assessments of the District to pay for bond indebtedness and contractual water commitments because of that unavailability.

2.0 Goals of Annexation Policy. The goal of the Annexation Policy is to provide guidance to landowners and District staff and to provide a written outline of factors which enter into the Board’s determination of whether or not to annex lands.

Annexation is not a right. Land will not be annexed if there is any potential of the land and water service not bearing all of the costs of service, or if there is any potential that the service to the land will reduce service to lands which have historically been located within the District and have paid their fair share of the costs of District operation and maintenance over the years. Therefore, no one should consider annexation as a certainty and no one should consider the District’s expressions of interest in considering annexation as a commitment, right or entitlement. Land should not be purchased or leased on the basis that the land is assured of annexation and water service and such purchases and leases shall not create a burden of liability to the District.

3.0 Factors to be Considered in Annexation.

3.1 Lands Outside the Place of Use of the SWRCB. Lands proposed to be annexed to the District must be located within the Solano Project’s Place of Use as established by the State Water Resources Control Board for waters from Lake Berryessa. If the lands are not within the Place of Use, the District will not petition for changes of Place of Use to the Bureau of Reclamation, who in turn would have to petition the State Water Resources Control Board, since such repetitive action would involve large amounts of staff

time by the Bureau of Reclamation, the State Water Resources Control Board and the Solano Irrigation District.

3.2 Landowners who are outside the Place of Use may indicate in writing their interest in annexation, and the District will place those landowners' names upon a list of persons interested in annexation, but no priority, commitment or implied agreement arises therefrom. When in the sole determination of the District Board and staff there is feasibility to consider a change in Place of Use to include those lands, the Board may request landowners or their successors, as some years may pass, to express their degree of commitment. Being placed on this list does not provide for any priority or basis for entitlement. Occasionally the staff will report to the District Board in regard to the status, location, economic feasibility, and advantages or disadvantages to the District of considering or requesting a change of Place of Use.

3.3 Lands Within the Place of Use. Lands within the Place of Use expressing an interest in annexation for agricultural water service and those lands within the Place of Use expressing an interest for annexation for what will primarily be a municipal and industrial use with casual or associated irrigation uses, will be aggregated. Expressing an interest does not entitle one to the Board or staff's attention or process. The District understands that landowners may wish to know whether or not their land can be annexed. However, the decisions by the District will be made only periodically when, in the sole discretion of the Board and staff, there is sufficient economies of scale in a particular area to justify proceeding with annexation and making the expenditure of effort economical on the part of the District and the extension of District's service facilities, if any is required, more economic for the interested persons in the area and efficient for the District.

Water planning for potential annexations takes years if not decades to effectuate. It takes away from the levels of attention and service the District staff can pay to those persons who have already borne the costs and risks of being a member of the District for years to ask that sequential consideration, lot by lot, or parcel by parcel, in a particular area occur.

3.4 Guidelines as to Aggregation of Landowners. As to agricultural lands seeking service, generally the District Board and staff will not move forward to consider a proposal unless there are at least 200 acres of productive agricultural land in a general area seeking annexation or at least 25 acres of urban land with proven economic viability. Contiguity of lands seeking annexation is important. Landowners seeking annexation should not expect the District's staff to conduct feasibility studies, economic cost estimates or the like, to attempt to induce contiguous parcels to seek annexation. In some cases, the District's staff and consultants are best able to estimate the costs of line extensions and annual period service costs, but an outside engineer can also provide "back of the envelope" estimates assuming that the District has no unused capacity in its existing system closest to the proposed service area. Capacity determinations are complicated and costly. The District strongly recommends that landowners hire their own engineer for those estimates of the costs per foot of mainline extensions, energy costs and gallonage requirements. It should generally be assumed that the District will have to upgrade its system, since towards the peripheries of the District system, generally all existing capacity in the system is utilized.

Therefore, a landowner's private engineer can estimate that there will be a need for some expansion of capacity of existing lines required by either paralleling or by installing larger pipe to replace existing facilities. These types of capacity determinations should be roughly estimated to determine if the landowner would be able to justify the range of costs likely to be encountered before asking the District to perform capacity studies. Those studies are expensive and the District will study and quote the cost if a group of contiguous landowners appear to be well-organized and pay the costs. The performance of such a study, however, does not commit or indicate favorable treatment or attitude towards an annexation proposal. Often, landowners are shocked at system extension or expansion costs and lose interest in annexation. The private engineer should assume the worst case scenario to avoid undue expenditure of SID staff and your time.

4.0 Urban Land Annexation. Lands seeking municipal and urban water service from DSMWS (Dixon-Solano Municipal Water Service) or SSWA (SID – Suisun City) must show that the service would be cost effective, that the general plan of the respective cities calls for the urbanization of the property, and that urbanization is imminent. Urban land annexations or rural residential annexations where the District has potable water services available are, again, not a matter of right. Generally, if it has water capacity and service lines available, the District will consider annexation but will insist that all contiguous parcels, or parcels within the area capable of urban development, be organized, and that annexation occur as a unit to reduce costs to the District and its municipal water supply participants and to provide for coordinated payment of mainline extensions and other increases in District capacity.

4.1 The District will not perform feasibility studies or perform cost estimates regarding municipal and industrial supply alternatives unless these costs are paid in advance, and unless all other requirements, including the required aggregation of users, has occurred. As is the case in Paragraph 3.4 above, a private engineer with the capability of conducting "back of the envelope" estimates should be employed by the party seeking water service in the first instance.

5.0 Procedure if and When an Annexation Proposal is to be Considered. When and if, in the determination of District management and staff, sufficient neighborhood lands have allied themselves and obtained rough estimates from a private engineer of the costs of an integrated system to serve the area, upon approval of the District, the District engineering staff and the independent consultants can then study in more detail the costs of extending or increasing the capacity of District's facilities. The District staff will provide for an estimate of the cost of a study, any overhead surcharges which are currently equal to 94% of the wage costs, and ask for a deposit. The deposit will be sufficient to cover anticipated costs, but the applicant(s) will be asked to agree to pay unanticipated costs and periodic billings will be provided by District or the independent consultant for the costs. It is understood that by providing for this study, no commitment or reliance upon the ability to annex should arise. Often, landowners wish system expansion to be done with materials or in manners which will leave the District landowners who obtain title to these facilities with larger operation and maintenance costs. This will not be permitted.

6.0 The Board's Role in Requiring Annexed Lands to Contribute and Not Burden the District. The Board of Directors of District will not specify or express a commitment to annexation prior to the completion of all capacity, cost and feasibility studies reasonably required by the

District's engineering department. Landowners should understand that substantial amounts of money can be spent studying these issues and making cost estimate determinations. Often, annexation proposals are not approved because they are not in the best interests of the District. For example, water to provide for the service may not exist without shorting other landowners, and/or there is not a showing that the landowner seeking annexation would be able to contribute to the overall financial stability and health of the District. Assessments collected through the County tax bill are of decreasing economic value. Standby charges based upon land classification or use have not been changed for years, and water charges and water rates often vary from year to year and may not pay increased operation and maintenance costs of system expansions.

6.1 A real showing that annexation will not only bear the costs of the service to the annexed area but will shoulder a portion of the overall overhead costs and unitization costs of the District operations is necessary.

6.2 If the lands should be granted authority to apply for annexation to the District, the annexation procedure through the Local Agency Formation Commission and the requirements placed upon District staff to shepherd the application are extreme. Delay is the norm. Appendices 1 through 5 describe the procedures and the order of work to provide for approval of the Local Agency Formation Commission annexation and to ensure that the system improvement required as a term of the annexation are in fact completed. The District does not favor land which seeks annexation, obtains annexation, and then fails to raise the monies necessary for the system extensions and improvements. Therefore, before annexation is initiated with LAFCO by the District, landowners will be required to provide financial deposits of the estimated cost to be incurred in system extensions and improvements. The deposit of those monies does not assure annexation. The deposit for estimated construction costs would be refunded if annexation is not approved by LAFCO or finally approved by the Board of Directors. LAFCO may not approve the annexation or may add other conditions. Processing costs would not be refunded.

Conclusion. This Annexation Policy and criteria is designed to inform landowners of the complexity of the annexation process and the expenditures required. There is no reason in certain circumstances that landowners seeking annexation cannot obtain benefits like those landowners that formed the District and financed the District's distribution system in the 1950's. Foresight, organization and industriousness are encouraged by the District's Board of Directors, but the Board will not use the staff of the District or its infrastructure and experience in water system management, construction and repair (which are the assets of the existing landowners who are the successors of those with foresight who made the original investments in the District's system) for the benefit of those owners of land whose predecessors did not have that foresight. If at times it appears that the staff or Board of Directors are hostile to annexation, that is not the case. Instead, the Board is hostile to using the property, assets and value of the District which is owned by foresighted landowners within the boundaries of the District who committed to water service and stretched their financial resources for the last 40 years, for the benefit of lands which did not make those sacrifices or have that foresight.

SECTION 2: Annexation Policy and Criteria:

1.0 The District's Annexation Policy is in conformance with existing Solano County water

policy.

2.0 District Priorities for Water Service. There are a number of landowners in the District Service Area who have not requested water service to date. The highest priority for new service of the available water will be given to those lands in the District that do not have service. Of this group of landowners, top priority is given to services which were deferred by the District in the original construction of the distribution system. The next priority for available water would be for existing customers who previously subdivided their land but did not put in a water system. The Board of Directors will reserve water supplies for a period of time for the above landowners. However, the District will endeavor to obtain a waiver of water service from those landowners in the District who are not interested in water service.

The District will not be responsible for the cost of providing water service except in the case of landowners which had water service deferred by the District in the original construction of the distribution system.

The priorities of the District in annexing land are:

- To provide an adequate water supply to agriculture on prime soils to offset reductions in irrigated agriculture elsewhere in the District due to urbanization;
- To help urban areas in Solano county meet their water needs when it is in the best long-term interest of the District to do so;
- To annex land that will contribute to the long-term financial stability of the District.
- The highest priorities for annexation will be given to large blocks of prime agricultural land contiguous to the District for which existing capacity service is available, and municipal lands for which a commitment to serve exists.

3.0 Allocation of Water Supply. The District's existing commitments of water to municipalities result in an approximate 80% - 20% ratio between agricultural water delivered and municipal and industrial water delivered or committed for future use. This ratio of water delivery and commitments from the District's allocation of Solano Project water and from groundwater pumping by the District should be maintained over the long term if it is compatible with the long-term water supply availability and financial stability of the District. This ratio of agricultural-to-urban water delivery will be reviewed periodically by the Board.

4.0 Annexation Requirements. There are a number of basic requirements that all annexations must meet before the Board of Directors can consider or approve them. Applications that do not meet all of these requirements may be denied by the Secretary/Manager without consultation with the Board.

4.1 Lands proposed to be annexed to the District must be located within the Solano Project Potential Service Area, also known as the Place of Use. This area is established by the State Water Resources Control Board at the request of the Bureau of Reclamation. Persons interested in annexation who are outside of the Place of Use should be aware that the

problems of attempting to modify the Place of Use are severe and the District may not be willing to apply or able to apply for such an expansion to the Bureau and the Bureau may not be willing to apply to the SWRCB. Only the Solano Water Agency member unit Agreement would permit the application to the Bureau.

4.2 Applications for annexation for lands within the Place of Use will be placed on an Inside Annexation Waiting List maintained by the District's Engineering Department. Annexations will not proceed until the number and area of lands proposed for annexation reach certain minimum levels, which are stated in Item 4.4 below, and will be proposed by staff and approved by the Board.

4.3 Lands located outside the Place of Use may not apply for annexation to the District without the Board's approval. Instead these lands will be added to an Outside Annexation Waiting List maintained by the District's Engineering Department. Occasionally, the Engineering Department will report to management and the Board on the number of parcels on the Outside Annexation Waiting List, the total of the parcel areas, etc. The Board may decide to pursue an expansion of the Place of Use to include the parcels on the Outside Annexation Waiting List, but is not obligated to do so.

4.4 Each annexation shall include a minimum of 200 acres of productive agricultural land, or 25 acres of urban land, or of any size within a non-potable water system established by agreement with a city. These figures may be composed of parcels that are not contiguous to each other and may not be contiguous to the existing District boundary, but must not form islands of land not in the District within lands that are within the District. No staff work, other than placing the application for annexation on the appropriate Waiting List, will be done on the application until the above acreage minimums have been met.

4.5 After the accumulated number of acres has reached or exceeded the minimum requirement noted above, the desirability of the annexation will be analyzed using a point system based on the Annexation Desirability Criteria presented below.

4.6 In addition to the acreage and desirability requirements, the proposed annexations must comply with the requirements of the Endangered Species Act and the Solano Project Habitat Conservation Plan, where applicable.

4.7 Water service must be technically and economically feasible.

4.8 Water supply capacity is, will be, or can be available in the District system.

4.9 Agricultural lands must have a drainage outlet available.

4.10 Annexation applicants must pay the Annexation Fees described below.

5.0 Annexation Desirability Criteria. In addition to an annexation policy, more specific criteria are needed to guide District staff in determining whether a particular annexation request will be a positive addition to the Service Area over the short and long term. The following criteria, listed in order of importance to the District, will be used to make this determination and to rank annexation

requests. The application of these criteria will need to be somewhat flexible, and some of the criteria, may be used to deny an application even if many of the other criteria are met. These criteria will not be applied until a critical mass of interested lands are accumulated in a geographic area.

Points will be assigned for how well each annexation proposal meets each of the following criteria.

5.1 Urban Land Annexations.

In order of importance:

- 5.1.1 The land proposed for annexation is in the service area of the Dixon-Solano Municipal Water Service (DSMWS) or the Suisun-Solano Water Authority (SSWA) or is going to be annexed by the City of Dixon or the City of Suisun City; or the land is covered by a prior agreement with a city pertaining to annexation or water service. The land proposed for annexation has groundwater as its current supply and needs a supplemental supply.
- 5.1.2 The residents on the land proposed for annexation are united in favor of water service by the District.
- 5.1.3 The customer base is large enough to be served in a cost-effective manner.
- 5.1.4 Reclaimed water is available to the District with which to meet the water needs of the applicant.
- 5.1.5 The land is contiguous to the District service area.
- 5.1.6 Groundwater supply is available from the District or can be made available at a reasonable cost.

5.2 Agricultural Land Annexations

In order of importance:

- 5.2.1 The feasibility of water service is relatively high.
- 5.2.2 The land is contiguous to the existing District service area.
- 5.2.3 Service to the lands proposed to be annexed can be accomplished in conjunction with a project to rehabilitate or improve a part of the District's existing distribution system.
- 5.2.4 The lands proposed for annexation are composed of multiple parcels in a large block of land.
- 5.2.5 The lands proposed for annexation are composed of a large, single parcel.
- 5.2.6 Water service to the lands proposed for annexation would be cost-effective to operate

and maintain.

- 5.2.7 There is an existing supplemental source of water for the lands proposed for annexation.
- 5.2.8 Reclaimed water in sufficient quantity and of adequate quality for agricultural use is available to the District to serve the lands proposed for annexation.
- 5.2.9 The lands proposed for annexation have been previously cultivated.

The District Board of Directors will review and change this policy periodically as necessary. The fees required by this policy document will be implemented by resolution of the Board of Directors.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Solano Irrigation District held on the 20th day of October 2003, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Marion Maginnis, President
Solano Irrigation District Board of Directors

ATTEST:

Robert L. Isaac
Secretary of the Board of Directors