

Delta Reclamation District Financing and Budgets

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Executive Summary

This report explains the financing of the 93 reclamation districts that maintain the Delta's levees.

Reclamation districts' primary method for raising funds is through assessments, which are levied on a per-acre basis upon property owners within a district's boundaries. Assessments are subject to Proposition 218 procedures, and they must be approved by a vote of the affected people. A second financing tool that reclamation districts have is charging fees for services, such as irrigation or drainage services for landowners. In addition to relying on these direct financing tools, reclamation districts can also receive funds from the State or from other entities.

According to data from the State Controller's office, the median Delta reclamation districts have annual budgets of around \$370,000, with property assessments serving as the primary source of revenue. Typical assessments in these districts are about \$32 per acre. State funding is a supplementary source of revenue for these districts, making up about 30 percent of total revenues. On the expenditure side, more than 80 percent of typical reclamation districts' expenditures are for "services and supplies," which includes levee work, but also other expenses. Only 12 Delta reclamation districts have long-term debt, so State funding appears to have been successful in helping Delta reclamation districts avoid overly burdensome debt levels.

The State has concentrated its reclamation district funding on certain strategic islands. Ten reclamation districts have received 62 percent of state funding over the past five years. These 10 reclamation districts that receive the most state funding also tend to have much higher property assessment rates compared to other reclamation districts. This suggests that reclamation districts are increasing their assessment rates as the State steps up its funding.

Finally, reclamation districts receiving a large amount of state funds also spend much more on services and supplies, even after controlling for the size of the reclamation district. This difference suggests that reclamation districts that are not receiving significant funding from the State are primarily paying for levee maintenance projects rather than undertaking large-scale levee improvement projects.

A Brief History of Reclamation Districts

After Congress passed the 1850 Arkansas Act, reclamation became a major focus of public improvement in California. Efforts were directed at reclaiming wetlands that were granted to the State under the Act and subsequently sold to private landowners. The projects that were undertaken to make these lands suitable for public usage included flood control and drainage of marshes and other

wetlands. To aid in the reclamation of the swamp and overflowed lands, the State adopted a series of statutes which authorized landowners to form local reclamation and levee districts. The area of a proposed district was outlined in a formation petition presented to a State or county board that would then order the district to be formed after a majority vote of the affected landowners. Reclamation districts now operate under Water Code Division 15, section 50000 et seq and levee districts under Division 19, section 70000 et seq.

Reclamation Districts Today

The 1876 California case *Dean v. Davis* helped to shape how reclamation and levee districts would operate within the law. That case held that the districts are essentially “public” entities that operate in a governmental fashion and exercise certain governmental functions within their boundaries. This interpretation has defined the basics of reclamation district operations, as they are held to all laws that normally apply to local districts, including requirements for public hearings, fair bidding practices, and remaining relatively transparent to the public in their dealings. Despite being covered in layers of regulatory authority, improvements, maintenance, construction, and operations are supported financially by landowners within the various reclamation districts. As public entities, districts are permitted to work toward a common purpose with another public entity in a sort of partnership which forms a new joint powers authority. Such organizations are created through agreements of the member entities and facilitate the harnessing of each entity’s powers for a common goal.

Since 1917, many flood control works in the Sacramento and San Joaquin watershed have been a collaborative effort between federal, State and local districts in the Sacramento River Flood Control Project and the Lower San Joaquin River and Tributaries Projects. In exchange for receiving financial assistance from the Federal government for these sorts of improvements, the State is required to operate and maintain these flood control systems’ “project levees” and other works. The local districts are allowed under Water Code section 8618 to carry out maintenance or operation actions of these project levees, instead of the State, by way of agreement with the Central Valley Flood Protection Board. It is this process of delegation and acceptance of duties that earns reclamation districts that maintain project levees their title of “local maintaining agencies.”

Financing Reclamation Districts

California State Law (Water Code section 50000 et seq.) grants a reclamation district the authority to use assessments and fees as financing tools to raise money locally to pay for facilities and services. Districts may also charge for provision of water or for other services, including drainage. The statutes governing these authorities are in Appendix A. Reclamation districts may also issue bonds to finance improvements. In addition, districts located in the Delta are eligible to receive reimbursements for flood control work under the Delta Levees Subventions Program and the Delta Levees Special Projects Program.

I. Assessments

The first of these reclamation district financing tools are special assessments based on the specific benefit each parcel receives from the improvements. Assessments are a levy against district lands that receive special benefits from operation of the district works. Assessments may be used to pay for the design, construction, operation and maintenance of reclamation works. Assessments are considered a lien against the benefited property, and the property can be sold to pay delinquent assessments.

Since Proposition 218 was put into place in 1997, any new or increased assessments may be imposed only if proportional to the special benefits provided, supported by a detailed engineer's report, and approved by a majority vote of the affected landowners.

In order for an assessment to be passed and implemented, the following process must take place:

- A. Property owners or local officials must develop a petition or resolution, respectively, to initiate the benefit assessment process. Specific to reclamation district assessments is that county supervisors can directly assess landowners for operation and maintenance costs.
- B. Following the petition/resolution, an engineer is required to look at the improvements, costs, and boundaries and develop an allocation of assessments in proportion to how great the benefit will be to each parcel/landowner.
- C. After the engineer's report has been filed with the local reclamation district, the district must use it to determine both the special benefits apportioned to each parcel as well as the general benefit to the greater community and society. This is integral to ensuring compliance with Proposition 218, as the district can only recover costs from parcel owners to the degree that they receive a benefit from the activity in question.

Special Benefit v. General Benefit: "The principle underlying special assessments to meet the cost of public improvements is that the property upon which they are imposed is peculiarly benefited, and therefore the owners do not, in fact, pay anything in excess of what they receive by reason of such improvement" *Norwood v. Baker*, (1898) 172 U.S. 269

- i. Proposition 218: 'Special benefit' means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute 'special benefit.'
 - ii. The law requires that portion of the cost of the improvement which benefits the public generally, to be separated from that portion of the cost of the improvement which specially benefits the assessed properties.
- D. Following the above steps, a public meeting must be held to gather comments from the community. Property owners must have 10-days prior notice of the meeting. Adoption does not occur at this stage.
- E. After the public meeting, district officials take the comments into consideration and then prepare a ballot to be mailed to all property owners that will be affected by the proposed assessment. Included in the ballot must be information regarding where and when the votes will be counted, as well as information detailing the purpose of the assessment, and specific information concerning each landowner's assessment amount.
- F. The final step is another public meeting where the ballots are counted and the district's assessment plan is either passed or rejected. The vote of each landowner is made public, and landowners must be given 45-days prior notice of the hearing. Ballots are weighted based on the amount that each landowner will be required to pay. Thus, those landowners who are to pay more have a more powerful vote than those who pay a small amount. This continues the intent of Prop 218 in that each landowner's vote is weighted in direct proportion to the benefit that they are set to

receive. This method of weighting landowner votes was upheld in *Not About Water Com v. Bd. of Supervisors* (2002) 95 Cal. App.4th 982, 1001.

- G. Following approval of an assessment, the charge to each landowner will appear on that landowner's property tax bill for that year.
- H. If the district chooses to increase the assessments, they must repeat the above approval process. An "increase" is defined as when the agency either increases the rate for the assessment or the formula used to determine the assessment is changed, resulting in higher assessments.

II. Fees

The second financing tool is fees or charges, including minimum and standby charges, for services provided by the reclamation district. Examples of services that reclamation districts provide include drainage and irrigation services.

Overview of Delta Reclamation District Financial Statements

III. Introduction

The Council has heard testimony on several occasions about Delta reclamation districts' lean annual budgets and their limited ability to pay for levee maintenance and other expenses. For example, Melinda Terry, Executive Director of the Central Valley Flood Control Association, stated in a comment letter to the Council dated January 24, 2013:

"We have not polled our members, but a rough estimate of the average annual budget reclamation districts have for levees is probably about \$50,000/year out of a total of annual district budget of \$120,000 which covers other costs such as cleaning ditches as part of maintenance and paying electricity bills for keeping the lands drained/reclaimed (pumping water off of the island/lands) so that they can be put to productive use which in most cases is farming. The average subventions claim by a district is about \$200,000, which is roughly a cost of \$50,000 to the district (their 25% cost-share with the State).

We strongly urge the Council to collect and review the annual budgets for the reclamation districts of the Delta to determine: 1) the level of impact these additional costs would have on their limited funds; 2) whether these additional costs will result in levee improvement projects (substantial rehabilitation or reconstruction) being delayed; 3) whether the delay in levee improvements would increase the risk of flooding and loss of life and property; and 4) reevaluate the feasibility of this regulation based on this new fiscal information." [emphasis is original]

In response to comments such as this, this report has been prepared to summarize the financial statements of Delta reclamation districts from the last five fiscal years for which data are available.

IV. Methodology

All of the information and tables presented below were built with data publicly available through the State Controller’s Office. The legal Delta (not including Suisun Marsh) contains a total of 93 reclamation districts. Of these 93 reclamation districts, 81 filed financial statements with the State Controller’s Office. Staff compiled the financial statements for these 81 reclamation districts into an inflation-adjusted master data sheet, from which all tables and calculations in this report were derived¹.

Except where noted, the median datum for each reported category of revenue and expense is used in the following sections. Use of the median, rather than the mean, seems appropriate to identify typical figures and reduce the potential for a few districts with exceptionally large or small revenues or expenditures to influence the analysis.

V. Overview of Delta Reclamation Districts’ Revenues and Expenditures

The following three tables, which include mean revenues, expenditures, and debt loads for reclamation districts with median budgets, provide an overview of Delta reclamation districts’ basic financial statements. The typical Delta reclamation district’s annual revenues totaled \$369,937 of which about 30 percent came from the State. On the expenditure side, the typical Delta reclamation district spent \$315,144 per year on services and supplies, a line-item that includes most levee maintenance and improvements expenditures. On the whole, spending on services and supplies constituted 84 percent of the typical reclamation district’s expenditures.

Table 1: 5-year Average Revenues of the 10 Median RDs, FY09 - FY13

Revenues												
Taxes & Assessments					Intergovernmental				Charges for Services	Revenue from Use of Money & Property	All Other Revenue	Total Revenue
Property Taxes	Voter Approved Taxes	Property Assessments	Other Taxes and Assessments	Subtotal	State	Federal	Other Gov	Subtotal				
17,415	0	188,707	19,307	225,429	110,204	0	14	110,218	4,115	8,551	21,623	369,937

Table 2: 5-year Average Expenditures of the 10 Median Reclamation Districts, FY09 - FY13

Expenditures										Surplus / Deficit
Services & Supplies	Salaries & Wages	Benefits	Ins. Claims	Debt Service			Fixed Assets	Other	Total Expenditures	
				Interest	Principal	Subtotal				
315,144	34,175	7,158	0	1,781	8,262	10,043	10,921	0	374,023	-4,087

Table 3 shows that the typical Delta reclamation district has no long-term debt. Indeed, only twelve Delta Reclamation districts had long-term debts in FY 2013. Among the reclamation districts that did

¹ The reclamation districts that did not file financial statements with the State Controller’s Office were: RD 369 Libby McNeil, RD 813 Ehrhardt Club, RD 1667 Prospect Island, RD 2058 Pescadero District, RD 2068 Yolano, RD 2094 Walthall, RD 2104 Peters Pocket, RD 2114 Rio Blanco Tract, Drexler Pocket, Drexler Tract, Shin Kee Tract, Tract Near Rio Vista.

have debt, the median balance was \$322,336 and the mean was \$2,075,978. This outsized mean is largely driven by RD 17 Mossdale's \$15 million debt portfolio. As Table 3 shows, the number of reclamation districts holding long term debt has steadily declined over the last five years. Current debt levels are relevant because high debt levels were among the justifications for expanding State assistance to Delta levees.² Prior to this expansion, local reclamation districts had to take on significant long-term debt to finance levee repairs after the floods in 1983-86.

Table 3: Delta Reclamation District Long-term Debt Balances, FY09 - FY13

	Number of Reclamation districts with Long-term Debt	Median Debt Load Among Reclamation districts with Debt
FY 2009	20	\$291,832
FY 2010	19	178,723
FY 2011	17	515,464
FY 2012	14	279,272
FY 2013	12	332,336

VI. State versus Local Dollars

Of the 81 reclamation districts for which financial statements are available, 63 received State funding in at least one year during the FY2009-2013 period. In total, the State contributed more than \$162 million to Delta reclamation districts whose reports were examined during the FY09-13 period. These funds were concentrated among a relatively small number of reclamation districts. Indeed, 62 percent of these funds (\$105 million) went to just 10 reclamation districts. Table 4 demonstrates this concentration of State resources.

Reclamation District	State Funds	% of Total State Funds	Rank
RD 1601 Twitchell Island	\$24,325,774	14.49%	1
RD 341 Sherman Island	11,751,563	7.00%	2
RD 2024 Palm Orwood Tract	11,242,682	6.70%	3
RD 830 Jersey Island	10,863,001	6.47%	4
RD 2072 Woodward Island	10,067,370	6.00%	5
RD 2038 Lower Jones Tract	9,757,658	5.81%	6
RD 348 New Hope Tract	7,961,940	4.74%	7
RD 684 Lower Roberts Island	6,837,599	4.07%	8
BALMD Brannan-Andrus Island	6,204,457	3.70%	9
RD 2039 Upper Jones Tract	6,115,911	3.64%	10
SUBTOTAL	\$105,127,955	62.62%	-----

There are many factors that contribute to this concentration of State spending among a relatively small number of reclamation districts. Twitchell Island, for example, is among the islands most important to Delta water quality and suffered significant damage in storms in winter 2005-6. The island is owned almost entirely by the State and is home to a major restoration project. It is not surprising that the State would contribute a substantial amount of money to the island's reclamation district.

Related to Table 4, Table 5 shows the 10 Delta reclamation districts with the highest ratio of State to local spending. The data in the fourth column show the number of State dollars spent per one dollar raised through local taxes and assessments. There is significant overlap between the list of

² See "Delta Long-Term Levee Improvement Plan," Department of Water Resources, August 1996.

reclamation districts in Table 4 and Table 5. Indeed, five of the ten reclamation districts in Table 4 appear in Table 5.

Table 5: FY09-13 Revenues for Reclamation Districts with Highest State-to-Local Funding Ratios				
Reclamation District	State Funds	Local Taxes & Assessments	State Dollars per Local Dollar Collected	Rank
RD 1601 Twitchell Island	\$24,325,774	\$1,788,748	\$13.599	1
RD 2110 McCormack-Williamson	1,168,338	101,748	11.483	2
RD 2072 Woodward Island	10,067,370	991,022	10.159	3
RD 2038 Lower Jones Tract	9,757,658	1,037,003	9.409	4
RD 2024 Palm Orwood Tract	11,242,682	1,654,249	6.796	5
RD 2039 Upper Jones Tract	6,115,911	1,010,086	6.055	6
RD 2117 Coney Island	262,315	43,478	6.033	7
RD 2041 Medford Island	1,180,116	232,855	5.068	8
RD 2023 Venice Island	4,419,441	1,038,363	4.256	9
RD 2090 Quimby Island	937,269	238,043	3.937	10
SUBTOTAL	\$69,476,874	\$8,135,595	-----	

As discussed in the first portion of this report, reclamation districts have multiple financing tools at their disposal. The most commonly used of these are property assessments, which are levied on a per-acre basis. Table 6 shows total property assessments over the FY09-13 period for the 10 reclamation districts identified in Table 4 (top recipients of State funds). Among these reclamation districts, the average calculated assessment was \$71.05 per acre per year.³

Table 6: FY09-13 Local Property Assessments, Top 10 Recipients of State Funds			
Reclamation District	Mean annual property assessments	District acreage	Mean assessment per acre, per year
RD 830 Jersey Island	\$555,031	3463.4	\$160.26
RD 2072 Woodward Island	198,204	1802.4	109.97
RD 1601 Twitchell Island	357,750	3555.2	100.63
RD 2024 Palm Orwood Tract	330,850	4878.3	67.82
RD 341 Sherman Island	604,310	10429.4	57.94
RD 348 New Hope Tract	485,323	9654.5	50.27
RD 684 Lower Roberts Island	509,080	10563.5	48.19
BALMD Brannan-Andrus Island	605,683	12938.2	46.81
RD 2038 Lower Jones Tract	207,401	5721.1	36.25
RD 2039 Upper Jones Tract	202,017	6253	32.31
AVERAGE	\$405,565	6,925.9	\$71.05

For comparison, Table 7 examines per acre property assessments among the ten reclamation districts closest to the median in terms of State funds received. Among these reclamation districts, the average calculated assessment is only \$31.55 per acre. This difference suggests that reclamation districts have increased their assessments to match some of the influx of State funds.

³ Assessments calculated from financial statements may blend assessments for different classes of property into one number. For example, RD 2072 Woodward Island has a calculated assessment per acre of \$109.97. In fact, RD 2072 assesses agricultural lands at \$30.40 per acre. Separately, RD 2072 levies a higher assessment on East Bay Municipal Utilities District for the portion of the Mokelumne Aqueduct that passes through the reclamation district. These two separate assessments get blended together in the financial statements reported to the State Controller.

Reclamation District	Mean annual property assessments	District acreage	Mean assessment per acre, per year
RD 1614 Smith Tract	\$431,981	2073.9	\$208.29
RD 999 Netherlands	672,798	25145.5	26.76
RD 150 Merritt Island	130,439	4908.2	26.58
RD 551 Pearson District	206,657	8787	23.52
RD 544 Upper Roberts Island	84,257	7521.5	11.2
RD 773 Fabian Tract	66,509	6492.2	10.24
RD 1 Union East Island	103,452	11648.7	8.88
RD 2040 Victoria Island	0	7146.8	\$0.00
BMID Bethel Island ⁴	0	3464.9	0
RD 2074 Sargent Barnhart Tract	0	1223.1	0
AVERAGE	\$169,609	7841.2	\$31.55

Correlation analysis of the entire dataset confirms this observation. When looking at all Delta RDs, assessments per acre per year and state funding per acre per year were linked by a correlation coefficient of 0.249, which indicates a moderate correlation.

VII. Expenditures on Services and Supplies

On the expenditure side, the vast majority of reclamation districts' expenditures fall under the category of "Services and Supplies," which is the closest proxy in the State Controller's data for spending on levee maintenance and improvements. Indeed, on average, services and supplies accounted for 78 percent of Delta reclamation districts' total expenditures. Among the ten reclamation districts that receive 62 percent of State funds, spending on services and supplies averaged \$170,382 per levee mile per year.

Reclamation District	Mean annual services and supplies	Mean annual total expenditures	Proportion of total expenditures	Levee miles	Services & supplies per levee mile, per year
RD 1601 Twitchell Island	\$4,176,173	\$4,326,132	96.5%	11.9	\$350,939
RD 341 Sherman Island	\$2,758,562	\$2,898,607	95.2%	19.5	141,465
RD 2024 Palm Orwood Tract	\$2,552,157	\$2,856,763	89.3%	14.5	176,011
RD 830 Jersey Island	\$1,289,796	\$2,536,059	50.9%	15.5	83,213
RD 2072 Woodward Island	\$2,836,985	\$3,361,642	84.4%	8.9	318,762
RD 2038 Lower Jones Tract	\$2,370,790	\$3,213,200	73.8%	9	263,421
RD 348 New Hope Tract	\$2,056,612	\$2,097,987	98.0%	17.4	118,196
RD 684 Lower Roberts Island	\$1,895,201	\$2,779,043	68.2%	16.6	114,169
BALMD Brannan-Andrus Island	\$1,881,866	\$2,641,794	71.2%	29.4	64,009
RD 2039 Upper Jones Tract	\$2,291,784	\$2,310,501	99.2%	9.2	249,107
AVERAGE	\$2,410,993	\$2,902,173	83.1%	15.2	\$170,382

It is important to note that the Services and Supplies category includes much more than just levee maintenance and improvements. It could also include accounting costs, electrical expenses, pump repairs, and other expenditures. For example, in Reclamation District 2033 Brack Tract, 63 percent (\$293,666) of expenditures on services and supplies in FY 2014 were levee-related. 37 percent of its services and supplies expenditures (\$171,015) were for general operation or otherwise non-levee related expenses.

⁴ Some districts rely on property taxes rather than assessments. Bethel Island Municipal Improvement District is one such district. On average, BIMID received \$422,261 in property tax revenue per year during the FY 09-13 period.

Like Table 7, the purpose of Table 9 is to compare the median recipients of State funding against the highest recipients. On average, the reclamation districts in the median range for State funding spend about seven times less on services and supplies than the top ten recipients of State funding. Even after controlling for size, these median reclamation districts spend about six times less per levee mile on services and supplies. These differences in spending per levee mile suggest that most levee improvement projects are happening in reclamation districts that receive substantial State funding. Reclamation districts without substantial State funding are likely simply paying for levee maintenance rather than expensive improvements.

Table 9: FY09-13 Expenditures on Services and Supplies, Median 10 Recipients of State Funds					
Reclamation District	Services and supplies	Total expenditures	Proportion of total expenditures	Total levee miles	Services & supplies per levee mile, per year
RD 1614 Smith Tract	\$488,738	\$534,085	91.5%	6.4	76,365
RD 999 Netherlands	446,249	854,983	52.2%	32.4	13,773
RD 150 Merritt Island	175,563	211,977	82.8%	17.7	9,919
RD 551 Pearson District	283,382	324,510	87.3%	14.0	20,242
RD 544 Upper Roberts Island	190,090	190,360	99.9%	17.8	10,679
RD 773 Fabian Tract	191,629	193,501	99.0%	18.8	10,193
RD 1 Union East Island	235,980	281,398	83.9%	15.1	15,628
RD 2040 Victoria Island	383,617	417,959	91.8%	15.1	25,405
BMID Bethel Island	472,849	771,256	61.3%	11.5	41,117
RD 2074 Sargent Barnhart Tract	556,118	581,934	95.6%	6.1	91,167
AVERAGE	\$342,422	\$436,196	84.53%	15.49	\$31,449

VIII. Conclusion

The median Delta reclamation districts have annual budgets of around \$370,000, with property assessments serving as the primary source of revenue. For these median reclamation districts, state funding is a supplementary source of revenue, making up about 30 percent of the total. On the expenditure side, more than 80 percent of typical reclamation districts' expenditures are for "services and supplies," which includes levy work but also other expenses. Only 12 Delta reclamation districts have long-term debt, so State funding appears to have been successful in helping Delta reclamation districts avoid overly burdensome debt levels.

Furthermore, the State is concentrating its funds on certain strategic islands. Ten reclamation districts in particular have received 62 percent of state funding over the past five years. These ten reclamation districts that receive the largest amount of state funding also tend to have much higher property assessment rates compared to other reclamation districts. This suggests that reclamation districts are increasing their assessment rates as the State steps up its funding.

Finally, reclamation districts receiving a large amount of state funds also spend much more on services and supplies, even after controlling for the size of the reclamation district. This difference suggests that reclamation districts that are not receiving significant funding from the State are simply paying for levee maintenance projects rather than large-scale levee improvement projects.

List of Attachments

Appendix A: Statutory Authority for Assessments in California Law

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The following are relevant excerpts of the constitutional provision regarding assessments added as a result of the passage of Proposition 218 in 1996:

i. Proposition 218 (Cal. Const., art. XIII D)

1. Procedures and Requirements for all assessments

(a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

(c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

(d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (c) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.

(e) The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

(f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.

(g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

The following are the direct statutory provisions that apply to reclamation and irrigation districts in California, with a specific focus on assessments.

2. Water Code Division 15, Sec. 50000 - Reclamation districts

a. Assess Property (Part 7, 51200)

The assessments levied by a district shall include all lands and rights of way within the district, owned by the State or by any city, county, public corporation, or utility district formed under the laws of the State other than public roads, highways, and school districts.

The assessments upon those lands or rights of way shall be levied in proportion to the benefits in the same manner as assessments are levied upon other lands or rights of way within the district.

Any costs associated with notices, public hearings, or filing charges with the board required pursuant to this division shall be recovered through charges, fees, or assessments.

When a plan of reclamation has been adopted by a district located entirely outside the boundaries of the Sacramento and San Joaquin Drainage District the board of supervisors shall appoint three assessment commissioners, who have no interest

in any real estate within the district, each of whom, before entering upon his duties, shall make and subscribe an oath that he is not in any manner interested in any real estate within the district, directly or indirectly, and that he will perform the duties of a commissioner to the best of his ability.

The assessment commissioners shall view and assess upon the district land the sum estimated to be the cost of the reclamation plan, and shall apportion the sum according to the benefits that will accrue to each parcel by reason of the expenditures of the sums of money.

Money collected on assessments levied pursuant to Section 51231 shall be paid out for reclamation works upon the warrants of the board of trustees, approved by the board of supervisors, or, if bonds of the district have been issued upon the assessment, shall be deposited in a separate fund for the sole purpose of paying principal and interest on the bonds.

b. Collect Money (50902, general powers)

In addition to its other powers, a district may, by a resolution of the board at a noticed public hearing, fix and collect charges and fees, including minimum and standby charges, for the provision of benefits and services.

The board, in fixing the charges and fees, may establish the dates of delinquency and may impose penalties for delinquency not exceeding 10 percent of the amount of the charge or fee and may, in addition, collect interest at a rate not to exceed 1.5 percent per month from the date of delinquency on all delinquent charges and fees.

The revenue obtained from charges and fees may be in lieu of, or supplemental to, revenue obtained in any other manner and may be used for any district purpose and the payment of any district obligation.

A district may, by resolution of the board, provide a procedure for and collect charges and fees, by way of the tax bills of the county or counties in which such district is located. A district may also collect assessments levied under Part 7 (commencing with Section 51200) of the division by way of the tax bills of the county or counties in which such district is located. Such charges and fees or assessments shall appear as a separate item on the tax bill, shall be collected at the same time and in the same manner as county ad valorem property taxes are collected, and shall be subject to the same penalties and the same procedure and sale in case of delinquency as provided for such taxes. The district shall, on or before August 1st of each year, certify to the county auditor the charges and fees or assessments to be collected. The county may deduct from the revenue so collected for the district an appropriate amount for the billing and collection services rendered to the district.

c. Irrigation Powers: (50911)

When a district has adopted plans for the irrigation of district lands it may:

- (a)** Adopt rules and regulations for the distribution of water.
- (b)** Adopt a schedule of rates to be charged by the district for furnishing water for the irrigation of district lands. The schedule of rates may include standby charges to holders of title to land to which water may be made available, whether the water is actually used or not. The standby charge shall not exceed twenty dollars (\$20) per year for each acre of land or for a parcel less than one acre, unless the standby charge is imposed pursuant to the Uniform Standby Charge Procedures Act (Chapter 12.4 (commencing with Section 54984) of Part 1 of Division 2 of Title 5 of the Government Code).
- (c)** If the procedures set forth in this section as it read at the time a standby charge was established were followed, the district may, by resolution, continue the charge pursuant to this section in successive years at the same rate. If new, increased, or extended assessments are proposed, the district shall comply with the notice, protest, and hearing procedures in Section 53753 of the Government Code.
- (d)** Collect the charges from the persons to or for whom the water was furnished and from the holders of title to land to which water has been made available, whether used or not.
- (e)** Sue for the recovery of the unpaid charges.

3. Water Code Division 19, Sec 70000 – levee districts

a. Assess Property 70230

The board of directors shall avail itself of the equalized assessment roll of the county in which the district is situated, and take such assessments as the basis for district taxation.

On or before the third Monday in August each year, the county auditor shall transmit to the board of directors a written statement showing the total value of all taxable land and improvements within the district, which value shall be ascertained from the equalized assessment roll of the county.

The county auditor shall compute the district tax on the property within the district using the rate of levy so fixed by the board and the assessed value as found in such assessment roll.

The tax collector shall, when requested, furnish the board a complete list of all delinquent taxes, of the persons owing the same and a certified copy of the assessment contained in the assessment roll.