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July 8, 2009
 Agenda Item 10

July 8, 2009 (Agenda)

Contra Costa Local Agency Formation Commission
 651 Pine Street, Sixth Floor
 Martinez, CA 94553

Reclamation Service Providers – Sphere of Influence Updates

Dear Members of the Commission:

SUMMARY

In accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), LAFCO must adopt a sphere of influence (SOI) for each city and special district. The SOI serves as the ultimate planning boundary for a local agency. Effective SOIs may discourage urban sprawl by preventing service duplications, overlapping service areas and premature conversion of agricultural land to urban uses.

Pursuant to State law, LAFCO must review and update SOIs at least every five years, as necessary. In order to prepare and update the SOIs, LAFCO must prepare a municipal service review (MSR).

In October 2008, LAFCO initiated a countywide reclamation services MSR. The Commission retained the independent firm of Burr Consulting to prepare the MSR report.

On May 13, 2009, the Commission held a workshop at which time the MSR consultant presented an overview of the Preliminary Draft Reclamation Services MSR report and SOI options. The Commissioners provided input regarding the preliminary study. Although State law does not specify a review period for MSRs, the MSR report was circulated for a 21-day public review period, during which comments were received from two agencies (Contra Costa Water District, Reclamation District 2065).

The Final Draft MSR report and SOI recommendations will be presented to the Commission on July 8 for consideration and approval. The MSR report is available on the LAFCO website at www.contracostalafco.org.

The MSR report includes recommended determinations covering the following local agencies: Reclamation Districts 799, 800, 830, 2024, 2025, 2026, 2059, 2065, 2090, 2117, 2121, 2122, and 2137. In addition, the report presents SOI and Governance Structure options for the districts listed above.

At this time, the Commission is asked to consider the SOI updates for each of these districts. The SOI options and recommendations were presented in the various draft reports, and made available to the affected agencies and the public for review and comment.

The attached table presents a condensed summary of the Governance Structure and SOI options identified in the MSR report, along with the consultant and LAFCO staff recommendations; analysis on each agency is presented in the MSR report and is briefly summarized below.

DISCUSSION

LAFCO and MSR/SOI Updates

Provisions for updating SOIs are contained in the CKH Act. In adopting or updating an SOI, the Commission must make determinations concerning the following:

- The present and planned land uses in the area, including agricultural and open-space lands.
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- When adopting, amending or updating an SOI for a district, LAFCO must establish the nature, location and extent of any functions or classes of service.

The Commission may approve boundary changes using SOIs as a basis. LAFCO has also adopted policies and procedures for SOI updates. Among the more important factors is the need to consider whether services need to be provided in the next 5-20 years, or whether there is any other compelling reason for expanding an SOI, such as to enable funding of open space maintenance or to provide a logical boundary. Also, LAFCO should consider whether territory included in the SOI of one agency is already included in, or should be included in, the SOI of another agency more capable of providing services. All of these factors and policies were considered in developing the recommendations.

Based on the analysis completed in the MSR, options for each district's SOI were evaluated. These included retaining the existing SOI, reducing or expanding the SOI, adopting a zero SOI which would signal that the district should either be dissolved or merged or consolidated with another agency, or adopting some other appropriate SOI (e.g., provisional, overlapping, partial, service-specific, etc.).

Local Governance Options

The MSR report identifies a number of potential consolidations and dissolutions. Government Code Section 56375(a) gives LAFCO the power to initiate certain types of boundary changes consistent with an MSR and other special studies. These boundary changes include:

- Consolidation of districts (joining two or more districts into a single successor district)
- Dissolution (termination of a district and its corporate powers)
- Merger (termination of a district by merging that district with a city)
- Establishment of a subsidiary district (city council becomes the board of directors of a district)
- Formation of a new district or districts
- A reorganization that includes any of the above

Any other type of boundary changes, such as an annexation or a detachment, must originate from affected local agencies (e.g., cities, districts) or landowners or registered voters.

An SOI is an area designated for probable service, and in essence, defines where and what types of government reorganizations (i.e., annexation, detachment, dissolution, consolidation) may be initiated. By statute, territory may not be annexed to a city or district unless it is already included within that agency's SOI.

An SOI change neither initiates nor approves government reorganization. If and when government reorganization is initiated, there are procedural steps required by law, including an application, a service plan, a noticed public hearing, and processes (protest hearing and/or election). Only the governing bodies of local agencies, affected landowners or registered voters may initiate annexations and detachments and so long as they are consistent with the SOIs of the affected agencies.

It is important to note that changes to an agency's SOI do not directly affect service, and do not guarantee that LAFCO will approve the associated annexation or governance change. It is also important to note that the more complex options (e.g., mergers, consolidations, etc.) may require a more comprehensive "reorganization study" to review in depth the fiscal impacts of such actions.

Summary of Governance Structure and SOI Options and Recommendations

The following provides a summary of the Governance Structure and SOI options and recommendations for each reclamation district (RD) covered in the Reclamation Services MSR report (see attached table for a condensed summary). Details and analysis regarding these options are presented in the MSR report.

The existing SOIs for all 13 reclamation districts are coterminous with district boundaries.

The California Water Code identifies eight western Delta islands as critical to control salinity in the Delta, protecting water quality to all water users in the State. Of these eight, five are protected by reclamation districts in Contra Costa County (Bradford, Holland, Hotchkiss, Jersey and Webb). The MSR found that three of the five critical islands are only in partial compliance with minimum Federal Emergency Management Agency (FEMA) levee requirements (Bradford, Hotchkiss, Jersey). The MSR report indicates that two of the agencies exceed the minimum FEMA requirements (RD 799 and RD 800).

RD 799 was formed in 1911 to provide maintenance services to non-project levees and internal drainage facilities protecting Hotchkiss Tract, which is one of the eight western islands determined to be critical to the State water supply. RD 799 covers approximately 3,100 acres and serves a population of approximately 969. The District serves both residential and agricultural areas. The area has experienced significant recent growth, and anticipates growth to continue in the future.

The District maintains nearly 12 miles of earthen levees, over three miles of internal ring levees and four pumping stations. As with most RDs in Contra Costa County, RD 799 provides minimally adequate flood control protection, based on levee standards. Financial resources are limited and do not support costs associated with adequate levee maintenance.

The MSR report identifies several governance and boundary/SOI options. One option is to detach 436 acres of State owned land in the western portion of the District. Another option is to expand RD 799's SOI to include Bethel Island, as Bethel Island receives similar services from the Bethel Island Municipal Improvement District. A third option is to retain the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend reducing the SOI by 436 acres in the western portion of the District to facilitate future detachment of this State-owned land (Dutch Slough Tidal Marsh Restoration Project); the project area also includes 730 acres within RD 2137. The State's long-term plan calls for restoration and preservation of this area for open space, habitat and recreational uses. Detaching this area from RD 799 to officially cede maintenance responsibility to the State would be appropriate once a Jersey Island Road setback levee is constructed and turned over to RD 799.

RD 800 was formed in 1909 to provide maintenance, flood control and drainage, siltation dredging, and other specialized services on Byron Tract. RD 800 is the largest reclamation district, covering approximately 9,933 acres, and serving a population of approximately 7,656. The District serves both residential and agricultural areas. There are two development proposals which could impact RD 800 (Pantages Bays and Cecchini Ranch). The District maintains nearly 19 miles of earthen levees, including nearly 10 miles of agricultural levees, over 6 miles of urban levees, nearly three miles of dry land levees, nine miles of drainage ditches and two pumping stations. RD 800 levees provide 100-year flood protection; the goal of the District is to increase flood protection to meet the 200-year criteria. RD 800 has adequate funds to provide services and employs full-time staff.

The MSR report identifies a number of governance alternatives and boundary/SOI options as listed below:

- Add to the District boundary/SOI an 80-acre agricultural parcel on the west side of the District that is within the dry land levee
- Detach a 200-acre parcel from the District which is outside the levee system and does not need services
- Add to the District's boundary/SOI the proposed 172-acre Pantages Bay residential project area
- Consolidate with adjacent RDs (e.g., 2024, 2117)
- Consolidate Discovery Bay Drainage & Maintenance District
- Consolidate flood protection services either with RD 800 or Discovery Bay CSD
- Retain existing coterminous SOI

Recommendations: The consultant and LAFCO staff recommend adjusting boundary/SOI to coincide with service area. This includes reducing the boundary/SOI by 200 acres (property outside levee system) and increasing the boundary/SOI by 80 acres (property inside the dry land levee).

RD 830 was formed in 1911 to provide maintenance services to non-project levees and internal drainage facilities protecting Jersey Island, which is one of the eight western islands determined to be critical to the State water supply. RD 830 covers approximately 3,750 acres and is minimally inhabited (population of 3). The District serves primarily agricultural and cattle grazing land. There has been no recent growth, and none is anticipated in the future. The District maintains 16 miles of earthen levees, 15 miles of drainage ditches and one pumping station. As with most RDs in Contra Costa County, RD 830 provides minimally adequate flood control protection, based on levee standards. Financial resources are limited and do not support costs associated with adequate levee maintenance.

The MSR report does not identify any governance alternatives. The only SOI option identified is to retain the existing coterminous SOI.

Recommendation: The consultant and LAFCO staff recommend retaining the existing coterminous SOI.

RD 2024 was formed in 1918 to provide maintenance services to non-project levees and internal drainage facilities protecting Orwood Tract. In 1995, RD 2036 was dissolved and the area was annexed to RD 2024. RD 2024 covers approximately 6,574 acres and serves a population of approximately 40. The District serves primarily agricultural areas. The area has experienced no recent growth, and anticipates no significant growth in the future. The District maintains approximately 15 miles of earthen levees, 13 miles of drainage ditches, six pumping stations and one flood gate. The District reports that most of its levees meet hazard Mitigation Plan (HMP) standards, except some in the Palm Tract area. RD 2024 has the financial ability to provide minimally adequate service levels.

The MSR report identifies two governance alternative and boundary/SOI options. One option is to expand RD 2024's boundary and SOI to include RD 2065 (Veale Tract) in anticipation of a consolidation. The other option is to retain the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend retaining the existing coterminous SOI.

RD 2025 was formed in 1918 to provide maintenance services to non-project levees and internal drainage facilities protecting Holland Tract, which is one of the eight western islands determined to be critical to the State water supply. RD 2025 covers approximately 4,090 acres and serves a population of approximately 27. The District serves primarily agricultural areas. The area has not experienced recent growth, and does not anticipate significant growth in the future. The District maintains 11 miles of earthen levees, eight miles of irrigation canals and three pumping stations. The District reports that all of its levees meet HMP standards, but do not provide 100-year flood protection. Absent State subventions, financial resources are limited and do not support costs associated with adequate levee maintenance.

The MSR report identifies two governance alternative and boundary/SOI options. One option is to expand RD 2025's boundary and SOI to include RD 2026 as well as RDs 756 (Bouldin Island) and 2028 (Bacon Island) both of which are located in San Joaquin County, in anticipation of a consolidation. The other option is to retain the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend retaining the existing coterminous SOI.

RD 2026 was formed in 1918 to provide maintenance services to non-project levees and internal drainage facilities protecting Webb Tract, which is one of the eight western islands determined to be critical to the State water supply. RD 2026 covers approximately 5,500 acres and serves an uninhabited area which is primarily agricultural land. The area has not experienced recent growth, and does not anticipate significant growth in the future. The District maintains nearly 13 miles of earthen levees, eight miles of irrigation canals and two pumping stations. The District reports that all of its levees meet HMP standards, but do not provide 100-year flood protection. Absent State subventions, financial resources are limited and do not support costs associated with adequate levee maintenance.

The MSR report identifies two governance alternative and boundary/SOI options. One option is to adopt a zero SOI in anticipation of a future consolidation with RD 2025 and RDs 756 and 2028, both of which are in San Joaquin County. The other option is to retain the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend retaining the existing coterminous SOI.

RD 2059 was formed in 1921 to provide maintenance services to non-project levees and internal drainage facilities protecting Bradford Island, which is one of the eight western islands determined to be critical to the State water supply. RD 2059 covers approximately 2,200 acres and serves a population of approximately 48. The District serves primarily agricultural areas. The area has not experienced recent growth, and does not anticipate significant growth in the future. The District maintains over seven miles of earthen levees, seven miles of drainage ditches and one pumping station. The District reports that four miles of its levees meet HMP standards, but the remaining 3.5 miles do not. Financial resources are limited and do not support costs associated with adequate levee maintenance. RD 2059 does not receive California Department of Water Resources (DWR) subventions due to insufficient maintenance expenditures per levee mile.

The MSR report identifies several governance alternative and boundary/SOI options. Options include adopting a zero SOI in anticipation of a future consolidation with RD 2026 and/or RD 830; and retaining the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend retaining the existing coterminous SOI.

RD 2065 was formed in 1923 to provide the reclamation of lands within the District. RD 2065 covers approximately 1,298 acres and serves a population of approximately 14. The District serves primarily

agricultural land. The area has not experienced recent growth, and limited growth is anticipated in the future. The District maintains 5.1 miles of earthen levees, 1.5 miles of drainage ditches and two pumping stations. The District reports a majority of its levees currently meet HMP standards, providing 100-year flood protection. Financial resources are severely limited and do not support costs associated with adequate levee maintenance.

The MSR report identifies several governance alternative and boundary/SOI options. Options include expanding the SOI/boundary to the west to coincide with service area (overlap with Town of Knightsen CSD); collaboration with KCSD; adopt a zero SOI in anticipation of a future consolidation with RD 799 and/or RD 2024; and retain the existing coterminous boundary and SOI.

Recommendation: The consultant recommends retaining the existing coterminous SOI and requiring the District to explore expanding its boundary/SOI to the west. The District is required to report back to LAFCO within 12 months regarding status. RD 2065 suffers severe fiscal constraints (depleted reserve funds, inadequate revenues) and operational challenges. Should the option to expand be unsuccessful, then the RD 2065 should be dissolved. RD 2024 would be the logical successor agency, as it has similar service area characteristics, (primarily agricultural), is in sound financial condition, and has completed extensive levee rehabilitation.

The LAFCO staff recommendation, which is slightly different, is to designate the coterminous SOI as “provisional”, and require the District to report back to LAFCO within 12 months regarding the proposed SOI expansion.

RD 2090 was formed in 1918 to provide maintenance services to non-project levees and internal drainage facilities protecting Quimby Island. RD 2090 covers approximately 769 acres and serves a population of approximately 8. The District serves primarily agricultural land. The area has not experienced recent growth, and does not anticipate significant growth in the future. The District maintains seven miles of earthen levees, over five miles of drainage ditches and two pumping stations. The District reports that all of its levees meet HMP standards. Financial resources are limited and do not support costs associated with major maintenance and rehabilitation activities.

The MSR report identifies several governance alternative and boundary/SOI options. Options include adopting a zero SOI in anticipation of a future consolidation with RD 2025 or RD 2027 (San Joaquin County); and retaining the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend retaining the existing coterminous SOI.

RD 2117 was formed in 1983 to provide maintenance services to non-project levees and internal drainage facilities protecting Coney Island. RD 2117 covers approximately 935 acres and serves a population of approximately 4. The District serves primarily agricultural areas. The area has not experienced recent growth, and does not anticipate significant growth in the future. The District maintains over five miles of earthen levees, four miles of drainage ditches and one pumping station. The District reports that all of its levees meet HMP standards. Financial resources are limited and do not support costs associated with adequate levee maintenance.

The MSR report identifies two governance alternative and boundary/SOI options, including adopting a zero SOI in anticipation of a future consolidation with RD 1 and RD 2, both of which are located in San Joaquin County; and retaining the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend retaining the existing coterminous SOI.

RD 2121 was formed in 1984 to improve and maintain levee, drainage and irrigation systems on Bixler Tract. RD 2121 covers approximately 584 acres and serves a population of approximately 5. The District serves primarily agricultural areas. The area has not experienced recent growth, and does not anticipate significant growth in the future. The District maintains two miles of earthen levees, 4.3 miles of drainage ditches and one

pumping station. RD 2121 levees do not meet any standards, and have the potential to be damaged if flooding occurs. Financial resources are severely constrained and are dependent on funding commitments of the landowner. The District does not participate in State subvention programs.

The MSR report identifies several governance alternative and boundary/SOI options. Options include adopting a zero SOI in anticipation of either a future consolidation with RD 2024 or RD 2065 or in anticipation of district dissolution; and retaining the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend adopting a zero SOI in anticipation of dissolution. RD 2121 does not participate in the State levee subvention program, does not file financial reports with the State Controller, and is essentially inactive. No adjacent RDs are in a position to assume services for RD 2121; therefore, consolidation is not feasible.

RD 2122 was formed in 1984 to maintain, protect and repair existing levees and other reclamation works on Winter Island. RD 2122 covers approximately 453 acres. The District serves recreational (duck club) and wetland areas. There is no residential population on the island, and no growth is anticipated. The District maintains five miles of earthen levees and two tidal gates. The District reports that 3.5 miles of its levees meet HMP standards, but do not provide 100-year flood protection; the remaining 1.5 miles do not meet HMP standards and require significant rehabilitation. Financial resources are limited and do not support costs associated with adequate levee maintenance.

Given its uniqueness and remote western location, the MSR report identifies only one SOI option for RD 2122 - retain the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend retaining the existing coterminous SOI.

RD 2137 was formed in 2003 to provide maintenance services to non-project levees and internal drainage facilities protecting the westerly portion of the Dutch Slough Tidal Marsh Restoration area. RD 2137 covers approximately 785 acres and serves a population of approximately 2. The District serves primarily agricultural areas. The area has not experienced recent growth, and does not anticipate significant growth in the future. The District maintains approximately four miles of earthen levees and 1.8 miles of drainage ditches. The District reports that all but 0.8 miles of its levees meet HMP standards. Financial resources are limited and do not support costs associated with adequate levee maintenance.

The MSR report identifies several governance alternative and boundary/SOI options. Options include adopting a zero SOI in anticipation of either a future consolidation with RD 799, establishment of a subsidiary district to the City of Oakley, or district dissolution; expanding the District's SOI/boundary to include the Burroughs property; and retaining the existing coterminous boundary and SOI.

Recommendation: The consultant and LAFCO staff recommend adopting a zero SOI to allow for future dissolution. RD 2137 land is owned by the State (DRW) and private parties. The City of Oakley has the option to acquire the privately owned parcels. Restoration of the tract in conjunction with the Dutch Slough Tidal Marsh Restoration project, along with any necessary new levee construction or repair and maintenance of existing levees could be assumed by the State and/or the City of Oakley.

Consolidations and Dissolutions

The Reclamation Services MSR focuses on those special districts that provide levee maintenance and rehabilitation services in Contra Costa County. Each of the 13 reclamation districts (RDs) covered in the MSR report was established as an independent special district pursuant to the Reclamation District Act (California Water Code, Division 15, §§50000-53903), and is considered a limited purpose agency.

The service characteristics of the districts vary in terms of urban versus agricultural areas, number of landowners, and range and adequacy of services provided. For the most part, RDs in Contra Costa County are small operations. Only three districts directly employ full or part-time staff, while most rely on contract and volunteer staff.

In accordance with the principal act, all of the districts are governed by Boards of Directors, ranging from three to five member boards. The districts are generally controlled by the landowners. Several of the RDs have ongoing board vacancies. Two of the RDs share the same board members. Since 1994, only one district (RD 799) had a contested election. Most board vacancies are filled by Board of Supervisor appointments.

Most of the RDs provide only a minimum service level and face similar physical, fiscal and administrative challenges including the following:

- Increased pressure from a combination of factors including land surface subsidence, sea level and increased winter run-off, and seismic activity
- Increased demand for services (particularly RDs 799 and 800)
- Infrastructure deficiencies
- Lack of long-term, capital improvement strategies
- Lack of formal levee inspection practices (with the exception of RDs 799, 800 and 2059)
- Administrative irregularities (preparing a timely budget, implementing and periodically adjusting assessments, etc.)
- Significant fiscal deficiencies to perform levee maintenance and improvements, fund operating costs and special projects – financial ability of districts to provide services without State assistance is severely limited

The MSR report provides LAFCO and local agencies with a range of governance structure and SOI options to consider. However, it should be noted that the MSR report is not a comprehensive study of the financial, political or operational advantages and disadvantages of each option listed. It is intended to be used as a starting point for regional discussion about how services are currently provided. Finally, although LAFCO has authority to initiate district consolidations, dissolutions and mergers, the Commission is not required to initiate any of the changes of organizations identified in the MSR report.

Included among the governance structure and SOI options are various potential agency consolidations and district dissolutions. Some of the recommended options involve consolidating “like” districts, while others involve consolidating “unlike” districts. Legislation was recently passed which allows the consolidation of “unlike” agencies formed under different principal acts.

A number of consolidations and dissolutions are recommended given 1) the severity of the physical, fiscal and operational challenges faced by many of the districts, and 2) the fact that a number of the districts have already functionally consolidated. See MSR report for analysis, and LAFCO staff report and attached options table for a summary of these options and recommendations.

In general, consolidation would potentially offer a number of benefits including the following:

- Standardizing and improving levee maintenance services
- Enhancing opportunity for State funding
- Enhancing effectiveness in dealing with increased regulatory constraints, lack of funding, and service and deferred maintenance challenges
- Increased efficiencies and cost savings (economies of scale)
- Mitigating duplication in services (e.g., BIMID, DBCSD, KTCSD, Discovery Bay Drainage & Maintenance District, etc.)

- Streamlining of administrative, operational and governance functions, realizing economies of scale, and enhanced purchasing power (e.g., insurance, supplies, materials, etc.)
- Streamlining and coordination is encouraged by the State and the Delta Protection Commissions

Consolidation can result in more streamlined and efficient services, as well as cost savings to the local taxpayers, as was the case when RDs 2024 and 2036 consolidated in 1995.

Some of the obstacles associated with consolidation include the following:

- Most of the reclamation districts do not support consolidation in light of variations in service areas (e.g., land use, population) and assessments, local control issues, and potential liabilities and flood risk. Pursuing reorganization without support of the local agencies and landowners could be problematic.
- The uniqueness of reclamation district governance (e.g., landowner controlled)
- Limitations on taxing authority
- Physical separateness of levee infrastructure

The MSR identified two additional regional governance options, including the consolidation of all reclamation districts. The MSR report indicates that this alternative would be difficult given the variations in population, land use, land and asset value, flood risk, flood protection levels, and other factors.

The other regional governance option identified is to pursue functional consolidation by creating a regional administrative and maintenance program to pool resources and hire staff to maintain the levees. This option would offer professional staff and appropriate equipment that could share in levee maintenance with the County. This option could result in additional costs associated with hiring professional staff. Additional assessment financing may be required to fund this option.

CONCLUSION

Most of the RDs do not support consolidation given some of the obstacles indicated above. However, it is apparent that most RDs are providing minimally adequate service; and their financial ability to provide services without assistance from DWR is severely limited.

On June 26, LAFCO held a special meeting/boat tour of the levees. A number of Commissioners, LAFCO staff and two members of the public participated. The tour provided an opportunity to view levees from the water. Many of the levees are deteriorating and have excessive vegetation. It also was evident that while the districts are distinct entities, separated by waterways, they are all part of the larger Delta system.

As indicated in the MSR report, Contra Costa RDs face significant flood risk, and many would not qualify for FEMA disaster assistance following a levee failure due to non-compliance with HMP standards. None of the districts provide 100-year flood protection, with the exception of portions of levees maintained by RDs 799 and 800 (at FEMA 100-year flood standard). Most of the districts do not prepare comprehensive, long-term capital improvement strategies.

Although levee infrastructure and facilities are distinct entities on each island, and do not lend themselves to sharing, adequate levee maintenance provides indirect benefit outside district bounds. Because inundation of one or more islands would increase the effects of wind and wave erosion on neighboring levees, it is in the interest of all districts to ensure the integrity of the levees be maintained and that infrastructure needs continue to be addressed.

Environmental Analysis

The MSR is a study and the MSR and determinations are Categorically Exempt under §15306, Class 6 of the California Environmental Quality Act (CEQA) Guidelines. However, SOI changes may be subject to CEQA. A number of the recommended SOI updates are intended to align SOIs with actual service areas. While other updates are in anticipation of future boundary reorganization (e.g., consolidation). Therefore, there is no potential for causing significant effect on the environment, and the proposed SOI actions qualify for the General Rule exemption under §15061(b)(3) of the CEQA Guidelines.

RECOMMENDATIONS

1. As Lead Agency, determine that the SOI updates, as recommended by LAFCO staff, are exempt pursuant to §15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, and
2. Direct LAFCO staff to prepare and execute resolutions updating the SOIs for each of the reclamation districts in accordance with the Commission's actions and as required by the CKH Act.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

c: Distribution

Attachment – Governance Structure and SOI Options Table

**RECLAMATION DISTRICT (RD) SPHERE OF INFLUENCE (SOI) AND
GOVERNANCE STRUCTURE (GS) OPTIONS AND RECOMMENDATIONS**

Agency	SOI Options	GS Options	Consultant Recommendations	LAFCO Staff Recommendations
RD 799 (Hotchkiss Tract)	<ol style="list-style-type: none"> 1. Reduce SOI in the western portion of the District to facilitate detachment of State-owned land (Dutch Slough Tidal Marsh Restoration Project) 2. Expand SOI to include Bethel Island 3. Retain existing coterminous SOI 	<ol style="list-style-type: none"> a. Detach State-owned land (436 acres) once the Jersey Island Road setback levee has been constructed b. Transfer responsibility for flood protection from BIMID to RD 799 	Reduce SOI in western portion of the District, between Jersey Island Road and Little Dutch Slough, to remove parcel in the Dutch Slough Tidal Marsh Restoration Project area.	Reduce SOI in western portion of the District, between Jersey Island Road and Little Dutch Slough, to remove parcel in the Dutch Slough Tidal Marsh Restoration Project area.
RD 800 (Byron Tract)	<ol style="list-style-type: none"> 4. Adjust SOI to add 80-acre agricultural parcel on the west side of the District that is within the dry land levee, and remove 200-acre agricultural parcel outside the levee system adjacent to Byron Highway and Clifton Court Road that does not need District services 5. Expand SOI to include 172-acre Pantages Bay property in anticipation of proposed residential project (292 single-family dwelling units) 6. Retain existing coterminous SOI 	<ol style="list-style-type: none"> c. Consolidate with adjacent RDs (e.g., 2024, 2117) d. Annex 80-acre parcel e. Detach a 200-acre parcel f. Annex the proposed Pantages Bay residential project area (292 single-family dwelling units) g. Transfer responsibility for flood protection from RD 800 to Discovery Bay CSD, as DBCSD provides flood control services in certain areas within its District (this would essentially result in dissolution of RD 800) h. Transfer responsibility for flood protection from DBCSD to RD 800 to consolidate services i. Consolidate Discovery Bay Drainage and Maintenance District and RD 800 	Expand SOI to include an 80-acre parcel where the District currently provide service outside its bounds, and reduce SOI by 200 acres to remove a parcel that does not need District services.	Expand SOI to include an 80-acre parcel where the District currently provide service outside its bounds, and reduce SOI by 200 acres to remove a parcel that does not need District services.
RD 830 (Jersey Island)	<ol style="list-style-type: none"> 7. Retain existing coterminous SOI 	None identified.	Retain existing coterminous SOI.	Retain existing coterminous SOI.
RD 2024 (Orwood/ Palm Tracts)	<ol style="list-style-type: none"> 8. Expand SOI to include Veale Tract in anticipation of future consolidation with RD 2065 9. Retain existing coterminous SOI 	<ol style="list-style-type: none"> j. Consolidate with RD 2065 	Retain existing coterminous SOI.	Retain existing coterminous SOI.
RD 2025 (Holland Tract)	<ol style="list-style-type: none"> 10. Expand SOI to facilitate a future consolidation of RD 2025, RD 2026, RD 756 and RD 2028 11. Retain existing coterminous SOI 	<ol style="list-style-type: none"> k. Consolidate RD 2025 and RD 2026 - Contra Costa County and RD 756 (Bouldin Island) and RD 2028 (Bacon Island) – San Joaquin County with RD 2025 being the successor agency 	Retain existing coterminous SOI.	Retain existing coterminous SOI.

Agency	SOI Options	GS Options	Consultant Recommendations	LAFCO Staff Recommendations
RD 2026 (Webb Tract)	12. Adopt a zero SOI to signal consolidation with RD 2025, 2026, 756 and 2028 13. Retain existing coterminous SOI	l. Consolidate RDs 2025, 2026, 756 and 2028 with RD 2025 being the successor agency	Retain existing coterminous SOI.	Retain existing coterminous SOI.
RD 2059 (Bradford Island)	14. Adopt a zero SOI to signal consolidation with RD 830 and/or RD 2026 15. Retain existing coterminous SOI	n. Consolidate with RD 830 and/or RD 2026	Retain existing coterminous SOI.	Retain existing coterminous SOI.
RD 2065 (Veale Tract)	16. Expand SOI to the west to allow for future annexation 17. Adopt a zero SOI signaling future consolidation 18. Retain existing coterminous SOI	o. Annex properties to the west that benefit from District services (overlap with Knightsen Town CSD) p. Consolidate with RD 799 and/or RD 2024 q. Collaborate with KTCSD	Retain existing coterminous SOI and require the District to explore expansion of SOI/boundary to the west. This District is required to report back to LAFCO within 12 months regarding status.	Designate coterminous SOI as “provisional.” Require the District to report back to LAFCO within 12 months regarding potential SOI expansion.
RD 2090 (Quimby Island)	19. Adopt a zero SOI to signal consolidation with RD 2027 or RD 2025 20. Retain existing coterminous SOI	r. Consolidate with RD 2027 (San Joaquin County) or RD 2025	Retain existing coterminous SOI.	Retain existing coterminous SOI.
RD 2117 (Coney Island)	21. Adopt a zero SOI to signal consolidation with RD 1 and 2 22. Retain existing coterminous SOI	s. Consolidate with RD 1 and 2 (single RD in San Joaquin County)	Retain existing coterminous SOI.	Retain existing coterminous SOI.
RD 2121 (Bixler Tract)	23. Adopt a zero SOI in anticipation of a future consolidation or dissolution 24. Retain existing coterminous SOI	t. Consolidate with RD 2024 u. Consolidate with RD 2065 v. Dissolution	Adopt zero SOI to allow initiation of dissolution.	Adopt zero SOI to allow initiation of dissolution. LAFCO staff to work with RD 2121 staff to initiate dissolution.
RD 2122 (Winter Island)	25. Retain existing coterminous SOI	None identified	Retain existing coterminous SOI.	Retain existing coterminous SOI.
RD 2137	26. Adopt a zero SOI to signal future dissolution, consolidation or establishment of a subsidiary district to the City of Oakley 27. Expand SOI to include the Burroughs property 28. Retain existing coterminous SOI	w. Dissolution x. Consolidate with RD 799 y. Annex the Burroughs parcel z. Establish a subsidiary district to the City of Oakley and construct a new set back levee	Adopt zero SOI to allow initiation of dissolution.	Adopt zero SOI to allow initiation of dissolution. LAFCO staff to work with RD 2121 staff to initiate dissolution.
Other	29. Adopt a zero SOI for all RDs to signal future countywide consolidation	aa. Consolidate all RDs in Contra Costa County	Not recommended	Encourage reclamation districts to discuss countywide consolidation.
	30. No SOI action needed	bb. Pursue regional functional consolidation	No recommendation	Encourage reclamation districts to discuss regional functional consolidation.