

ENGINEER'S REPORT FOR RIVERDALE IRRIGATION DISTRICT

PROPOSITION 218 PROCEDURES FOR BENEFIT ASSESSMENTS



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Prepared for:

Riverdale Irrigation District

Prepared by:

Provost & Pritchard Consulting Group
Clovis, California

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ABBREVIATIONS

AF.....	Acre-feet
cfs.....	Cubic-feet per second
District	Riverdale Irrigation District
FY.....	Fiscal Year
G&A.....	General and Administrative
GSA.....	Groundwater Sustainability Agency
KRCD	Kings River Conservation District
KRWA	Kings River Water Association
MSA	Murphy Slough Association
NFKGSA	North Forks King Groundwater Sustainability Agency
O&M	Operations and Maintenance
RID	Riverdale Irrigation District
TID	Tranquillity Irrigation District
SGMA.....	Sustainable Groundwater Management Act

REPORT SUMMARY

The Riverdale Irrigation District (RID or District) Board of Directors has determined that the District should request of its landowners a vote authorizing an increase in the District's land-based assessments. The reason for this increase is to allow for the collection of revenue to cover increasing District Operations & Maintenance (O&M) costs, increasing Pine Flat Dam O&M costs, groundwater recharge projects, purchasing and importing additional surface water supplies from Tranquillity Irrigation District (TID), replacing aged and critical infrastructure including the District headworks on the Murphy Slough, annual increases in Kings River Water Association (KRWA) assessments, and to cover future capital and other projects and regulations related to the Sustainable Groundwater Management Act (SGMA).

The general assessment proposal process is being conducted in accordance with provisions of Proposition 218, as reflected in Article XIII D of the California Constitution and Sections 53750 through 53753.5 of the State's Government Code. These constitutional and statutory provisions implement Proposition 218, which established several mandatory procedures that local agencies must follow for the levy of certain assessments and charges to lands.

Based on the District's needs, RID's Board of Directors is requesting that landowners approve an increase to the existing land-based assessments within the District. The Board of Directors is also requesting the approval of an annual rate increase not to exceed 4% during each of the next five (5) years. The purpose of the annual 4% escalator is to account for inflationary increases that may be realized and allows the District to account for these increases without needing to go through another Proposition 218 effort with the associated costs. It should be noted that the proposed escalator increases would be a maximum percentage allowable by the District, absent further proceedings, and in any given year the Board may elect to charge less than the proposed 4% annual increase. Altogether, the landowners are being asked to approve an increase to the District assessment rate from \$29.69 per \$100 of Land Valuation to \$42 per \$100 of Land Valuation, and an annual 4% increase starting in the second year after approval. The proportionality between the affected rate classifications will remain the same.

Under the Proposition 218 process, once the Board determines the need to increase assessments it is necessary to evaluate whether the costs are in line with the benefits provided, and to allocate the costs to affected RID acreages. These are lands that derive a direct benefit from being within the District and the District's operations. The Engineer's Report discusses benefits of the District organization and its water entitlements and contracts, as well as services provided by RID.

A public hearing will be held by the District to consider and address comments and questions from District landowners. Once the Board of Directors accepts this Engineer's Report, the District will establish the procedures by which affected landowners may participate in the public hearing and cast their votes on the proposed special benefit assessment.

1. PURPOSE OF THE REPORT

1.1. General

This report is prepared in accordance with State law to describe an equitable distribution of the benefit assessments to be derived by each parcel upon which such assessment will be levied. The District collects revenue in the form of land-based assessments which are allocated towards the District's expenses which consist of Transmission and Distribution, and General and Administrative (G&A) expenses. The District intends to increase the revenue collection for these expenses and funds by increasing the land assessment for the majority of the District rates. This rate increase would begin with the first installment of the 2026-2027 assessments, which is due not later than December 20, 2026. Additionally, the District is requesting the ability to increase the land-based assessments by a maximum 4% each year for the next five years. As described later in this report, this increase would be a maximum in each year should the Board of Directors deem it necessary and would not automatically increase.

1.2. Proposition 218 Requirements

In November 1996, the California voters approved Proposition 218, the "Right to Vote on Taxes Act", which added Article XIII D to the California Constitution. Proposition 218 imposes certain requirements relative to the imposition of certain assessments, fees, and charges by local agencies. The District has also made the decision to follow the provisions of Proposition 218 in part because its procedures act to fully inform the District's landowners while simultaneously giving them a direct say in the matter.

Accordingly, the District must identify all parcels in the District that will have a "special benefit" conferred upon them for which the proposed supplemental benefit assessments will be levied. Under Proposition 218, a "special benefit" is defined as "a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large". Within RID, the primary benefits provided include, but are not limited to, protecting and maintaining water rights, the development, conveyance and delivery of water supplies, the management of groundwater resources, importing additional surface water supplies, the reduction of groundwater overdraft and thus the associated reduced groundwater pumping costs, the ability to receive Kings River water from the Murphy Slough, and SGMA compliance and implementation through participation in the North Fork Kings Groundwater Sustainability Agency (NFKGSA).

In general, before a local agency can levy new or increased assessments subject to Section 4 of Proposition 218, the following procedures are required:

- (1) Preparation of a detailed Engineer's Report, prepared by a registered engineer certified by the State of California, that supports each assessment.
- (2) The record owner of each parcel identified for assessment shall be given a written notice of each assessment, including the reason for the assessment and the total amount of the charges to the owner's particular parcel.

- (3) Notice to the record owner must specify the time, date, and location of the public hearing on the assessment; the notice shall also include a ballot and describe the voting procedures and statements in support and opposition to the assessment.
- (4) A public hearing shall be conducted, which will be held not less than 45 days after mailing the notice, to consider protests and tabulate the ballots.
- (5) Ballots in favor of the 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.

1.3. Revenue Objectives

Review of the District's financials for the previous five years, Fiscal Years (FY) 2020 through 2024, revealed the District's fixed revenue averaged approximately \$584,000, while their fixed operational expenses for the same timeframe averaged approximately \$571,000. This equates to an average annual surplus of approximately \$13,000 when comparing revenues and expenses not tied directly to the water year type as seen in **Table 3**. This average annual surplus is misleading, from 2023 to 2024 the District operated in an average annual deficit of approximately \$6,500 and \$13,000, respectively, when comparing revenues and expenses not tied directly to the water year type (**Table 3**). The audited financial reports for 2025 were not available as of the time of this Report, but it is estimated that the 2025 deficit was greater than that from 2024.

The main revenue objective is to implement a new rate structure so that the District's fixed costs are fully funded through land-based assessments. Accomplishing this objective would allow the District to financially cover increasing regulatory fees, Pine Flat Dam O&M costs, District O&M costs, costs to purchase and import TID surface water supplies, turnout metering, recharge projects and SGMA compliance, and annual increases in KRWA assessments. The proposed revenue will also help the District to begin the process of constructing needed capital projects such as groundwater basins and replacement of aging critical infrastructure including the headworks on the Murphy Slough.

2. DISTRICT BACKGROUND INFORMATION

2.1. General

The District was formed in 1920 and is governed by the Water Code of the State of California. The District is a member of the KRWA, Murphy Slough Association (MSA), Kings Basin Water Authority, and NFKGSA. A District Manager and three-member Board of Directors govern the District in which Board Members must be landowners in the District or a designated representative of a landowner.

2.2. Location

The District encompasses approximately 14,900 acres, with approximately 14,100 acres able to receive surface water for agricultural production. The balance of the land is undeveloped, operated as livestock facilities, rights-of-way, or areas where deliveries from the District are, for various reasons, not feasible. RID is located in southern

Fresno County and surrounds the communities of Riverdale and Lanare. The District's northern boundary is generally along Murphy Slough, the western boundary is the Fresno Slough, and its southern border is shared with Laguna Irrigation District. Refer to **Figure 1** for District location map. (RID, 2016)

2.3. History

Riverdale Irrigation District was formed in April 1920 to deliver water to farmers and landowners in the Riverdale area. The development of irrigated activities around the RID area began in the late 1800's with the formation of three ditch companies and the construction of their ditches. Riverdale Ditch and Turner Ditch were constructed in 1875 parallel to each other and 50 feet apart for the first two miles. These first two miles were later consolidated into the Murphy Slough. Burrel Ditch was constructed in 1890 with a diversion from the now consolidated Murphy Slough near the Turner and Riverdale Ditches. The three ditch companies consolidated on April 10, 1920 and formed the Riverdale Irrigation District.

2.4. Characteristics & Facilities

2.4.1. Climate and Terrain

The District's regional climate is semi-arid with hot, dry summers and mild winters. Average daily temperatures vary from average lows of 35°F in December to average highs of 97°F in July, with average diurnal ranges of 35°F in the summer to 22°F in the winter. Annual precipitation from 1983 through May 2026 averaged 7.32 inches, with 92 percent of the total rainfall received between October and April.

The topography of the District generally slopes from east to west at three to four feet per mile, with local variations caused by remnants of slough channels. Elevations range from approximately 200 to 225 feet above sea level. Soils in the District are predominantly loams, ranging from sandy loam to clays, and some soils are saline-alkali. Soils in the western portion of the District generally have a higher clay content, and this is also where the saline-alkali soils tend to occur. Soils within the region were deposited in the valley trough during flood periods and are derived from mixed granitic and sedimentary rocks from both the Sierra Nevada and Coast Range mountains. Soils in the eastern portion of the District tend to have a higher sand content and are derived mostly from granitic Sierra Nevada sediments deposited on alluvial fans. Soils throughout the region are stratified, with interspersed sandy and clay streaks. (RID, 2016)

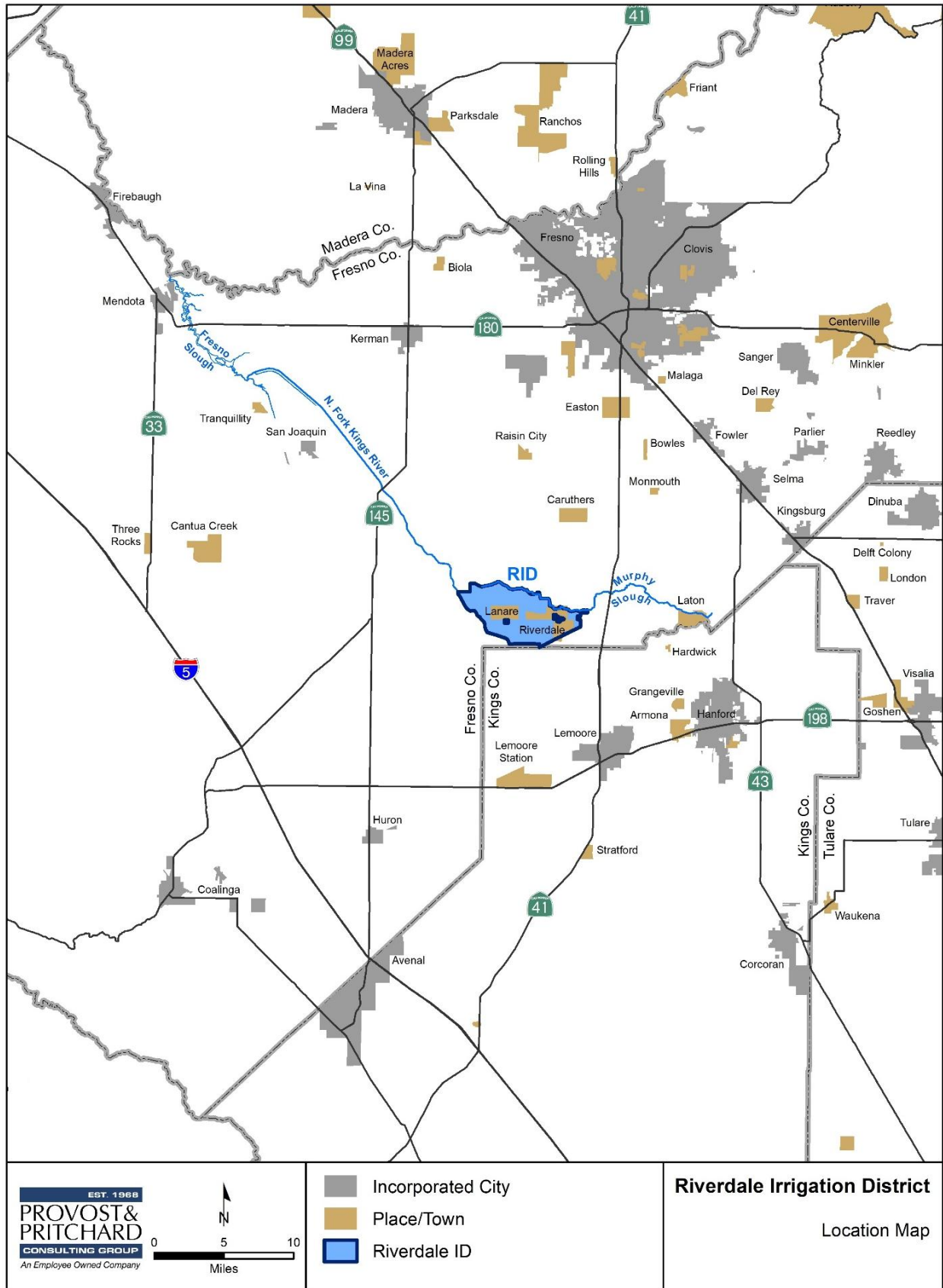


Figure 1: District Location

2.5. Water Supply

The District has water rights to a portion of the flow of the Kings River and storage rights in Pine Flat Reservoir as a member of the MSA, which is a water rights holder on the Kings River. The District is a fifty percent (50%) member of the MSA and therefore is entitled to 50% of the MSA's allocation of Kings River water and storage in Pine Flat Reservoir. The District's entire surface water supply comes from the Kings River. The District does not operate any groundwater wells, but its landowners use their own groundwater wells to supply water for their crop needs when surface water supplies are not available. The District delivers and beneficially uses all surface water that it is entitled. Depending on the surface water supply conditions each year, water supplies may be carried over in storage for use in a subsequent year, but all water is beneficially used. (RID, 2016)

2.5.1. Surface Water

Kings River water is divided among the member units of the KRWA based on an allocation schedule. The District's allocated share of storage at Pine Flat Reservoir and other reservoirs in the Kings River Watershed is approximately 26,240 acre-feet (AF). Surface water is stored in Pine Flat and diverted from the Kings River to the Murphy Slough for distribution through the District's canals and other facilities. The diverted water is used for irrigation on approximately 14,100 acres of cropland in the District. (RID, 2016)

The District's annual entitlement of Kings River water has averaged approximately 30,000 AF, which can be delivered in the year generated or stored in Pine Flat Reservoir for use in subsequent years subject to the reservoir flood control criteria. Over the fifteen year period from 2011 to 2025, which was a drier than normal period, the average annual surface water diversions were approximately 20,000 AF, and varied from a low of 0 AF in 2013, 2015, and 2021 to a high of approximately 46,000 AF in 2023 (the wettest year on record). In most years the District does not have enough surface water to meet all crop demands, and growers must supplement the available surface water with privately pumped groundwater. During water shortages, all landowner allocations are reduced equally. (RID, 2016) **Table 1** summarizes estimated water deliveries for years 2017 through 2025.

In 2026 the District finalized a deal with six other member units of the KRWA to purchase TID's allocated Kings River surface water supply and storage through 2033. The District's portion is 25% of TID's allocation each year, which is an additional surface water supply for the District use to best fit their needs each year. The annual fees, which will increase every other year (see **Section 3**), will be paid regardless of how much water is available to the District to deliver and/or store. TID's storage according to the 2009 Kings River Handbook totals 9,542 AF at Pine Flat Reservoir and other reservoirs in the Kings River Watershed. This will likely be a critical source of additional surface water source for the District and its members.

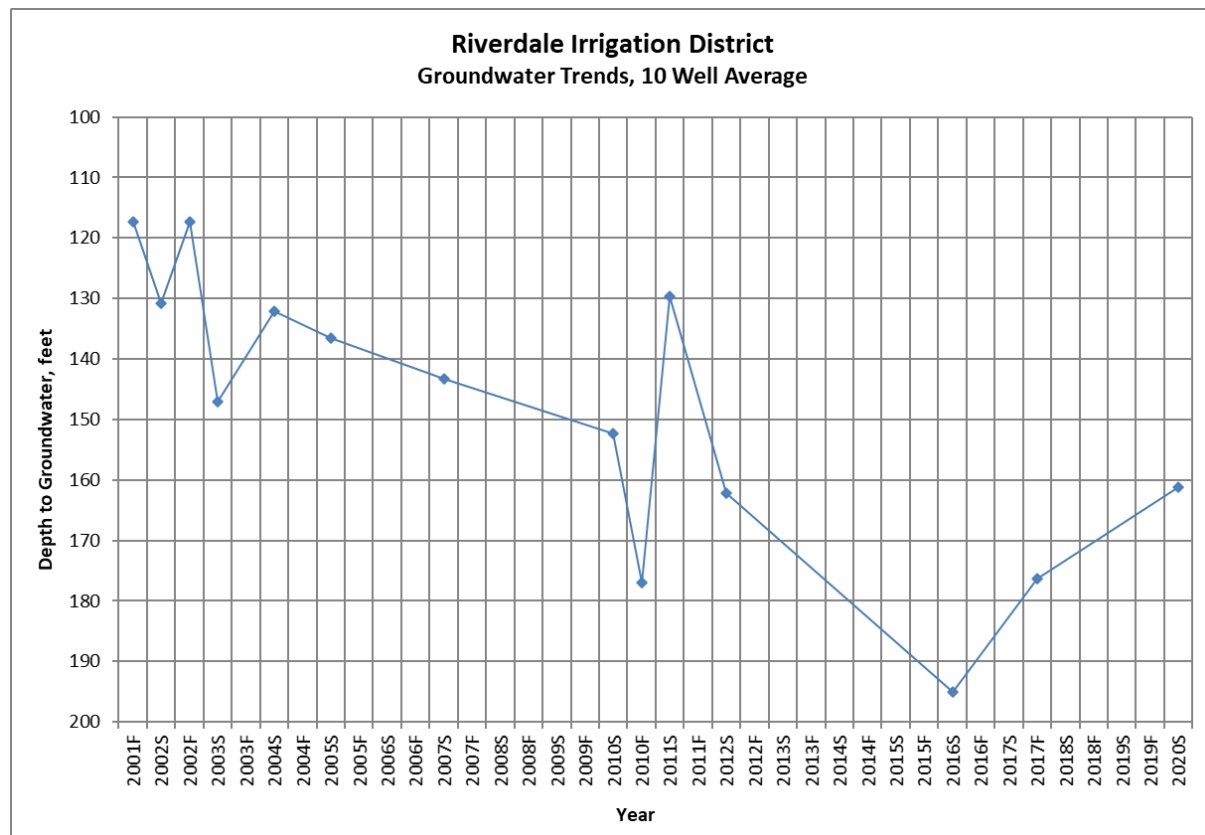
Table 1: Surface Water Supplies, (AF)

Allocated Water Diversions, AF	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Headgate Diversions	23,262	15,638	25,584	9,630	0	3,466	17,306	22,215	13,198
Conveyance/Evaporation Losses	9,665	6,574	10,360	4,141	0	1,491	7,442	9,553	5,675
Total On-Farm Supply	13,597	9,064	15,224	5,489	0	1,976	9,864	12,663	7,523
Flood Water Diversions, AF	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Headgate Diversions	32,113	0	15,639	0	0	0	29,126	4,798	0
Conveyance/Evaporation Losses	13,905	0	6,367	0	0	0	11,942	1,967	0
Total On-Farm Supply	18,208	0	9,272	0	0	0	17,184	2,831	0

2.5.2. Groundwater

Even though the District does not own or operate any groundwater wells, RID historically monitored groundwater levels at 10 different locations within the District. Groundwater is pumped by many private irrigation wells. Surface water is used conjunctively with groundwater so that water users stabilize their water supply by maximizing the surface supply when it is available. The District owns and operates three regulation and/or recharge reservoirs inside the District where water can be captured to recharge groundwater. **Figure 2** depicts the average depth to groundwater as of Spring of 2020 based on measurements made by District staff of wells within the District. Some groundwater recharge occurs each year when water is delivered through the unlined canal distribution system, but the amount of this recharge is not directly quantifiable and is estimated by accounting for losses from the water balance. Delivery

Figure 2: RID Groundwater Trends, 2001-2020



to basins for recharge primarily occurs in years when floodwater is available. The previous years that floodwater was available were 2011, 2017, 2019, 2023, and 2024 with no water deliveries in 2013, 2015, or 2021.

2.6. City Water Use

No municipal and industrial resources are supported by the District's water supplies. The communities of Riverdale and Lanare, while largely excluded from the RID system, are wholly contained within District boundaries. These communities operate municipal water systems, utilizing groundwater as their sole water supply. (RID, 2016)

2.7. Environmental Water Use

The District is a party to an effort to maintain the Kings River Fishery through the KRWA. Known as the Kings River Fisheries Management Program, the Program is a cooperative effort between KRWA, the Kings River Conservation District (KRCD), and the California Department of Fish and Wildlife. The District has agreed, along with other Kings River water rights holders, to divert water from storage to maintain minimum flows within the river channel for a portion of its length. The program has been in place since 1999. (RID, 2016)

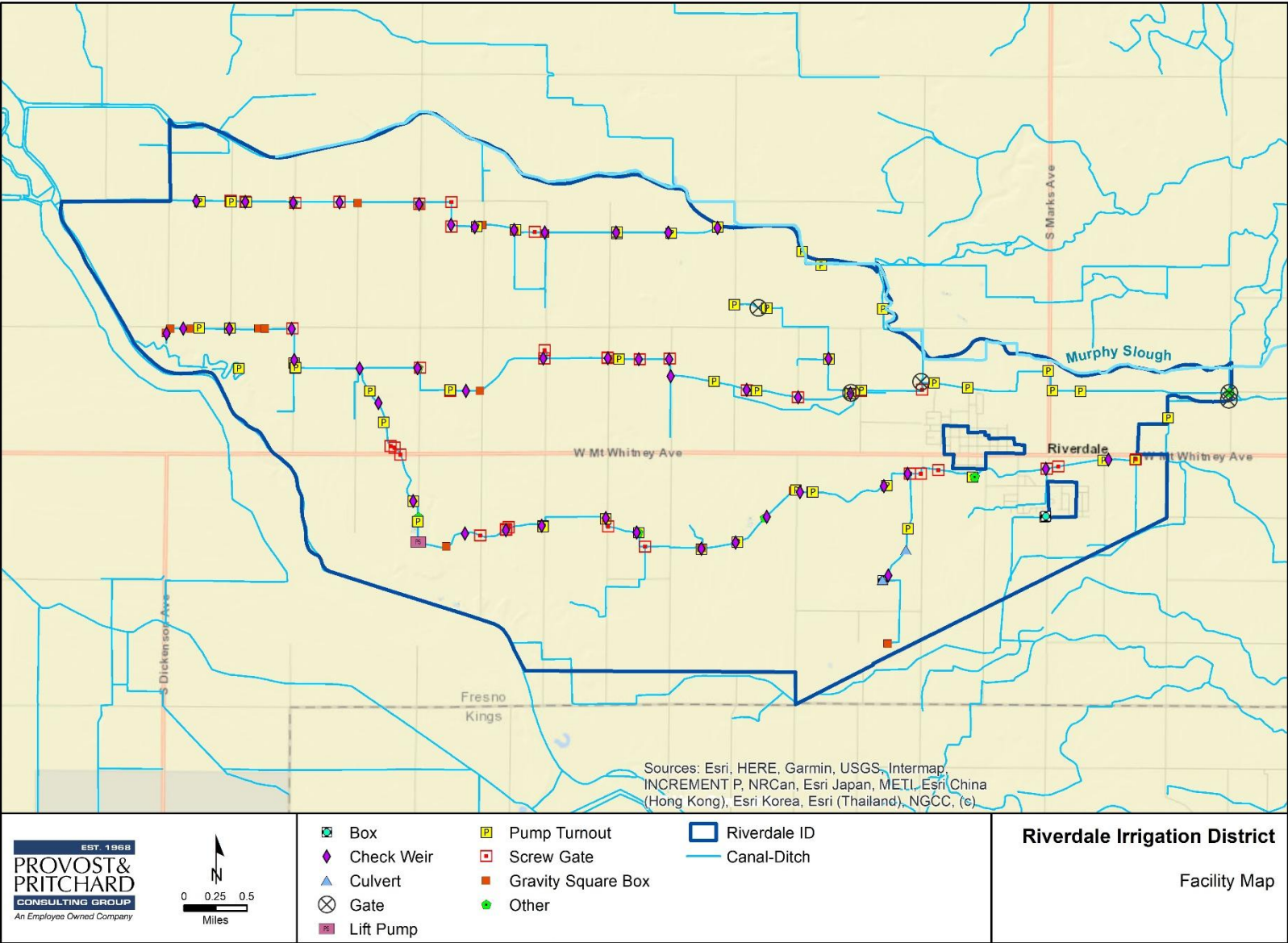
2.8. Existing Facilities

The District has an extensive distribution system of canals. The 27 miles of unlined canals range in capacity from 200 cubic feet per second (cfs) down to less than 10 cfs. Because of the broad system of canals, all landowner diversions are currently made from District-owned facilities through 108 active turnouts. All water enters the District through the Riverdale Ditch and measurements are taken where it enters the Ditch near Fruit Avenue. Due to the placement of the delivery system, approximately 90 percent of the District can be supplied with surface water. Refer to **Figure 3** for a distribution system map of the District. (RID, 2016)

In wetter years the District operates its three groundwater recharge and/or regulating reservoirs and distribution system to recharge the groundwater aquifer. The basins cover approximately 43 acres with a combined total storage of approximately 350 AF. In addition, the MSA has several recharge ponds adjacent to the Murphy Slough just outside the District boundaries that are used to store and recharge floodwater when it is available. (RID, 2016) Much of the permanent infrastructure throughout the District was constructed in the mid-1900's and is in need of replacement to ensure continuous and reliable water deliveries. The District headworks on the Murphy Slough, which is a critical structure for District operations, is aged and deteriorating. It should be replaced in the next five to ten years to ensure that the District can continue to reliably deliver surface water to its members and to improve operator safety, flow measurement, and delivery efficiency.

2.8.1. District Water Rates

The District does not impose any charges on water delivered to growers.



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Figure 3: District Facility Map

3. DISTRICT FINANCIAL INFORMATION

The District currently operates on a fixed budget that has ranged from \$520,000 to \$660,000 over the last few years. Fixed revenue for the District (those revenues not tied to water year type) has ranged from \$540,000 to \$625,000 over the same period. This has shifted the District to operating in a deficit, which is anticipated to increase going into the future.

3.1. District Operations

3.1.1. Historic District Assessments

The District recovers its operating expenses through acreage assessments on lands within the District. Therefore, the District's annual income is essentially fixed regardless of the amount of water that is delivered. There are three primary land valuation rates, calculated as dollar value per acre of land, which are based on the type of water service available (Irrigation, Pump, or Pasture). There is a fourth valuation rate for lands less than one acre, designated as Lot.

The Irrigation rate assessment is for users that are able to receive surface water supplies from the District, which accounts for approximately 96% of the District. The Pump rate assessment is for users that are not able to receive surface supplies and only irrigate using their private groundwater well pumps. The Irrigation rate assessment is higher than the Pump rate because the service provided to the Irrigation rate users (i.e. surface water delivery) is more valuable than the service to the Pump rate users. To obtain a given annual volume of irrigation water, an Irrigation rate user would not have to operate his private well as often as a Pump rate user needing the same annual amount of water. The Pasture rate assessment is for unlevel lands where irrigation is not possible, and the Lot rate is for lands less than 1.0 acre in size.

Historically the land valuation rates have remained constant while the assessment rate per water service, calculated as a dollar amount per \$100 of land value, changes to meet District needs. Historical assessment rates for the last 20 years are as follows (\$/\$100 land value): \$9.50 from 1999 to 2006, \$13.00 from 2006 to 2014, \$18 from 2014 to 2019, and increasing from \$25 to \$29.69 from 2020 to 2025. The assessment for parcels categorized as Lot have been held at a \$7 per lot assessment rate. **Table 2** shows the current land valuation rates and 2026 assessment rate per acre based on the current assessment rate of \$29.69 per \$100 land value.

Table 2: Water Rate Basis

Water Service	Description	Land Valuation	2025 Assessment (Rate = \$29.69/\$100 Value)
Irrigation	Surface Deliveries	\$150.00 / Acre	\$44.54 / Acre
Pump	Well Only	\$75.00 / Acre	\$22.27 / Acre
Pasture	No Irrigation Possible	\$45.00 / Acre	\$13.36 / Acre
Lot	<1 acre	\$7.00 / Lot	\$7.00 / Lot

3.2. District Cash Flow

3.2.1. Historic District Revenues

A summary of the fixed revenues for FY 2020 through 2024 is included in the statement of income/loss from District's financial reports summarized in **Table 3**. Data from FY 2025 was not available as of the time this report was written. For the purpose of this report, fixed revenues are those that are not directly tied to the type of water year. Therefore, Pine Flat Water Use Fees are omitted from **Table 3** because the revenue generated increases during wet years and decreases during dry years. Non-operating revenues are also omitted from **Table 3** because the purpose of this report is to fund District operating expenses using land-based assessments and other operating incidental revenues.

The audited financial reports show that the District's annual fixed operating revenues have averaged approximately \$584,000 from 2020 through 2024, which includes an annual average of approximately \$580,000 generated through the District's land-based assessments charged to its users each year. When looking at the most recent available years, 2023 through 2024, annual fixed operating revenues averaged approximately \$615,000, with \$609,000 coming from land-based assessments. Total fixed operating revenue in 2024 was approximately \$625,000.

3.2.2. Historic District Expenses

A summary of the fixed expenses for FY 2020 through 2024 is included in the statement of income/loss from the District's financial reports summarized in **Table 3**. District fixed operating expenses include Transmission and Distribution, and G&A expenses. Transmission and distribution costs are the costs to maintain and repair facilities and to move the water from the source to the grower. G&A costs are typically categorized as expenses not attributable directly to Transmission and Distribution, but are necessary and related to O&M work. G&A expenses include the salaries of supervisors and management, employee benefits, Board of Directors, consultants, safety, legal, insurance, and general office expenses and supplies. Salaries and payroll related expenses represent a significant portion of the G&A expenses.

Based on the audited financial reports, District fixed operating expenses have averaged approximately \$571,000 over this five-year period and \$633,000 over the two-year period from 2023 through 2024. Total District fixed expenses in 2024 were approximately \$657,000, equating to a deficit of \$31,000 for operating revenues and expenses that are not tied to the water year type. While the FY 2025 audited financial report has not been finalized, it is estimated that this deficit will be even larger. As seen in **Table 3**, District expenses have significantly increased since 2023 and will continue to do so due to SGMA compliance, the purchase of TID's allocated water, and needed capital projects such as turnout meters and infrastructure replacement.

Table 3: Statement of Fixed Income (Loss) FY 2020-2024

DESCRIPTION	2020	2021	2022	2023	2024	AVERAGE	AVERAGE
OPERATING REVENUE						(2020-2024)	(2023-2024)
Current Assessments (Fixed Revenue)	541,283	560,319	578,817	598,915	619,032	579,673	608,974
Penalties, Interest Costs, and Other Charges	2,405	2,948	3,679	4,948	6,222	4,040	5,585
Sub-Total of Operating Revenue	543,688	563,267	582,496	603,863	625,254	583,714	614,559
OPERATING EXPENSES							
Transmission and Distribution							
Fuel	6,957	7,536	12,036	9,041	10,085	9,131	9,563
Repairs and Maintenance	41,189	71,936	55,575	80,032	100,427	69,832	90,230
Vehicles	25,379	7,428	13,226	42,529	23,235	22,359	32,882
General and Administrative							
Payroll - General	120,720	124,656	119,435	141,985	143,538	130,067	142,762
Payroll - Office	21,672	22,180	22,689	26,076	31,155	24,754	28,616
Payroll - Directors (Directors Fees)	9,888	10,275	12,321	11,106	12,194	11,157	11,650
Payroll - Taxes	11,308	11,558	12,119	13,345	16,211	12,908	14,778
Assessments and Dues	140,856	131,915	131,876	139,131	146,563	138,068	142,847
Engineering	25,495	11,708	32,356	3,419	2,239	15,043	2,829
Insurance	83,656	80,224	79,977	78,832	101,826	84,903	90,329
Legal and Accounting	34,429	27,992	28,991	40,117	37,324	33,771	38,721
Miscellaneous	1,528	2,250	3,359	3,186	4,911	3,047	4,049
Office	2,179	2,788	1,811	11,471	16,995	7,049	14,233
Supplies	2,858	2,998	2,424	2,864	3,976	3,024	3,420
Utilities	5,265	4,485	5,129	7,204	5,856	5,588	6,530
Sub-Total of Operating Expenses	533,379	519,929	533,324	610,338	656,535	570,701	633,437
Net Income (Loss)	10,309	43,338	49,172	-6,475	-31,281	13,013	-18,878

3.2.3. Future District Expenses

As seen in **Table 3**, the District's fixed annual expenses over the previous five years averaged around \$571,000 per year, with an annual increase of 23% from 2020 to 2024 during which time operating revenue only increased approximately 15%. FY 2025 is estimated to have similar operating revenue as FY 2024, but with greater operating expenses in large part due to the purchase of the TID Kings River allocation. The payment schedule for the purchase of the TID Kings River water allocation is shown below in **Table 4**. Fees will increase every other year, with the first two payments being made in 2026 for a total of \$180,000. These fees will need to be paid annually, independent of the type of water year and how much water is available to the District.

Table 4 TID Water Purchase Fee Schedule

Water Year	Total Cost	RID's Portion (25%)
2025-2026	\$360,000	\$90,000
2026-2027	\$360,000	\$90,000
2027-2028	\$378,000	\$94,500
2028-2029	\$378,000	\$94,500
2029-2030	\$397,000	\$99,250
2030-2031	\$397,000	\$99,250
2031-2032	\$417,000	\$104,250
2032-2033	\$417,000	\$104,250

With increasing expenses, the deal with TID, and other factors, the District is seeking approval to increase their assessment structure to fund the District's fixed operating costs. The District is proposing to incorporate the ability for an annual maximum rate increase of 4% per year for five years to the assessment. The 4% annual increase is a maximum percentage and would be set at the discretion of the Board of Directors annually. This potential 4% maximum increase would be in place for a five-year period from 2027 through 2031. The reason for this inflator is to account for inflationary increases in expenses as they occur without the District needing to incur the costs of another Proposition 218 effort to increase assessment rates.

The proposed rate increase will help cover increasing District O&M costs, the purchase of TID Kings River water supplies, groundwater recharge and infrastructure replacement projects, SGMA and NFKGSA compliance, Pine Flat Dam O&M costs, and annual increases in KRWA assessments with the intent to fully fund the District's fixed operating costs through land-based assessments. The increased assessment amount is needed to help prevent the District from continuing to operate in a deficit. It is also noted that the assessments are the maximum amount in any given year. If the costs were less due to any number of reasons it would be up to the Board of Directors to set the assessments for the year, and they could set a rate lower than the voter-approved maximum.

As previously stated, annual District fixed operating revenue averaged \$615,000 while fixed operating expenses averaged \$633,000 from 2023 to 2024, which equates to a deficit of approximately \$18,000. The deficit in 2024 was \$31,000, and it is estimated that the 2025 deficit will be even larger. This deficit will grow as annual expenses continue to increase and revenues do not increase correspondingly and the District will not be able to construct needed recharge and other capital projects. **Tables 4 and 5** depict some of the anticipated increased expenses to the District that will be funded through the increased assessments, while **Table 6** compares the estimated revenue from the current 2025 assessment to the proposed 2026-2027 assessments, pending approval of the new rates. The amounts shown in **Table 5** are estimates of the costs that describe the need for the additional revenue. All the line items listed are intended to benefit the District as a whole. The new rate will increase District revenue by approximately \$265,000. This increase will strive to cover the current deficit of fixed operating expenses and aim to begin developing funds for anticipated future increases in O&M, TID water purchase costs, and KRWA assessments as seen in **Table 5**.

With the implementation of SGMA, long-term groundwater sustainability is a state-mandated objective for all basins in California. RID is part of the Kings Subbasin, which was determined to be "critically overdrafted" in DWR Bulletin 118 Interim Update 2016, and reaffirmed in California's Groundwater Update 2020. Importing additional surface water supplies and constructing recharge projects are key components of long-term sustainability.

Groundwater recharge basins can mitigate groundwater overdraft, improve groundwater stability, and provide a water source for use during dry years. Additional recharge projects will be required to correct overdraft and promote long-term sustainability. Importing additional surface water and recharge projects provide a benefit to all members of the District by helping to keep the District compliant with SGMA while

ensuring the integrity of the groundwater and minimizing pumping costs. The costs shown in **Table 5** are estimated based on other locally constructed recharge projects.

Much of the District's critical infrastructure is aged and in need of replacement, the most critical of which is the headworks on the Murphy Slough. Replacement will ensure that the District maintains its ability to reliably, accurately, and safely deliver surface water to its growers, which is critical for the District's long-term sustainability. There are portions of the existing distribution system that would benefit from projects to increase its capacity, which would increase the amount of water the District can deliver and recharge, while also increasing operational efficiency.

The District is also proposing a metering project to install flow meters on approximately 100 turnouts in the District to comply with the Water Conservation Act of 2009 (Senate Bill X7-7) and SGMA-related compliance and regulations. It is cheaper for the District to implement metering on the turnouts as part of a larger District-wide project as opposed to landowners installing them on an individual basis to take advantage of economy of scale. The metering project is still conceptual, and the costs in **Table 5** are approximated based on similar flow measurement projects.

Note that the large capital costs for these projects could be financed over 30 years to reduce the upfront costs to the District, and there may be potential to offset some of the project costs through local, state, and federal grants.

Table 5: Estimated Future District Expenses

Annual Expenses	Estimated Increase
Pine Flat Dam O&M / KRWA Assessments	\$20,000 - \$40,000
District O&M	\$30,000 - \$50,000
SGMA Compliance	\$50,000 - \$100,000
TID Water Purchase (See Table 4)	\$90,000 - \$104,000
One-Time Expenses	Estimated Cost
Metering Project	\$700,000 - \$1,300,000
Headworks Replacement	\$500,000 - \$1,000,000
Recharge Project	\$400,000 - \$1,000,000

Table 6: Approximate 2025 vs 2026 Assessments

Water Service	Acreage (% of District)	2025 Rate \$29.69 / \$100	Proposed 2026 Rate \$42 / \$100
Irrigation	96%	\$627,400	\$887,500
Pump	2%	\$6,600	\$9,300
Pasture	2%	\$6,000	\$8,500
Lot	60 Lots	\$400	\$400
Total		\$640,400	\$905,700

4. PROPOSAL TO INCREASE ASSESSMENTS

Riverdale ID has historically implemented land-based assessments to cover the expenses of operations and maintenance of the District and its conveyance facilities. Land-based assessments are the District's only fixed revenue source. The Board's authority to impose increases is limited by the requirements of Proposition 218. The District is proposing to increase its assessment rate to fund the TID water purchase agreement, upcoming SGMA compliance/regulations, turnout metering and other capital projects, and to cover increasing costs related to District and Pine Flat Dam O&M, and annual increases in KRWA assessments.

4.1. General

Due to consecutive years of increasing O&M and regulatory fees coupled with SGMA and NFKGSA compliance, and the purchase of additional Kings River surface water supplies from TID, the District's current assessment rates need to be increased to prevent the District from continuing to operate in a deficit. Increases in assessments will maintain the current proportionality between the affected rate classifications.

4.2. Changes to Assessments

The proposed program consists of increasing current assessment rates to adequately cover District fixed operating costs and expenditures (costs and expenditures not directly tied to water year type). The District's land-based assessment is the only fixed income collected by the District, and therefore its economic stability and existence is dependent upon the assessment revenue.

The second part of the District proposal consists of authorizing potential maximum rate increases during each of the next five years. The proposed maximum annual rate increases are intended to allow the District to raise rates in order to pay for actual increases in fixed costs and projects for the immediate repair or replacement of capital facilities without having to incur the expense of repeating the Proposition 218 process. It should be noted that the **annual increases are maximum authorizations; the Board may elect to impose assessments at rates less than the proposed maximums.** Table 7 demonstrates the maximum annual per acre assessment that the Board would be authorized to assess pending a successful election.

The District is proposing to raise its assessment rate from \$29.69 per \$100 of Land Valuation to \$42 per \$100 of Land Valuation for all parcels except those classified as Lot, which will stay at the existing \$7 rate per lot.

Assuming a successful election, the forecasted revenue versus expenses could look like that shown in **Table 8**, which compares estimated assessments to estimated and conceptual forecasted potential operating expenses. This is for example purposes only and actual expenses and assessments would be subject to Board approval and discretion. Note that the table omits the non-operating revenue of Pine Flat Water Use Fees since this income is tied to the water year type.

Table 7: Proposed Maximum Total Assessment Rate Schedule (2026-2031)

Year: Adjustment		2025: Current Rate	2026: New Rate	2027: +4% (Max)	2028: +4% (Max)	2029: +4% (Max)	2030: +4% (Max)	2031: +4% (Max)
Assessment Rate: \$ / \$100 Land Value		\$29.69	\$42.00	\$43.68	\$45.43	\$47.25	\$49.14	\$51.11
<u>Water Service</u>	<u>Land Valuation</u> (\$ Value / Acre, Lot)	<u>2025 Assessment</u> (\$ / Acre)	<u>2026 Assessment</u> (\$ / Acre)	<u>2027 Assessment</u> (\$ / Acre)	<u>2028 Assessment</u> (\$ / Acre)	<u>2029 Assessment</u> (\$ / Acre)	<u>2030 Assessment</u> (\$ / Acre)	<u>2031 Assessment</u> (\$ / Acre)
Irrigation	\$150.00	\$44.54	\$63.00	\$65.52	\$68.15	\$70.88	\$73.71	\$76.67
Pump	\$75.00	\$22.27	\$31.50	\$32.76	\$34.07	\$35.44	\$36.86	\$38.33
Pasture	\$45.00	\$13.36	\$18.90	\$19.66	\$20.44	\$21.26	\$22.11	\$23.00
Lot	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00

Table 8: Estimated Forecast of Operating Revenues vs Expenses

Year: Adjustment	2024	2025	2026	2027	2028	2029	2030	2031
Assessment Rate: \$ / \$100 Land Value	\$28.69	\$29.69	\$42.00	\$43.68	\$45.43	\$47.25	\$49.14	\$51.11
Approximate Assessment	\$619,000	\$646,000	\$906,000	\$942,000	\$980,000	\$1,019,000	\$1,060,000	\$1,102,000
District Operating Expenses	\$510,000	\$530,000	\$545,000	\$560,000	\$575,000	\$590,000	\$605,000	\$620,000
Pine Flat O&M / KRWA Assessments	\$150,000	\$160,000	\$170,000	\$180,000	\$190,000	\$200,000	\$210,000	\$220,000
TID Water Purchase	-	-	\$180,000	\$95,000	\$95,000	\$99,000	\$99,000	\$104,000
Sum of Est. Forecasted Operating Expenses	\$660,000	\$690,000	\$895,000	\$835,000	\$860,000	\$889,000	\$914,000	\$944,000
Metering Project*	-	-	-	\$100,000	\$200,000	\$300,000	\$300,000	\$200,000
Recharge Project*	-	-	-	-	\$300,000	\$80,000	\$250,000	\$250,000
Headworks Replacement*	-	-	-	\$100,000	\$50,000	\$300,000	\$300,000	-

*Potential to offset some of the costs through grants or reduce annual payments through loans. Costs are conceptual

4.3. Conclusion

The District is aiming to increase its land-based assessments in order to keep operating and providing benefits to its growers while staying in compliance with local and state laws, including SGMA. The District is requesting its landowners approve an increase to its land-based assessments based upon the proposed annual assessment rate schedule over the next six years (**Table 7**) to generate sufficient funds to allow the District to operate fully and maintain benefits to its landowners. This request includes allowing the Board of Directors the ability to select the rate each year for the next five years, based on upcoming expenses or projects, as long as it does not exceed the rate approved for the given year. Beyond the five years (2031) the maximum assessment rate would hold, pending another Proposition 218 election. The proposed assessment increase will maintain the current proportionality between the affected rate classifications.

5. BENEFITS DETERMINATION

5.1. General

Proposition 218 makes a distinction between general and special benefits provided by a project or service. A “general benefit” is defined as something that benefits the general public, such as libraries or ambulance service. A special benefit is defined as a particular benefit to land and buildings. RID provides special benefits to the parcels within the District by delivering surface water supplies and the recharging of groundwater supplies. These services do not accrue to the public at large and are not considered general benefits.

This report proposes an increase in the existing special benefit assessments. Therefore, this report must identify all parcels that will have a special benefit conferred upon them and upon which the recommended assessment will be imposed, if adopted.

The new rate structure proposed by the Board of Directors is designed to achieve and maintain equity to landowners who rely on and benefit from District surface water deliveries and groundwater recharge, and the benefit of the District to secure, maintain, and deliver surface water supplies. The District’s objective, which is paramount in providing available water supplies to its service area, is to provide the necessary services to maintain and operate the water conveyance systems and entitlements in an equitable manner and at a reasonable cost to its landowners. Under SGMA the District has the additional objective of promoting long-term groundwater sustainability and mitigating groundwater overdraft within the District.

5.2. Determination of Benefits

RID’s existence provides benefits to the landowners within its boundaries. Benefits to landowners include the benefits of being within a district, use of the District’s surface water delivery facilities and Pine Flat Dam storage, higher groundwater levels because of the District’s recharge activities, SGMA compliance, and the benefits from the District’s operation and maintenance activities. This section lays out the benefits that the District provides in relation to the assessments it levies. The differences in benefits for each Water Service are already accounted for within the existing assessment rate structure, and increases in assessments will maintain the current proportionality between them.

5.2.1. District Administration Benefit

There is a special benefit that is conferred upon all of the parcels that fall within the District’s boundary. This component represents the benefit derived from the basic functioning of the District (i.e., being within an irrigation district versus being outside of one). This component is required by the District to perform the minimum responsibilities necessary to maintain a functioning district. Basic functions include items such as conducting a limited number of board meetings each year, preparing the annual audit and financial statements, and performing a minimal level of accounting, management, and legal services to maintain a functioning district, assuming no water deliveries were made. More recently, with the advent of SGMA, additional efforts related to SGMA

compliance and NFKGSA regulations have been performed by the District staff on behalf of its landowners. Without the District, the cost for SGMA compliance, administration, and groundwater sustainability would fall on individual landowners.

5.2.2. Surface Water Delivery Facilities and Pine Flat Dam Storage Benefit

There is a special benefit that is conferred upon those parcels in the District that use or have the potential to use surface water. This benefit includes the value of the District's distribution system, infrastructure, the ability of the District to deliver surface water, and the added benefit of being able to store water in Pine Flat Reservoir for future use. The District makes water available to lands and landowners by way of its extensive distribution facilities within the District when water supplies are available. This benefit is determined by comparing the difference in benefits to landowners if the District's facilities were not present, and the District's water supply and storage did not exist. Improvements to the existing turnouts to add flow measurement are required for the District to be in compliance with California SB X7-7 and NFKGSA regulations.

The District recently secured 25% of TID's Kings River entitlement and storage through 2033 for use by the District as they best see fit, subject to KRWA operational provisions and constraints. In 2026, this resulted in 1,751 AF of water allocated to the MSA, of which the District was entitled to half (875.5 AF). Based on the \$90,000 fee for this year from **Table 4**, this equates to approximately \$102 per AF of water. The amount of water available for use will vary by year and allocations set by KRWA, along with KRWA's operational provisions and constraints.

5.2.3. Groundwater Recharge Benefit

The District recharges the groundwater aquifer through percolation from recharge basins, in-lieu recharge, and earthen channels throughout its boundaries. The District has three reservoirs within its boundaries: one adjacent to the Burrel Ditch approximately one-half mile south of Mt. Whitney Ave, one at the end of the Turner Ditch, and one north of Mt. Whitney Ave and west of Blythe Ave. When not needed to meet irrigation demands, the TID water may be used as an additional source of groundwater recharge.

In addition, the MSA has several recharge ponds adjacent to the Murphy Slough just outside the District boundaries that are used to store and recharge floodwater when it is available. In-lieu recharge in the District occurs when growers use surface water instead of groundwater. By foregoing pumping, groundwater can remain in storage or it can be used by other growers that do not have access to surface water or by municipalities that cannot use untreated surface water. (RID, 2016)

In the event where the District becomes defunct, in conjunction with the growers in adjacent water districts also using and relying on groundwater, groundwater levels would decline at an accelerated rate and groundwater pumping would become more expensive and less reliable within RID. Groundwater users would be impacted by higher energy costs for pumping groundwater, degradation of groundwater quality, cost of drilling new deeper wells, and potentially the higher cost of importing water from other sources. Declining groundwater levels would put landowners at increased risk of

additional fees and pumping restrictions to comply with SGMA, including potential groundwater allocations being implemented sooner and with stricter limits.

The groundwater recharge benefit involves the District's ability to recharge surface water back into the groundwater aquifer so that groundwater supplies are more reliable in times of drought and groundwater level declines are minimized. The reliability of groundwater supplies and reduced groundwater pumping depths benefit all landowners and irrigators within the District because all District landowners use groundwater. Also, since groundwater is connected throughout the District, the recharge efforts in one area impact conditions and available supplies throughout the aquifer. Groundwater recharge is required to mitigate overdraft to promote groundwater sustainability as part of SGMA. Therefore, the District needs to continue to construct additional recharge facilities to promote long-term sustainability for SGMA compliance and the success of the District.

6. IMPLEMENTATION PROCEDURES

6.1. Implementation

Based on an examination of procedural options available to the District's Board of Directors, it is the Engineer's opinion that the increased assessment structure offers an equitable procedure to the District to generate revenues for its on-going operations and project expenses. The District intends to proceed with an election process complying with the provisions of Article XIII D of the California Constitution to allow for the collection of a supplemental land-based assessment.

Upon acceptance of the Engineer's Report, the District will hold a public hearing upon the proposed assessment increase in which the District will disclose its intentions and justifications for pursuing a Proposition 218 election. During the public hearing the District will take into consideration any objections to the proposed rate increases. In July, the District will assemble the roll of the landowners affected by the new assessment rates, and mail: (i) notices to these landowners informing them of the proposed assessment increase, and (ii) ballots for them to cast in the election. The votes will be tallied in September. Votes will be based upon the acreage in each of the classifications and the proportionate increase to the acreage in each classification. For example, the Irrigation will have 18.47 votes per acre, Pump will have 9.23 votes per acre, and Pasture will have 5.54 votes per acre. Lots get no votes because the assessment for Lots is not changing. A majority vote approval of the votes received is necessary for the District to implement a new assessment rate levy in accordance with the Proposed Assessment Rate Schedule.

If a majority vote approves that Schedule in the 218 election, the District Board, at its next Board of Directors meeting may authorize the increase in assessment rates. In this approval scenario, the District intends to collect the new assessment with the first installment of the 2026-2027 assessments, due no later than December 20, 2020.

6.2. Government Code §§ 53759.1 and 53759.2

AB 2257, effective January 1, 2025, added Government Code §§ 53759.1 and 53759.2. Government Code § 53759.1 authorizes the District to implement an exhaustion of administrative remedies requirement in the context of a proposed Proposition 218 assessment. If the District complies with certain specified requirements, landowners are required to submit a written objection regarding the proposed assessment by a specified deadline no less than 45 days after mailing of notice pursuant to Proposition 218, and prohibited from challenging the assessment in litigation if they did not timely submit a written objection. To implement this requirement, the District is required to, among other things, prepare written responses to the timely submitted written objections and present them to the District's Board of Directors, who will make certain specified determinations prior to the close of the Proposition 218 ballot tabulation hearing. This process will run concurrently with the Proposition 218 timeline and does not impact a landowner's ability to submit a ballot or otherwise protest pursuant to Proposition 218.

Government Code § 53759.2 specifies the scope of a Court's review of the administrative record of the underlying ratemaking proceeding, if the District complied with Government Code § 53759.1 in adopting the assessment being challenged. The District intends to comply with and implement Government Code § 53759.1 with respect to the proposed Assessments. Landowners will be informed of the deadlines and process to submit a written objection, and other dates related to the District's compliance with this provision.

7. BIBLIOGRAPHY

Proposition 218, Local Agency Guidelines for Compliance, 2007 Update (May 2007) Association of California Water Agencies

Riverdale Irrigation District - 2015 Agricultural Water Management Plan (Adopted November 9, 2016) Riverdale Irrigation District

8. ATTACHMENTS

Attachment A
Assessment Roll for RID